



A-REIT FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

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 Funds Management (S) 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 88 properties in Singapore, and houses a tenant base of more than 860 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 2008

	Actual 01/04/08 to 30/09/08 S\$'000	Actual 01/04/07 to 30/09/07 S\$'000	Increase / (Decrease) %
Gross revenue	189,867	157,581	20.5%
Net property income	142,316	118,175	20.4%
Net income available for distribution	105,135	91,139	15.4%
	Cents per Unit		
Distribution per Unit ("DPU")	FY 08/09	FY 07/08	Increase / (Decrease) %
For the quarter from 1 July to 30 September	4.01	3.51	14.2%
For the six months from 1 April to 30 September	7.90	6.88	14.8%
Annualised (based on the six months to 30 September)	15.80	13.76	14.8%

DISTRIBUTION DETAILS

Class of Units	Ascendas-REIT main stock
Distribution period	1 Jul 2008 to 30 Sep 2008
Distribution Type	Income
Distribution amount	4.01 cents per unit
Book closure date	30 October 2008
Payment date	28 November 2008

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 08/09 vs 1H FY07/08)

	Actual 01/04/08 to 30/09/08 (Note f) S\$'000	Actual 01/04/07 to 30/09/07 (Note f) S\$'000	Increase / (Decrease) %
Gross revenue	189,867	157,581	20%
Property services fees	(5,676)	(4,516)	26%
Property tax	(11,157)	(8,964)	24%
Other property operating expenses	(30,718)	(25,926)	18%
Property operating expenses	(47,551)	(39,406)	21%
Net property income	142,316	118,175	20%
Interest income	14	77	(82%)
Manager's fee (Note a)	(11,153)	(8,350)	34%
Trust expenses (Note b)	(2,706)	(1,123)	141%
Borrowing costs (Note c)	(27,823)	(21,271)	31%
Non property expenses	(41,668)	(30,667)	36%
Net income / Total return for the period	100,648	87,508	15%
Non-tax deductible expenses (Note d)	4,487	3,631	24%
Income available for distribution (Note e)	105,135	91,139	15%

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

	Actual 01/04/08 to 30/09/08 (Note f) S\$'000	Actual 01/04/07 to 30/09/07 (Note f) S\$'000
Gross rental income	174,076	144,330
Other income	15,791	13,251
Writeback of doubtful receivables, net	231	53
Depreciation of plant and equipment	(550)	(550)

Footnotes

- (a) The payment of the base management fee on properties acquired before October 2004 is in the proportion 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. At A-REIT's Unitholders' Meeting held on 28 June 2007, A-REIT's unitholders approved an extraordinary resolution supplementing the Trust Deed to allow the Manager to elect from time to time to receive both its base management fee and performance fee wholly in units or wholly in cash or in any

combination of both with effect from 19 November 2007. With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fee in units and 80% in cash for all properties.

- (b) Trust Expenses for the 1H FY08/09 included a write down of fit-out cost that may not be recoverable.
- (c) Borrowing costs for the 1H ended 30 September 2008 and 30 September 2007 represent interest expense on loans and amortised costs of establishing debt facilities (including the Medium Term Note issues). Borrowing costs also include the fair value/accretion adjustments for deferred payments and refundable security deposits (1H FY08/09 – charge of \$0.9 million, 1H FY07/08 – charge of \$0.4 million) and the change in the fair value of the \$127.5 million interest rate cap (1H FY08/09 – Nil, 1H FY07/08 – charge of \$0.3 million).
- (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.
- (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 since 1 October 2004.
- (f) 88 properties in 1H FY08/09 vs 78 properties in 1H FY07/08.

1(a)(ii) Income statement (2Q FY 08/09 vs 2Q FY07/08)

	Actual 01/07/08 to 30/09/08 (Note e) S\$'000	Actual 01/07/07 to 30/09/07 (Note e) S\$'000	Increase / (Decrease) %
Gross revenue	97,330	80,238	21%
Property services fees	(2,878)	(2,299)	25%
Property tax	(5,988)	(4,420)	35%
Other property operating expenses	(15,848)	(13,374)	18%
Property operating expenses	(24,714)	(20,093)	23%
Net property income	72,616	60,145	21%
Interest income	11	41	(73%)
Manager's fee (Note a)	(5,749)	(4,212)	36%
Trust expenses	(785)	(558)	41%
Borrowing costs (Note b)	(14,999)	(10,635)	41%
Non property expenses	(21,522)	(15,364)	40%
Net income / Total return for the period	51,094	44,781	14%
Non tax deductible expenses (Note c)	2,258	1,673	35%
Income available for distribution (Note d)	53,352	46,454	15%

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

	Actual 01/07/08 to 30/09/08 (Note e) S\$'000	Actual 01/07/07 to 30/09/07 (Note e) S\$'000
Gross rental income	89,311	72,861
Other income	8,019	7,377
Writeback of doubtful receivables, net	7	2
Depreciation of plant and equipment	(275)	(275)

Footnote

- (a) The payment of the base management fee on properties acquired before October 2004 is in the proportion 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. At A-REIT's Unitholders' Meeting held on 28 June 2007, A-REIT's unitholders approved an extraordinary resolution supplementing the Trust Deed to allow the Manager to elect from time to time to receive both its base management fee and performance fee wholly in units or wholly in cash or in any combination of both with effect from 19 November 2007. With effect from

19 November 2007, the Manager has elected to receive 20% of the base management fee in units and 80% in cash for all properties.

- (b) Borrowing costs for the second quarter ended 30 September 2008 and 30 September 2007 represent interest expense on loans and amortised costs of establishing debt facilities (including the Medium Term Note issues). Borrowing costs also include the fair value/accretion adjustments for deferred payments and refundable security deposits (2Q FY08/09 – charge of \$0.4 million, 2Q FY07/08 – charge of \$0.1 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.
- (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 since 1 October 2004.
- (e) 88 properties in the second quarter ended 30 September 2008 vs 78 properties in the second quarter ended 30 September 2007.

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

	Actual 30/09/08 S\$'000	Actual 31/03/08 S\$'000
Assets		
Investment properties	4,481,674	4,085,605
Properties under development	57,524	88,007
Plant and equipment	5,563	6,113
Trade and other receivables	12,724	13,976
Deposits, prepayments and other assets	7,414	6,025
Cash	7,288	5,425
Total assets	4,572,187	4,205,151
Liabilities		
Trade and other payables	223,686	166,493
Deferred payments	26,431	40,839
Borrowings (net of transaction costs)	1,864,344	1,559,860
Total liabilities (excluding net assets attributable to unitholders)	2,114,461	1,767,192
Net assets attributable to unitholders	2,457,726	2,437,959

	Actual 30/09/08 S\$'000	Actual 31/03/08 S\$'000
Gross Borrowings		
Secured borrowings		
Amount repayable after one year	744,965	1,044,965
Amount repayable within one year	300,000	-
Unsecured borrowings		
Amount repayable after one year	300,000	279,000
Amount repayable within one year (note a)	521,480	238,400
	1,866,445	1,562,365

Footnote

(a) Relates to borrowings under revolving credit facilities.

Details of borrowings & collateral

Three term loans of \$300 million, \$350 million and \$395 million ("Medium Term Notes") were granted by a special purpose company, Emerald Assets Limited ("Emerald Assets"). As securities for the credit facilities granted by Emerald Assets, the Trustee has granted in favour of Emerald Assets the following:

- (i) a mortgage over the first 73 properties in the A-REIT portfolio.
- (ii) an assignment and charge of the rental proceeds and tenancy agreements of the above mentioned properties.
- (iii) an assignment of the insurance policies relating to the above mentioned properties.

- (iv) a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

In addition, A-REIT has in place various bilateral banking credit facilities totalling \$920 million. On 2 October 2008, a further \$200 million credit facility was obtained.

Interest rate swaps of \$1,430.7 million (76.7% of total debt) are in place to provide fixed rate funding for terms of 1 to 7 years at an average interest rate (All-in) of 3.56%. The \$1,430.7 million of debt fixed through swaps has a weighted average term remaining of 3.9 years. The fair value of the swaps which is included in other assets and other payables are \$0.5 million and \$25.8 million respectively as at 30 September 2008. A-REIT's overall weighted average funding cost as at 30 September 2008 was 3.25% (including margins charged on the loans and amortised annual costs of the Medium Term Notes).

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 08/09 vs 1H FY07/08)

	Actual 01/04/08 to 30/09/08 S\$'000	Actual 01/04/07 to 30/09/07 S\$'000
Operating activities		
Net income	100,648	87,508
<u>Adjustment for</u>		
Interest income	(14)	(77)
Writeback of doubtful receivables, net	(231)	(53)
Borrowing costs	27,823	21,271
Fund manager's fee paid/payable in units	2,230	1,748
Depreciation of plant and equipment	550	550
Operating income before working capital changes	131,006	110,947
<u>Changes in working capital</u>		
Trade and other receivables	509	(2,141)
Trade and other payables	(14,860)	(4,113)
	(14,351)	(6,254)
Cash flows from operating activities	116,655	104,693
Investing activities		
Purchase of investment properties (including acquisition costs)	(194,240)	(10,906)
Properties under development	(79,857)	(28,394)
Payment for capital improvement projects	(3,650)	(9,154)
Payment of deferred settlements	(15,149)	(500)
Deposits paid for purchase of investment properties	-	(132)
Cash flows from investing activities	(292,896)	(49,086)
Financing activities		
Distributions paid to unitholders	(100,635)	(87,412)
Borrowing costs paid	(25,355)	(21,612)
Interest received	14	77
Proceeds from borrowings	347,080	690,100
Repayment of borrowings	(43,000)	(636,100)
Cash flows from financing activities	178,104	(54,947)
Net increase in cash and cash equivalents	1,863	660
Cash and cash equivalents at beginning of the period	5,425	4,809
Cash and cash equivalents at end of the period	7,288	5,469

1 (c)(ii) Cash flow statement (2Q FY 08/09 vs 2Q FY 07/08)

	Actual 01/07/08 to 30/09/08 S\$'000	Actual 01/07/07 to 30/09/07 S\$'000
Operating activities		
Net income	51,094	44,781
<u>Adjustment for</u>		
Interest income	(11)	(41)
Writeback of doubtful receivables, net	(7)	(2)
Borrowing costs	14,999	10,635
Fund manager's fee paid/payable in units	1,149	880
Depreciation of plant and equipment	275	275
Operating income before working capital changes	67,499	56,528
<u>Changes in working capital</u>		
Trade and other receivables	1,700	(1,215)
Trade and other payables	(16,158)	9,102
	(14,458)	7,887
Cash flows from operating activities	53,041	64,415
Investing activities		
Purchase of investment properties (including acquisition costs)	-	(50)
Properties under development	(37,835)	(25,604)
Payment for capital improvement projects	(2,327)	(5,227)
Payment of deferred settlements	(12,804)	(500)
Deposits paid for purchase of investment properties	-	(67)
Cash flows from investing activities	(52,966)	(31,448)
Financing activities		
Distributions paid to unitholders	(51,722)	(44,646)
Borrowing costs paid	(13,344)	(11,757)
Interest received	11	41
Proceeds from borrowings	70,080	159,400
Repayment of borrowings	(4,000)	(136,400)
Cash flows from financing activities	1,025	(33,362)
Net increase/ (decrease) in cash and cash equivalents	1,100	(395)
Cash and cash equivalents at beginning of the period	6,188	5,864
Cash and cash equivalents at end of the period	7,288	5,469

1 (d)(i) Net assets attributable to unitholders (1H FY 08/09 vs 1H FY 07/08)

	Actual 01/04/08 to 30/09/08 S\$'000	Actual 01/04/07 to 30/09/07 S\$'000
Balance at beginning of the period	2,437,959	1,969,965
Operations		
Net income	100,648	87,508
Net increase in net assets resulting from operations	100,648	87,508
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge (Note a)	9,493	(11,171)
Unitholders' transactions		
Performance fees paid in units	8,388	6,614
Management fees paid in units	1,873	1,705
Distributions to unitholders	(100,635)	(87,412)
Net decrease in net assets resulting from Unitholders' transactions	(90,374)	(79,093)
Balance at end of the period	2,457,726	1,967,209

Footnote

(a) In 1H FY07/08, expectation of interest rates at the end of the period was lower than those at the beginning of the period. Hence the aggregate fair values of the interest rate swap registered an unfavourable change as compared to the beginning of the period.

In 1H FY08/09, expectation of interest rates at the end of the period moved up relative to those at the beginning of the period. As a result, there was a favourable change in the fair values of the interest rate swap.

Net Assets attributable to unitholders (2Q FY08/09 vs 2Q FY07/08)

	Actual 01/07/08 to 30/09/08 S\$'000	Actual 01/07/07 to 30/09/07 S\$'000
Balance at beginning of period	2,506,217	1,976,805
Operations		
Net income	51,094	44,781
Net increase in net assets resulting from operations	51,094	44,781
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge (Note a)	(47,863)	(9,731)
Unitholders' transactions		
Distributions to unitholders	(51,722)	(44,646)
Net decrease in net assets resulting from Unitholders' transactions	(51,722)	(44,646)
Balance at end of period	2,457,726	1,967,209

Footnote

(a) In 2Q FY07/08, expectation of interest rates at the end of the period was lower than those at the beginning of the period. Hence the aggregate fair values of the interest rate swap registered an unfavourable change as compared to the beginning of the period.

In 2Q FY08/09, expectation of interest rates at the end of the period moved down significantly relative to those at the beginning of the period. As a result, there was an unfavourable change in the fair values of the interest rate swap.

1 (d)(ii) Details of any changes in the units (1H FY 08/09 vs 1H FY 07/08)

	Actual 01/04/08 to 30/09/08 Units	Actual 01/04/07 to 30/09/07 Units
Balance at beginning of the period	1,325,560,491	1,321,635,324
Issue of new units:		
- Performance fees paid in units	3,223,302	2,555,311
- Management fees paid in units	834,647	615,513
Balance at end of the period	1,329,618,440	1,324,806,148

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 preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2008.

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 FY08/09 compared to 1Q FY08/09

	Actual 2Q FY08/09 01/07/08 to 30/09/08	Actual 1Q FY08/09 01/04/08 to 30/06/08
Number of units on issue at end of period	1,329,618,440	1,329,618,440
Weighted average number of units for calculation of EPU	1,329,618,440	1,327,209,462
Applicable number of units for calculation of DPU	1,329,618,440	1,329,618,440
Earnings per unit in cents (EPU) (Note a)	3.85	3.73
Distribution per unit in cents (DPU) (Note b)	4.01	3.89

6.2 EPU/DPU for 2Q FY08/09 compared to 2Q FY07/08

	Actual 2Q FY08/09 01/07/08 to 30/09/08	Actual 2Q FY07/08 01/07/07 to 30/09/07
Number of units on issue at end of period	1,329,618,440	1,324,806,148
Weighted average number of units for calculation of EPU	1,329,618,440	1,324,806,148
Applicable number of units for calculation of DPU	1,329,618,440	1,324,806,148
Earnings per unit in cents (EPU) (Note a)	3.85	3.38
Distribution per unit in cents (DPU) (Note b)	4.01	3.51

6.3 EPU/DPU for 1H FY08/09 compared to 1H FY07/08

	Actual 01/04/08 to 30/09/08	Actual 01/04/07 to 30/09/07
Number of units on issue at end period	1,329,618,440	1,324,806,148
Weighted average number of units for calculation of EPU	1,328,420,534	1,324,080,151
Applicable number of units for calculation of DPU	1,329,618,440	1,324,806,148
Earnings per unit in cents (EPU) - (Note a)	7.58	6.61
Distribution per unit in cents (DPU) - (Note b)	7.90	6.88

- (a) The EPU has been calculated using total return for the period and the weighted average number of units on issue during the period.
- (b) The DPU has been calculated using income available for distribution and the applicable number of units, which is either the number of units on issue at the end of each period, or the applicable number of units on issue during the period.

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

	Actual 30/09/08 cents	Actual 31/03/08 cents
Net asset value per unit	185	184
Adjusted net asset value per unit (Note a)	181	180

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 adjusted net asset value per unit excludes the undistributed income for the relevant period prior to the balance sheet date.

8. Review of the performance
Income statement (2Q FY08/09 vs 2Q FY07/08)

	Actual 2Q FY08/09 01/07/08 to 30/09/08 S\$'000	Actual 2Q FY07/08 01/07/07 to 30/09/07 S\$'000	Increase / (Decrease) %
Gross revenue	97,330	80,238	21%
Property operating expenses	(24,714)	(20,093)	23%
Net property income	72,616	60,145	21%
Non property expenses	(6,534)	(4,770)	37%
Net borrowing costs	(14,988)	(10,594)	41%
	(21,522)	(15,364)	40%
Net income / Total return for the period	51,094	44,781	14%
Non tax deductible expenses	2,258	1,673	35%
Income available for distribution (Note a)	53,352	46,454	15%
Earnings per unit (cents)	3.85	3.38	14%
Distribution per unit (cents)	4.01	3.51	14%

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 since 1 October 2004.

Review of Performance 2Q FY 08/09 vs 2Q FY 07/08

Gross revenue increased by 21% mainly due to additional rental income from the following completed acquisitions and development projects:

Goldin Logistics Hub	in December 2007
HansaPoint@CBP	TOP obtained in January 2008
SenKee Logistics Hub Phase 2	in Feb 2008
Acer Building	in March 2008
Sim Siang Choon Building	in March 2008
Science Hub & Rutherford	in March 2008
CGG Veritas Hub	in March 2008
8 Loyang Way 1 (SKP)	in May 2008
31 International Business Park (Creative)	in June 2008
15 Changi North Way	TOP obtained in July 2008*
Pioneer Hub	TOP obtained in August 2008

* Lease will commence in Q3 FY08/09

Property expenses increased by 23% due to the increased number of properties in the portfolio, rising utilities cost due to high energy prices and increase in property tax.

Non-property expenses increased mainly due to higher management fees as a result of increased assets under management.

Net borrowing costs increased by 41% due to additional debt drawn down to fund the new acquisitions. If fair value/accretion adjustments are excluded, adjusted net borrowing costs would have been approximately \$14.6 million, an increase of 39% on adjusted net borrowing costs of \$10.5 million in 2Q FY07/08.

Net income and income available for distribution were 14% and 15% above the comparable period last year respectively, mainly due to additional income from the new properties acquired after the comparative period

Non-tax deductible expenses increased mainly due to higher management fee payable in units and fair value/accretion adjustments required under FRS39.

Income statement (2Q FY08/09 vs 1Q FY08/09)

	Actual 2Q FY08/09 01/07/08 to 30/09/08 S\$'000	Actual 1Q FY08/09 01/04/08 to 30/06/08 S\$'000	Increase / (Decrease) %
Gross revenue	97,330	92,537	5%
Property operating expenses	(24,714)	(22,837)	8%
Net property income	72,616	69,700	4%
Non property expenses	(6,534)	(7,325)	(11%)
Net borrowing costs	(14,988)	(12,821)	17%
	(21,522)	(20,146)	7%
Net income / Total return for the period	51,094	49,554	3%
Non tax deductible expenses	2,258	2,229	1%
Income available for distribution (Note a)	53,352	51,783	3%
Earnings per unit (cents)	3.85	3.73	3%
Distribution per unit (cents)	4.01	3.89	3%

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 since 1 October 2004.

Review of Performance 2Q FY08/09 vs 1Q FY08/09

Gross revenue increased by 5% mainly due to additional rental income from the completed acquisitions of 8 Loyang Way 1 (SKP) in May 2008, 31 International Business Park (Creative) in June 2008 and completion of development at Pioneer Hub in August 2008. TOP was obtained for 15 Changi North Way in July 2008, and the lease will commence in 3Q FY08/09.

Property expenses increased by 8% due to the increased number of properties in the portfolio, rising utilities cost due to high energy prices and increase in property tax.

Non-property expenses decreased by 11% mainly due to an impairment provision of business development expenses made in 1Q FY08/09 which was written back in 2Q FY08/09, partially offset by a write down of fit-out cost that may not be recoverable.

Net borrowing costs increased by 17% due to additional debt drawn down to fund the new acquisitions. If fair value/accretion adjustments are excluded, adjusted net borrowing costs would have been approximately \$14.6 million, an increase of 18% on adjusted net borrowing costs of \$12.4 million in 1Q FY08/09.

Net income and income available for distribution were 3% higher mainly due to the full quarter income contribution from the new properties acquired towards the end of 1Q FY08/09

Non-tax deductible expenses increased mainly due to higher management fee payable in units and fair value/accretion adjustments required under FRS39.

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.

The Advance GDP Estimates for 3Q 2008 released by The Ministry of Trade and Industry (“MTI”), reflected a slowdown in the pace of growth of the Singapore economy. GDP declined by 0.5% year-on-year. Real GDP declined by 6.3 per cent based on annualized quarter-on-quarter basis, following a 5.7 per cent decline in the previous quarter. The manufacturing sector is estimated to experience a contraction of 11.5%, mainly weighed down by negative growth in the pharmaceutical sector. The precision engineering and chemical clusters have also registered slow growth due to weaker external demand. However, the service sector continued to show credible growth of 6.1%

MTI revised estimated GDP growth for 2008 downward from 4-5% to around 3.0% due to expected weaker external demand and uncertainty in the financial markets.

On the property side, overall industrial property prices and rental rates (represented by the URA price and rental indices respectively) continued to rise in 2Q08, by 4.11% and 2.32% respectively. According to URA’s statistics released in August 2008, occupancy rates improved slightly across all industrial property types. Notable increase in average occupancy rate was seen in Business & Science Park, where it rose to 89.7% in 2Q08 from 88.0% in 1Q08. Warehouse space occupancy rates improved slightly from 91.6% in 1Q08 to 92.0% in 2Q08. Occupancy rates also improved slightly across all sectors with a marginal increase of 0.5% to 90.4% for factory space.

Outlook for the financial year ending 31 March 2009

The outlook will, to a large extent, be determined by the severity of the impact of the potential global recession on the Singapore economy. Barring any further deterioration in the external economic environment, the Manager believes that A-REIT is well-positioned to deliver a DPU for the current financial year that is in line with its recent performance for the following reasons:

- 77% of outstanding loan has been hedged to fixed rate with a weighted average cost of debt of 3.25%. Only the remaining 23% of outstanding loans will be subject to fluctuations in interest rates.
- A relatively long average lease expiry of 5.5 years and only about 4% of income is due for renewal in the balance of this financial year.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution :	20th distribution for the period 1 July 2008 to 30 September 2008
Distribution Type :	Income
Distribution Rate :	4.01 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 the respective 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 :	30 October 2008
Date payable :	28 November 2008

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding 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 the respective 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 paid :	29 November 2007

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 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 Funds Management (S) Limited

Maria Theresa Belmonte
Assistant Company Secretary
17 October 2008



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

The Board of Directors
Ascendas Funds Management (S) Limited
(in its capacity as Manager of
Ascendas Real Estate Investment Trust)
61 Science Park Road
#02-18 The Galen
Singapore Science Park III
Singapore 117525

Attention: Mr Tan Ser Ping

17 October 2008

Dear Sirs

**Ascendas Real Estate Investment Trust (“A-REIT”)
Review of Interim Financial Information for the period ended 30 September 2008**

Introduction

We have reviewed the accompanying Interim Financial Information of Ascendas Real Estate Investment Trust (“A-REIT”) for the period ended 30 September 2008.

The Interim Financial Information comprises the balance sheet and investment properties portfolio statement as at 30 September 2008, the statement of total return and cash flow statement of A-REIT for the period then ended and a summary of significant accounting policies and other explanatory notes (herein defined as “Interim Financial Information”).

Ascendas Funds Management (S) Limited, the Manager of A-REIT, is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) *7 Reporting Framework for Unit Trusts* relevant to interim financial information. Our responsibility is to express a conclusion on this 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 provisions of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Certified Public Accountants of Singapore.

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 unitholders, 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 LLP
*Public Accountants and
Certified Public Accountants*
Singapore