Ascendas Real Estate Investment Trust

A-REIT FINANCIAL STATEMENTS FOR THE FIRST QUARTER FROM 1 APRIL 2004 TO 30 JUNE 2004

Ascendas Real Estate Investment Trust (A-REIT) is a real estate investment trust constituted by the Trust Deed entered into on 9 October 2002 between Ascendas-MGM Funds Management Limited as the Manager of A-REIT and Bermuda Trust (Singapore) Limited as the Trustee of A-REIT, as amended by a First Supplemental Deed dated 16 January 2004 and a Second Supplemental Deed dated 23 February 2004.

Units in A-REIT were allotted in November 2002 based on a prospectus dated 5 November 2002. These units were subsequently listed on the Singapore Stock Exchange on 19 November 2002.

Upon listing in November 2002, the property portfolio of A-REIT consisted of eight properties - The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building, Techlink, Techplace I and Techplace II. Since listing, the portfolio has been further diversified through the acquisition of OSIM HQ Building in June 2003, Ghim Li Building and Ultro Building in October 2003, IDS Logistics Corporate Headquarters in February 2004, Changi International Logistics Centre, Trivec Building, TT International Tradepark and Siemens Center in March 2004 and Nan Wah Building in May 2004. The portfolio now comprises 17 properties. In addition, A-REIT has also announced the proposed acquisition of Infineon Building, C&P Logistics Hub and Progen Building which are expected to complete in the next few months.

1(a) Income statement together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of total return (1Q 2004 vs 1Q 2003)

	Actual 01/04/04 to 30/06/04 (Note c) S$'000	Actual 01/04/03 to 30/06/03 (Note c) S$'000	Increase / (Decrease) %
Gross revenue	25,249	15,758	60%
Property services fees	(739)	(510)	45%
Property tax	(1,859)	(895)	108%
Other property operating expenses	(5,004)	(2,869)	74%
Property operating expenses	(7,602)	(4,274)	78%
Net property income	17,647	11,484	54%
Interest income	6	14	(57%)
Manager's fee	(1,331)	(793)	68%
Trust expenses	(256)	(203)	26%
Borrowing costs	(1,696)	(658)	158%
Non property expenses	(3,277)	(1,640)	100%
Net profit	14,370	9,844	46%
Non tax deductible expenses (Note a)	909	885	3%
Available for distribution (Note b)	15,279	10,729	42%
Net profit as a % of gross revenue	56.9%	62.5%	(9%)
Net profit as a % of unitholders' funds at end of the period	1.7%	2.0%	(15%)

The following items have been included in arriving at net profit:

	Actual 01/04/04 to 30/06/04 S$'000	Actual 01/04/03 to 30/06/03 S$'000
Gross rental income	22,022	13,627
Other income	3,227	2,131
Allowances for doubtful receivables, net	(109)	(96)

Footnotes

(a) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.

(b) A-REIT's distribution policy is to distribute 100% of its taxable income (other than gains on the sales of real properties determined to be trading gains). The taxable income is distributed to unitholders on a semi-annual basis.

(c) 17 properties in 1Q 2004 vs 9 properties in 1Q 2003.

1 (b)(i) Balance sheet, together with a comparative statement as at the end of the immediately preceding financial year

	Actual 30/06/04 S$'000	Actual 31/03/04 S$'000
Current assets		
Trade and other receivables	5,772	19,559
Deposits and prepayments	3,320	784
Cash	86,343	3,938
Total current assets	95,435	24,281
Non-current assets		
Investment properties	1,040,060	996,431
Total non-current assets	1,040,060	996,431
Total assets	1,135,495	1,020,712
Current liabilities		
Trade and other payables	34,883	39,212
Total current liabilities	34,883	39,212
Non-current liabilities		
Other payables	21,050	26,050
Borrowings	257,400	263,800
Total non-current liabilities	278,450	289,850
Total liabilities	313,333	329,062
Net assets	822,162	691,650
Represented by:		
Unitholders' equity		
Issued equity	784,803	666,691
Issue costs	(24,548)	(22,850)
Revaluation reserves	48,887	30,188
Accumulated profits	13,020	17,621
Unitholders' funds	822,162	691,650

	30/06/04 S$'000	31/03/04 S$'000
Unsecured borrowings		
Amount repayable in one year or less, or on demand;	-	-
Amount repayable after one year	257,400	263,800
	257,400	263,800

Details of borrowings

A-REIT has in place facilities totalling $450 million with Oversea-Chinese Banking Corporation Limited comprising a three-year unsecured credit facility of $150 million (incorporating a $80.0 million transferable loan facility, a $65 million revolving credit facility and a $5 million banker's guarantee facility) and an unsecured committed credit facility of $300 million. The facilities have been drawn to $257.4 million comprising the entire $80 million transferable loan facility, $58.6 million of the revolving credit facility and $118.8 million of the unsecured term loan facility. Interest on the unsecured credit facility is referenced to the relevant swap offer rate plus a margin of 0.80% whilst interest on the unsecured committed credit facility is referenced to the relevant swap offer rate plus a margin of 0.50%. The expiry date of the unsecured credit facility is November 2005 and the expiry date of the unsecured committed credit facility is May 2005.

Interest rate swaps of $190 million have been effected to provide fixed rate funding for terms of 2 to 5 years. A-REITs weighted average funding cost as at 30 June 2004 is 2.38% (including margins charged on the loans).

On 14 July 2004, A-REIT proposed to establish a $1 billion multi-currency secured Medium Term Note ("MTN") programme with an initial issuance of $300 million AAA-rated Commercial Mortgage Backed Securities ("CMBS") backed by A-REIT's current portfolio of 17 properties. The MTN programme will initially refinance A-REIT's existing banks loans.

1(c) **Cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year**

Cash Flow statement (1Q 2004 vs 1Q 2003)

	Actual 01/04/04 to 30/06/04 S$'000	Actual 01/04/03 to 30/06/03 S$'000
Operating activities		
Net Profit	14,370	9,844
Adjustment for		
Interest income	(6)	(14)
Provision for doubtful receivables	109	96
Borrowing costs	1,696	658
Fund manager's fee paid/payable in units	665	397
Operating income before working capital changes	16,834	10,981
Changes in working capital		
Trade and other receivables	13,641	(2,473)
Trade and other payables	619	1,476
	14,260	(997)
Cash generated from operating activities	31,094	9,984
Investing activities		
Equity issue costs	(2,156)	-
Purchase of investment properties, acquisition costs and subsequent expenditure	(32,225)	(26,650)
Deposits paid for purchase of investment properties	(2,498)	-
Proceeds from issue of new units	115,000	-
Cash flows from investing activities	78,121	(26,650)
Financing activities		
Distribution to unitholders paid	(18,971)	(15,151)
Borrowing costs paid	(1,445)	(930)
Interest received	6	14
Proceeds from borrowings	40,400	21,000
Repayment of borrowings	(46,800)	(12,500)
Cash flows from financing activities	(26,810)	(7,567)
Net increase/(decrease) in cash and cash equivalents	82,405	(24,233)
Cash and cash equivalents at beginning of period	3,938	27,558
Cash and cash equivalents at end of the period	86,343	3,325

1(d)(i) <u>Statement of changes in unitholders' funds (1Q 2004 vs 1Q 2003)</u>

	Actual 01/04/04 to 30/06/04 S$'000	Actual 01/04/03 to 30/06/03 S$'000
Balance as at beginning of period	691,650	498,160
Operations		
Net profit	14,370	9,844
Net appreciation on revaluation of investment properties (Note a)	18,699	-
Net increase in net assets resulting from operations	33,069	9,844
Unitholders' transactions		
Creation of units	115,000	-
Performance fee paid in units	2,041	780
Management fees paid in units	1,070	
Unit issue costs	(1,697)	-
Distribution to unitholders (Note b)	(18,971)	(15,151)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	97,443	(14,371)
Balance as at end of period	822,162	493,633

Footnote

(a) Revaluation of the existing 16 properties was undertaken by Jones Lang LaSalle and Colliers International Consultancy & Valuation (S) Pte Ltd on 1 June 2004. Properties acquired since 1 April 2004 are recorded at purchase price (which includes acquisition costs).

(b) The fourth Distribution to unitholders for the period 1 October 2003 to 3 March 2004 (the "Advance Distribution") was paid in April 2004. The first Distribution to unitholders for the period from 9 October 2002 to 31 March 2003 was paid in May 2003.

1(d)(ii) <u>Details of any changes in the units (1Q 2004 vs 1Q 2003)</u>

	Actual 01/04/04 to 30/06/04 Units	Actual 01/04/03 to 30/06/03 Units
Balance at beginning of period	707,207,175	545,000,000
Issue of new units:		
- Issued pursuant to Private Placement	82,142,857	-
- Performance fees paid in units	1,572,381	-
- Management fees paid in units	746,077	899,640
Balance at end of period	791,668,490	545,899,640

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have been reviewed by our Auditors.

3 **Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

See Attached.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 31 March 2004.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Nil

6 **Earnings per unit and distribution per unit for the financial period**

	Actual 01/04/04 to 30/06/04	Actual 01/04/03 to 30/06/03
Number of units on issue at end of period	791,668,490	545,899,640
Applicable number of units on issue for calculation of EPU/DPU (Note a)	715,878,455	545,108,748
Earnings per unit (EPU)		
Based on the applicable number of units on issue	2.01	1.81
Distribution per unit (DPU)		
Based on the applicable number of units on issue	2.13	1.97

Footnote

(a) The EPU and DPU for the period 1 April 2004 to 30 June 2004 have been calculated based on the weighted average units on issue (as the units issued under the private placement are only entitled to distributable income from 23 June 2004).

7 **Net asset value per unit based on units issued at the end of the period**

	30/06/04 cents	31/03/04 cents
Net asset value per unit	104	98
Adjusted net asset value per unit (Note a)	102	95

Footnote

(a) A-REIT's distribution policy is to distribute 100% of its taxable income (other than gains on the sale of real properties determined to be trading gains). The available for distribution amount for the period from 4 March to 30 June 2004 has been excluded in arriving at the adjusted net asset value per unit.

8 Review of the performance

Income statement (1Q 2004 vs 1Q 2003)

	Actual 01/04/04 to 30/06/04 S$'000	Actual 01/04/03 to 30/06/03 S$'000	Increase / (Decrease) %
Gross revenue	25,249	15,758	60%
Property operating expenses	(7,602)	(4,274)	78%
Net property income	17,647	11,484	54%
Non property expenses	(1,587)	(996)	59%
Borrowing costs	(1,690)	(644)	162%
	(3,277)	(1,640)	100%
Net profit	14,370	9,844	46%
Non tax deductible expenses	909	885	3%
Available for distribution (Note a)	15,279	10,729	42%
Earnings per unit (cents)	2.01	1.81	11%
Distribution income per unit (cents)	2.13	1.97	8%

Footnote

(a) A-REIT's distribution policy is to distribute 100% of its taxable income (other than gains on the sales of real properties determined to be trading gains). The taxable income is distributed to unitholders on a semi-annual basis.

Review of Performance 1Q 2004 vs 1Q 2003

Gross revenue was up 60% due to the following completed acquisitions: OSIM HQ Building, Ghim Li Building and Ultro Building, IDS Logistics Corporate Headquarters, Siemens Center, TT International Tradepark, Changi International Logistic Centre and Trivec Building (all completed prior to 1 April 2004) and Nan Wah building completed on 31 May 2004.

Property expenses were higher due to the increased number of properties in the portfolio, as well as increased property tax due to the discontinuance of rebates from 31 December 2003.

Non-property expenses increased due to higher management fees as the new acquisitions increased assets under management.

Borrowing costs increased by 162% as additional debt was drawn down to fund the new acquisitions.

The net profit was above the comparable period last year mainly due to the benefit from the additional properties acquired during the last year.

9 Variance between forecast and the actual results

	Actual 01/04/04 to 30/06/04 S$'000	Forecast 01/04/04 to 30/06/04 (Note a) S$'000	Increase / (Decrease) %
Gross revenue	25,249	24,881	1%
Property services fees	(739)	(621)	19%
Property tax	(1,859)	(1,856)	0%
Other property operating expenses	(5,004)	(4,989)	0%
Property operating expenses	(7,602)	(7,466)	2%
Net property income	17,647	17,415	1%
Interest income	6	-	NM
Manager's fee	(1,331)	(1,262)	5%
Trust expenses	(256)	(242)	6%
Borrowing costs	(1,696)	(1,766)	(4%)
Non property expenses	(3,277)	(3,270)	0%
Net profit	14,370	14,145	2%
Non tax deductible expenses (Note b)	909	905	0%
Available for distribution	15,279	15,050	2%
Earnings per unit (cents)	2.01	1.99	1%
Distribution income per unit (cents)	2.13	2.12	1%

Footnote

(a) The forecast for the period 1 April 2004 to 30 June 2004 has been derived from the forecast stated in the Circular dated 18 February 2004 in relation to the issue of 160,500,000 new units. Some revenue and expense line items have been reclassified to account for items paid on behalf of tenants (recorded as expenses) and recharged to tenants (recorded as revenue).

(b) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.

Review of Performance for the period ended 30 June 2004

Gross Revenue for the period ended 30 June 2004 was $25.2 million, slightly above the forecast in the Circular dated 18 February 2004 due mainly to higher than forecast income from recent acquisitions, partly offset by slightly lower than forecast rental income from certain properties.

Property operating expenses were 2% above forecast mainly due to higher property services fees.

The higher manager's fees and trust expenses as compared to forecast were due to an increase in deposited property as a result of the acquisition of Nan Wah Building in May 2004. This was offset by lower borrowing costs as actual interest rates secured are lower than forecast and the total debt outstanding was also lower than forecast.

The net profit exceeded forecast by 2% due to the above reasons, DPU is in line with the forecast.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Singapore manufacturers are expecting better times ahead, in line with better prospects on the local and global economic fronts. According to a quarterly business sentiment survey conducted by the Singapore Manufacturers Federation in March 2004, about 47% of the respondents are expecting net profits to grow in 2Q 2004 compared to 1Q 2004.

The Ministry of Trade and Industry advised that the Singapore economy maintained its strong growth momentum in the 2Q 2004, with growth of 11.7%, up from 7.4% in 1Q 2004. Export growth was largely due to the growth in manufactured goods such as semiconductors, telecommunications equipment and pharmaceutical products.

The Monetary Authority of Singapore's (MAS) latest review of Singapore's economic performance in April 2004 said that the recovery in the manufacturing sector will be underpinned by the improvement in domestic electronics activity and is expecting a continued expansion in domestic electronics production going forward, at least in the next few quarters.

The Purchasing Managers' Index (PMI), a leading barometer of the health of the manufacturing sector, in April 2004 reached a 41 month high, on the back of a surge in electronics export orders.

Given the positive factors highlighted above, the Ministry of Trade and Industry has revised the 2004 GDP growth forecast upwards to 5.5-7.5% barring unforeseen circumstances. Given the correlation of GDP to the net absorption of industrial space, the outlook for the industrial real estate sector is positive for the next 12 months.

Outlook for the financial year ending 31 March 2005

Barring unforeseen circumstances and given the expected recovery in economic conditions in Singapore as well as the expected increase in earnings from the acquisitions of Progen Building and C&P Logistics Hub, the Manager of A-REIT expects to deliver a distribution per unit in excess of 8.86 cents per unit for the year ending 31 March 2005 (the forecast DPU as stated in the unitholders circular dated 18 February 2004).

11 Distributions

(a)	Current financial period	
	Any distributions declared for the current financial period :	No
(b)	Book closure date :	Not applicable
(c)	Date payable :	Not applicable
(d)	Corresponding period of the immediately preceding year	
	Any distributions declared for the corresponding period of the immediate preceding financial period :	No

12 If no distribution has been declared/(recommended), a statement to that effect

No distribution has been declared/recommended for the current financial period.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By order of the Board
Ascendas-MGM Funds Management Limited

Tay Hsiu Chieh
Company Secretary
15 July 2004

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The Board of Directors
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Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the interim financial information for the first quarter ended 30 June 2004

We have been engaged by Ascendas-MGM Funds Management Ltd (the "Manager of A-REIT") to review the interim financial information of A-REIT for the first quarter ended 30 June 2004.

Singapore Exchange Listing Manual Appendix 7.2 and Singapore Financial Reporting Standard FRS 34 require the preparation of interim financial information to be in compliance with the relevant provisions thereof. The accompanying financial information consists of the following:

- Statement of total return for the first quarter ended 30 June 2004;
- Balance sheet as at 30 June 2004;
- Statement of movements in unitholder's funds for the first quarter ended 30 June 2004;
- Statement of cash flows for the first quarter ended 30 June 2004; and
- Explanatory notes to the above interim financial information.

The interim financial information is the responsibility of, and has been approved by, the directors of the Manager of A-REIT. Our responsibility is to issue a report solely for the use of the directors of the Manager of A-REIT on the interim financial information based on our review.

We conducted our review in accordance with Singapore Statement of Auditing Practice 11: ***"Review of Interim Financial Information"***. A review of interim financial information consists principally of applying analytical review procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modification that needs to be made to the accompanying interim financial information for it to be in accordance with Singapore Exchange Listing Manual Appendix 7.2 and Singapore Financial Reporting Standard FRS 34.

Yours faithfully

KPMG

KPMG

Certified Public Accountants
Singapore
15 July 2004