



A-REIT FINANCIAL STATEMENTS FOR THE NINE MONTHS TO 31 DECEMBER 2004

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 (formerly known as Bermuda Trust (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 Stock Exchange on 19 November 2002.

Upon listing in November 2002, the property portfolio of A-REIT consisted of eight properties - The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building, Techlink, Techplace I and Techplace II. Since listing, the portfolio has been diversified through the acquisition of OSIM HQ Building in June 2003, Ghim Li Building and Ultro Building in October 2003, IDS Logistics Corporate Headquarters in February 2004, Changi Logistics Centre, Trivec Building, TT International Tradepark and Siemens Center in March 2004, Nan Wah Building in May 2004, Progen Building & C&P Logistics Hub in July 2004.

In the period under review, A-REIT has acquired SB Building in November 2004, Exklusiv Centre, CG Aerospace Building, Autron Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building, Volex Building, Infineon Building and Techpoint in December 2004. A-REIT now has a diversified portfolio of 32 properties and houses a tenant base of more than 450 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 2004 vs YTD Dec 2003)

	Actual 01/04/04 to 31/12/04 (Note c) S\$'000	Actual 01/04/03 to 31/12/03 (Note c) S\$'000	Increase / (Decrease) %
Gross revenue	88,038	48,276	82%
Property services fees	(2,608)	(1,625)	60%
Property tax	(6,263)	(2,768)	126%
Other property operating expenses	(16,214)	(7,339)	121%
Property operating expenses	(25,085)	(11,732)	114%
Net property income	62,953	36,544	72%
Interest income	55	16	244%
Manager's fee	(4,681)	(2,503)	87%
Trust expenses	(868)	(591)	47%
Borrowing costs	(5,590)	(2,116)	164%
Non property expenses	(11,084)	(5,194)	113%
Net investment income	51,869	31,350	65%
Non tax deductible expenses (Note a)	3,037	2,325	31%
Net investment income available for distribution (Note b)	54,906	33,675	63%
Net investment income as a % of gross revenue	58.9%	64.9%	(9%)
Net investment income as a % of unitholders' funds at end of the period (Note c)	4.3%	6.2%	(32%)

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

	Actual 01/4/04 to 31/12/04 (Note d) S\$'000	Actual 01/4/03 to 31/12/03 (Note d) S\$'000
Gross rental income	77,206	41,997
Other income	10,832	6,279
Allowances for doubtful receivables, net	5	(61)

Footnotes

- (a) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.
- (b) 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.
- (c) Net investment income as a % of unitholders' funds is lower compared to the last year due to the impact of issuing new units to partly fund 13 acquisitions in December 2004. Accordingly, the contribution to net investment income from the new properties is only from the date of acquisition.
- (d) 32 properties in YTD Dec 2004 vs 11 properties in YTD Dec 2003.

1(a)(ii) Income statement (3Q 2004 vs 3Q 2003)

	Actual 01/10/04 to 31/12/04 (Note c) S\$'000	Actual 01/10/03 to 31/12/03 (Note c) S\$'000	Increase / (Decrease) %
Gross revenue	33,639	16,371	105%
Property services fees	(1,000)	(572)	75%
Property tax	(2,435)	(539)	352%
Other property operating expenses	(6,051)	(2,426)	149%
Property operating expenses	(9,486)	(3,537)	168%
Net property income	24,153	12,834	88%
Interest income	11	1	1000%
Manager's fee	(1,778)	(883)	101%
Trust expenses	(340)	(209)	63%
Borrowing costs	(2,028)	(856)	137%
Non property expenses	(4,135)	(1,947)	112%
Net investment income	20,018	10,887	84%
Non tax deductible expenses (Note a)	1,170	689	70%
Net investment income available for distribution (Note b)	21,188	11,576	83%
Net investment income as a % of gross revenue	59.5%	66.5%	(11%)
Net investment income as a % of unitholders' funds at end of the period	1.6%	2.2%	(24%)

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

	Actual 01/10/04 to 31/12/04 (Note c) S\$'000	Actual 01/10/03 to 31/12/03 (Note c) S\$'000
Gross rental income	29,620	14,082
Other income	4,019	2,289
Allowances for doubtful receivables, net	(29)	(3)

Footnotes

- (a) *Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.*
- (b) *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.*
- (c) *32 properties in 3Q 2004 vs 11 properties in 3Q 2003.*

1(a)(iii) The Fifth Distribution Calculation

	Actual 01/10/04 to 30/11/04 (Note a) S\$'000	Actual 01/12/04 to 31/12/04 (Note b) S\$'000	Actual 01/10/04 to 31/12/04 S\$'000
Gross revenue	20,141	13,498	33,639
Property services fees	(605)	(395)	(1,000)
Property tax	(1,464)	(971)	(2,435)
Other property operating expenses	(3,634)	(2,417)	(6,051)
Property operating expenses	(5,703)	(3,783)	(9,486)
Net property income	14,438	9,715	24,153
Interest income	3	8	11
Manager's fee	(1,056)	(722)	(1,778)
Trust expenses	(199)	(141)	(340)
Borrowing costs	(1,356)	(672)	(2,028)
Non property expenses	(2,608)	(1,527)	(4,135)
Net investment income	11,830	8,188	20,018
Non tax deductible expenses	716	454	1,170
Net investment income available for distribution	12,546	8,642	21,188

	Actual 01/10/04 to 30/11/04	Actual 01/12/04 to 31/12/04	Actual 01/10/04 to 31/12/04
Distribution per unit (in cents) (Note c)	1.58	0.82	2.40
Applicable number of units (Note d)	792,572,863	1,050,637,379	879,529,385

Footnotes

- (a) Represents distributable income payable to the Ascendasreit class of units from 1 October 2004 up to the date of issue of new units pursuant to the equity raising in December 2004.
- (b) Represents distributable income payable to both Ascendasreit and Ascendasreit A classes of units from date of issue of new units pursuant to the equity raising to 31 December 2004.
- (c) The fifth distribution comprises A-REIT's distributable income for the period from 1 October 2004 to 31 December 2004. A-REIT class unitholders are entitled to distributable income from 1 October 2004 to 31 December 2004 of 2.40 cents per unit and A-REIT A class unitholders are entitled to distributable income from 1 December 2004 to 31 December 2004 of 0.82 cents per unit. The distribution will be paid on 24 February 2005.
- (d) 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 fifth distribution.

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

	Actual 31/12/04 S\$'000	Actual 31/03/04 S\$'000
Non-current assets		
Investment properties	1,660,978	996,431
Total non-current assets	1,660,978	996,431
Current assets		
Trade and other receivables	29,817	19,559
Deposits and prepayments	817	784
Cash	7,061	3,938
Total current assets	37,695	24,281
Current liabilities		
Trade and other payables	45,491	39,212
Total current liabilities	45,491	39,212
Net current assets/(liabilities)	(7,796)	(14,931)
Non-current liabilities		
Other payables	59,730	26,050
Borrowings	376,000	263,800
Total non-current liabilities	435,730	289,850
Net assets	1,217,452	691,650
Represented by:		
Unitholders' funds		
Issued equity	1,186,339	666,691
Issue costs	(30,117)	(22,850)
Revaluation reserves	48,887	30,188
Accumulated profits	12,343	17,621
Unitholders' funds	1,217,452	691,650
Secured borrowings		
Amount repayable after one year	300,000	-
Unsecured borrowings		
Amount repayable after one year	76,000	263,800
	376,000	263,800

Details of borrowings & collateral

A term loan of \$300 million was granted by a special purpose company, Emerald Assets Limited ("Emerald Assets") at a floating interest rate of relevant Euro 3 month swap offer rate plus a margin of 0.325% per annum. 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 all existing properties except for properties acquired after July 2004 ("Portfolio 1 properties").
- (ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio 1 properties.
- (iii) an assignment of the insurance policies relating to the Portfolio 1 properties.
- (iv) a charge creating a fixed and floating charge over certain assets of the Trust relating to the Portfolio 1 properties.

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

- (i) S\$150 million unsecured revolving credit facility granted by Oversea-Chinese Banking Corporation Limited. Interest on the facility is referenced to the relevant Bank's cost of funds plus a margin of 0.35% per annum.
- (ii) S\$150 million unsecured revolving credit facility granted by BNP Paribas. Interest on the facility is referenced to the relevant Bank's cost of funds plus a margin of 0.35% per annum.

As at 31 December 2004, S\$76 million has been drawn from these facilities.

Interest rate swaps of \$260 million have been effected to provide fixed rate funding for terms of 3 to 5 years. The \$260 million of debt fixed through swaps has a weighted average term remaining of 3.42 years. A-REITs weighted average funding cost as at 31 December 2004 is 2.64% (including margins charged on the loans and amortised/annual costs of the Commercial Mortgage Backed Securities programme).

A-REIT Announcement of Results for the Third Quarter to 31 December 2004

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 2004 vs YTD Dec 2003)**

	Actual 01/04/04 to 31/12/04 S\$'000	Actual 01/04/03 to 31/12/03 S\$'000
Operating activities		
Net investment income	51,869	31,350
Adjustment for		
Interest income	(55)	(16)
Provision for doubtful receivables	(5)	61
Borrowing costs	5,590	2,116
Fund manager's fee paid/payable in units	2,340	1,615
Operating income before working capital changes	59,739	35,126
Changes in working capital		
Trade and other receivables	(9,537)	(3,234)
Trade and other payables	9,987	15,371
	450	12,137
Cash generated from operating activities	60,189	47,263
Investing activities		
Purchase of investment properties, acquisition costs and subsequent capital expenditure	(607,694)	(72,989)
Deposit paid for purchase of investment properties	(5,042)	(3,546)
Cash flows from investing activities	(612,736)	(76,535)
Financing activities		
Equity issue costs	(7,112)	-
Proceeds from issue of units	515,000	-
Distribution to unitholders paid	(57,147)	(37,260)
Borrowing costs paid	(7,326)	(2,116)
Interest received	55	22
Proceeds from borrowings	718,400	81,500
Repayment of borrowings	(606,200)	(33,700)
Cash flows from financing activities	555,670	8,446
Net increase/(decrease) in cash and cash equivalents	3,123	(20,826)
Cash and cash equivalents at beginning of the period	3,938	27,558
Cash and cash equivalents at end of the period	7,061	6,732

Cash Flow statement (3Q 2004 vs 3Q 2003)

	Actual 01/10/04 to 31/12/04 S\$'000	Actual 01/10/03 to 31/12/03 S\$'000
Operating activities		
Net investment income	20,018	10,887
Adjustment for		
Interest income	(11)	(1)
Provision for doubtful receivables	29	3
Borrowing costs	2,028	856
Fund manager's fee paid/payable in units	889	835
Operating income before working capital changes	22,953	12,580
Changes in working capital		
Trade and other receivables	(14,902)	(2,244)
Trade and other payables	9,113	14,359
	(5,789)	12,115
Cash generated from operating activities	17,164	24,695
Investing activities		
Purchase of investment properties, acquisition costs and subsequent capital expenditure	(392,575)	(45,994)
Deposits paid for purchase of investment properties	(2,463)	(2,124)
Cash flows from investing activities	(395,038)	(48,118)
Financing activities		
Equity issue costs	(4,373)	-
Proceeds from issue of new units	400,000	-
Distribution to unitholders paid	(38,176)	(22,109)
Borrowing costs paid	(2,731)	(591)
Interest received	11	1
Proceeds from borrowings	141,000	60,500
Repayment of borrowings	(124,000)	(16,200)
Cash flows from financing activities	371,731	21,601
Net increase/(decrease) in cash and cash equivalents	(6,143)	(1,822)
Cash and cash equivalents at beginning of period	13,204	8,554
Cash and cash equivalents at end of the period	7,061	6,732

1(d)(i) Statement of changes in unitholders' funds (YTD Dec 2004 vs YTD Dec 2003)

	Actual 01/04/04 to 31/12/04 S\$'000	Actual 01/04/03 to 31/12/03 S\$'000
Balance as at beginning of period	691,650	498,160
Operations		
Net investment income	51,869	31,350
Net appreciation on revaluation of investment properties (Note a)	18,699	7,871
Net increase in net assets resulting from Operations	70,568	39,222
Unitholders' transactions		
New Units issued under Equity Fund Raising	400,000	-
New Units issued under Private Placement	115,000	-
Performance fees paid in units	2,041	-
Management fees paid in units	2,606	1,615
Equity issue costs	(7,266)	-
Distributions to unitholders	(57,147)	(37,260)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	455,234	(35,645)
Balance as at end of period	1,217,452	501,737

Footnote

(a) Revaluations of existing 16 properties were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd on 1 June 2004. Properties acquired since 1 April 2004 are recorded at purchase price (which includes acquisition costs).

Statement of changes in unitholders' funds (3Q 2004 vs 3Q 2003)

	Actual 01/10/04 to 31/12/04 S\$'000	Actual 01/10/03 to 31/12/03 S\$'000
Balance as at beginning of period	839,643	504,252
Operations		
Net investment income	20,018	10,887
Net appreciation on revaluation of investment properties (Note a)	-	7,871
Net increase in net assets resulting from operations	20,018	18,759
Unitholders' transactions		
New Units issued under Equity Fund Raising	400,000	-
Management fees paid in units	1,536	835
Equity issue costs	(5,569)	-
Distributions to unitholders	(38,176)	(22,109)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	357,791	(21,274)
Balance as at end of period	1,217,452	501,737

Footnote

(a) This represents revaluations of existing 11 properties that were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd on 31 December 2003.

1(d)(ii) Details of any changes in the units (YTD Dec 2004 vs YTD Dec 2003)

	Actual 01/04/04 to 31/12/04 Units	Actual 01/04/03 to 31/12/03 Units
Balance at beginning of period	707,207,175	545,000,000
Issue of new units:		
- 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	1,572,381	-
- Management fees paid in units	1,650,450	1,707,175
Balance at end of period	1,050,637,379	546,707,175

Details of any changes in the units (3Q 2004 vs 3Q 2003)

	Actual 01/10/04 to 31/12/04 Units	Actual 01/10/03 to 31/12/03 Units
Balance at beginning/end of period	791,668,490	545,899,640
Issue of new units:		
- Issued pursuant to equity raising in December 2004	258,064,516	-
- Management fees paid in units	904,373	807,535
Balance at end of period	1,050,637,379	546,707,175

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have been reviewed by the External Auditors, KPMG, in accordance with Singapore Standard of Auditing Practice 11: Review of Interim Financial Information.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 31 March 2004.

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

6.1 EPU/DPU (YTD Dec 2004 vs YTD Dec 2003)

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 01/04/04 to 31/12/04	Actual 01/04/03 to 31/12/03
Number of units on issue at end of period	1,050,637,379	546,707,175
Applicable number of units for calculation of EPU/DPU (Note a)	796,269,745	546,707,175
Earnings per unit in cents (EPU)	6.49	5.73
Distribution per unit in cents (DPU)	6.86	6.16

6.2 EPU/DPU (3Q 2004 vs 3Q 2003)

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 01/10/04 to 31/12/04	Actual 01/10/03 to 31/12/03
Number of units on issue at end of period	1,050,637,379	546,707,175
Applicable number of units for calculation of EPU/DPU (Note a)	879,529,385	546,707,175
Earnings per unit in cents (EPU)	2.27	1.99
Distribution per unit in cents (DPU)	2.40	2.12

Footnote

(a) *The EPU and DPU has been calculated based on the applicable number of units which is either the units applicable for the distribution over the respective period or the weighted average number of units on issue where 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)

	31/12/04 cents	31/03/04 cents
Net asset value per unit	116	98
Adjusted net asset value per unit (Note a)	114	95

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 2004 vs 3Q 2003)

	Actual 01/10/04 to 31/12/04 S\$'000	Actual 01/10/03 to 31/12/03 S\$'000	Increase / (Decrease) %
Gross revenue	33,639	16,371	105%
Property operating expenses	(9,486)	(3,537)	168%
Net property income	24,153	12,834	88%
Non property expenses	(2,118)	(1,092)	94%
Net Borrowing costs	(2,017)	(855)	136%
	(4,135)	(1,947)	112%
Net investment income	20,018	10,887	84%
Non tax deductible expenses	1,170	689	70%
Net investment income available for distribution (Note a)	21,188	11,576	83%
Earnings per unit (cents)	2.27	1.99	14%
Distribution income per unit (cents)	2.40	2.12	13%

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 2004 vs 3Q 2003

Gross revenue was up 105% due to additional rental income from the following completed acquisitions: IDS Logistics Corporate Headquarters, Siemens Center, TT International Tradepark, Changi Logistic Centre, Trivec Building (all completed prior to 1 April 2004), Nan Wah Building completed on 31 May 2004, Progen Building and C&P Logistics Hub completed before 31 July 2004, SB Building completed in November 2004 and Techpoint, Infineon Building, Exklusiv Centre, Wisma Gulab, Steel Industries Building, CG Aerospace Building, Autron Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building and Volex Building all in December 2004.

Property expenses were higher due to :-

- 1) Higher property tax due to discontinuance of rebates from 31 December 2003 and the increased number of properties in the portfolio.
- 2) Land rent payable on most new acquisitions made since the prior corresponding period.
- 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 utilities income as tenancy charges are reimbursed from tenants.
- 4) Higher maintenance & conservancy expenses due to the increased number of properties in the portfolio.

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

Borrowing costs increased by 136% as additional debt was drawn down to fund the new acquisitions.

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 financial period and previous financial year.

9 Variance between forecast and the actual results

	Actual 01/04/04 to 31/12/04 S\$'000	Forecast 01/04/04 to 31/12/04 (Note a) S\$'000	Increase / (Decrease) %
Gross revenue	88,038	86,574	2%
Property services fees	(2,608)	(2,643)	(1%)
Property tax	(6,263)	(6,116)	2%
Other property operating expenses	(16,214)	(16,555)	(2%)
Property operating expenses	(25,085)	(25,314)	(1%)
Net property income	62,953	61,260	3%
Interest income	55	44	26%
Manager's fee	(4,681)	(4,791)	(2%)
Trust expenses	(868)	(800)	9%
Borrowing costs	(5,590)	(5,730)	(2%)
Non property expenses	(11,084)	(11,277)	(2%)
Net investment income	51,869	49,983	4%
Non tax deductible expenses (Note b)	3,037	3,161	(4%)
Net investment income available for distribution	54,906	53,144	3%
Earnings per unit (cents)	6.49	6.28	3%
Distribution income per unit (cents)	6.86	6.67	3%

Footnotes

(a) *The forecast for the period 1 April 2004 to 31 December 2004 has been derived from the forecast stated in the Circular dated 18 November 2004 in relation to the issue of 258,064,516 new units. Some revenue and expense line items have been reclassified to account for items paid (recorded as expenses) and subsequently recharged to tenants (recorded as revenue).*

(b) *Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.*

Review of Performance for the period ended 31 December 2004

Gross Revenue for the period ended 31 December 2004 was \$88.0 million, 2% above the forecast in the Circular dated 18 November 2004 due mainly to early completion for most of the new buildings. The forecast assumed all new buildings were completed by mid December 2004.

Property operating expenses were in line with the forecast.

The lower manager's fees as compared to forecast were due to lower capital expenditure incurred.

The net investment income exceeded forecast by 4% due to the above reasons and DPU was 3% above forecast.

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), Singapore GDP grew by 5.4% in 4Q 2004 while the manufacturing sector grew by 9.5%. The manufacturing sector continued to be a major contributor to GDP growth - manufacturing output increased by 13.1% over 2003. However, the electronics sub-sector bucked the trend and the slow down in this sub-sector is expected to continue. Overall the manufacturing purchasing managers' index (PMI) remains positive at 51.8%.

The underlying strength in the manufacturing sector as well as the generally stable outlook for the overall economy has continued to provide the necessary support for a stable industrial property market. This is reflected in renewals and new take ups of 76,878 square metres in A-REIT's portfolio in the nine months to 31 December 2004.

According to the URA, the price index and rental index for overall industrial space rose 0.5% and 0.9% during 3Q 2004. The vacancy rate of factory space increased marginally from 2Q 2004 to 3Q 2004, as the increase in supply was more than the increase in occupied space during the quarter. On the other hand, the vacancy rate of warehouse space decreased from 15.1% in 2Q 2004 to 14.2% in 3Q 2004, as the increase in occupied space was more than the increase in supply during the third quarter. According to preliminary estimates, net allocation for JTC's ready-built space recorded a decrease of 58% in 4Q 2004. However, net allocation of JTC's business park space strengthened for the third consecutive quarter, improving 60% to 5,580 sqm in 4Q 2004.

In December 2004, JTC Corporation announced that it has completed the latest review of industrial land rent prices and will reduce them by up to one-third from 1 January 2005. With the increasingly competitive environment for global investments, JTC recognised that its industrial land rents and prices needed to be even more internationally attractive. This latest round of rate cuts is very significant and sends a clear signal to investors that Singapore is working to lower business costs. This move will ensure that Singapore continues to remain an attractive manufacturing location for global investments, helping to underpin demand for industrial space in Singapore. A-REIT is expected to benefit from the land rent reduction as about two thirds of its portfolio of properties are on land-rent basis.

With positive sentiment and continued growth in the high-end manufacturing sector, investment acquisitions of top grade properties continued, with A-REIT acquiring 16 properties in the nine months to 31 December 2004. A-REIT's occupancy rate increased from 88.8% as at 31 March 2004 to 94.1% as at 31 December 2004 as a result of the improved demand for industrial space and acquisitions of fully occupied and multi-tenanted buildings.

Outlook for the financial year ending 31 March 2005

Global economic growth in 2005 is expected to be stable. The Singapore economy grew by 8.1% in 2004 which was stronger than initially expected. MTI expects the growth momentum to continue into 2005 at more sustainable rates of 3 - 5%, as the economy recovers to levels closer to its potential output.

Subject to the economy maintaining its recovery, the Manager of A-REIT expects to deliver distributable income per unit of 9.30 cents per unit for the year ending 31 March 2005 as forecast in the circular dated 18 November 2004 in relation to the recently completed equity fund raising.

11 Distributions

(a) Current financial period

Any distributions declared for the current 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 payable : 24 February 2005

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : No

Book closure date : Not applicable

Date payable : Not applicable

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

Tay Hsiu Chieh
Company Secretary
17 January 2005



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

8 January 2004

Dear Sirs

Ascendas Real Estate Investment Trust ("A-REIT")
Review of the interim financial information for the third quarter ended 31 December 2004

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 2004.

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 2004;
- Statement of total return for the third quarter ended 31 December 2004;
- Statement of movements in unitholder's funds for the third quarter ended 31 December 2004;
- Statement of cash flows for the third quarter ended 31 December 2004; 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