Ascendas Real Estate Investment Trust

A-REIT FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2006

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.

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.

A-REIT has a diversified portfolio of 66 properties in Singapore, and houses a tenant base of more than 740 customers across the following sub-sectors: Business & Science Park, Hi-Tech Industrial, Light Industrial and Logistics & Distribution Centres.

SUMMARY OF A-REIT RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	Actual 01/04/06 to 30/09/06 S$'000	Actual 01/04/05 to 30/09/05 S$'000	Increase / (Decrease) %
Gross revenue	137,897	102,119	35%
Net property income	101,986	80,511	27%
Net income available for distribution	80,141	67,027	20%
	Cents per Unit		
Distribution per Unit ("DPU")			
For the quarter from 1 July to 30 September	3.16	2.91	9%
For the six months from 1 April to 30 September	6.25	5.75	9%
Annualised (based on the six months to 30 September)	12.50	11.50	9%

DISTRIBUTION DETAILS

Distribution period	1 July 2006 to 30 September 2006
Distribution Type	Income
Distribution amount	3.16 cents per unit
Books closure date	30 October 2006
Payment date	28 November 2006

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

1(a)(i) <u>Income statement (1H FY 06/07 vs 1H FY 05/06)</u>

	Actual 01/04/06 to 30/09/06 (Note e) S$'000	Actual 01/04/05 to 30/09/05 (Note e) S$'000	Increase / (Decrease) %
Gross revenue	137,897	102,119	35%
Property services fees	(3,916)	(2,811)	39%
Property tax	(8,370)	(5,887)	42%
Other property operating expenses	(23,626)	(12,910)	83%
Property operating expenses	(35,912)	(21,608)	66%
Net property income	101,986	80,511	27%
Interest income	180	89	103%
Manager's fee (Note a)	(7,291)	(5,667)	29%
Trust expenses	(810)	(674)	20%
Borrowing costs (Note b)	(17,875)	(10,009)	79%
Non property expenses	(25,796)	(16,261)	59%
Net income	76,190	64,250	19%
Non tax deductible expenses (Note c)	3,951	2,777	42%
Net income available for distribution (Note d)	80,141	67,027	20%

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

	Actual 01/04/06 to 30/09/06 (Note e) S$'000	Actual 01/04/05 to 30/09/05 (Note e) S$'000
Gross rental income	125,809	95,292
Other income	12,088	6,827
Allowance for doubtful receivables, net	(21)	(4)
Depreciation of plant and equipment	(537)	(158)

Footnotes

(a) The payment of the base management fee on properties acquired before October 2004 is in the form of 50% cash and 50% units. For all properties acquired after October 2004, the Manager has elected to receive the base management fee wholly in cash.

(b) Borrowing costs for the 1H ended 30 September 2006 and 30 September 2005 represents interest expense on loans and amortised costs of establishing debt facilities (including the CMBS). For the 1H ended 30 September 2006, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (charge of $0.8 million) and the fair value change of the $127.5 million interest rate cap (charge of $0.7 million).

(c) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees/performance fees, accretion and fair value adjustments required under FRS39 and other non-tax deductible or non-taxable items which are added back.

(d) 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 quarterly basis from 1 October 2004.

(e) 66 properties in 1H FY06/07 vs 45 properties in 1H FY05/06.

1(a)(ii) Income statement (2Q FY 06/07 vs 2Q FY 05/06)

	Actual 01/07/06 to 30/09/06 (Note e) S$'000	Actual 01/07/05 to 30/09/05 (Note e) S$'000	Increase / (Decrease) %
Gross revenue	69,856	51,599	35%
Property services fees	(1,986)	(1,435)	38%
Property tax	(4,179)	(3,074)	36%
Other property operating expenses	(11,803)	(5,985)	97%
Property operating expenses	(17,968)	(10,494)	71%
Net property income	51,888	41,105	26%
Interest income	76	22	248%
Manager's fee (Note a)	(3,723)	(2,911)	28%
Trust expenses	(403)	(343)	17%
Borrowing costs (Note b)	(9,572)	(5,186)	85%
Non property expenses	(13,621)	(8,418)	62%
Net income	38,267	32,687	17%
Non tax deductible expenses (Note c)	2,264	1,237	83%
Net income available for distribution (Note d)	40,531	33,924	19%

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

	Actual 01/07/06 to 30/09/06 (Note e) S$'000	Actual 01/07/05 to 30/09/05 (Note e) S$'000
Gross rental income	63,512	48,334
Other income	6,344	3,265
Allowance for doubtful receivables, net	39	(22)
Depreciation of plant and equipment	(201)	(158)

Footnotes

(a) The payment of the base management fee on properties acquired before October 2004 is in the form of 50% cash and 50% units. For all properties acquired after October 2004, the Manager has elected to receive the base management fee wholly in cash.

(b) Borrowing costs for the second quarter ended 30 September 2006 and 30 September 2005 represents interest expense on loans and amortised costs of establishing debt facilities (including the CMBS). For the second quarter ended 30 September 2006, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (charge of $0.4 million) and the fair value change of the $127.5 million interest rate cap (charge of $0.5 million).

(c) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees/performance fees, non-cash adjustments required under FRS39 and other non-tax deductible or non-taxable items which are added back.

(d) 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 quarterly basis from 1 October 2004.

(e) 66 properties in 1H FY06/07 vs 45 properties in 1H FY05/06.

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

	Actual 30/09/06 S$'000	Actual 31/03/06 S$'000
Assets		
Investment properties	2,856,191	2,733,681
Properties under development	72,683	25,213
Plant and equipment	7,619	2,363
Trade and other receivables	21,244	41,273
Deposits and prepayments	1,570	576
Cash	3,527	4,389
Total assets	2,962,834	2,807,495
Liabilities		
Trade and other payables	80,083	69,635
Deferred payments	60,439	59,648
Borrowings (net of transaction costs)	1,077,273	969,841
Total liabilities (excluding net assets attributable to unitholders)	1,217,796	1,099,124
Net assets attributable to unitholders	1,745,038	1,708,371
Represented by:		
Net assets attributable to unitholders	1,745,038	1,708,371

Gross Borrowings	Actual 30/09/06 S$'000	Actual 31/03/06 S$'000
Secured borrowings		
Amount repayable after one year	649,965	649,965
Unsecured borrowings		
Amount repayable within one year (note a)	429,450	322,850
	1,079,415	972,815

Footnote

(a) Relates to borrowings from revolving credit facilities.

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 unsecured uncommitted bilateral revolving credit facilities of $1 billion from 5 banks. As at 30 September 2006, $429.5 million has been drawn from these facilities.

Interest rate swaps of $863.2 million (80.0% of total debt) have been effected to provide fixed rate funding for terms of 3 to 7 years at an average interest rate of 3.10%. The $863.2 million of debt fixed through swaps has a weighted average term remaining of 4.92 years. The fair value of the swaps which is included in other receivables is $10.75 million as at 30 September 2006. A 2 year interest rate cap with a nominal value of $127.5 million was transacted in May 2005 to cap the floating interest rate. The fair value of the interest rate cap which is included in other receivables is $0.96 million as at 30 September 2006. Accordingly, A-REIT has 91.8% of total debt fixed through interest rate derivatives for an average term of 3.97 years. A-REITs weighted average funding cost as at 30 September 2006 is 3.38% (including margins charged on the loans and amortised/annual costs of the Medium Term Note programme).

The 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 FY06/07 vs 1H FY 05/06)

	Actual 01/04/06 to 30/09/06 S$'000	Actual 01/04/05 to 30/09/05 S$'000
Operating activities		
Net income	76,190	64,250
Adjustment for		
Interest income	(180)	(89)
Allowance for doubtful receivables, net	21	4
Borrowing costs	17,875	10,009
Fund manager's fee paid/payable in units	1,719	1,693
Depreciation of plant and equipment	537	158
Operating income before working capital changes	96,162	76,025
Changes in working capital		
Trade and other receivables	9,719	23,978
Trade and other payables	(1,464)	(7,734)
	8,255	16,244
Cash generated from operating activities	104,417	92,269
Investing activities		
Purchase of investment properties (including acquisition costs)	(77,276)	(210,753)
Properties under development	(31,704)	-
Purchase of plant and equipment	(5,794)	-
Payment for capital improvement projects	(3,029)	(4,536)
Payment of deferred settlements	-	(5,000)
Deposits paid for purchase of investment properties	(1,125)	(3,350)
Cash flows from investing activities	(118,928)	(223,639)
Financing activities		
Equity issue costs paid	-	(746)
Distributions to unitholders paid	(76,940)	(62,430)
Borrowing costs paid	(16,191)	(10,628)
Interest received	180	89
Proceeds from borrowings	980,950	574,665
Repayment of borrowings	(874,350)	(368,100)
Cash flows from financing activities	13,649	132,850
Net (decrease)/increase in cash and cash equivalents	(862)	1,480
Cash and cash equivalents at beginning of the period	4,389	5,164
Cash and cash equivalents at end of the period	3,527	6,644

1(c)(ii) Cash flow statement (2Q FY 06/07 vs 2Q FY 05/06)

	Actual 01/07/06 to 30/09/06 S$'000	Actual 01/07/05 to 30/09/05 S$'000
Operating activities		
Net income	38,267	32,687
Adjustment for		
Interest income	(76)	(22)
Allowance for doubtful receivables, net	(39)	22
Borrowing costs	9,572	5,186
Fund manager's fee paid/payable in units	864	851
Depreciation of plant and equipment	201	158
Operating income before working capital changes	48,789	38,882
Changes in working capital		
Trade and other receivables	2,552	6,377
Trade and other payables	(2,046)	(11,244)
	506	(4,867)
Cash generated from operating activities	49,295	34,015
Investing activities		
Purchase of investment properties (including acquisition costs)	-	(101,167)
Properties under development	(20,459)	-
Payment for capital improvement projects	(571)	(2,670)
Deposits paid for purchase of investment properties	(1,125)	(2,483)
Cash flows from investing activities	(22,155)	(106,320)
Financing activities		
Equity issue costs paid	-	(731)
Distributions to unitholders paid	(39,571)	(33,047)
Borrowing costs paid	(8,138)	(5,254)
Interest received	76	22
Proceeds from borrowings	455,850	130,600
Repayment of borrowings	(433,800)	(24,900)
Cash flows from financing activities	(25,582)	66,690
Net increase/(decrease) in cash and cash equivalents	1,558	(5,615)
Cash and cash equivalents at beginning of period	1,969	12,259
Cash and cash equivalents at end of the period	3,527	6,644

1(d)(i) Net assets attributable to unitholders (1H FY 06/07 vs 1H FY 05/06)

	Actual 01/04/06 to 30/09/06 S$'000	Actual 01/04/05 to 30/09/05 S$'000
Balance at beginning of period	1,708,371	1,425,460
Operations		
Net income	76,190	64,250
Net appreciation on revaluation of investment properties (Note a)	39,772	13,187
Net increase in net assets resulting from operations	115,961	77,437
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	(9,602)	440
Unitholders' transactions		
Performance fees paid in units	5,617	4,229
Management fees paid in units	1,694	2,081
Equity issue costs	(62)	-
Distributions to unitholders	(76,940)	(62,430)
Net decrease in net assets resulting from Unitholders' transactions	(69,691)	(56,120)
Balance at end of period	1,745,038	1,447,217

Footnote

(a) Revaluations of the 64 properties acquired on and before March 2006 were undertaken by CB Richard Ellis (Pte) Ltd, Chesterton International Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd during the 1st quarter of FY 06/07. Properties acquired after March 2006 are recorded at purchase price (which includes acquisition costs).

Net assets attributable to unitholders (2Q FY 06/07 vs 2Q FY 05/06)

	Actual 01/07/06 to 30/09/06 S$'000	Actual 01/07/05 to 30/09/05 S$'000
Balance at beginning of period	1,758,055	1,425,612
Operations		
Net income	38,267	32,687
Net appreciation on revaluation of investment properties (note a)	-	13,187
Net increase in net assets resulting from operations	38,267	45,874
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	(11,650)	6,697
Unitholders' transactions		
Management fees paid in units	-	2,081
Equity issue costs	(62)	-
Distributions to unitholders	(39,571)	(33,047)
Net decrease in net assets resulting from Unitholders' transactions	(39,633)	(30,966)
Balance at end of period	1,745,038	1,447,217

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 06/07 vs 1H FY 05/06)

	Actual 01/04/06 to 30/09/06 Units	Actual 01/04/05 to 30/09/05 Units
Balance at beginning of period	1,277,203,708	1,160,556,950
Issue of new units:		
- Performance fees paid in units	2,579,346	2,185,418
- Management fees paid in units	819,062	904,807
Balance at end of period	1,280,602,116	1,163,647,175

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 in accordance with Singapore Statement of Auditing Practice ("SAP") 11.

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**

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 2006.

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**

NA

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

6.1 **EPU/DPU for 1Q and 2Q of FY 06/07**

	Actual 2Q FY06/07 01/07/06 to 30/09/06	Actual 1Q FY06/07 01/04/06 to 30/06/06
Number of units on issue at end of period	1,280,602,116	1,280,602,116
Applicable number of units for calculation of EPU/DPU (Note a)	1,280,602,116	1,280,602,116
Earnings per unit in cents (EPU)	2.99	2.96
Distribution per unit in cents (DPU)	3.16	3.09

6.2 **EPU/DPU (2Q FY 06/07 vs 2Q FY 05/06)**

	Actual 01/07/06 to 30/09/06	Actual 01/07/05 to 30/09/05
Number of units on issue at end of period	1,280,602,116	1,163,647,175
Applicable number of units for calculation of EPU/DPU (Note a)	1,280,602,116	1,163,647,175
Earnings per unit in cents (EPU)	2.99	2.80
Distribution per unit in cents (DPU)	3.16	2.91

6.3 **EPU/DPU (1H FY06/07 vs 1H FY 05/06)**

	Actual 01/04/06 to 30/09/06	Actual 01/04/05 to 30/09/05
Number of units on issue at end of period	1,280,602,116	1,163,647,175
Applicable number of units for calculation of EPU/DPU (Note a)	1,280,602,116	1,163,647,175
Earnings per unit in cents (EPU)	5.95	5.51
Distribution per unit in cents (DPU)	6.25	5.75

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**

	Actual 30/09/06 cents	Actual 31/03/06 cents
Net asset value per unit	136	134
Adjusted net asset value per unit (Note a)	133	131

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 06/07 vs 2Q FY 05/06)

	Actual 01/07/06 to 30/09/06 S$'000	Actual 01/07/05 to 30/09/05 S$'000	Increase / (Decrease) %
Gross revenue	69,856	51,599	35%
Property operating expenses	(17,968)	(10,494)	71%
Net property income	51,888	41,105	26%
Non property expenses	(4,126)	(3,254)	27%
Net borrowing costs	(9,495)	(5,164)	84%
	(13,621)	(8,418)	62%
Net income	38,267	32,687	17%
Non tax deductible expenses	2,264	1,237	83%
Net income available for distribution (Note a)	40,531	33,924	19%
Earnings per unit (cents)	2.99	2.80	7%
Distribution per unit (cents)	3.16	2.91	9%

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 quarterly basis from 1 October 2004.

Review of Performance 2Q FY 06/07 vs 2Q FY 05/06

Gross revenue was up 35% mainly due to additional rental income from the following completed acquisitions: 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 Centre and PSB Building in November 2005, Steel Industries Building@Tampines and Hamilton Sundstrand Building in December 2005, Thales Building in January 2006, Aztech Building and Noel Corporate Building in February 2006, 138 Depot Road and 150 Ubi Avenue 4 in March 2006 and Sembawang Kimtrans Logistics Centre and Logistics 21 in June 2006.

Property expenses increased by 71% due to :-

1) Increased number of properties in the portfolio.
2) The introduction of energy aggregation for 9 properties in the portfolio which results in A-REIT paying higher electricity costs, of which a portion are charged back to tenants.
3) Most of the recent acquisitions have been multi-tenanted which results in more property expenses as a proportion of revenue.

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

Borrowing costs increased by 84% 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, (iii) floating interest rates were also considerably higher than last year, (iv) accretion adjustments on deferred payments and refundable security deposits and (v) fair value adjustment of the $127.5 million interest rate cap.

Net 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. Net Income available for distribution was 19% above the comparable period last year due to the above reasons.

Non tax deductible expenses was up by 83% mainly due to add back of the fair value adjustments of the $127.5 million interest rate cap and accretion adjustments on deferred payments and refundable security deposit.

Income statement (2Q FY 06/07 vs 1Q FY 06/07)

	Actual 01/07/06 to 30/09/06 S$'000	Actual 01/04/06 to 30/06/06 S$'000	Increase / (Decrease) %
Gross revenue	69,856	68,042	3%
Property operating expenses	(17,968)	(17,944)	0%
Net property income	51,888	50,098	4%
Non property expenses	(4,126)	(3,975)	4%
Net borrowing costs	(9,495)	(8,200)	16%
	(13,621)	(12,175)	12%
Net income	38,267	37,923	1%
Non tax deductible expenses	2,264	1,687	34%
Net income available for distribution (Note a)	40,531	39,610	2%
Earnings per unit (cents)	2.99	2.96	1%
Distribution per unit (cents)	3.16	3.09	2%

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 quarterly basis from 1 October 2004.

<u>Review of Performance 2Q FY 06/07 vs 1Q FY 06/07</u>

Gross revenue was up by 3% mainly due to additional rental income from Sembawang Kimtrans Logistics Centre and Logistics 21 acquired in June 2006.

Net borrowing costs increased by 16% due to :-

1) additional debt drawn down to fund the new acquisitions.
2) slightly higher interest rates paid in the second quarter compared to the first quarter.
3) fair value adjustment of the $127.5 million interest rate cap.

Non tax deductible expenses was up by 34% mainly due to higher fair value adjustment on the $127.5 million interest rate cap in second quarter compared to the first quarter.

9 Variance between forecast and the actual results

A-REIT has not disclosed any forecast to the market.

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

According to the Ministry of Trade and Industry (MTI)'s advance estimates, the Singapore economy expanded by 7.1% in 3Q06 compared to 3Q05. Growth was driven primarily by the manufacturing sector which grew by 10.0% in 3Q06. Growth in this sector moderated in 3Q06 due to slower growth in biomedical manufacturing, electronics and chemicals clusters while precision engineering and transport engineering clusters strengthened from 2Q06.

As a result of the growing economy, the industrial property market improved with prices of overall industrial space (as represented by the URA price index) rising 1.0% and rents (as represented by URA rental index) increasing by 0.1% in 2Q06. At the same time, the vacancy rate of all sectors decreased. For factory space, it fell from 10.5% in 1Q06 to 9.7% in 2Q06 while for business park space it fell from 16.0% in 1Q06 to 14.1% in 2Q06. The vacancy rate of warehouse space also declined from 14.2% in 1Q06 to 13.0% in 2Q06.

Due to robust demand, average rents for high specification factory space grew by 6.2% q-on-q to $2.05 psf per month while business park space saw a 6.9% q-on-q increase to reach $2.49 psf per month, according to a latest report on industrial property released by Knight Frank.

Along with the listing of new REITs and continued market competition, the environment for acquisitions of incoming producing properties has resulted in further compression of capitalisation rates. However, we remain committed to pursuing yield accretive acquisitions selectively and increase focus on creating our own assets through build-to-suit development projects to achieve enhanced impact on our investments. A-REIT had announced four proposed acquisitions, worth in aggregate over S$180 million, which have yet to be completed. These include two build-to-suit projects for Courts (Singapore) Limited and Cold Storage Singapore (1983) Pte Ltd, a partial build-to-suit business park building at Plot 15 Changi Business Park and a Logistic & Distribution Centre at Pioneer Walk on the west coast of Singapore.

The Manager expects the improved outlook in conjunction with its asset management and widened investment strategies to underpin the performance of A-REIT's portfolio for the remainder of the FY06/07.

Outlook for the financial year ending 31 March 2007

In view of the positive developments in the economic environment, the Government has raised its full year GDP projection from 5-7% to 6.5-7.5% for 2006. However, some moderation in growth momentum is expected in the second half of the year in line with slower growth in the global economy. Looking ahead, the manufacturing output is expected to continue increasing for the rest of 2006 as global electronics demand is expected to grow at a healthy pace and the demand for pharmaceutical products is likely to remain robust.

Business expansion and new investments in a broad range of manufacturing sectors are fuelling the demand for industrial space. Stimulated by the Government's encouragement for companies to engage in research and development in Singapore, demand for business & science park space is likely to remain healthy. In addition, a spillover effect from the present tight office supply and rising office rental has lead to increased demand for business park and high specification industrial space. As a result, A-REIT saw the renewal rental rates for its hi-tech industrial and science and business park properties increase by between 4 to 11% over existing rates in 2Q FY06/07.

For logistics and distribution centres, the outlook for the sector remains subdued due to the significant amount of new supply (about 167,300sqm) over the next one to two years.

Given the positive outlook for the economy and the manufacturing sector, the Manager expects to be able to continue delivering on its strategy of providing predictable income and capital stability in the next financial year.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution :	Twelfth distribution for the three months ended 30 September 2006
Distribution Type :	Income
Distribution Rate :	3.16 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 :	30 October 2006
Date payable :	28 November 2006

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : Yes

Name of distribution :	Eighth 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 distribution received is 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 paid :	8 November 2005

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

NA

13 DIRECTORS CONFIRMATION PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading.

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

Mary J. de Souza
Company Secretary
17 October 2006

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The Board of Directors
Ascendas-MGM Funds Management Limited
75 Science Park Drive
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17 October 2006

Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the Interim Financial Information for the Second Quarter Ended 30 September 2006

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 second quarter ended 30 September 2006.

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 2006;
- Statement of total return for the second quarter ended 30 September 2006;
- Statement of net assets attributable to unitholders for the second quarter ended 30 September 2006;
- Statement of cash flows for the second quarter ended 30 September 2006; and
- Explanatory notes to the above interim financial information.

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

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

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

Yours faithfully

KPMG

KPMG
Certified Public Accountants
Singapore