



A-REIT FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 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 NINE MONTHS ENDED 31 DECEMBER 2008

	Actual 01/04/08 to 31/12/08 S\$'000	Actual 01/04/07 to 31/12/07 S\$'000	Increase / (Decrease) %
Gross revenue	292,210	237,806	22.9%
Net property income	216,511	179,533	20.6%
Net income available for distribution	159,111	138,297	15.1%
	Cents per Unit		
Distribution per Unit ("DPU")	FY 08/09	FY 07/08	Increase / (Decrease) %
For the quarter from 1 October to 31 December	4.05	3.56	13.8%
For the nine months from 1 April to 31 December	11.95	10.44	14.5%
Annualised, before performance fees (based on nine months results to Dec '08)	15.93	13.92	14.4%

DISTRIBUTION DETAILS

Class of Units	Ascendas-REIT main stock
Distribution period	1 Oct 2008 to 31 Dec 2008
Distribution Type	Income
Distribution amount	4.05 cents per unit
Book closure date	23 January 2009
Payment date	27 February 2009

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

	Actual 01/04/08 to 31/12/08 (Note f) S\$'000	Actual 01/04/07 to 31/12/07 (Note f) S\$'000	Increase / (Decrease) %
Gross revenue	292,210	237,806	23%
Property services fees	(8,791)	(6,928)	27%
Property tax	(19,860)	(13,917)	43%
Other property operating expenses	(47,048)	(37,428)	26%
Property operating expenses	(75,699)	(58,273)	30%
Net property income	216,511	179,533	21%
Interest income	26	112	(77%)
Manager's fee (Note a)	(16,936)	(12,615)	34%
Trust expenses (Note b)	(3,153)	(1,704)	85%
Borrowing costs (Note c)	(43,817)	(32,277)	36%
Non property expenses	(63,880)	(46,484)	37%
Net income / Total return for the period	152,631	133,049	15%
Non-tax deductible expenses (Note d)	6,480	5,248	23%
Income available for distribution (Note e)	159,111	138,297	15%

1(a)(i) Income statement (3Q YTD FY 08/09 vs 3Q YTD FY07/08)

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

	Actual 01/04/08 to 31/12/08 (Note f) S\$'000	Actual 01/04/07 to 31/12/07 (Note f) S\$'000
Gross rental income	267,248	218,394
Other income	24,962	19,412
Writeback of doubtful receivables, net	220	50
Depreciation of plant and equipment	(825)	(825)

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 3Q YTD FY08/09 included a write down of fit-out cost that may not be recoverable.
- (c) Borrowing costs for the 3Q YTD ended 31 December 2008 and 31 December 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 (3Q YTD FY08/09 – charge of \$0.9 million, 3Q YTD FY07/08 – charge of \$0.6 million) and the change in the fair value of the \$127.5 million interest rate cap (3Q YTD FY08/09 – Nil, 3Q YTD 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 as at 31 December 2008 vs 79 properties as at 31 December 2007.

1(a)(ii) Income statement (3Q FY 08/09 vs 3Q FY07/08)

	Actual 01/10/08 to 31/12/08 (Note e) S\$'000	Actual 01/10/07 to 31/12/07 (Note e) S\$'000	Increase / (Decrease) %
Gross revenue	102,343	80,225	28%
Property services fees	(3,115)	(2,412)	29%
Property tax	(8,703)	(4,953)	76%
Other property operating expenses	(16,330)	(11,502)	42%
Property operating expenses	(28,148)	(18,867)	49%
Net property income	74,195	61,358	21%
Interest income	12	35	(66%)
Manager's fee (Note a)	(5,783)	(4,265)	36%
Trust expenses	(447)	(581)	(23%)
Borrowing costs (Note b)	(15,994)	(11,006)	45%
Non property expenses	(22,212)	(15,817)	40%
Net income / Total return for the period	51,983	45,541	14%
Non tax deductible expenses (Note c)	1,993	1,617	23%
Income available for distribution (Note d)	53,976	47,158	14%

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

	Actual 01/10/08 to 31/12/08 (Note e) S\$'000	Actual 01/10/07 to 31/12/07 (Note e) S\$'000
Gross rental income	93,172	74,064
Other income	9,171	6,161
Allowance for doubtful receivables, net	(11)	(3)
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 third quarter ended 31 December 2008 and 31 December 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 (3Q FY08/09 – charge of \$0.1 million, 3Q FY07/08 – charge of \$0.2 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 as at 31 December 2008 vs 79 properties as at 31 December 2007.

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

	Actual 31/12/08 S\$'000	Actual 31/03/08 S\$'000
Assets		
Investment properties	4,482,114	4,085,605
Properties under development	92,756	88,007
Plant and equipment	5,288	6,113
Trade and other receivables	17,715	13,976
Deposits, prepayments and other assets	7,706	6,025
Cash and cash equivalents	4,680	5,425
Total assets	4,610,259	4,205,151
Liabilities		
Trade and other payables	252,389	166,493
Deferred payments	26,620	40,839
Borrowings (net of transaction costs)	1,913,465	1,559,860
Total liabilities (excluding net assets attributable to unitholders)	2,192,474	1,767,192
Net assets attributable to unitholders	2,417,785	2,437,959
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	432,400	279,000
Amount repayable within one year (note a)	438,080	238,400
	1,915,445	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 amounting to \$1,120 million in total.

Interest rate swaps of \$1,430.7 million (74.7% of total debt) are in place to provide fixed interest rate for terms of 1 to 7 years at an average interest rate (all-in) of 3.58%. The \$1,430.7 million of debt fixed through swaps has a weighted average remaining term of 3.7 years. The fair value of the swaps which is included in other payables is \$67.1 million as at 31 December 2008. A-REIT's overall weighted average funding cost as at 31 December 2008 was 3.46% (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 (3Q YTD FY 08/09 vs 3Q YTD FY 07/08)

	Actual 01/04/08 to 31/12/08 S\$'000	Actual 01/04/07 to 31/12/07 S\$'000
Operating activities		
Net income	152,631	133,049
<u>Adjustment for</u>		
Interest income	(26)	(112)
Writeback of doubtful receivables, net	(220)	(50)
Borrowing costs	43,817	32,277
Fund manager's fee paid/payable in units	3,387	2,620
Depreciation of plant and equipment	825	825
Operating income before working capital changes	200,414	168,609
<u>Changes in working capital</u>		
Trade and other receivables	(5,250)	(2,743)
Trade and other payables	(15,672)	1,608
	(20,922)	(1,135)
Cash flows from operating activities	179,492	167,474
Investing activities		
Purchase of investment properties (including acquisition costs)	(194,240)	(28,750)
Properties under development	(125,872)	(51,036)
Payment for capital improvement projects	(4,205)	(10,929)
Payment of deferred settlements	(15,149)	(9,129)
Deposits paid for purchase of investment properties	-	(248)
Cash flows from investing activities	(339,466)	(100,092)
Financing activities		
Distributions paid to unitholders	(153,953)	(133,913)
Borrowing costs paid	(39,924)	(32,120)
Interest received	26	112
Proceeds from borrowings	479,480	793,100
Repayment of borrowings	(126,400)	(693,100)
Cash flows from financing activities	159,229	(65,921)
Net (decrease)/increase in cash and cash equivalents	(745)	1,461
Cash and cash equivalents at beginning of the period	5,425	4,809
Cash and cash equivalents at end of the period	4,680	6,270

1 (c)(ii) Cash flow statement (3Q FY 08/09 vs 3Q FY 07/08)

	Actual 01/10/08 to 31/12/08 S\$'000	Actual 01/10/07 to 31/12/07 S\$'000
Operating activities		
Net income	51,983	45,541
Adjustment for		
Interest income	(12)	(35)
Allowance for doubtful receivables, net	11	3
Borrowing costs	15,994	11,006
Fund manager's fee paid/payable in units	1,157	872
Depreciation of plant and equipment	275	275
Operating income before working capital changes	69,408	57,662
Changes in working capital		
Trade and other receivables	(5,759)	(602)
Trade and other payables	(812)	5,721
	(6,571)	5,119
Cash flows from operating activities	62,837	62,781
Investing activities		
Purchase of investment properties (including acquisition costs)	-	(17,844)
Properties under development	(46,015)	(22,642)
Payment for capital improvement projects	(555)	(1,775)
Payment of deferred settlements	-	(8,629)
Deposits paid for purchase of investment properties	-	(116)
Cash flows from investing activities	(46,570)	(51,006)
Financing activities		
Distributions paid to unitholders	(53,318)	(46,501)
Borrowing costs paid	(14,569)	(10,508)
Interest received	12	35
Proceeds from borrowings	132,400	103,000
Repayment of borrowings	(83,400)	(57,000)
Cash flows from financing activities	(18,875)	(10,974)
Net (decrease)/increase in cash and cash equivalents	(2,608)	801
Cash and cash equivalents at beginning of the period	7,288	5,469
Cash and cash equivalents at end of the period	4,680	6,270

1 (d)(i) Net assets attributable to unitholders 3Q YTD FY 08/09 vs 3Q YTD FY 07/08)

	Actual 01/04/08 to 31/12/08 S\$'000	Actual 01/04/07 to 31/12/07 S\$'000
Balance at beginning of the period	2,437,959	1,969,965
Operations		
Net income	152,631	133,049
Net increase in net assets resulting from operations	152,631	133,049
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge (Note a)	(32,296)	(8,773)
Unitholders' transactions		
Acquisition fees (IPT acquisition) paid in units	698	-
Performance fees paid in units	8,388	6,614
Management fees paid in units	4,162	3,466
Equity issue costs	196	-
Distributions to unitholders	(153,953)	(133,913)
Net decrease in net assets resulting from Unitholders' transactions	(140,509)	(123,833)
Balance at end of the period	2,417,785	1,970,408

Footnote

- (a) In 3Q YTD 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.

Likewise in 3Q YTD FY08/09, expectation of interest rates at the end of the period was much lower than those at the beginning of the period. As a result, there was an unfavourable change in the aggregate fair values of the interest rate swap.

Net Assets attributable to unitholders (3Q FY08/09 vs 3Q FY07/08)

	Actual 01/10/08 to 31/12/08 S\$'000	Actual 01/10/07 to 31/12/07 S\$'000
Balance at beginning of period	2,457,726	1,967,209
Operations		
Net income	51,983	45,541
Net increase in net assets resulting from operations	51,983	45,541
Hedging transactions		
Changes in fair value included in hedging reserve - effective hedge (Note a)	(41,789)	2,398
Unitholders' transactions		
Acquisition fees (IPT acquisition) paid in units	698	-
Management fees paid in units	2,289	1,761
Equity issue costs	196	-
Distributions to unitholders	(53,318)	(46,501)
Net decrease in net assets resulting from Unitholders' transactions	(50,135)	(44,740)
Balance at end of period	2,417,785	1,970,408

Footnote

(a) In 3Q FY07/08, expectation of interest rates at the end of the period was higher than those at the beginning of the period. Hence the aggregate fair values of the interest rate swap registered a favourable change as compared to the beginning of the period.

In 3Q 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 (3Q YTD FY 08/09 vs 3Q YTD FY 07/08)

	Actual 01/04/08 to 31/12/08 Units	Actual 01/04/07 to 31/12/07 Units
Balance at beginning of the period	1,325,560,491	1,321,635,324
Issue of new units:		
- Acquisition fees (IPT acquisition) paid in units	273,382	-
- Performance fees paid in units	3,223,302	2,555,311
- Management fees paid in units	2,705,838	1,369,856
Balance at end of the period	1,331,763,013	1,325,560,491

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 3Q FY08/09 compared to 2Q FY08/09

	Actual 3Q FY08/09 01/10/08 to 31/12/08	Actual 2Q FY08/09 01/07/08 to 30/09/08
Number of units on issue at end of period	1,331,763,013	1,329,618,440
Weighted average number of units for calculation of EPU	1,329,991,409	1,329,618,440
Applicable number of units for calculation of DPU	1,331,763,013	1,329,618,440
Earnings per unit in cents (EPU) (Note a)	3.91	3.85
Distribution per unit in cents (DPU) (Note b)	4.05	4.01

6.2 EPU/DPU for 3Q FY08/09 compared to 3Q FY07/08

	Actual 3Q FY08/09 01/10/08 to 31/12/08	Actual 3Q FY07/08 01/10/07 to 31/12/07
Number of units on issue at end of period	1,331,763,013	1,325,560,491
Weighted average number of units for calculation of EPU	1,329,991,409	1,324,961,936
Applicable number of units for calculation of DPU	1,331,763,013	1,325,560,491
Earnings per unit in cents (EPU) (Note a)	3.91	3.44
Distribution per unit in cents (DPU) (Note b)	4.05	3.56

6.3 EPU/DPU for 3Q YTD FY08/09 compared to 3Q YTD FY07/08

	Actual 01/04/08 to 31/12/08	Actual 01/04/07 to 31/12/07
Number of units on issue at end period	1,331,763,013	1,325,560,491
Weighted average number of units for calculation of EPU	1,328,946,063	1,324,375,148
Applicable number of units for calculation of DPU	1,330,335,897	1,325,058,510
Earnings per unit in cents (EPU) - (Note a)	11.49	10.04
Distribution per unit in cents (DPU) - (Note b)	11.95	10.44

- (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 31/12/08 cents	Actual 31/03/08 cents
Net asset value per unit	182	184
Adjusted net asset value per unit (Note a)	177	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 (3Q FY08/09 vs 3Q FY07/08)

	Actual 3Q FY08/09 01/10/08 to 31/12/08 S\$'000	Actual 3Q FY07/08 01/10/07 to 31/12/07 S\$'000	Increase / (Decrease) %
Gross revenue	102,343	80,225	28%
Property operating expenses	(28,148)	(18,867)	49%
Net property income	74,195	61,358	21%
Non property expenses	(6,230)	(4,846)	29%
Net borrowing costs	(15,982)	(10,971)	46%
	(22,212)	(15,817)	40%
Net income / Total return for the period	51,983	45,541	14%
Non tax deductible expenses	1,993	1,617	23%
Income available for distribution (Note a)	53,976	47,158	14%
Earnings per unit (cents)	3.91	3.44	14%
Distribution per unit (cents)	4.05	3.56	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 3Q FY 08/09 vs 3Q FY 07/08

Gross revenue increased by 28% mainly due to additional rental income from the following completed acquisitions and development projects:

Goldin Logistics Hub	in December 2007
HansaPoint@CBP	in January 2008
SenKee Logistics Hub Phase 2	in February 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 Resource)	in June 2008
Pioneer Hub	in August 2008
15 Changi North Way	in September 2008

Property expenses increased by 49% due to the increased number of properties in the portfolio, rising utilities costs due to high energy prices and increase in property taxes due to upward revision in annual values of properties.

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

Net borrowing costs increased by 46% due to additional debt drawn down to fund the acquisitions and committed development project cost. If fair value/accretion adjustments are excluded, adjusted net borrowing costs would have been approximately \$15.9 million, an increase of 49% on adjusted net borrowing costs of \$10.7 million in 3Q FY07/08.

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

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

Income statement (3Q FY08/09 vs 2Q FY08/09)

	Actual 3Q FY08/09 01/10/08 to 31/12/08 S\$'000	Actual 2Q FY08/09 01/07/08 to 30/09/08 S\$'000	Increase / (Decrease) %
Gross revenue	102,343	97,330	5%
Property operating expenses	(28,148)	(24,714)	14%
Net property income	74,195	72,616	2%
Non property expenses	(6,230)	(6,534)	(5%)
Net borrowing costs	(15,982)	(14,988)	7%
	(22,212)	(21,522)	3%
Net income / Total return for the period	51,983	51,094	2%
Non tax deductible expenses	1,993	2,258	(12%)
Income available for distribution (Note a)	53,976	53,352	1%
Earnings per unit (cents)	3.91	3.85	2%
Distribution per unit (cents)	4.05	4.01	1%

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 3Q FY 08/09 vs 2Q FY 08/09

Gross revenue increased by 5% mainly due to additional rental income from the completion of the development project, Pioneer Hub in August 2008. TOP was obtained for 15 Changi North Way in July 2008, and the lease commenced in September 2008.

Property expenses increased by 14% due to the increased number of properties in the portfolio, rising utilities costs due to high energy prices and increase in property taxes due to upward revision in annual values of properties.

Net borrowing costs increased by 7% due to additional debt drawn down to fund committed development project cost. If fair value/accretion adjustments are excluded, adjusted net borrowing costs would have been approximately \$15.9 million, an increase of 9% on adjusted net borrowing costs of \$14.6 million in 2Q FY08/09.

Net income and income available for distribution were 2% and 1% higher mainly due to the full quarter income contribution from the properties developed and leased commencing in September 2008.

Non-tax deductible expenses are lower mainly due to lower fair value/accretion adjustments in 3Q FY 08/09.

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 4Q08 released by The Ministry of Trade and Industry ("MTI"), reflected a contraction in the Singapore economy. GDP declined by 2.6% year-on-year in real terms.

The manufacturing sector experienced a contraction of 9.0%, mainly due to a significant decline in the output from the electronics and precision engineering segments as a result of the continued weak global demand for electronics products. In contrast, the services sector continued to register growth, though slower than the previous quarter, of 1.1% in the fourth quarter. The construction sector has also seen a slower rate of growth of 13.3%, mainly weighed down by a contraction in industrial building activity.

For 2008 as a whole, MTI estimated GDP growth to be 1.5%, compared with 7.7% in 2007. The manufacturing sector is estimated to have contracted by 3.7% in 2008, down from an expansion of 5.8 per cent in 2007. The services producing industries and construction sector are also expected to register slower growth rates at 5.3% and 17.3% respectively in 2008.

MTI revised estimated GDP growth for 2009 to be between -2.0% to 1.0%.

As for the property sector, overall industrial property prices and rental rates (represented by the URA price and rental indices respectively) continued to register positive growth in 3Q08, by 0.88% and 0.09% respectively. According to URA's statistics released in November 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 93.7% in 3Q08 from 89.7% in 2Q08. Warehouse space occupancy rates improved slightly from 92.0% in 2Q08 to 92.80% in 3Q08. Occupancy rates also improved slightly across all industrial property types with a marginal increase of 0.3% to 93.4% for factory space.

According to CBRE, all industrial space has registered a small increase in average rents in 3Q08 compared with 2Q08. However, according to DTZ, rents for private conventional industrial space declined in 4Q08 for the first time since 3Q03. Rents for first-storey and upper-storey private industrial space dipped 2.1% and 2.4% respectively q-on-q to \$2.30 and \$2.00 psf per month respectively. Rents for hi-tech industrial property slid 4.4% q-on-q to \$4.30 psf per month.

Outlook for the financial year ending 31 March 2009

As at 31 December 2008, about 85% of A-REIT's portfolio revenue is committed for the next financial year and the weighted average lease to expiry is approximately 5.3 years. Barring any significant deterioration in market conditions, the Net Property Income outlook for A-REIT for the balance of the current financial year ending 31 March 09 is stable and should perform on par, if not better than the last financial year.

However, 2009 is expected to be a difficult year given the global financial and economic crisis. The outlook for A-REIT in FY09/10 will depend largely on the extent and depth of the unfolding impact of the global economic recession on our existing tenants as well as on demand for industrial space.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period : Yes

Name of distribution : 21st distribution for the period 1 October 2008 to 31 December 2008

Distribution Type : Income

Distribution Rate : 4.05 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 : 23 January 2009

Date payable : 27 February 2009

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period : Yes

Name of distribution : 17th distribution for the period 1 October 2007 to 31 December 2007

Distribution Type : Income

Distribution Rate : 3.56 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 January 2008

Date paid : 29 February 2008

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
15 January 2009



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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

15 January 2009

Dear Sirs

Ascendas Real Estate Investment Trust
Review of Interim Financial Information for the period ended 31 December 2008

Introduction

We have reviewed the accompanying Interim Financial Information of Ascendas Real Estate Investment Trust (“A-REIT”) for the period ended 31 December 2008.

The Interim Financial Information comprises the balance sheet and investment properties portfolio statement as at 31 December 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