



### A-REIT FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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 78 properties in Singapore, and houses a tenant base of more than 750 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 SIX MONTHS ENDED 30 SEPTEMBER 2007

	Actual 01/04/07 to 30/09/07	Actual 01/04/06 to 30/09/06	Increase / (Decrease)
	S\$'000	S\$'000	%
Gross revenue	157,581	137,897	14.3%
Net property income	118,175	101,986	15.9%
Net income available for distribution	91,139	80,141	13.7%
	Cents per Unit		
Distribution per Unit ("DPU")	FY 07/08	FY 06/07	Increase / (Decrease) %
For the quarter from 1 July to 30 September	3.51	3.16	11.1%
For the six months from 1 April to 30 September	6.88	6.25	10.1%
Annualised (based on the six months to 30 September)	13.76	12.50	10.1%

### DISTRIBUTION DETAILS

Class of Units	Ascendas-REIT main stock
Distribution period	1 July 2007 to 30 September 2007
Distribution Type	Income
Distribution amount	3.51 cents per unit
Book closure date	31 October 2007
Payment date	29 November 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 (1H FY 07/08 vs 1H FY 06/07)**

	Actual 01/04/07 to 30/09/07 (Note f) S\$'000	Actual 01/04/06 to 30/09/06 (Note f) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	157,581	137,897	14%
Property services fees	(4,516)	(3,916)	15%
Property tax	(8,964)	(8,370)	7%
Other property operating expenses	(25,926)	(23,626)	10%
<b>Property operating expenses</b>	(39,406)	(35,912)	10%
<b>Net property income</b>	118,175	101,986	16%
Interest income	77	180	(57%)
Manager's fee (Note a)	(8,350)	(7,291)	15%
Trust expenses	(1,123)	(810)	39%
Borrowing costs (Note b)	(21,271)	(17,875)	19%
<b>Non property expenses</b>	(30,667)	(25,796)	19%
<b>Net income</b>	87,508	76,190	15%
Net appreciation on revaluation of investment properties (Note c)	-	39,772	N.A.
<b>Total return for the period</b>	87,508	115,962	(25%)
Non tax deductible expenses (Note d)	3,631	3,951	(8%)
Net appreciation on revaluation of investment properties	-	(39,772)	N.A.
<b>Net income available for distribution (Note e)</b>	91,139	80,141	14%

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

	Actual 01/04/07 to 30/09/07 (Note f) S\$'000	Actual 01/04/06 to 30/09/06 (Note f) S\$'000
Gross rental income	144,330	125,809
Other income	13,251	12,088
Allowance for doubtful receivables, net	53	(21)
Depreciation of plant and equipment	(550)	(537)

**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 2007 and 30 September 2006 represents interest expense on loans and amortised costs of establishing debt facilities (including CMBS issues). For the 1H ended 30 September 2007, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (1H FY07/08 - charge of \$0.4 million, 1H FY06/07 - charge of \$0.8 million).
- (c) Revaluations of the 72 properties acquired before February 2007 were undertaken by CB Richard Ellis (Pte) Ltd, Chesterton International Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd during the 4th quarter of FY 06/07. Properties acquired on or after February 2007 are recorded at purchase price (which includes acquisition costs). There is no property due for regulatory revaluation in 1H FY 07/08.
- (d) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees, accretion and fair value adjustments required under FRS39, and other non-tax deductible or non-taxable items which are added back.
- (e) A-REIT's distribution policy is to distribute 100% of its distributable income (other than gains on the sales of real properties determined to be trading gains). The distributable income has generally been distributed to unitholders on a quarterly basis from 1 October 2004.
- (f) 78 properties in 1H FY07/08 vs 66 properties in 1H FY06/07

1(a)(ii) Income statement (2Q FY 07/08 vs 2Q FY 06/07)

	Actual 01/07/07 to 30/09/07 (Note e) S\$'000	Actual 01/07/06 to 30/09/06 (Note e) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	80,238	69,856	15%
Property services fees	(2,299)	(1,986)	16%
Property tax	(4,420)	(4,179)	6%
Other property operating expenses	(13,374)	(11,803)	13%
<b>Property operating expenses</b>	(20,093)	(17,968)	12%
<b>Net property income</b>	60,145	51,888	16%
Interest income	41	76	(46%)
Manager's fee (Note a)	(4,212)	(3,723)	13%
Trust expenses	(558)	(403)	38%
Borrowing costs (Note b)	(10,635)	(9,572)	11%
<b>Non property expenses</b>	(15,364)	(13,621)	13%
<b>Net income</b>	44,781	38,267	17%
Non tax deductible expenses (Note c)	1,673	2,264	(26%)
<b>Net income available for distribution (Note d)</b>	46,454	40,531	15%

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

	Actual 01/07/07 to 30/09/07 (Note e) S\$'000	Actual 01/07/06 to 30/09/06 (Note e) S\$'000
Gross rental income	72,861	63,512
Other income	7,377	6,344
Allowance for doubtful receivables, net	2	39
Depreciation of plant and equipment	(275)	(201)

**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 2007 and 30 September 2006 represent interest expense on loans and amortised costs of establishing debt facilities (including the CMBS). For the second quarter ended 30 September 2007, borrowing costs also include the accretion adjustments for deferred payments and refundable security deposits (2Q FY07/08 - charge of \$0.1 million, 2QFY06/07- charge of \$0.4 million).
- (c) Non tax deductible expenses relate to units issued to the Manager in part payment of its management 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 distributable income (other than gains on the sales of real properties determined to be trading gains). The distributable income has generally been distributed to unitholders on a quarterly basis from 1 October 2004.
- (e) 78 properties in the second quarter ended 30 September 2007 vs 66 properties in the second quarter ended 30 September 2006.

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

	Actual 30/09/07 S\$'000	Actual 31/03/07 S\$'000
<b>Assets</b>		
Investment properties	3,292,686	3,270,946
Properties under development	30,666	7,114
Plant and equipment	6,663	7,214
Trade and other receivables	14,795	16,530
Deposits, prepayments and other assets	5,629	5,395
Cash	5,469	4,809
<b>Total assets</b>	<b>3,355,908</b>	<b>3,312,008</b>
<b>Liabilities</b>		
Trade and other payables	104,751	111,301
Deferred payments	47,380	47,231
Borrowings (net of transaction costs)	1,236,568	1,183,511
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>1,388,699</b>	<b>1,342,043</b>
<b>Net assets attributable to unitholders</b>	<b>1,967,209</b>	<b>1,969,965</b>

	Actual 30/09/07 S\$'000	Actual 31/03/07 S\$'000
<b>Gross Borrowings</b>		
<b>Secured borrowings</b>		
Amount repayable after one year	1,044,965	649,965
<b>Unsecured borrowings</b>		
Amount repayable within one year (note a)	194,400	535,400
	<b>1,239,365</b>	<b>1,185,365</b>

**Footnote**

(a) *Relates to borrowings from revolving credit facilities.*

**Details of borrowings & collateral**

Three term loans of \$300 million, \$350 million and \$395 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, 0.265% per annum and 0.200% 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"), a mortgage over the 23 properties acquired between July 2004 and April 2005 ("Portfolio 2 properties") and a mortgage over the 33 properties acquired between May 2005 and February 2007 ("Portfolio 3 properties").
- (ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio 1 properties, Portfolio 2 properties and Portfolio 3 properties.
- (iii) an assignment of the insurance policies relating to the Portfolio 1 properties, Portfolio 2 properties and Portfolio 3 properties.
- (iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio 1 properties, Portfolio 2 properties and Portfolio 3 properties.

In addition, A-REIT has in place unsecured uncommitted bilateral revolving credit facilities of \$700 million from 4 banks. As at 30 September 2007, \$194.4 million has been drawn from these facilities.

Interest rate swaps of \$1,130.7 million (91% of total debt) have been effected to provide fixed rate funding for terms of 2 to 6 years at an average interest rate of 3.13%. The \$1,130.7 million of debt fixed through swaps has a weighted average term remaining of 4.2 years. The fair value of the swaps which is included in other payables and receivables are \$17.0 million and \$ 1.1 million respectively as at 30 September 2007. A-REIT's weighted average funding cost as at 30 September 2007 is 3.43% (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 are recognised in Net Assets Attributable to Unitholders.

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 FY 07/08 vs 1H FY 06/07)

	Actual 01/04/07 to 30/09/07 S\$'000	Actual 01/04/06 to 30/09/06 S\$'000
<b>Operating activities</b>		
Net income	87,508	76,190
<b>Adjustment for</b>		
Interest income	(77)	(180)
Allowance for doubtful receivables, net	(53)	21
Borrowing costs	21,271	17,875
Fund manager's fee paid/payable in units	1,748	1,719
Depreciation of plant and equipment	550	537
<b>Operating income before working capital changes</b>	<b>110,947</b>	<b>96,162</b>
<b>Changes in working capital</b>		
Trade and other receivables	(2,141)	9,719
Trade and other payables	(4,113)	(1,464)
	(6,254)	8,255
<b>Cash generated from operating activities</b>	<b>104,693</b>	<b>104,417</b>
<b>Investing activities</b>		
Purchase of investment properties (including acquisition costs)	(10,906)	(77,276)
Properties under development	(28,394)	(31,704)
Purchase of plant and equipment	-	(5,794)
Payment for capital improvement projects	(9,154)	(3,029)
Payment of deferred settlements	(500)	-
Deposits paid for purchase of investment properties	(132)	(1,125)
<b>Cash flows from investing activities</b>	<b>(49,086)</b>	<b>(118,928)</b>
<b>Financing activities</b>		
Distributions paid to unitholders	(87,412)	(76,940)
Borrowing costs paid	(21,612)	(16,191)
Interest received	77	180
Proceeds from borrowings	690,100	980,950
Repayment of borrowings	(636,100)	(874,350)
<b>Cash flows from financing activities</b>	<b>(54,947)</b>	<b>13,649</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>660</b>	<b>(862)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>4,809</b>	<b>4,389</b>
<b>Cash and cash equivalents at end of the period</b>	<b>5,469</b>	<b>3,527</b>

1(c)(ii) Cash flow statement (2Q FY 07/08 vs 2Q FY 06/07)

	Actual 01/07/07 to 30/09/07 S\$'000	Actual 01/07/06 to 30/09/06 S\$'000
<b>Operating activities</b>		
Net income	44,781	38,267
<b>Adjustment for</b>		
Interest income	(41)	(76)
Allowance for doubtful receivables, net	(2)	(39)
Borrowing costs	10,635	9,572
Fund manager's fee paid/payable in units	880	864
Depreciation of plant and equipment	275	201
<b>Operating income before working capital changes</b>	<b>56,528</b>	<b>48,789</b>
<b>Changes in working capital</b>		
Trade and other receivables	(1,215)	2,552
Trade and other payables	9,102	(2,046)
	<b>7,887</b>	<b>506</b>
<b>Cash generated from operating activities</b>	<b>64,415</b>	<b>49,295</b>
<b>Investing activities</b>		
Purchase of investment properties (including acquisition costs)	(50)	-
Properties under development	(25,604)	(20,459)
Payment for capital improvement projects	(5,227)	(571)
Payment of deferred settlements	(500)	-
Deposits paid for purchase of investment properties	(67)	(1,125)
<b>Cash flows from investing activities</b>	<b>(31,448)</b>	<b>(22,155)</b>
<b>Financing activities</b>		
Distributions paid to unitholders	(44,646)	(39,571)
Borrowing costs paid	(11,757)	(8,138)
Interest received	41	76
Proceeds from borrowings	159,400	455,850
Repayment of borrowings	(136,400)	(433,800)
<b>Cash flows from financing activities</b>	<b>(33,362)</b>	<b>(25,582)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(395)</b>	<b>1,558</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,864</b>	<b>1,969</b>
<b>Cash and cash equivalents at end of the period</b>	<b>5,469</b>	<b>3,527</b>

1(d)(i) Net assets attributable to unitholders (1H FY 07/08 vs 1H FY 06/07)

	Actual 01/04/07 to 30/09/07 S\$'000	Actual 01/04/06 to 30/09/06 S\$'000
<b>Balance at beginning of period</b>	1,969,965	1,708,371
<b>Operations</b>		
Net income	87,508	76,190
Net appreciation on revaluation of investment properties (Note a)	-	39,772
<b>Net increase in net assets resulting from operations</b>	87,508	115,961
<b>Hedging transactions</b>		
Changes in fair value included in hedging reserve - effective hedge	(11,171)	(9,602)
<b>Unitholders' transactions</b>		
Performance fees paid in units	6,614	5,617
Management fees paid in units	1,705	1,694
Equity issue costs	-	(62)
Distributions to unitholders	(87,412)	(76,940)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(79,093)	(69,691)
<b>Balance at end of period</b>	1,967,209	1,745,038

**Footnote**

(a) Revaluations of the 72 properties acquired before February 2007 were undertaken by CB Richard Ellis (Pte) Ltd, Chesterton International Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (S) Pte Ltd during the 4th quarter of FY 06/07. Properties acquired on or after February 2007 are recorded at purchase price (which includes acquisition costs).

Net assets attributable to unitholders (2Q FY 07/08 vs 2Q FY 06/07)

	Actual 01/07/07 to 30/09/07 S\$'000	Actual 01/07/06 to 30/09/06 S\$'000
<b>Balance at beginning of period</b>	1,976,805	1,758,055
	1,976,805	1,758,055
<b>Operations</b>		
Net income	44,781	38,267
<b>Net increase in net assets resulting from operations</b>	44,781	38,267
<b>Hedging transactions</b>		
Changes in fair value included in hedging reserve - effective hedge	(9,731)	(11,650)
<b>Unitholders' transactions</b>		
Equity issue costs	-	(62)
Distributions to unitholders	(44,646)	(39,571)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(44,646)	(39,633)
<b>Balance at end of period</b>	1,967,209	1,745,038

1(d)(ii) Details of any changes in the units (1H FY 07/08 vs 1H FY 06/07)

	Actual 01/04/07 to 30/09/07 Units	Actual 01/04/06 to 30/09/06 Units
<b>Balance at beginning of period</b>	1,321,635,324	1,277,203,708
Issue of new units:		
- Performance fees paid in units	2,555,311	2,579,346
- Management fees paid in units	615,513	819,062
<b>Balance at end of period</b>	1,324,806,148	1,280,602,116

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

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements ("SSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

**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 2007.

**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**

Not applicable.

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

**6.1 EPU/DPU for 2Q FY 07/08 compared to 1Q FY07/08**

	Actual 2Q FY07/08 01/07/07 to 30/09/07	Actual 1Q FY07/08 01/04/07 to 30/06/07
Number of units on issue at end of period	1,324,806,148	1,324,806,148
Applicable number of units for calculation of EPU/DPU (Note a)	1,324,806,148	1,324,806,148
Earnings per unit in cents (EPU)	3.38	3.23
Distribution per unit in cents (DPU)	3.51	3.37

**6.2 EPU/DPU for 2Q FY 07/08 compared to 2Q FY 06/07**

	Actual 2Q FY07/08 01/07/07 to 30/09/07	Actual 2Q FY06/07 01/07/06 to 30/09/06
Number of units on issue at end of period	1,324,806,148	1,280,602,116
Applicable number of units for calculation of EPU/DPU (Note a)	1,324,806,148	1,280,602,116
Earnings per unit in cents (EPU)	3.38	2.99
Distribution per unit in cents (DPU)	3.51	3.16

**6.3 EPU/DPU for 1H FY07/08 compared to 1H FY06/07**

	Actual 01/04/07 to 30/09/07	Actual 01/04/06 to 30/09/06
Number of units on issue at end of period	1,324,806,148	1,280,602,116
Applicable number of units for calculation of EPU/DPU (Note a)	1,324,806,148	1,280,602,116
Earnings per unit in cents (EPU)	6.61	5.95
Distribution per unit in cents (DPU)	6.88	6.25

**Footnote**

(a) The EPU and DPU have 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 30/09/07 cents	Actual 31/03/07 cents
Net asset value per unit	148	149
Adjusted net asset value per unit (Note a)	145	146

**Footnote**

(a) A-REIT's distribution policy is to distribute 100% of its distributable 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 (2Q FY 07/08 vs 2Q FY 06/07)**

	Actual 01/07/07 to 30/09/07 S\$'000	Actual 01/07/06 to 30/09/06 S\$'000	Increase / (Decrease) %
Gross revenue	80,238	69,856	15%
Property operating expenses	(20,093)	(17,968)	12%
Net property income	60,145	51,888	16%
Non property expenses	(4,770)	(4,126)	16%
Net borrowing costs	(10,594)	(9,495)	12%
	(15,364)	(13,621)	13%
Net income	44,781	38,267	17%
Non tax deductible expenses	1,673	2,264	(26%)
Net income available for distribution (Note a)	46,454	40,531	15%
Earnings per unit (cents)	3.38	2.99	13%
Distribution per unit (cents)	3.51	3.16	11%

**Footnote**

(a) A-REIT's distribution policy is to distribute 100% of its distributable income (other than gains on the sales of real properties determined to be trading gains). The distributable income has generally been distributed to unitholders on a quarterly basis from 1 October 2004.

**Review of Performance 2Q FY 07/08 vs 2Q FY 06/07**

Gross revenue was up 15% mainly due to additional rental income from the following completed acquisitions: LabOne in October 2006, Courts in November 2006, IQuest@IBP, 26 Senoko Way, Super Industrial Building in January 2007, 2 Changi South Lane, 1 Kallang Place, 9 & 11 Woodlands Terrace, 18 Woodlands Loop, Giant in February 2007 and 1 Senoko Avenue in May 2007.

Other contributions to the revenue increase included income from forfeiture of a security deposit of a tenant (of about \$1.1 million), full quarter revenues from our newly acquired property at 1 Senoko Avenue, and higher overall portfolio occupancy rate in 2Q FY07/08 compared with 2Q FY06/07.

Property expenses increased by 12% due to the increased number of properties in the portfolio, rising utilities cost due to high oil prices and re-furbishment costs relating to space and fittings vacated by a tenant to make the same space ready for a new tenant. Costs involved was about \$1.1 million.

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

Borrowing costs increased by 12% due to (i) additional debt drawn down to fund the new acquisitions and (ii) additional swaps entered into for longer tenors, increasing the average interest rate but ensuring less exposure to interest rate fluctuations. If fair value adjustments and the additional debts drawn for the purpose of funding the acquisitions are excluded, adjusted net borrowing costs would have been approximately \$9.2 million, an increase of 8% on adjusted net borrowing cost of 2Q FY06/07 of \$8.5 million.

Net income was higher than the comparable period last year, mainly due to the benefit of additional income from the new properties acquired after the comparative period. Net income available for distribution was 15% above the comparable period last year due to the above reasons.

Non tax deductible expenses decreased mainly due to the \$127.5 million interest rate cap that matured in 1Q FY07/08. Hence no fair value adjustment was needed in 2QFY07/08. The fair value charge in 2QFY06/07 was \$0.5 million.

**Income statement (2Q FY 07/08 vs 1Q FY 07/08)**

	Actual 01/07/07 to 30/09/07 S\$'000	Actual 01/04/07 to 30/06/07 S\$'000	Increase / (Decrease) %
Gross revenue (Note b)	80,238	77,343	4%
Property operating expenses (Note c)	(20,093)	(19,313)	4%
Net property income	60,145	58,030	4%
Non property expenses	(4,770)	(4,703)	1%
Net borrowing costs	(10,594)	(10,600)	(0%)
	(15,364)	(15,303)	0%
Net income	44,781	42,727	5%
Non tax deductible expenses (Note d)	1,673	1,958	(15%)
Net income available for distribution (Note a)	46,454	44,685	4%
Earnings per unit (cents)	3.38	3.23	5%
Distribution per unit (cents)	3.51	3.37	4%

**Footnote**

(a) A-REIT's distribution policy is to distribute 100% of its distributable income (other than gains on the sales of real properties determined to be trading gains). The distributable income has generally been distributed to unitholders on a quarterly basis from 1 October 2004.

**Review of Performance 2Q FY 07/08 vs 1Q FY 07/08**

- (b) Included in the gross revenue (2Q FY07/08) of \$80.3 million was income from forfeiture of a security deposit of a tenant (of about \$1.1 million). One of our property, 30 Tampines Industrial Avenue 3, started revenues recognition (approximately 0.5% of growth impact over last quarter) only from July 2007. The same property did not have any revenues recognised in 1Q FY07/08. Other contributions to the 4% revenue increase include full quarter revenue from our newly acquired property at 1 Senoko Avenue, and higher overall portfolio occupancy rate in 2Q FY07/08 compared with 1Q FY07/08.
- (c) Included in the property operating expenses of \$20.1 million was re-furbishment costs relating to space and fittings vacated by a tenant to make the same space ready for a new tenant. Costs involved was about \$1.1 million.
- (d) Non tax deductible expenses decreased mainly due to the \$127.5 million interest rate cap that matured in 1Q FY07/08. Hence no fair value adjustment was needed in 2QFY07/08.

**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 Advance GDP Estimates for Third Quarter 2007, released by the Ministry of Trade and Industry ("MTI"), the Singapore economy continued to register strong growth in 3Q07. GDP rose 9.4% compared to 8.7% in 3Q06. The manufacturing sector grew by 12.3%, up from 8.3% in the previous quarter, bolstered by the strong growth in biomedical manufacturing and transport engineering. The Construction sector continued to have healthy growth of 15.5% in 3Q07 compared with the growth of 18.8% in 2Q07. The Services producing industries maintained a stable growth of 8.1% in 3Q07, mainly led by the financial services sector.

The rising price of overall industrial space and rental rates (represented by the URA price and rental indices) is a reflection of how real estate in the industrial sector has benefited greatly from the strong economic growth. Both indices rose 8.2% and 7.7% respectively in 2Q07. Occupancy rates have also improved marginally from 84.8% to 85.3% for factory space and from 88.8% to 89.1% for warehouse. However, average occupancy for the Science & Business Park dropped to 82.7% in 2Q07 from 87.1% in 1Q07. This change is possibly attributable to the 15.3% increase in supply of space during the second quarter. Notwithstanding the dip in occupancy rate, demand for space in business parks remains strong.

According to CBRE's research report, average rents for all industrial space increased in 2Q07, with rents for Science & Business Park and Hi-tech space rising at 11.9% q-on-q. Average rents for factories rose by 3.8% q-on-q for ground floor units and 4.8% q-on-q for upper floor units while average rent for warehouses increased by 11.5% q-on-q for ground floor units and 4.5% q-on-q for upper floor units.

However, the unfolding effects of the sub-prime mortgage loan on the financial markets and global economy is still unknown.

**Outlook for the financial year ending 31 March 2008**

According to the Advance GDP Estimates for Third Quarter 2007, released by the Ministry of Trade and Industry ("MTI"), Singapore's economic outlook remains positive and is well on track to meet the 7 to 8% growth. Manufacturing will be one of the main catalysts to drive the GDP growth. The Transportation engineering and biomedical manufacturing sectors will continue its strong growth momentum while growth in the electronics and chemicals clusters are expected to be moderate. Financial services sector will continue to lead the growth of the services producing industries.

With the improving manufacturing sector and economic growth, demand for industrial space is likely to remain positive and would drive the occupancy rate up. According to CBRE's research report, industrial rents, especially for Science & Business Park and Hi-tech space, are expected to continue to grow, driven by the spillover demand from the CBD office sector.

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

Given the positive outlook for the economy, the manufacturing sector and the continued demand for industrial property, and barring any unforeseen events, the Manager expects to be able to deliver a return for the second half of the financial year that is in line with the results of the first half of the financial year.

**11 Distributions**

(a) Current financial period

Any distributions declared for the current financial period : Yes

Name of distribution : 16th distribution for the period 1 July 2007 to 30 September 2007

Distribution Type : Income

Distribution Rate : 3.51 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 18%.

Book closure date : 31 October 2007

Date payable : 29 November 2007

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : Yes

Name of distribution : 12th distribution for the period 1 July 2006 to 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 paid : 28 November 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

Maria Theresa Belmonte  
Assistant Company Secretary  
19 October 2007



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The Board of Directors  
Ascendas-MGM Funds Management Limited  
(in its capacity as Manager of  
Ascendas Real Estate Investment Trust)  
75 Science Park Drive  
#01-03 CINTech II  
Science Park 1  
Singapore 118255

19 October 2007

Dear Sirs

**Ascendas Real Estate Investment Trust (“A-REIT”)  
Review of Interim Financial Information for the quarter ended 30 September 2007**

***Introduction***

We have reviewed the accompanying Interim Financial Information of Ascendas Real Estate Investment Trust (“A-REIT”) for the quarter ended 30 September 2007.

The Interim Financial Information comprise the balance sheet and investment properties portfolio statement as at 30 September 2007, the statement of total return and cash flow statement of A-REIT for the quarter then ended and a summary of significant accounting policies and other explanatory notes (herein defined as “Interim Financial Information”).

Ascendas-MGM Funds Management Limited, the Manager of A-REIT, is responsible for the preparation and fair presentation of these Interim Financial Information in accordance with the condensed presentation and disclosure requirements of Singapore Financial Reporting Standard (“FRS”) 34 *Interim Financial Reporting* applied to the Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts*. Our responsibility is to express a conclusion on these Interim Financial Information based on our review.



### ***Scope of Review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the condensed presentation and disclosure requirements of FRS 34 *Interim Financial Reporting* applied to RAP 7 *Reporting Framework for Unit Trusts*.

### ***Restriction of Use***

Our report is provided on the basis that it is for the information of the directors of the Manager and for the inclusion of our report in A-REIT's interim announcement to its members, to enable the directors of the Manager to fulfill their responsibilities under the Singapore Exchange listing requirements. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors, A-REIT or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

**KPMG**  
**Certified Public Accountants**  
Singapore