



A-REIT FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 the following properties:

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@Tai Seng, Volex Building, Infineon Building and Techpoint in December 2004, Telepark, Kim Chuan Telecommunications Complex, KA Centre and KA Place in March 2005, AEM-Evertch 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, BBR Building in June 2005, Pacific Tech Centre in July 2005 and SENKEE Logistics Hub in September 2005.

In the quarter under review, A-REIT acquired Hoya Building, LogisHub@Clementi, Techquest, Techview, Accord Famous Distri Centre, Trivec@Tampines, Cityneon Design Centre, NNB Industrial Building and Dynasty in October 2005, Ness Building, JEL Centre and PSB Building in November 2005 and Steel Industries Building@Tampines and Hamilton Sundstrand Building in December 2005.

A-REIT has signed put and call option agreements for the acquisition of 50 Kallang Ave and Aztech Building which are expected to complete in February 2006. A-REIT has also signed put and call option agreements with Ascendas Group for the acquisition of Thales Building which was completed on 3 January 2006, and 138 Depot Road which is 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 59 properties and houses a tenant base of more than 683 customers.

1(a)

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

1(a)(i) Income statement (YTD Dec 2005 vs YTD Dec 2004)

	Actual 01/04/05 to 31/12/05 (Note d) S\$'000	Actual 01/04/04 to 31/12/04 (Note d) S\$'000	Increase / (Decrease) (Note d) %
Gross revenue	163,327	88,038	86%
Property services fees	(4,259)	(2,608)	63%
Property tax	(9,115)	(6,263)	46%
Other property operating expenses	(23,118)	(16,214)	43%
Property operating expenses	(36,492)	(25,085)	45%
Net property income	126,835	62,953	101%
Interest income	124	55	126%
Manager's fee (Note a)	(8,958)	(4,681)	91%
Trust expenses	(1,051)	(868)	21%
Borrowing costs	(14,803)	(5,590)	165%
Non property expenses	(24,688)	(11,084)	123%
Net investment income	102,147	51,869	97%
Non tax deductible expenses (Note b)	3,225	3,037	6%
Net investment income available for distribution (Note c)	105,372	54,906	92%

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

	Actual 01/04/05 to 31/12/05 (Note d) S\$'000	Actual 01/04/04 to 31/12/04 (Note d) S\$'000
Gross rental income	151,528	77,206
Other income	11,799	10,832
Allowances for doubtful receivables, net	(57)	5
Depreciation of fixed assets	(253)	-

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 or non-taxable 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) *59 properties in YTD Dec 2005 vs 32 properties in YTD Dec 2004.*

1(a)(ii) Income statement (3Q FY 05/06 vs 3Q FY 04/05)

	Actual 01/10/05 to 31/12/05 (Note d) S\$'000	Actual 01/10/04 to 31/12/04 (Note d) S\$'000	Increase / (Decrease) %
Gross revenue	61,208	33,639	82%
Property services fees	(1,448)	(1,000)	45%
Property tax	(3,228)	(2,435)	33%
Other property operating expenses	(10,208)	(6,051)	69%
Property operating expenses	(14,884)	(9,486)	57%
Net property income	46,324	24,153	92%
Interest income	35	11	222%
Manager's fee (Note a)	(3,291)	(1,778)	85%
Trust expenses	(377)	(340)	11%
Borrowing costs	(4,794)	(2,028)	136%
Non property expenses	(8,427)	(4,135)	104%
Net investment income	37,897	20,018	89%
Non tax deductible expenses (Note b)	448	1,170	(62%)
Net investment income available for distribution (Note c)	38,345	21,188	81%

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

	Actual 01/10/05 to 31/12/05 (Note d) S\$'000	Actual 01/10/04 to 31/12/04 (Note d) S\$'000
Gross rental income	56,236	29,620
Other income	4,972	4,019
Allowances for doubtful receivables, net	(53)	(29)
Depreciation of fixed assets	(95)	

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 or non-taxable 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) *59 properties in 3Q 2005 vs 32 properties in 3Q 2004.*

1(a)(iii) **The Ninth Distribution Calculation (Note a)**

	Actual 01/10/05 to 31/12/05 (Note b) S\$'000	Actual 01/10/05 to 04/10/05 (Note c) S\$'000	Actual 05/10/05 to 31/12/05 (Note d) S\$'000
Gross revenue	61,208	2,227	58,981
Property services fees	(1,448)	(61)	(1,387)
Property tax	(3,228)	(131)	(3,097)
Other property operating expenses	(10,208)	(290)	(9,918)
Property operating expenses	(14,884)	(482)	(14,402)
Net property income	46,324	1,745	44,579
Interest income	35	-	35
Manager's fee	(3,291)	(129)	(3,162)
Trust expenses	(377)	(15)	(362)
Borrowing costs	(4,794)	(231)	(4,563)
Non property expenses	(8,427)	(375)	(8,052)
Net investment income	37,897	1,370	36,527
Non tax deductible expenses	448	59	389
Net investment income available for distribution	38,345	1,429	36,916
	Actual 01/10/05 to 31/12/05 (Note b)	Actual 01/10/05 to 04/10/05 (Note c)	Actual 05/10/05 to 31/12/05 (Note d)
Distribution per unit (in cents)	3.01	0.12	2.89
Applicable number of units (Note e)	1,272,304,749	1,163,647,175	1,277,203,708

Footnotes

(a) An Equity Fund Raising exercise was completed in October 2005, with \$240 million of new units issued to partially fund a number of acquisitions. As a result of these new units being issued, A-REIT declared, 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. This distribution was paid on 8 November 2005. The next distribution thereafter comprises 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 was 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) was distributed, in a single distribution, to the then existing unitholders.

- (b) Represents distributable income from 1 October 2005 to 31 December 2005.
- (c) Represents distributable income 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 5 October 2005 to 31 December 2005. The distribution will be paid on 24 February 2006.
- (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 ninth distribution.

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

	Actual 31/12/05 S\$'000	Actual 31/03/05 S\$'000
Assets		
Investment properties	2,619,364	2,076,893
Plant and equipment	2,404	-
Trade and other receivables	40,298	28,501
Deposits and prepayments	984	1,754
Cash	4,585	5,164
Total assets	2,667,635	2,112,312
Liabilities		
Trade and other payables	61,252	50,602
Deferred payments	67,312	82,330
Borrowings (net of transaction costs)	840,925	553,920
Total liabilities (excluding net assets attributable to unitholders)	969,489	686,852
Net assets attributable to unitholders	1,698,146	1,425,460

	Actual 31/12/05 S\$'000	Actual 31/03/05 S\$'000
Gross Borrowings		
Secured borrowings		
Amount repayable after one year	649,965	300,000
Unsecured borrowings		
Amount repayable after one year	194,100	256,000
	844,065	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) \$100 million unsecured revolving credit facility granted by DBS Bank Limited.
- (ii) \$150 million uncommitted revolving credit facility granted by Citibank, N.A., Singapore Branch.
- (iii) \$150 million unsecured revolving credit facility granted by Oversea-Chinese Banking Corporation Limited.
- (iv) \$150 million unsecured revolving credit facility granted by BNP Paribas.
- (v) \$300 million unsecured revolving credit facility granted by The United Overseas Bank Limited.
- (vi) \$45 million letter of guarantee granted by Oversea-Chinese Banking Corporation Limited.

As at 31 December 2005, \$194.1 million has been drawn from these facilities.

Interest rate swaps of \$522.5 million (61.9% of total debt) have been effected to provide fixed rate funding for terms of 4 to 7 years. The \$522.5 million of debt fixed through swaps has a weighted average term remaining of 4.76 years. The fair value of the swaps which is included in other receivables is \$10.05 million as at 31 December 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 \$1.23 million as at 31 December 2005. A-REITs weighted average funding cost as at 31 December 2005 is 3.27% (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 (YTD Dec 2005 vs YTD Dec 2004)**

	Actual 01/04/05 to 31/12/05 S\$'000	Actual 01/04/04 to 31/12/04 S\$'000
Operating activities		
Net investment income	102,147	51,869
Adjustment for		
Interest income	(124)	(55)
Provision for doubtful receivables	57	(5)
Borrowing costs	14,803	5,590
Fund manager's fee paid/payable in units	2,550	2,340
Depreciation	253	-
Operating income before working capital changes	119,686	59,739
Changes in working capital		
Trade and other receivables	9,482	(9,537)
Trade and other payables	(12,105)	9,987
	(2,623)	450
Cash generated from operating activities	117,064	60,189
Investing activities		
Purchase of investment properties (including acquisition costs)	(473,154)	(548,441)
Purchase of plant and equipment	(2,657)	-
Payment for capital improvement projects	(5,171)	(54,253)
Payment of deferred settlements	(23,133)	(5,000)
Deposits paid for purchase of investment properties	(3,972)	(5,042)
Cash flows from investing activities	(508,087)	(612,736)
Financing activities		
Equity issue costs paid	(1,198)	(7,112)
Proceeds from issue of units	216,903	515,000
Distributions to unitholders paid	(97,689)	(57,147)
Borrowing costs paid	(15,762)	(7,326)
Interest received	124	55
Proceeds from borrowings	740,765	718,400
Repayment of borrowings	(452,700)	(606,200)
Cash flows from financing activities	390,443	555,670
Net (decrease)/increase in cash and cash equivalents	(580)	3,123
Cash and cash equivalents at beginning of the period	5,164	3,938
Cash and cash equivalents at end of the period	4,585	7,061

1(c)(ii) Cash flow statement (3Q FY 05/06 vs 3Q FY 04/05)

	Actual 01/10/05 to 31/12/05 S\$'000	Actual 01/10/04 to 31/12/04 S\$'000
Operating activities		
Net investment income	37,897	20,018
Adjustment for		
Interest income	(35)	(11)
Provision for doubtful receivables	53	29
Borrowing costs	4,794	2,028
Fund manager's fee paid/payable in units	857	889
Depreciation	95	-
Operating income before working capital changes	43,661	22,953
Changes in working capital		
Trade and other receivables	(14,496)	(14,902)
Trade and other payables	(4,371)	9,113
	(18,867)	(5,789)
Cash generated from operating activities	24,794	17,164
Investing activities		
Purchase of investment properties (including acquisition costs)	(265,058)	(350,285)
Payment for capital improvement projects	(635)	(42,290)
Payment of deferred settlement	(18,133)	-
Deposits paid for purchase of investment properties	(622)	(2,463)
Cash flows from investing activities	(284,448)	(395,038)
Financing activities		
Equity issue costs paid	(452)	(4,373)
Proceeds from issue of units	216,903	400,000
Distributions to unitholders paid	(35,259)	(38,176)
Borrowing costs paid	(5,134)	(2,731)
Interest received	35	11
Proceeds from borrowings	166,100	141,000
Repayment of borrowings	(84,600)	(124,000)
Cash flows from financing activities	257,594	371,731
Net decrease in cash and cash equivalents	(2,060)	(6,143)
Cash and cash equivalents at beginning of period	6,644	13,204
Cash and cash equivalents at end of the period	4,585	7,061

1(d)(i) Net assets attributable to unitholders (YTD Dec 2005 vs YTD Dec 2004)

	Actual 01/04/05 to 31/12/05 S\$'000	Actual 01/04/04 to 31/12/04 S\$'000
Balance as at beginning of period	1,425,460	691,650
Effect of adopting FRS 39	1,252	-
	1,426,712	691,650
Operations		
Net investment income	102,147	51,869
Net appreciation on revaluation of investment properties (Note a)	13,187	18,699
Net increase in net assets resulting from Operations	115,334	70,568
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	8,803	-
Unitholders' transactions		
New units issued under Equity Fund Raising	240,000	400,000
New units issued under Private Placement	-	115,000
Performance fees paid in units	4,229	2,041
Management fees paid in units	3,784	2,606
Equity issue costs	(3,027)	(7,266)
Distributions to unitholders	(97,689)	(57,147)
Net increase in net assets resulting from Unitholders' transactions	147,297	455,234
Balance as at end of period	1,698,146	1,217,452

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 2nd quarter of FY 05/06. Properties acquired after August 2005 are recorded at purchase price (which includes acquisition costs).

Net assets attributable to unitholders (3Q FY 05/06 vs 3Q FY 04/05)

	Actual 01/10/05 to 31/12/05 S\$'000	Actual 01/10/04 to 31/12/04 S\$'000
Balance as at beginning of period	1,447,217	839,643
Operations		
Net investment income	37,897	20,018
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	9,615	-
Unitholders' transactions		
New units issued under Equity Fund Raising	240,000	400,000
Management fees paid in units	1,703	1,536
Equity issue costs	(3,027)	(5,569)
Distributions to unitholders	(35,259)	(38,176)
Net increase in net assets resulting from Unitholders' transactions	203,417	357,791
Balance as at end of period	1,698,146	1,217,452

1(d)(ii) Details of any changes in the units (YTD Dec 2005 vs YTD Dec 2004)

	Actual 01/04/05 to 31/12/05 Units	Actual 01/04/04 to 31/12/04 Units
Balance at beginning of period	1,160,556,950	707,207,175
Issue of new units:		
- Issued pursuant to equity raising in October 2005	112,676,056	-
- Issued pursuant to equity raising in December 2004	-	258,064,516
- Issued pursuant to private placement in June 2004	-	82,142,857
- Performance fees paid in units	2,185,418	1,572,381
- Management fees paid in units	1,785,284	1,650,450
Balance at end of period	1,277,203,708	1,050,637,379

Details of any changes in the units (3Q FY 05/06 vs 3Q FY 04/05)

	Actual 01/10/05 to 31/12/05 Units	Actual 01/10/04 to 31/12/04 Units
Balance at beginning/end of period	1,163,647,175	791,668,490
Issue of new units:		
- Issued pursuant to equity raising in October 2005	112,676,056	-
- Issued pursuant to equity raising in December 2004	-	258,064,516
- Management fees paid in units	880,477	904,373
Balance at end of period	1,277,203,708	1,050,637,379

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 YTD Dec 2005 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 for 1Q, 2Q and 3Q of FY 05/06

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)

1Q FY05/06 01/04/05 to 30/06/05	2Q FY05/06 01/07/05 to 30/09/05	3Q FY05/06 01/10/05 to 31/12/05
1,162,742,368	1,163,647,175	1,277,203,708
1,162,742,368	1,163,647,175	1,272,304,749
2.71	2.80	2.96
2.84	2.91	3.01

6.2 EPU/DPU (3Q FY 05/06 vs 3Q 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 01/10/05 to 31/12/05	Actual 01/10/04 to 31/12/04
1,277,203,708	1,050,637,379
1,272,304,749	879,529,385
2.96	2.27
3.01	2.40

6.3 EPU/DPU (YTD Dec 2005 vs YTD Dec 2004)

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 31/12/05	Actual 01/04/04 to 31/12/04
1,277,203,708	1,050,637,379
1,203,412,461	796,269,745
8.47	6.49
8.76	6.86

Footnote

(a) *The EPU and DPU has been calculated based on the applicable number of units which is either the units applicable for each quarterly distribution 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)

31/12/05 cents	31/03/05 cents
133	123
129	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 (3Q FY 05/06 vs 3Q FY 04/05)

	Actual 01/10/05 to 31/12/05 S\$'000	Actual 01/10/04 to 31/12/04 S\$'000	Increase / (Decrease) %
Gross revenue	61,208	33,639	82%
Property operating expenses	(14,884)	(9,486)	57%
Net property income	46,324	24,153	92%
Non property expenses	(3,668)	(2,118)	73%
Net borrowing costs	(4,759)	(2,017)	136%
	(8,427)	(4,135)	104%
Net investment income	37,897	20,018	89%
Non tax deductible expenses	448	1,170	(62%)
Net investment income available for distribution (Note a)	38,345	21,188	81%
Earnings per unit (cents)	2.96	2.27	30%
Distribution per unit (cents)	3.01	2.40	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 3Q 2005 vs 3Q 2004

Gross revenue was up 82% 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@Tai Seng, 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, SENKEE Logistics Hub completed in September 2005, Hoya Building, LogisHub@Clementi, Techquest, Techview, Accord Famous Distri Centre, Trivec@Tampines, Cityneon Design Centre, NNB Industrial Building and Dynasty in October 2005, Ness Building, JEL building and PSB Building in November 2005 and Steel Industries Building@Tampines and Hamilton Sundstrand Building in December 2005.

Property expenses were higher due to :-

- 1) Higher property tax and maintenance & conservancy expenses 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.

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

Borrowing costs increased by 136% 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 but ensuring less exposure to interest rate fluctuations and (iii) floating interest rates were also considerably higher than last year. This was offset by a positive mark to market of the \$127.5 million interest rate cap.

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. Non tax deductible expenses were lower as the gain on mark to market of the interest rate cap was credited against non tax deductible expenses.

9 Variance between forecast and the actual results

	Actual 01/04/05 to 31/12/05 S\$'000	Forecast 01/04/05 to 31/12/05 (Note a) S\$'000	Increase / (Decrease) %
Gross revenue	163,327	159,878	2%
Property services fees	(4,259)	(4,256)	0%
Property tax	(9,115)	(9,250)	(1%)
Other property operating expenses	(23,118)	(23,108)	0%
Property operating expenses	(36,492)	(36,614)	(0%)
Net property income	126,835	123,265	3%
Interest income	124	74	69%
Manager's fee	(8,958)	(8,889)	1%
Trust expenses	(1,051)	(1,063)	(1%)
Borrowing costs	(14,803)	(15,814)	(6%)
Non property expenses	(24,688)	(25,692)	(4%)
Net investment income	102,147	97,572	5%
Non tax deductible expenses (Note b)	3,225	4,474	(28%)
Net investment income available for distribution	105,372	102,046	3%
Earnings per unit (cents)	8.47	8.12	4%
Distribution per unit (cents)	8.76	8.50	3%

Footnotes

(a) The forecast for the period 1 April 2005 to 31 December 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 or non-taxable items.

Review of Performance for the period ended 31 December 2005

Gross Revenue for the period was \$163.3 million, slightly above the forecast in the Circular dated 20 September 2005 by 2% mainly due to:

- 1) Higher income generated from new acquisitions as completion was earlier on average than forecast.
- 2) Higher income generated from additional acquisitions (PSB Building, JEL Centre and Steel Industries Building@Tampines) not included in the forecast.
- 3) The higher utilities income from tenants.

Property operating expenses for the period were \$36.4 million, slightly below the forecast mainly due to:

- 1) Lower ad hoc maintenance cost incurred, offset by
- 2) Higher utilities expenses due to the introduction of energy aggregation at some properties.

Non tax deductible expenses is below the forecast mainly due to the positive impact on borrowing costs of the non-cash mark to market of the 2 year interest rate cap.

The net investment income exceeded forecast by 5% as a result of the above.

DPU was 3% above the forecast as the non-cash mark to market of the 2 year interest rate cap was credited against non-tax deductible as it is a non-taxable item.

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 for Q4 2005 indicated a GDP growth of 7.7% on a year-on-year basis. The Singapore economy grew 5.7% for 2005. The improvement was attributed to a sharp expansion in pharmaceutical output, continued resilience in the electronics sector and expansion in trade related and business service.

With the underlying strength of the economy, the industrial property market continued its recovery for the sixth consecutive quarter with prices of overall industrial space rising 0.9% and rents increasing by 1.7% over the previous quarter. The vacancy rate of factory space decreased from 11.2% in 2Q 2005 to 11.0% in 3Q 2005 and the vacancy rate of warehouse space decreased from 12.5% in 2Q 2005 to 12% in 3Q 2005. The vacancy rate of business park space decreased from 22.3% in 2Q 2005 to 19.1% in 3Q 2005.

For the nine months ended 31 December 2005, A-REIT continued its investment strategy with \$526.2 million worth of investment grade properties being acquired. In addition, it has announced the proposed acquisitions of 2 properties worth \$51.6 million, which upon completion, will bring A-REIT's property portfolio to \$2.7 billion. Combined with its continued focus on asset management activities and given an improvement in the overall occupancy rate to 94.7% (89.7% for multi-tenanted properties), the Manager believes this provides a good platform for A-REIT over the next 12 months.

The rising global interest rate environment continues to be a significant concern. Singapore interest rates have been no exception, with Singapore Interbank Bid Offer Rates ("SIBOR"), particularly at the short end, rising significantly. In anticipation of this, the Manager decided to fix a higher proportion of A-REIT's debt than it had in the past through a combination of interest rate swaps and an interest rate cap. This has resulted in 77% of A-REIT's debt being fixed for an average of more than 4 years at an average of 2.80% (excluding margins and costs) which compares favourably to the current 3 month SIBOR rate of 3.30%. This ensures that any negative impact of further interest rate rises on A-REIT is lessened considerably.

Outlook for the financial year ending 31 March 2006

Despite the high oil prices, the Singapore economy is likely to continue its economic recovery in 2006. According to Ministry of Trade and Industry, GDP growth is expected to be between 3% and 5% in 2006.

According to CB Richard Ellis 3Q2005 Singapore Real Estate research report, with the Singapore economy recovering and showing resilience against high oil prices, this may signal better business prospects for industrialists. The increase in demand is likely to come from investment commitments in technology-based industries. Coupled with the relative tight supply of high specifications industrial space for lease and limited number of buildings with large floor plates, this could lend support to an upward adjustment of average rents for high specification space in the future.

In Nov 2005, JTC announced that it will divest part of its industrial property portfolio as well as its shareholding in Ascendas Group. The divestment of the industrial portfolio is expected to give A-REIT the opportunity to make further yield-accretive acquisitions. Secondly, the proposed divestment signals JTC's intention to focus solely on its role as a regulator rather than a participant in the industrial market, which is also a positive for A-REIT.

Subject to the economy and property market maintaining its recovery and interest rates remaining around current levels, the Manager of A-REIT expects to deliver a distribution per unit in excess of 11.37 cents for the year ending 31 March 2006 (the forecast DPU based on the assumptions stated 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 : Ninth distribution for the period 5 October 2005 (being the date of the issue of new units under the Equity Fund Raising on 5 October 2005) to 31 December 2005

Distribution Type : Income

Distribution Rate : 2.89 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 : 25 January 2006

Date payable : 24 February 2006

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : Yes

Name of distribution : Fifth distribution for the three months ended 31 December 2004

Distribution Type : Income

Distribution Rate : Ascendasreit class: 2.40 cents per unit (representing period from 1 October 2004 to 31 December 2004)

Ascendasreit A class: 0.82 cents per unit (representing period from 1 December 2004 to 31 December 2004)

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 where the distribution received is returned to CPF and SRS accounts.

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

Book closure date : 28 January 2005

Date paid : 24 February 2005

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
13 January 2006



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

The Board of Directors
Ascendas-MGM Funds Management Limited
75 Science Park Drive
#01-03 Cintech II
Singapore Science Park I
Singapore 118255

13 January 2006

Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the interim financial information for the third quarter ended 31 December 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 third quarter ended 31 December 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 31 December 2005;
- Statement of total return for the third quarter ended 31 December 2005;
- Statement of net assets attributable to unitholders for the third quarter ended 31 December 2005;
- Statement of cash flows for the third quarter ended 31 December 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