



A-REIT FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2005

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 HSBC Institutional Trust Services (Singapore) Limited as the Trustee of A-REIT, as amended by a First Supplemental Deed dated 16 January 2004, a Second Supplemental Deed dated 23 February 2004, a Third Supplemental Deed dated 30 September 2004 and a Fourth Supplemental Deed dated 17 November 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 Exchange Securities Trading Limited 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 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 Logistics Centre, Trivec Building, TT International Tradepark and Siemens Center in March 2004, Nan Wah Building in May 2004, Progen Building and C&P Logistics Hub in July 2004, SB Building in November 2004, Exklusiv Centre, Xilin Districentre Buildings A & B (formerly CG Aerospace Building), Xilin Districentre Building D (formerly Fedex Building), Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Autron Building, Wisma Gulab, Steel Industries Building, Volex Building, Infineon Building and Techpoint in December 2004, Telepark, Kim Chuan Telecommunications Complex, KA Centre and KA Place in March 2005, AEM-Everttech Building, Da Vinci Building, Hyflux Building and MSL building in April 2005, Xilin Districentre Building C (formerly 7 Changi South Street 2) in May 2005, Weltech Building in May 2005 and BBR Building in June 2005.

In the quarter under review, A-REIT acquired Pacific Tech Centre and SENKEE Logistics Hub on 1 July 2005 and 23 September 2005 respectively.

In October 2005, A-REIT acquired Hoya Building, LogisHub@Clementi, Techquest, Techview, 1 Changi South Lane, 11 Tampines Street 92, Cityneon Design Centre and NNB Industrial Building, partially funded from the proceeds of an equity raising that was completed on 5 October 2005.

A-REIT had also a signed put and call option agreements for the acquisition of Ness Building and 1 Jalan Kilang all expected to complete in October 2005 and put and call option agreements with Ascendas Group for the acquisition of Hamilton Sundstrand Building expected to complete in October 2005, Thales Building expected to complete in January 2006 and 138 Depot Road expected to complete in April 2006. The acquisitions from Ascendas Group which are related party transactions were approved by unitholders at an EGM held on 13 September 2005.

A-REIT now has a diversified portfolio of 53 properties and houses a tenant base of more than 610 customers.

A-REIT Announcement of Results for the Second Quarter Ended 30 September 2005

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

1(a)(i) **Income statement (1H FY 05/06 vs 1H FY 04/05)**

	Actual 01/04/05 to 30/09/05 (Note d) S\$'000	Actual 01/04/04 to 30/09/04 (Note d) S\$'000	Increase / (Decrease) (Note d) %
Gross revenue	102,119	54,399	88%
Property services fees	(2,811)	(1,608)	75%
Property tax	(5,887)	(3,828)	54%
Other property operating expenses	(12,910)	(10,163)	27%
Property operating expenses	(21,608)	(15,599)	39%
Net property income	80,511	38,800	108%
Interest income	89	44	102%
Manager's fee (Note a)	(5,667)	(2,903)	95%
Trust expenses	(674)	(528)	28%
Borrowing costs	(10,009)	(3,562)	181%
Non property expenses	(16,261)	(6,949)	134%
Net investment income	64,250	31,851	102%
Non tax deductible expenses (Note b)	2,777	1,867	49%
Net investment income available for distribution (Note c)	67,027	33,718	99%

The following items have been included in arriving at net investment income:

	Actual 01/04/05 to 30/09/05 (Note d) S\$'000	Actual 01/04/04 to 30/09/04 (Note d) S\$'000
Gross rental income	95,292	47,586
Other income	6,827	6,813
Allowances for doubtful receivables, net	(4)	34
Depreciation	(158)	-

Footnotes

- (a) As approved at the Extraordinary General Meeting held on 2 November 2004, and effective from 1 April 2005, the Manager has opted to receive the base management fee on all properties purchased after October 2004 wholly in cash. The payment of the base management fee on properties acquired before October 2004 will continue to be in the form of 50% cash and 50% units.
- (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 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 has generally been distributed to unitholders on a semi-annual basis up to 30 September 2004 and on a quarterly basis from 1 October 2004.
- (d) 45 properties in 1H FY 05/06 vs 19 properties in 1H FY 04/05.

A-REIT Announcement of Results for the Second Quarter Ended 30 September 2005

1(a)(ii) Income statement (2Q FY 05/06 vs 2Q FY 04/05)

	Actual 01/07/05 to 30/09/05 (Note d) S\$'000	Actual 01/07/04 to 30/09/04 (Note d) S\$'000	Increase / (Decrease) %
Gross revenue	51,599	29,150	77%
Property services fees	(1,435)	(869)	65%
Property tax	(3,074)	(1,969)	56%
Other property operating expenses	(5,985)	(5,159)	16%
Property operating expenses	(10,494)	(7,997)	31%
Net property income	41,105	21,153	94%
Interest income	22	38	(42%)
Manager's fee (Note a)	(2,911)	(1,572)	85%
Trust expenses	(343)	(272)	26%
Borrowing costs	(5,186)	(1,866)	178%
Non property expenses	(8,418)	(3,672)	129%
Net investment income	32,687	17,481	87%
Non tax deductible expenses (Note b)	1,237	958	29%
Net investment income available for distribution (Note c)	33,924	18,439	84%

The following items have been included in arriving at net investment income:

	Actual 01/07/05 to 30/09/05 (Note d) S\$'000	Actual 01/07/04 to 30/09/04 (Note d) S\$'000
Gross rental income	48,334	25,564
Other income	3,265	3,586
Allowances for doubtful receivables, net	(22)	(143)
Depreciation	(158)	-

Footnotes

- (a) As approved at the Extraordinary General Meeting held on 2 November 2004, and effective from 1 April 2005, the Manager has opted to receive the base management fee on all properties purchased after October 2004 wholly in cash. The payment of the base management fee on properties acquired before October 2004 will continue to be in the form of 50% cash and 50% units.
- (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 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 generally distributed to unitholders on a semi-annual basis up to 30 September 2004 and on a quarterly basis from 1 October 2004.
- (d) 45 properties in 2Q FY 05/06 vs 19 properties in 2Q FY 04/05.

A-REIT Announcement of Results for the Second Quarter Ended 30 September 2005

1(a)(iii) The Cumulative Distribution Calculation (Note a)

	Actual 01/07/05 to 30/09/05 (Note b) S\$'000	Actual 01/10/05 to 04/10/05 (Note c) S\$'000	Actual 01/07/05 to 04/10/05 (Note d) S\$'000
Gross revenue	51,599	2,227	53,826
Property services fees	(1,435)	(61)	(1,496)
Property tax	(3,074)	(131)	(3,205)
Other property operating expenses	(5,985)	(290)	(6,275)
Property operating expenses	(10,494)	(482)	(10,976)
Net property income	41,105	1,745	42,850
Interest income	22	-	22
Manager's fee	(2,911)	(129)	(3,040)
Trust expenses	(343)	(15)	(358)
Borrowing costs	(5,186)	(231)	(5,417)
Non property expenses	(8,418)	(375)	(8,793)
Net investment income	32,687	1,370	34,057
Non tax deductible expenses	1,237	59	1,296
Net investment income available for distribution	33,924	1,429	35,353
	Actual 01/07/05 to 30/09/05 (Note b)	Actual 01/10/05 to 04/10/05 (Note c)	Actual 01/07/05 to 04/10/05 (Note d)
Distribution per unit (in cents)	2.91	0.12	3.03
Applicable number of units (Note e)	1,163,647,175	1,163,647,175	1,163,647,175

Footnotes

(a) An Equity Fund Raising exercise has recently been completed, with \$240 million raised through the issue of new units to partially fund a number of acquisitions. The new units were issued on 5 October 2005. As a result of these new units being issued, A-REIT is declaring, in lieu of the scheduled distribution for the three months ended 30 September 2005, a distribution of A-REIT's distributable income for the period from 1 July 2005 to 4 October 2005, being the day immediately prior to the date on which the new units were issued under the Equity Fund Raising. The next distribution thereafter will comprise A-REIT's distributable income for the period from 5 October 2005 to 31 December 2005. Quarterly distributions will resume after that.

This cumulative distribution is being implemented as a means to ensure fairness to holders of the then existing units and, at the same time, to avoid the additional cost and confusion associated with maintaining two counters. By implementing this cumulative distribution, distributable income accrued by A-REIT up to the day immediately preceding the issue of new units pursuant to the Equity Fund Raising (which, at that point, would be entirely attributable to the investment represented by the then existing units) will only be distributed, in a single distribution, to the then existing unitholders.

(b) Represents distributable income payable from 1 July 2005 to 30 September 2005.

(c) Represents distributable income payable from 1 October 2005 to 4 October 2005, ie the day immediately prior to the date on which the new units were issued under the equity fund raising.

(d) The cumulative distribution comprises A-REIT's distributable income for the period from 1 July 2005 to 4 October 2005, ie the day immediately prior to the date on which the new units were issued under the equity fund raising. The distribution will be paid on 8 November 2005.

(e) The DPU has been calculated based on the applicable number of units which is either the units applicable for the distribution over the respective period or the weighted average number of units on issue where units were issued during the period.

Please see paragraph 11 for more details on the cumulative distribution.

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

	Actual 30/09/05 S\$'000	Actual 31/03/05 S\$'000
Assets		
Investment properties	2,309,223	2,076,893
Fixed Assets	2,499	-
Trade and other receivables	13,580	28,501
Deposits and prepayments	3,023	1,754
Cash	6,644	5,164
Total assets	2,334,969	2,112,312
Liabilities		
Trade and other payables	49,512	50,602
Deferred payments	79,330	82,330
Borrowings (net of transaction costs)	758,910	553,920
Total liabilities (excluding net assets attributable to unitholders)	887,752	686,852
Net assets attributable to unitholders	1,447,217	1,425,460
Gross Borrowings		
Secured borrowings		
Amount repayable after one year	649,965	300,000
Unsecured borrowings		
Amount repayable after one year	112,600	256,000
	762,565	556,000

Details of borrowings & collateral

Two term loans of \$300 million and \$350 million were granted by a special purpose company, Emerald Assets Limited ("Emerald Assets") at a floating interest rate of the Singapore 3 month swap offer rate plus a margin of 0.325% per annum and 0.265% per annum respectively.

As security for the credit facilities granted by Emerald Assets, the Trustee has granted in favour of Emerald Assets the following:

- (i) a mortgage over the 17 properties acquired before July 2004 ("Portfolio 1 properties") and a mortgage over the 23 properties acquired between July 2004 and April 2005 ("Portfolio 2 properties").
- (ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio 1 properties and Portfolio 2 properties.
- (iii) an assignment of the insurance policies relating to the Portfolio 1 properties and Portfolio 2 properties.
- (iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio 1 properties and Portfolio 2 Properties.

In addition, A-REIT has in place the following bank facilities:

- (i) \$150 million unsecured revolving credit facility granted by Oversea-Chinese Banking Corporation Limited.
- (ii) \$150 million unsecured revolving credit facility granted by BNP Paribas.
- (iii) \$300 million unsecured revolving credit facility granted by The United Overseas Bank Limited.
- (iv) \$45 million letter of guarantee granted by Oversea-Chinese Banking Corporation Limited.

As at 30 September 2005, \$112.6 million has been drawn from these facilities.

Interest rate swaps of \$522.5 million (68.5% of total debt) have been effected to provide fixed rate funding for terms of 3 to 7 years. The \$522.5 million of debt fixed through swaps has a weighted average term remaining of 4.10 years. The fair value of the swaps which is included in other receivable is \$0.44 million as at 30 September 2005. A 2 year interest rate cap with a nominal value of \$127.5 million was transacted during the period under review to cap the floating interest rate. The fair value of the interest rate cap which is included in other receivables is \$0.27 million as at 30 September 2005. A-REITs weighted average funding cost as at 30 September 2005 is 2.97% (including margins charged on the loans and amortised/annual costs of the Commercial Mortgage Backed Securities programme).

In accordance with FRS 39, fair value changes relating to the interest rate swaps and interest rate cap are recognised in Net Assets Attributable to Unitholders and Statement of Total Return, respectively.

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

1(c)(i) **Cash flow statement (1H FY 05/06 vs 1H FY 04/05)**

	Actual 01/04/05 to 30/09/05 S\$'000	Actual 01/04/04 to 30/09/04 S\$'000
Operating activities		
Net investment income	64,250	31,851
Adjustment for		
Interest income	(89)	(44)
Provision for doubtful receivables	4	(34)
Borrowing costs	10,009	3,562
Fund manager's fee paid/payable in units	1,693	1,451
Depreciation	158	-
Operating income before working capital changes	76,025	36,786
Changes in working capital		
Trade and other receivables	23,978	5,365
Trade and other payables	(7,734)	875
	16,244	6,240
Cash generated from operating activities	92,269	43,026
Investing activities		
Purchase of investment properties (including acquisition costs)	(210,753)	(198,156)
Payment for capital improvement projects	(4,536)	(11,964)
Payment of deferred settlements	(5,000)	(5,000)
Deposit paid for purchase of investment properties	(3,350)	(2,579)
Cash flows from investing activities	(223,639)	(217,699)
Financing activities		
Equity issue costs paid	(746)	(2,739)
Proceeds from issue of units	-	115,000
Distributions to unitholders paid	(62,430)	(18,971)
Borrowing costs paid	(10,628)	(4,595)
Interest received	89	44
Proceeds from borrowings	574,665	577,400
Repayment of borrowings	(368,100)	(482,200)
Cash flows from financing activities	132,850	183,939
Net increase in cash and cash equivalents	1,480	9,266
Cash and cash equivalents at beginning of the period	5,164	3,938
Cash and cash equivalents at end of the period	6,644	13,204

1(c)(ii) Cash flow statement (2Q FY 05/06 vs 2Q FY 04/05)

	Actual 01/07/05 to 30/09/05 S\$'000	Actual 01/07/04 to 30/09/04 S\$'000
Operating activities		
Net investment income	32,687	17,481
Adjustment for		
Interest income	(22)	(38)
Provision for doubtful receivables	22	(143)
Borrowing costs	5,186	1,866
Fund manager's fee paid/payable in units	851	786
Depreciation	158	-
Operating income before working capital changes	38,882	19,952
Changes in working capital		
Trade and other receivables	6,377	(8,276)
Trade and other payables	(11,244)	256
	(4,867)	(8,020)
Cash generated from operating activities	34,015	11,932
Investing activities		
Purchase of investment properties (including acquisition costs)	(101,167)	(177,917)
Payment for capital improvement projects	(2,670)	(4,978)
Deposits paid for purchase of investment properties	(2,483)	(81)
Cash flows from investing activities	(106,320)	(182,976)
Financing activities		
Equity issue costs paid	(731)	(583)
Distributions to unitholders paid	(33,047)	-
Borrowing costs paid	(5,254)	(3,150)
Interest received	22	38
Proceeds from borrowings	130,600	537,000
Repayment of borrowings	(24,900)	(435,400)
Cash flows from financing activities	66,690	97,905
Net decrease in cash and cash equivalents	(5,615)	(73,139)
Cash and cash equivalents at beginning of period	12,259	86,343
Cash and cash equivalents at end of the period	6,644	13,204

A-REIT Announcement of Results for the Second Quarter Ended 30 September 2005

1(d)(i) Net assets attributable to unitholders (1H FY 05/06 vs 1H FY 04/05)

	Actual 01/04/05 to 30/09/05 S\$'000	Actual 01/04/04 to 30/09/04 S\$'000
Balance as at beginning of period	1,425,460	691,650
Operations		
Net investment income	64,250	31,851
Net appreciation on revaluation of investment properties (Note a)	13,187	18,699
Net increase in net assets resulting from Operations	77,437	50,550
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	440	-
Unitholders' transactions		
New units issued under Private Placement	-	115,000
Performance fees paid in units	4,229	2,041
Management fees paid in units	2,081	1,070
Equity issue costs	-	(1,697)
Distributions to unitholders	(62,430)	(18,971)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(56,120)	97,443
Balance as at end of period	1,447,217	839,643

Footnotes

(a) *Revaluations of the 44 properties acquired before August 2005 were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd, Colliers International Consultancy & Valuation (S) Pte Ltd and DTZ Debenham Tie Leung (SEA) Pte Ltd during the quarter under review. Properties acquired after August 2005 are recorded at purchase price (which includes acquisition costs).*

Revaluations of the 16 properties acquired before April 2004 were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd on 1 June 2004.

Net assets attributable to unitholders (2Q FY 05/06 vs 2Q FY 04/05)

	Actual 01/07/05 to 30/09/05 S\$'000	Actual 01/07/04 to 30/09/04 S\$'000
Balance as at beginning of period	1,425,612	822,162
Operations		
Net investment income	32,687	17,481
Net appreciation on revaluation of investment properties (Note a)	13,187	-
Net increase in net assets resulting from operations	45,874	17,481
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	6,697	-
Unitholders' transactions		
Management fees paid in units	2,081	-
Distributions to unitholders	(33,047)	-
Net increase/(decrease) in net assets resulting from Unitholders' transactions	(30,966)	-
Balance as at end of period	1,447,217	839,643

Footnote

(a) *Revaluations of the 44 properties acquired before August 2005 were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd, Colliers International Consultancy & Valuation (S) Pte Ltd and DTZ Debenham Tie Leung (SEA) Pte Ltd during the quarter under review. Properties acquired after August 2005 are recorded at purchase price (which includes acquisition costs).*

1(d)(ii) Details of any changes in the units (1H FY 05/06 vs 1H FY 04/05)

	Actual 01/04/05 to 30/09/05 Units	Actual 01/04/04 to 30/09/04 Units
Balance at beginning of period	1,160,556,950	707,207,175
Issue of new units:		
- Performance fees paid in units	2,185,418	1,572,381
- Management fees paid in units	904,807	746,077
- Issued pursuant to private placement in June 2004	-	82,142,857
Balance at end of period	1,163,647,175	791,668,490

Details of any changes in the units (2Q FY 05/06 vs 2Q FY 04/05)

	Actual 01/07/05 to 30/09/05 Units	Actual 01/07/04 to 30/09/04 Units
Balance at beginning/end of period	1,162,742,368	791,668,490
Issue of new units:		
- Management fees paid in units	904,807	-
Balance at end of period	1,163,647,175	791,668,490

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

- 4a A-REIT has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2005, except for the adoption of the new and revised Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2005.

4(a)(i) FRS 39 - Financial Instruments: Recognition and Measurement

This FRS sets out the new requirements for the recognition, derecognition and measurement of financial instruments and hedge accounting. The adoption of FRS 39 has resulted in A-REIT recognising all derivative financial instruments as assets or liabilities at fair value.

In accordance with the transitional provisions of FRS 39, the comparative financial statements for FY 2004/2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2005. The adjustments are as follows:

	Increased/ (Decreased) by S\$'000
Hedging reserve	1,252
Other assets	1,252

There is no material impact on the net investment income and net investment income available for distribution for 1H FY 05/06 arising from the adoption of FRS 39.

4(a)(ii) **Other new and revised FRS applicable from 1 January 2005**

Apart from FRS 39, other applicable new and revised FRS that have been adopted do not have a significant financial impact on A-REIT.

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**

Please see item 4 above.

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

6.1 **EPU/DPU (1H FY 05/06 vs 1H FY 04/05)**

Number of units on issue at end of period
 Applicable number of units for calculation of EPU/DPU (Note a)
 Earnings per unit in cents (EPU)
 Distribution per unit in cents (DPU)

Actual 01/04/05 to 30/09/05	Actual 01/04/04 to 30/09/04
1,163,647,175	791,668,490
1,163,647,175	753,980,549
5.51	4.21
5.75	4.46

6.2 **EPU/DPU (2Q FY 05/06 vs 2Q FY 04/05)**

Number of units on issue at end of period
 Applicable number of units for calculation of EPU/DPU (Note a)
 Earnings per unit in cents (EPU)
 Distribution per unit in cents (DPU)

Actual 01/07/05 to 30/09/05	Actual 01/07/04 to 30/09/04
1,163,647,175	791,668,490
1,163,647,175	791,668,490
2.80	2.21
2.91	2.33

Footnote

(a) *The EPU and DPU has been calculated based on the applicable number of units which is either the units applicable for the distribution over the respective period or the weighted average number of units on issue at each quarter when units were issued during the period.*

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

Net asset value per unit
 Adjusted net asset value per unit (Note a)

30/09/05 cents	31/03/05 cents
124	123
121	120

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 undistributed income for the relevant period prior to the balance date has been excluded in calculating adjusted net asset value per unit.*

8 Review of the performance

Income statement (2Q FY 05/06 vs 2Q FY 04/05)

	Actual 01/07/05 to 30/09/05 S\$'000	Actual 01/07/04 to 30/09/04 S\$'000	Increase / (Decrease) %
Gross revenue	51,599	29,150	77%
Property operating expenses	(10,494)	(7,997)	31%
Net property income	41,105	21,153	94%
Non property expenses	(3,254)	(1,844)	76%
Net borrowing costs	(5,164)	(1,828)	182%
	(8,418)	(3,672)	129%
Net investment income	32,687	17,481	87%
Non tax deductible expenses	1,237	958	29%
Net investment income available for distribution (Note a)	33,924	18,439	84%
Earnings per unit (cents)	2.80	2.21	27%
Distribution per unit (cents)	2.91	2.33	25%

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 has generally been distributed to unitholders on a semi-annual basis up to 30 September 2004 and on a quarterly basis from 1 October 2004.

Review of Performance 2Q FY 05/06 vs 2Q FY 04/05

Gross revenue was up 77% mainly due to additional rental income from the following completed acquisitions: SB Building completed in November 2004, Techpoint, Infineon Building, Exklusiv Centre, Wisma Gulab, Steel Industries Building, Autron Building, Xilin Districentre Building A & B (formerly CG Aerospace Building), Xilin Districentre Building D (formerly Fedex Building), Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building and Volex Building in December 2004, KA Place, KA Centre, Kim Chuan Telecommunications Complex and Telepark in March 2005 and AEM-Evertch Building, BBR Building, Da Vinci Building, Hyflux Building, MSL Building, Weltech Building and Xilin Districentre Building C (formerly 7 Changi South Street 2) (all completed in first quarter ended 30 June 2005), Pacific Tech Centre completed in July 2005 and SENKEE Logistics Hub completed in September 2005.

Property expenses were higher due to :-

- 1) Higher property tax due to increased number of properties in the portfolio.
- 2) Higher land rental due to increased number of properties in the portfolio partly offset by downward adjustment of land rental rates by JTC and HDB.
- 3) Higher utilities expenses due to the increased number of properties in the portfolio as well as higher costs in some properties due to the introduction of energy aggregation. This also results in higher sundry income as the tenants share of aggregated energy cost is recoverable from them.
- 4) Higher maintenance & conservancy expenses due to the increased number of properties in the portfolio.

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

Borrowing costs increased by 182% due to (i) additional debt drawn down to fund the new acquisitions, (ii) additional swaps entered into for longer tenors, increasing the average interest rate from 2.77% p.a. to 2.97% p.a. over quarter but ensuring less exposure to interest rate fluctuation and (iii) floating interest rates were also considerably higher than last year.

The net investment income was higher than the comparable period last year mainly due to the benefit of additional income from the new properties acquired during the current and previous financial years.

9 Variance between forecast and the actual results

	Actual 01/04/05 to 30/09/05 S\$'000	Forecast 01/04/05 to 30/09/05 (Note a) S\$'000	Increase / (Decrease) %
Gross revenue	102,119	101,640	0%
Property services fees	(2,811)	(2,797)	0%
Property tax	(5,887)	(5,972)	(1%)
Other property operating expenses	(12,910)	(13,414)	(4%)
Property operating expenses	(21,608)	(22,184)	(3%)
Net property income	80,511	79,456	1%
Interest income	89	74	NA
Manager's fee	(5,667)	(5,642)	0%
Trust expenses	(674)	(681)	(1%)
Borrowing costs	(10,009)	(10,110)	(1%)
Non property expenses	(16,261)	(16,360)	(1%)
Net investment income	64,250	63,096	2%
Non tax deductible expenses (Note b)	2,777	3,025	(8%)
Net investment income available for distribution	67,027	66,121	1%
Earnings per unit (cents)	5.51	5.42	2%
Distribution per unit (cents)	5.75	5.68	1%

Footnotes

- (a) *The forecast for the period 1 April 2005 to 30 September 2005 has been derived from the forecast stated in the Circular dated 20 September 2005 in relation to the issue of 112,676,056 new units.*
- (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 September 2005

Gross Revenue for the period was \$102.1 million, slightly above the forecast in the Circular dated 20 September 2005 mainly due to:

- 1) The early completion of SENKEE Logistics Hub on 23 September 2005. The forecast assumed this acquisition to take place in mid October 2005, and
- 2) The higher utilities income is a result of recovery of tenancy charges from tenants.

Property operating expenses for the period were \$21.6 million, 3% below the forecast mainly due to:

- 1) Lower ad hoc maintenance cost incurred.
- 2) The higher utilities expenses are due to the introduction of energy aggregation.

The net investment income exceeded forecast by 2% and DPU was 1% above forecast, both as a result of the above.

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

Advance estimates from the Ministry of Trade and Industry show that in the third quarter of calendar year 2005 the Singapore economy grew by 6.0% year on year, up from 5.4% in the second quarter. The improvement was attributed to an expansion of biomedical output and robust performance in key service sectors such as wholesale and retail trade and financial services.

With the underlying strength of the economy, the industrial property market continued its recovery path for the fifth consecutive quarter with prices of overall industrial space rising 0.4% and rents increasing by 0.3% over the previous quarter. URA has announced that the vacancy rate of factory space decreased from 11.7% in 1Q 2005 to 11.2% in 2Q 2005 and the vacancy rate of warehouse space decreased from 13.8% in 1Q 2005 to 12.5% in 2Q 2005. The vacancy rate of business park space decreased from 25.7% in 1Q 2005 to 22.3% in 2Q 2005.

For the six months ended 30 September 2005, A-REIT continued its investment strategy of acquiring and investing in top grade properties with \$215.8 million worth of properties being acquired. In addition, A-REIT has announced the proposed acquisition of 13 properties worth \$311.1 million which brings the total value of its property portfolio to \$2.6 billion once these acquisitions have been completed.

Outlook for the financial year ending 31 March 2006

According to the Ministry of Trade & Industry (MTI), stronger domestic forward-looking indicators suggest that growth momentum should continue for the rest of this year. The latest business expectations survey reveals that sentiments in both the manufacturing and services have improved. In view of the improved outlook, the MTI has narrowed the 2005 GDP growth forecast to 3.5%-4.5%. However, the impact of the continual increase in oil prices at this moment is difficult to quantify.

According to the recently released CB Richard Ellis 2Q 2005 Singapore Real Estate research report, demand for conventional industrial space is expected to improve given the tentative recovery in the global electronics industry and the GDP growth projections for 2005. Rental upside can be expected from high-tech and business park & science park segments due to the government's commitment to attract high value-added manufacturing activities in Singapore.

Subject to the continuing performance of the economy and property market, the Manager of A-REIT expects to deliver a distribution per unit in line with the forecast of 11.37 cents per unit for the year ending 31 March 2006 (as disclosed in the circular dated 20 September 2005).

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period : Yes

Name of distribution : Cumulative distribution for the period 1 July 2005 to 4 October 2005 (being the date immediately prior to the issue of new units under the Equity Fund Raising on 5 October 2005)

Distribution Type : Income

Distribution Rate : 3.03 cents per unit

Par value of units : Not applicable

Tax Rate : Individuals who receive such distribution as investment income (excluding income received through partnership) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their own marginal rate subsequently.

Investors using CPF funds and SRS funds will also receive pre tax distributions. These distributions are tax exempt where the distributions received are returned to CPF and SRS accounts.

Qualifying foreign non-individual investor will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 20%.

Book closure date : 4 October 2005

Date payable : 8 November 2005

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : Yes

Name of distribution : Fourth distribution for 4 March 2004 to 30 September 2004

Distribution Type : Income

Distribution Rate : Ascendasreit class: 5.09 cents per unit

Ascendasreit A class: 2.51 cents per unit

Par value of units : Not meaningful

Tax Rate : Individuals who receive such distribution as investment income will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their own marginal rate subsequently.

Investors using CPF funds and SRS funds will also receive pre tax distributions. These distributions are tax exempt.

All other investors will receive their distributions after deduction of tax at the rate of 20%.

Book closure date : 27 October 2004

Date paid : 23 November 2004

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

NA

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

Soon Kah Hwee
Assistant Company Secretary
18 October 2005



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18 October 2005

Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the interim financial information for the half year ended 30 September 2005

We have been engaged by Ascendas-MGM Funds Management Limited (the "Manager of A-REIT") to review the interim financial information of A-REIT for the half year ended 30 September 2005.

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 interim financial information consists of the following:

- Balance sheet as at 30 September 2005;
- Statement of total return for the half year ended 30 September 2005;
- Statement of net assets attributable to unitholders for the half year ended 30 September 2005;
- Statement of cash flows for the half year ended 30 September 2005;
- Investment properties portfolio statement as at 30 September 2005; 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
Certified Public Accountants
Singapore