



**Ascendas Real Estate Investment Trust
Financial Statements and Distribution Announcement
for period from 9 October 2002 to 31 March 2003**

These figures have not been audited.

Ascendas Real Estate Investment Trust (A-REIT) is a real estate investment trust constituted by the Trust Deed entered into on 9 October 2002 between Ascendas-MGM Funds Management Limited as the Manager of A-REIT and Bermuda Trust (Singapore) Limited as the Trustee of A-REIT.

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

Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, the actual income derived from the properties was effective only from 19 November 2002.

No comparative figures have been presented as this is the first set of full year results (for period from 9 October 2002 to 31 March 2003) prepared by the Trust since its inception. Where appropriate, comparison will be made against the pro-forma figures stated in the prospectus dated 5 November 2002.

A-REIT has a diversified portfolio of eight properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore, valued at approximately S\$607.5 million (as at 31 March 2003). These properties house a tenant base of more than 300 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Tenants include Bioprocessing Technology Centre, Federal Express, Honeywell, Institute of Microelectronics, Lilly Systems Biology, Teradyne and Venture Corporation, just to name a few. The rental income from the tenants contributes to the stable distributions to be delivered by A-REIT.

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

	Actual 9/10/02 to 31/3/03 (Note a) \$'000	Proforma 19/11/01 to 31/3/02 (Note b) \$'000	Increase / (Decrease) %
Gross rental income	20,712	NA	NM
Other income	2,124	NA	NM
Gross revenue	22,836	20,829	9.6%
Property services fees	(695)	(1,203)	(42.2%)
Property tax	(1,651)	(1,505)	9.7%
Other property operating expenses	(3,979)	(2,972)	33.9%
Property operating expenses	(6,325)	(5,680)	11.4%
Net property income	16,511	15,149	9.0%
Interest income	9	0	NM
Manager's fee	(1,146)	(1,125)	1.9%
Trust expenses	(291)	(259)	12.4%
Borrowing costs	(793)	(1,278)	(37.9%)
Non property expenses	(2,221)	(2,662)	(16.6%)
Net profit	14,290	12,487	14.4%
Add back: Non tax deductible expenses	892	562	58.7%
Available for distribution (Note c)	15,182	13,049	16.3%
Net profit as a % of Gross revenue	62.58%	59.95%	4.4%
Net profit as a % of unitholders' funds at end of the period	2.87%	2.58%	11.2%

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The following items have been included in arriving at net profit

	Actual 9/10/02 to 31/03/03 \$'000	
Bad debts written off	(351)	(Note d)

Footnotes

NA - Not available
NM - Not meaningful

- (a) *Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, the actual income derived from the properties for the first financial period was from 19 November 2002 to 31 March 2003, a period of 133 days.*
- (b) *This is the first financial period for AREIT. The comparative figures are extracted from the proforma profit and loss statement for the year ended 31 March 2002 stated in the prospectus dated 5 November 2002 and pro-rated equally for 133 days.*
- (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 distributed to unitholders on a semi-annual basis, except for the first distribution which will be for the period from 9 October 2002 to 31 March 2003.*
- (d) *There is no comparative prior period figures as this is the first financial period.*
- (e) *There are no investment income, depreciation and amortisation, write-off for stock obsolescence, impairment in value of investments, foreign exchange gain/loss, adjustments for under/overprovision of tax in respect of prior years, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous corresponding financial period.*

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

	Actual 31/03/03 \$'000	Proforma 31/3/02 (Note a) \$'000
Current assets		
Trade and other receivables	1,271	8,874
Cash	27,558	1,301
Total current assets	28,829	10,175
Non-current assets		
Investment properties	607,540	607,150
Total non-current assets	607,540	607,150
Total assets	636,369	617,325
Current liabilities		
Trade and other payables	13,209	8,874
Total current liabilities	13,209	8,874
Non-current liabilities		
Borrowings	125,000	125,000
Total non-current liabilities	125,000	125,000
Total liabilities	138,209	133,874
Net assets	498,160	483,451
Unitholders' funds		
Issued equity	478,896	478,896
Issue costs	(17,343)	(17,342)
Revaluation reserves	22,317	21,897
Net profit for the period	14,290	-
Total unitholders' funds	498,160	483,451

Footnote

- (a) *This is the first financial period for A-REIT, and no comparative figures are available as at 31 March 2002. Instead, the comparative figures presented are from the proforma balance sheet as at 31 March 2002 extracted from the prospectus dated 5 November 2002.*

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

As at 31/03/03

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

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

There is no comparative prior period figures as this is the first financial period.

Details of borrowings

A-REIT has in place a three-year unsecured credit facility of S\$150.0 million comprising a S\$80.0 million transferable loan facility, a S\$65.0 million revolving credit facility and a S\$5.0 million banker's guarantee facility. The facility has been drawn to S\$125.0 million comprising the entire S\$80.0 million transferable loan facility and S\$45.0 million of revolving credit facility.

(c) **Cashflow statement for financial period ended 31 March 2003**

	Actual 9/10/02 to 31/03/03 \$'000
Operating activities	
Net Profit	14,290
Adjustments for:	
Interest income	(9)
Borrowing costs (<i>interest and fees</i>)	793
Operating profit before changes in working capital	<u>15,074</u>
Increase in working capital:	
Trade and other receivables	(946)
Trade and other payables	<u>12,441</u>
Changes in working capital	11,495
Cash flows from operating activities	<u>26,569</u>

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Investing activities	
Purchase of investment property	(585,223)
Proceeds from issue of new units	478,896
Issue cost	(17,343)
Cash flows from investing activities	<u>(123,670)</u>
Financing activities	
Proceeds from borrowings	125,000
Borrowing costs paid (<i>fees</i>)	(345)
Interest received	4
Cash flows from financing activities	<u>124,659</u>
Net increase in cash and cash equivalents	27,558
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	<u><u>27,558</u></u>

There is no comparative prior period figures as this is the first financial period.

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

	Actual 9/10/02 to 31/03/03 \$'000
Operations	
Net profit	14,290
Net appreciation on revaluation of investment properties	22,317
	<u>36,607</u>
Unitholders' transactions	
Creation of units	
- contribution on IPO	478,896
Establishment & IPO expenses	(17,343)
	<u>461,553</u>
Unitholders' funds as at end of period	<u>498,160</u>

There is no comparative prior period figures as this is the first financial period.

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

<u>Date</u>	<u>Units issued</u>	<u>Purpose</u>
19/11/02	545,000,000	Consideration for acquisition of investment properties

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

The figures have not been audited.

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

Not applicable

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

The same accounting policies and methods of computation are followed during the current financial period as compared with those stated in the prospectus dated 5 November 2002.

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

Nil

6. **Earnings per unit and Distribution per unit for the financial period ended 31 March 2003**

Earnings per unit for the period (i.e. 133 days)
based on the number of units in issue 2.622 cents

Distribution per unit for the period (i.e. 133 days)
based on the number of units in issue 2.78 cents

There is no comparative prior period figures as this is the first financial period.

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

Net asset value per unit at 31 March 2003	91 cents
Adjusted net asset value per unit at 31 March 2003	89 cents

Footnote

- (a) *As 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 income available for distribution for the period has been excluded in arriving at the adjusted net asset value.*

There is no comparative prior period figures as this is the first financial period.

8. **Review of the performance**

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

9. Variance between forecast and the actual results

	Actual 9/10/02 to 31/03/03 (Note a) \$'000	Forecast 19/11/02 to 31/03/03 (Note b) \$'000	Increase / (Decrease) %
Gross rental income	20,712	20,797	(0.4%)
Other income	2,124	2,190	(3.0%)
Gross revenue	22,836	22,987	(0.7%)
Property services fees	(695)	(794)	(12.5%)
Property tax	(1,651)	(1,846)	(10.6%)
Other property operating expenses	(3,979)	(4,329)	(8.1%)
Property operating expenses	(6,325)	(6,969)	(9.2%)
Net property income	16,511	16,018	3.1%
Interest income	9	10	(10.0%)
Manager's fee	(1,146)	(1,153)	(0.6%)
Trust expenses	(291)	(262)	11.1%
Borrowing costs	(793)	(1,103)	(28.1%)
Non property expenses	(2,221)	(2,508)	(11.4%)
Net profit	14,290	13,510	5.8%
Add back: Non tax deductible expenses	892	576	54.9%
Available for distribution	15,182	14,086	7.8%
Earnings per unit (cents)	2.622	2.479	5.8%
Distributable income per unit (cents)	2.78	2.58	7.8%

Footnotes

- (a) Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, the actual income derived from the properties for the first financial period was from 19 November 2002 to 31 March 2003, a period of 133 days.
- (b) The extrapolated forecast for the period from 19 November 2002 to 31 March 2003 has been derived from the forecast stated in the prospectus dated 5 November 2002 which is for the period from 1 November 2002 to 31 March 2003 on a best estimate basis by the Manager so as to allow like to like comparison with the actual results.

Review of Performance

Actual Gross Revenue for the period ended 31 March 2003 was \$22.836 million, which is in line with the \$22.987 million stated in the forecast.

The property operating expenses were 9.2% lower than the forecast due partly to lower property services fees and other property operating expenses such as property tax and advertising & promotion expenses. The non property expenses were also lower due to a 28.1% saving on borrowing costs.

Overall, the actual net profit exceeds forecast by 5.8% whilst the income available for distribution exceeds forecast by 7.8%.

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

The present state of economic conditions in Singapore and globally, generally indicate economic growth will be subdued in the short term. Since listing of A-REIT, the Singapore economy has further been impacted by the commencement of war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (Sars). Given these general economic conditions the prospects for improved leasing demand and growth in rental income remains flat. The market is generally aware of the potential developments that may compete with A-REIT properties (including the one-north development).

Notwithstanding these conditions, average occupancy levels in the A-REIT property portfolio for the five months ended 31 March 2003 are above the average occupancy levels outlined in the Prospectus for the same period. In the period from preparation of the Prospectus to 31 March 2003, a substantial number of leases have been renewed. In addition, the level of gross revenue from committed leases in the forecast period to 31 March 2004 has increased to approximately 84% (up from 67% as outlined in the Prospectus). Accordingly, on the basis of information available at present, the Manager does not expect the performance of A-REIT to be materially affected in the next reporting period to 30 June 2003.

Outlook for the financial year ending 31 March 2004

Based on the performance of the portfolio and the financials prepared for the period ended 31 March 2003, and on the basis of information available at present, the Manager expects that A-REIT will meet the forecasts (Distribution per Unit of 7.24 cents for the year ending 31 March 2004) outlined in the Prospectus dated 5 November 2002.

11. Distributions

(a) Current financial period

Name of distribution	First distribution for the period from 9 October 2002 to 31 March 2003
Distribution Type	Income
Distribution Rate	2.78 cents per unit
Par value of units	N.M.
Tax Rate	Qualifying 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 22%.

(b) Corresponding period of the immediately preceding year

Nil

(c) Date Payable

The distribution will be paid on 26 May 2003.

(d) Book closure date

Registrable Transfers received by A-REIT up to 5.00 p.m. on 28 April 2003 will be registered before entitlements to the distributions are determined.

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

Not applicable

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group)

A-REIT's business is investing in industrial properties (including business park, science park, light industrial and built-to-suit properties) and all the existing properties are located in Singapore.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

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

15. **Breakdown of sales**

Not Applicable

16. **Breakdown of the total distribution for the financial period ended 31 March 2003**

Distribution to Unitholders S\$15.182 million

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

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

By order of the Board
Ascendas-MGM Funds Management Limited

Tay Hsiu Chieh
Company Secretary
16 April 2003