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Ascendas Real Estate Investment Trust

A-REIT FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 68 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, Logistics & Distribution Centres and Warehouse Retail Facilities.

SUMMARY OF A-REIT RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2006

	Actual 01/04/06 to 31/12/06 S$'000	Actual 01/04/05 to 31/12/05 S$'000	Increase / (Decrease) %
Gross revenue	208,966	163,327	28%
Net property income	154,745	126,835	22%
Net income available for distribution	121,100	105,372	15%
	Cents per Unit		
Distribution per Unit ("DPU")			
For the quarter from 1 October to 31 December	3.20	3.01	6%
For the nine months from 1 April to 31 December	9.45	8.76	8%
Annualised (based on the nine months to 31 December)	12.61	11.68	8%

DISTRIBUTION DETAILS

Distribution period	1 October 2006 to 31 December 2006
Distribution Type	Income
Distribution amount	3.20 cents per unit
Books closure date	26 January 2007
Payment date	28 February 2007

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

1(a)(i) Income statement (3Q YTD FY 06/07 vs 3Q YTD FY 05/06)

	Actual 01/04/06 to 31/12/06 (Note e) S$'000	Actual 01/04/05 to 31/12/05 (Note e) S$'000	Increase / (Decrease) %
Gross revenue	208,966	163,327	28%
Property services fees	(5,982)	(4,259)	40%
Property tax	(12,732)	(9,115)	40%
Other property operating expenses (f)	(35,507)	(23,118)	54%
Property operating expenses	(54,221)	(36,492)	49%
Net property income	154,745	126,835	22%
Interest income	266	124	115%
Manager's fee (Note a)	(11,069)	(8,958)	24%
Trust expenses	(1,295)	(1,051)	23%
Borrowing costs (Note b)	(27,463)	(14,803)	86%
Non property expenses	(39,561)	(24,688)	60%
Net income	115,184	102,147	13%
Non tax deductible expenses (Note c)	5,916	3,225	83%
Net income available for distribution (Note d)	121,100	105,372	15%

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

	Actual 01/04/06 to 31/12/06 (Note e) S$'000	Actual 01/04/05 to 31/12/05 (Note e) S$'000
Gross rental income	190,746	151,528
Other income	18,220	11,799
Allowance for doubtful receivables, net	(20)	(57)
Depreciation of plant and equipment	(808)	(253)

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 9 months ended 31 December 2006 and 31 December 2005 represents interest expense on loans and amortised costs of establishing debt facilities (including the CMBS). For the 9 months ended 31 December 2006, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (charge of $1.2 million) and the change in the fair value of the $127.5 million interest rate cap (charge of $1.0 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) 68 properties in 3Q FY06/07 vs 59 properties in 3Q FY05/06.

(f) Other property expenses include utility costs. In FY06/07 more properties were included in the energy aggregation programme, in which A-REIT pays both landlord's and tenants' utility costs and charges back the tenants' costs back which is recorded as revenue. Excluding utility costs, other operating expenses rose by 28% over the period.

1(a)(ii) Income statement (3Q FY 06/07 vs 3Q FY 05/06)

	Actual 01/10/06 to 31/12/06 (Note e) S$'000	Actual 01/10/05 to 31/12/05 (Note e) S$'000	Increase / (Decrease) %
Gross revenue	71,069	61,208	16%
Property services fees	(2,066)	(1,448)	43%
Property tax	(4,362)	(3,228)	35%
Other property operating expenses	(11,881)	(10,208)	16%
Property operating expenses	(18,309)	(14,884)	23%
Net property income	52,760	46,324	14%
Interest income	86	35	146%
Manager's fee (Note a)	(3,778)	(3,291)	15%
Trust expenses	(486)	(377)	28%
Borrowing costs (Note b)	(9,588)	(4,794)	100%
Non property expenses	(13,766)	(8,427)	63%
Net income	38,994	37,897	3%
Non tax deductible expenses (Note c)	1,965	448	339%
Net income available for distribution (Note d)	40,959	38,345	7%

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

	Actual 01/10/06 to 31/12/06 (Note e) S$'000	Actual 01/10/05 to 31/12/05 (Note e) S$'000
Gross rental income	64,937	56,236
Other income	6,132	4,972
Allowance for doubtful receivables, net	2	(53)
Depreciation of plant and equipment	(271)	(95)

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 third quarter ended 31 December 2006 and 31 December 2005 represents interest expense on loans and amortised costs of establishing debt facilities (including the CMBS). For the third quarter ended 31 December 2006, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (charge of $0.4 million) and the change in the fair value of the $127.5 million interest rate cap (charge of $0.3million).*

(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 is generally distributed to unitholders on a quarterly basis from 1 October 2004.*

(e) *68 properties in 3Q FY06/07 vs 59 properties in 3Q FY05/06.*

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

	Actual 31/12/06 S$'000	Actual 31/03/06 S$'000
Assets		
Investment properties	2,923,514	2,733,681
Properties under development	57,142	25,213
Plant and equipment	7,489	2,363
Trade and other receivables	19,996	41,273
Deposits and prepayments	1,578	576
Cash	3,590	4,389
Total assets	3,013,309	2,807,495
Liabilities		
Trade and other payables	87,589	69,635
Deferred payments	61,039	59,648
Borrowings (net of transaction costs)	1,124,517	969,841
Total liabilities (excluding net assets attributable to unitholders)	1,273,145	1,099,124
Net assets attributable to unitholders	1,740,164	1,708,371
Represented by:		
Net assets attributable to unitholders	1,740,164	1,708,371

Gross Borrowings	Actual 31/12/06 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)	476,550	322,850
	1,126,515	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 31 December 2006, $476.5 million has been drawn from these facilities.

Interest rate swaps of $863.2 million (76.6% 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 4.21 years. The fair value of the swaps which is included in other receivables is $5.63 million as at 31 December 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 $0.68 million as at 31 December 2006. Accordingly, A-REIT has 87.9% of total debt fixed through interest rate derivatives for an average term of 3.71 years. A-REIT's weighted average funding cost as at 31 December 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 (3Q YTD FY06/07 vs 3Q YTD FY 05/06)

	Actual 01/04/06 to 31/12/06 S$'000	Actual 01/04/05 to 31/12/05 S$'000
Operating activities		
Net income	115,184	102,147
Adjustment for		
Interest income	(266)	(124)
Allowance for doubtful receivables, net	20	57
Borrowing costs	27,463	14,803
Fund manager's fee paid/payable in units	2,581	2,550
Depreciation of plant and equipment	808	253
Operating income before working capital changes	145,790	119,686
Changes in working capital		
Trade and other receivables	5,624	9,482
Trade and other payables	(1,818)	(12,105)
	3,806	(2,623)
Cash generated from operating activities	149,596	117,063
Investing activities		
Purchase of investment properties (including acquisition costs)	(96,268)	(473,154)
Properties under development	(53,643)	-
Purchase of plant and equipment	(5,935)	(2,657)
Payment for capital improvement projects	(4,464)	(5,171)
Payment of deferred settlements	-	(23,133)
Deposits paid for purchase of investment properties	(1,245)	(3,972)
Cash flows from investing activities	(161,555)	(508,087)
Financing activities		
Equity issue costs paid	-	(1,198)
Proceeds from issue of units	-	216,903
Distributions to unitholders paid	(117,407)	(97,689)
Borrowing costs paid	(25,399)	(15,762)
Interest received	266	124
Proceeds from borrowings	1,270,801	740,765
Repayment of borrowings	(1,117,101)	(452,700)
Cash flows from financing activities	11,160	390,443
Net (decrease)/increase in cash and cash equivalents	(799)	(581)
Cash and cash equivalents at beginning of the period	4,389	5,164
Cash and cash equivalents at end of the period	3,590	4,583

1(c)(ii) Cash flow statement (3Q FY 06/07 vs 3Q FY 05/06)

	Actual 01/10/06 to 31/12/06 S$'000	Actual 01/10/05 to 31/12/05 S$'000
Operating activities		
Net income	38,994	37,897
Adjustment for		
Interest income	(86)	(35)
Allowance for doubtful receivables, net	(2)	53
Borrowing costs	9,588	4,794
Fund manager's fee paid/payable in units	862	857
Depreciation of plant and equipment	271	95
Operating income before working capital changes	49,627	43,661
Changes in working capital		
Trade and other receivables	(4,094)	(14,496)
Trade and other payables	(354)	(4,371)
	(4,448)	(18,867)
Cash generated from operating activities	45,179	24,794
Investing activities		
Purchase of investment properties (including acquisition costs)	(18,992)	(265,058)
Properties under development	(21,939)	-
Purchase of plant and equipment	(141)	-
Payment for capital improvement projects	(1,435)	(635)
Payment of deferred settlements	-	(18,133)
Deposits paid for purchase of investment properties	(120)	(622)
Cash flows from investing activities	(42,627)	(284,448)
Financing activities		
Equity issue costs paid	-	(452)
Proceeds from issue of units	-	216,903
Distributions to unitholders paid	(40,467)	(35,259)
Borrowing costs paid	(9,208)	(5,134)
Interest received	86	35
Proceeds from borrowings	289,851	166,100
Repayment of borrowings	(242,751)	(84,600)
Cash flows from financing activities	(2,489)	257,593
Net increase/(decrease) in cash and cash equivalents	63	(2,061)
Cash and cash equivalents at beginning of period	3,527	6,644
Cash and cash equivalents at end of the period	3,590	4,583

1(d)(i) Net assets attributable to unitholders (3Q YTD FY 06/07 vs 3Q YTD FY 05/06)

	Actual 01/04/06 to 31/12/06 S$'000	Actual 01/04/05 to 31/12/05 S$'000
Balance at beginning of period	1,708,371	1,425,460
Effect of adopting FRS 39	-	1,252
	1,708,371	1,426,712
Operations		
Net income	115,184	102,147
Net appreciation on revaluation of investment properties (Note a)	39,772	13,187
Net increase in net assets resulting from operations	154,956	115,334
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	(14,733)	8,803
Unitholders' transactions		
New units issued under Equity Fund Raising	-	240,000
Performance fees paid in units	5,617	4,229
Management fees paid in units	3,422	3,784
Equity issue costs	(62)	(3,027)
Distributions to unitholders	(117,407)	(97,689)
Net decrease in net assets resulting from Unitholders' transactions	(108,430)	147,297
Balance at end of period	1,740,164	1,698,146

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 (3Q FY 06/07 vs 3Q FY 05/06)

	Actual 01/10/06 to 31/12/06 S$'000	Actual 01/10/05 to 31/12/05 S$'000
Balance at beginning of period	1,745,038	1,447,217
Operations		
Net income	38,994	37,897
Net appreciation on revaluation of investment properties	-	-
Net increase in net assets resulting from operations	38,994	37,897
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge	(5,129)	9,615
Unitholders' transactions		
Management fees paid in units	1,728	1,703
New units issued under Equity Fund Raising	-	240,000
Equity issue costs	-	(3,027)
Distributions to unitholders	(40,467)	(35,259)
Net decrease in net assets resulting from Unitholders' transactions	(38,739)	203,417
Balance at end of period	1,740,164	1,698,146

1(d)(ii) Details of any changes in the units (3Q YTD FY 06/07 vs 3Q YTD FY 05/06)

	Actual 01/04/06 to 31/12/06 Units	Actual 01/04/05 to 31/12/05 Units
Balance at beginning of period	1,277,203,708	1,160,556,950
Issue of new units:		
- Issued pursuant to equity raising in October 2005	-	112,676,056
- Performance fees paid in units	2,579,346	2,185,418
- Management fees paid in units	1,529,270	1,785,284
Balance at end of period	1,281,312,324	1,277,203,708

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 3Q FY 06/07 compared to 2Q FY06/07**

	Actual 3Q FY06/07 01/10/06 to 31/12/06	Actual 2Q FY06/07 01/07/06 to 30/09/06
Number of units on issue at end of period	1,281,312,324	1,280,602,116
Applicable number of units for calculation of EPU/DPU (Note a)	1,281,312,324	1,280,602,116
Earnings per unit in cents (EPU)	3.04	2.99
Distribution per unit in cents (DPU)	3.20	3.16

6.2 **EPU/DPU for 3Q FY 06/07 compared to 3Q FY 05/06**

	Actual 01/10/06 to 31/12/06	Actual 01/10/05 to 31/12/05
Number of units on issue at end of period	1,281,312,324	1,277,203,708
Applicable number of units for calculation of EPU/DPU (Note a)	1,281,312,324	1,272,304,749
Earnings per unit in cents (EPU)	3.04	2.96
Distribution per unit in cents (DPU)	3.20	3.01

6.3 **EPU/DPU for YTD 3Q FY06/07 compared to YTD 3Q FY 05/06**

	Actual 01/04/06 to 31/12/06	Actual 01/04/05 to 31/12/05
Number of units on issue at end of period	1,281,312,324	1,277,203,708
Applicable number of units for calculation of EPU/DPU (Note a)	1,281,312,324	1,203,412,461
Earnings per unit in cents (EPU)	8.99	8.47
Distribution per unit in cents (DPU)	9.45	8.76

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 31/12/06 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 sheet date has been excluded in calculating adjusted net asset value per unit.

8 Review of the performance

Income statement (3Q FY 06/07 vs 3Q FY 05/06)

	Actual 01/10/06 to 31/12/06 S$'000	Actual 01/10/05 to 31/12/05 S$'000	Increase / (Decrease) %
Gross revenue	71,069	61,208	16%
Property operating expenses	(18,309)	(14,884)	23%
Net property income	52,760	46,324	14%
Non property expenses	(4,264)	(3,668)	16%
Net borrowing costs	(9,502)	(4,759)	100%
	(13,766)	(8,427)	63%
Net income	38,994	37,897	3%
Non tax deductible expenses	1,965	448	339%
Net income available for distribution (Note a)	40,959	38,345	7%
Earnings per unit (cents)	3.04	2.96	3%
Distribution per unit (cents)	3.20	3.01	6%

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 3Q FY 06/07 vs 3Q FY 05/06

Gross revenue was up 16% mainly due to additional rental income from the following completed acquisitions: 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, Sembawang Kimtrans Logistics Centre and Logistics 21 in June 2006, and LabOne in October 2006.

Property expenses increased by 23% due to :-

1) Increased number of properties in the portfolio as above.
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 is charged back to tenants.

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

Borrowing costs increased by 100% 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 considerably higher than last year, (iv) accretion adjustments on deferred payments and refundable security deposits ($0.4 million) and (v) fair value adjustment of the $127.5 million interest rate cap (3Q FY06/07 a charge of $0.3 million compared to 3Q FY05/06 a credit of $0.9 million). If fair value adjustments and recent debt funded acquisitions are excluded, adjusted net borrowing costs would have been $6.8 million, an increase of 19% on adjusted net borrowing costs last year of $5.7 million.

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 7% above the comparable period last year due to the above reasons.

Non tax deductible expenses were up significantly due to the add back of the fair value adjustments of the $127.5 million interest rate cap (3Q FY06/07 a charge of $0.3 million compared to 3Q FY05/06 a credit of $0.9 million) and accretion adjustments on deferred payments and refundable security deposit ($0.4 million).

Income statement (3Q FY 06/07 vs 2Q FY 06/07)

	Actual 01/10/06 to 31/12/06 S$'000	Actual 01/07/06 to 30/09/06 S$'000	Increase / (Decrease) %
Gross revenue	71,069	69,856	2%
Property operating expenses	(18,309)	(17,968)	2%
Net property income	52,760	51,888	2%
Non property expenses	(4,264)	(4,126)	3%
Net borrowing costs	(9,502)	(9,495)	0%
	(13,766)	(13,621)	1%
Net income	38,994	38,267	2%
Non tax deductible expenses	1,965	2,264	(13%)
Net income available for distribution (Note a)	40,959	40,531	1%
Earnings per unit (cents)	3.04	2.99	2%
Distribution per unit (cents)	3.20	3.16	1%

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 3Q FY 06/07 vs 2Q FY 06/07</u>

Gross revenue was up by 2% mainly due to additional rental income from Sembawang Kimtrans Logistics Centre and Logistics 21 acquired in June 2006 and LabOne acquired in October 2006.

Non tax deductible expenses was down by 13% mainly due to lower fair value adjustment on the $127.5 million interest rate cap in third quarter compared to the second 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 in January 2007, the Singapore economy expanded by 5.9% in 4Q06 compared to 4Q05. Growth was driven primarily by the manufacturing sector and services sector which increased by 7.3% and 6.0% in 4Q06 respectively. The manufacturing sector grew at a slower pace in 4Q06 due to the weak output in electronics and chemicals clusters. The construction sector continued to recover, growing by 2.4% in 4Q06 after the 2.6% growth in 3Q06. Benefiting from the strong global growth, the Singapore economy remains healthy and the estimated overall real GDP growth in 2006 is 7.7%.

As a result of the growing economy, the industrial property market continued to improve with prices of overall industrial space (as represented by the URA price index) rising 1.1% and rents (as represented by URA rental index) increasing by 0.3% in 3Q06. At the same time, occupancy rates for industrial property generally reflected the improving economy, with factory space occupancy increasing from 91.3% to 91.7% and warehouse space occupancy increasing from 87.0% to 87.8% in 3Q06.

Competition for income-producing properties continued to be keen and, in line with global trends, cap rate for industrial properties in Singapore has compressed to about 6.5 – 7%. The Manager of A-REIT remains committed to pursuing quality and sustainable yield accretive acquisitions and, at the same time, continue to broaden its investment focus on build-to-suit development projects. For the financial year to date, A-REIT has announced 12 acquisition and development projects worth about $425 million.

The Manager expects the results of its asset management and widened investment strategies to continue to underpin the steady performance of A-REIT's portfolio.

Outlook for the financial year ending 31 March 2007

Singapore's open economy is expected to grow at a healthy but slower pace in 2007. Estimated GDP growth for 2007 is expected to be between 4% and 6%. The manufacturing output of some traditional sub-sectors (electronics and chemicals clusters) will moderate its growth, while some new developing industries (biomedical manufacturing and transportation engineering) remain high growth sectors.

Looking ahead, the property market is expected to continue its recovery path which began since 2004. EDB provides incentives for companies to use Singapore as its headquarters and the demand for office space has been driven by the recent wave of financial institutions and other businesses setting up new regional offices or expanding operations in Singapore. Rental rates have also risen due to the limited new supply, especially in the CBD which will not see any significant new supply until 2010. This is generally expected to be positive for rental rates in the Business & Science Park and High-tech industrial sectors which make up about 46% of A-REIT's portfolio. The outlook for the flatted factories and the logistics and distribution centres sectors remain subdued because of the relatively high vacancy rates in the former sector and expected new supply in the latter sector.

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 for the coming year.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution :	Thirteenth distribution for the three months ended 31 December 2006
Distribution Type :	Income
Distribution Rate :	3.20 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 :	26 January 2007
Date payable :	28 February 2007

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding 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 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 :	25 January 2006
Date paid :	24 February 2006

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
16 January 2007

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Our ref ECC/RT

Contact Eng Chin Chin

Telephone +65 6213 2049

16 January 2007

Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the interim financial information for the third quarter ended 31 December 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 third quarter ended 31 December 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 31 December 2006;
- Statement of total return for the third quarter ended 31 December 2006;
- Statement of net assets attributable to unitholders for the third quarter ended 31 December 2006;
- Statement of cash flows for the third quarter ended 31 December 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