



**Ascendas Real Estate Investment Trust
Financial Statements Announcement
for period from 1 April 2003 to 30 June 2003**

These figures have not been audited.

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.

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.

Comparisons are made against the pro-forma (see paragraph 1(a)) and forecast (see paragraph 9) figures stated in the prospectus dated 5 November 2002.

With the recent acquisition of OSIM Headquarters Building on 20 June 2003, A-REIT has a diversified portfolio of nine properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore. These properties house a tenant base of more than 300 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Tenants include Biopharmaceutical Manufacturing, Federal Express, Honeywell, Lilly Systems Biology, OSIM International and Venture Corporation, just to name a few. The rental income from these tenants contributes to the stable distributions to be delivered by A-REIT.

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

	Actual 1/4/03 to 30/06/03 \$'000	Proforma 1/4/02 to 30/6/02 (Note a) \$'000	Increase / (Decrease) %
Gross revenue	15,758	15,210	3.6%
Property services fees	(510)	(719)	(29.1%)
Property tax	(895)	(1,389)	(35.6%)
Other property operating expenses	(2,869)	(2,369)	21.1%
Property operating expenses	(4,274)	(4,477)	(4.5%)
Net property income	11,484	10,733	7.0%
Interest income	14	-	NM
Manager's fee	(793)	(771)	2.9%
Trust expenses	(203)	(178)	14.0%
Borrowing costs	(658)	(590)	11.5%
Non property expenses	(1,640)	(1,539)	6.6%
Net profit	9,844	9,194	7.1%
Non tax deductible expenses (Note b)	885	385	129.9%
Available for distribution (Note c)	10,729	9,579	12.0%
Net profit as a % of gross revenue	62.5%	60.4%	3.5%
Net profit as a % of unitholders' funds at end of the period	2.0%	1.9%	5.3%

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

	Actual 1/4/03 to 30/06/03 \$'000
Gross rental income	13,627
Other income	2,131
Provision for doubtful debts	(96)

Footnotes

NM - Not meaningful

- (a) *The comparative figures are extracted from the proforma profit and loss statement for the period 1 April 2002 to 30 June 2002 stated in the prospectus dated 5 November 2002.*
- (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.*
- (c) *A-REIT's "Available for Distribution" equates to its taxable income. 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 which may be distributed at the discretion of the Manager). The taxable income is distributed to unitholders on a semi-annual basis.*
- (d) *There are no investment income, depreciation and amortisation, write-off for stock obsolescence, impairment in value of investments, foreign exchange gain/loss, adjustments for under/overprovision of tax in respect of prior years, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

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

	Actual 30/06/03 \$'000	Actual 31/3/03 \$'000
Current assets		
Trade and other receivables	3,648	1,271
Cash	3,325	27,558
Total current assets	6,973	28,829
Non-current assets		
Investment properties	644,190	607,540
Total non-current assets	644,190	607,540
Total assets	651,163	636,369
Current liabilities		
Trade and other payables	19,030	13,209
Total current liabilities	19,030	13,209
Non-current liabilities		
Trade and other payables	5,000	-
Borrowings	133,500	125,000
Total non-current liabilities	138,500	125,000
Total liabilities	157,530	138,209
Net assets	493,633	498,160
Total unitholders' equity	493,633	498,160

(b)(ii) **Aggregate amount of borrowings**

As at 30/6/03

Amount repayable in one year or less, or on demand
Amount repayable after one year

Secured \$'000	Unsecured \$'000
-	-
-	133,500
-	133,500

As at 31/3/03

Amount repayable in one year or less, or on demand
Amount repayable after one year

Secured \$'000	Unsecured \$'000
-	-
-	125,000
-	125,000

Details of borrowings

A-REIT has in place facilities totalling S\$210.0 million with Oversea-Chinese Banking Corporation Limited comprising a three-year unsecured credit facility of S\$150.0 million (incorporating a S\$80.0 million transferable loan facility, a S\$65.0 million revolving credit facility and a S\$5.0 million banker's guarantee facility) and an unsecured bridging loan of S\$60.0 million. The facilities have been drawn to S\$133.5 million comprising the entire S\$80.0 million transferable loan facility and S\$53.5 million of revolving credit facility. Interest on the unsecured credit facility is referenced to the relevant swap offer rate plus a margin of 0.60% whilst interest on the bridging loan is referenced to the relevant swap offer rate plus a margin of 0.85%. The final maturity date of the bridging loan is 19 November 2003.

(c) **Cashflow statement**

	Actual 1/4/03 to 30/06/03 \$'000	Actual 9/10/02 to 31/03/03 \$'000
Operating activities		
Net Profit	9,844	14,290
Adjustments for:		
Interest income	(14)	(9)
Allowance for doubtful receivables	96	-
Borrowing costs (<i>interest and fees</i>)	658	794
Operating profit before changes in working capital	<u>10,584</u>	<u>15,075</u>
Changes in working capital		
Trade and other receivables	(2,473)	(946)
Trade and other payables	<u>1,873</u>	<u>12,440</u>
Changes in working capital	(600)	11,494
Cash flows from operating activities	<u>9,984</u>	<u>26,569</u>

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Investing activities

Issue cost	-	(17,343)
Purchase of investment properties	(26,650)	(585,223)
Proceeds from issue of units	-	478,896
Cash flows from investing activities	(26,650)	(123,670)

Financing activities

Borrowing costs paid	(930)	(345)
Interest received	14	4
Proceeds from borrowings	8,500	125,000
Distribution paid to unitholders	(15,151)	-
Cash flows from financing activities	(7,567)	124,659
Net increase in cash and cash equivalents	(24,233)	27,558
Cash and cash equivalents at beginning of the period	27,558	-
Cash and cash equivalents at end of the period	3,325	27,558

There are no comparative figures available as at 30 June 2002. Instead, the comparative figures presented are from the cashflow statement for the period ended 31 March 2003, the first Financial Year of A-REIT.

(d)(i) **Statement of changes in unitholders' funds**

	Actual 1/4/03 to 30/06/03 \$'000	Actual 9/10/02 to 31/03/03 \$'000
Balance as at beginning of period	498,160	-
Operations		
Net profit	9,844	14,290
Net appreciation on revaluation of investment properties	-	22,317
Net increase in net assets resulting from Operations	<u>9,844</u>	<u>36,607</u>
Unitholders' transactions		
- contribution on IPO	-	478,896
- management fee paid in units	780	-
Establishment & IPO expenses	-	(17,343)
Distribution to unitholders (a)	(15,151)	-
Net (decrease)/increase in net assets resulting from unitholders' transactions	<u>(14,371)</u>	<u>461,553</u>
Balance as at end of period	<u>493,633</u>	<u>498,160</u>

Footnote:

There are no comparative figures available for the period ended 30 June 2002. Instead, the comparative figures presented are from the statement of changes in unitholders' funds for the period ended 31 March 2003, the first Financial Year of A-REIT.

(a) Distribution to unitholders for the period from 19 November 2002 to 31 March 2003 paid in May 2003.

(d)(ii) **Details of any changes in the units since the end of the previous period reported on**

<u>Date</u>	<u>Units issued</u>	<u>Purpose</u>
19/11/02	545,000,000	Consideration for acquisition of investment properties
20/06/03	899,640	Fund manager fees paid in units
30/06/03	<u>545,899,640</u>	

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have been reviewed in accordance with Singapore Standard of Auditing Practice 11: Review of Interim Financial Information.

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 same accounting policies and methods of computation are followed during the current financial period as compared with those stated in the audited financial statements for the period ended 31 March 2003.

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 01/04/03 to 30/06/03 cents	Pro-rated 01/01/03 to 31/03/03 (Note a) cents
Earnings per unit for the period based on the weighted average number of units in issue	1.81	1.77
Distribution per unit for the period based on the weighted average number of units in issue	1.97	1.88

Footnote

- (a) The pro-rated figures for the period from 1 January 2003 to 31 March 2003 has been derived from the actual results for the period from 9 October 2002 to 31 March 2003 on a best estimate basis by the Manager so as to allow like for like comparison with the actual results for the period from 1 April 2003 to 30 June 2003.

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

	30/06/03 cents	31/03/03 cents
Net asset value per unit	90	91
Adjusted net asset value per unit	89	89

Footnote

- (a) A-REIT's "Available for Distribution" equates to its taxable income. 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 which may be distributed at the discretion of the Manager). As the distribution for the current period has not yet occurred, the net profit for the period has been excluded in arriving at the adjusted net asset value per unit.

8. **Review of the performance**

Please refer to Section 9 below for the review of actual performance against the forecast.

9. **Variance between forecast and the actual results**

	Actual 1/4/03 to 30/06/03 \$'000	Forecast 1/4/03 to 30/06/03 (Note a) \$'000	Increase / (Decrease) %
Gross revenue	15,758	15,854	(0.6%)
Property services fees	(510)	(586)	(13.0%)
Property tax	(895)	(1,260)	(29.0%)
Other property operating expenses	(2,869)	(3,213)	(10.7%)
Property operating expenses	(4,274)	(5,059)	(15.5%)
Net property income	11,484	10,795	6.4%
Interest income	14	6	133.3%
Manager's fee	(793)	(781)	1.5%
Trust expenses	(203)	(180)	12.8%
Borrowing costs	(658)	(784)	(16.1%)
Non property expenses	(1,640)	(1,739)	(5.7%)
Net profit	9,844	9,056	8.7%
Non tax deductible expenses (Note b)	885	390	126.9%
Available for distribution	10,729	9,446	13.6%
Earnings per unit for the period (cents)	1.81	1.66	9.0%
Distribution per unit for the period (cents)	1.97	1.73	13.9%

Footnote

(a) *The extrapolated forecast for the period from 1 April 2003 to 30 June 2003 has been derived from the forecast stated in the prospectus dated 5 November 2002 which is for the period from 1 April 2003 to 31 March 2004 on a best estimate basis by the Manager so as to allow like for like comparison with the actual results.*

(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

Actual Gross Revenue for the period ended 30 June 2003 was \$15.76 million, compared to \$15.85 million in the forecast.

Property operating expenses were 15.5% lower than the forecast due to lower property services fees, property tax and other property operating expenses such as advertising/promotional expenses. Non property expenses were lower mainly due to a reduction in overall borrowing costs.

Overall, the actual net profit exceeds forecast by 8.7% whilst the income available for distribution exceeds forecast by 13.6%.

10. **Commentary on the 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**

The present state of economic conditions in Singapore and globally, generally indicate economic growth will be subdued in the short term. Since listing of A-REIT, the Singapore economy has been impacted by the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS). Given these specific factors and the general economic conditions (including competing property developments such as the one-north development), the prospects for improved rental income remains flat.

Notwithstanding the conditions stated above, average occupancy levels in the A-REIT property portfolio have remained stable (being 81.2% for the 1st Quarter ended 30 June 2003). In addition, the level of gross rental income from committed leases (including OSIM Headquarters Building) in the forecast period to 31 March 2004 has increased to 93% (up from 84% announced in April 2003). Accordingly, on the basis of information available at present, the Manager does not expect the performance of A-REIT to be materially affected in the next reporting period to 30 September 2003.

Outlook for the financial year ending 31 March 2004

Based on the performance of the portfolio and the financials prepared for the period ended 30 June 2003, and on the basis of information available at present, the Manager expects that A-REIT will meet the forecasts outlined in the prospectus dated 5 November 2002.

11. **Distributions**

(a) **Current financial period**

Any distribution declared for the current financial period? Nil

(b) **Corresponding period of the immediately preceding year**

Name of distribution Not Applicable

Distribution Type Not Applicable

Distribution Rate Not Applicable

Par value of units Not Applicable

Tax Rate Not Applicable

(c) Date Payable Not Applicable

(d) Book closure date Not Applicable

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

No distribution has been declared/recommendeded 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
17 July 2003



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Dear Sirs

**Ascendas Real Estate Investment Trust (the "Trust")
Review of the interim financial information
for the first quarter ended 30 June 2003**

We have been engaged by Ascendas-MGM Funds Management Ltd, the Manager of the Trust, to review the interim financial information for the first quarter ended 30 June 2003.

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 2003;
- Balance sheet as at 30 June 2003;
- Statement of movements in unitholders' funds for the first quarter ended 30 June 2003;
- Statement of cash flows for the first quarter ended 30 June 2003; and
- Explanatory notes to the above financial information.

The interim financial information is the responsibility of, and has been approved by, the directors of the Manager of the Trust. Our responsibility is to issue a report solely for the use of the directors of the Manager of the Trust 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
Certified Public Accountants
Singapore
17 July 2003



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