



A-REIT FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

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 91 properties in Singapore, and houses a tenant base of about 900 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 2009

| | Actual 01/04/09 to 31/12/09 S\$'000 | Actual 01/04/08 to 31/12/08 S\$'000 | Increase / (Decrease) % |
|---|--|--|-------------------------------|
| Gross revenue | 309,773 | 292,210 | 6.0% |
| Net property income | 243,215 | 216,511 | 12.3% |
| Net income available for distribution | 183,827 | 159,111 | 15.5% |
| Distribution per Unit ("DPU") | Cents per Unit | | |
| | FY 09/10 | FY 08/09 | Increase / (Decrease) % |
| For the quarter from 1 October to 31 December | 3.27 | 4.05 | (19.3%) |
| Proforma DPU for the quarter from 1 October to 31 December (Note a) | - | 2.88 | 13.5% |
| For the nine months from 1 April to 31 December | 10.37 | 11.95 | (13.2%) |
| Proforma DPU for the nine months from 1 April to 31 December (Note a) | - | 8.96 | 15.7% |

Footnote

- (a) Proforma DPU for FY08/09 includes units issued under the placement in January 2009 and August 2009, preferential offerings in February 2009 and units issued in lieu of the 20% base management fee in May 2009 and December 2009. DPU growth would be 15.7% year-on-year. Please see Section 6 for more details.

DISTRIBUTION DETAILS

| | |
|---------------------|------------------------------------|
| Class of Units | Ascendas-REIT main stock |
| Distribution period | 1 October 2009 to 31 December 2009 |
| Distribution Type | Income |
| Distribution amount | 3.27 cents per unit |
| Book closure date | 26 January 2010 |
| Payment date | 26 February 2010 |

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

1(a)(i) Income statement (3Q YTD FY09/10 vs 3Q YTD FY08/09)

| | Actual 01/04/09 to 31/12/09 (Note f) S\$'000 | Actual 01/04/08 to 31/12/08 (Note f) S\$'000 | Increase / (Decrease) % |
|--|---|--|-------------------------------|
| Gross revenue | 309,773 | 292,210 | 6% |
| Property services fees | (9,957) | (8,791) | 13% |
| Property tax | (16,191) | (19,860) | (18%) |
| Other property operating expenses | (40,410) | (47,048) | (14%) |
| Property operating expenses | (66,558) | (75,699) | (12%) |
| Net property income | 243,215 | 216,511 | 12% |
| Interest income | 45 | 26 | 73% |
| Management fee (Note a) | (17,500) | (16,936) | 3% |
| Trust expenses (Note b) | (2,259) | (3,153) | (28%) |
| Finance costs (Note c) | (45,697) | (43,817) | 4% |
| Non property expenses | (65,411) | (63,880) | 2% |
| Net income before net change in fair value of financial derivatives | 177,804 | 152,631 | 16% |
| Net change in fair value of financial derivatives (Note d) | (10,708) | - | nm |
| Net income / Total return for the period | 167,096 | 152,631 | 9% |
| Non-tax deductible expenses (Note e) | 16,731 | 6,480 | 158% |
| Income available for distribution | 183,827 | 159,111 | 16% |

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

| | Actual 01/04/09 to 31/12/09 (Note f) S\$'000 | Actual 01/04/08 to 31/12/08 (Note f) S\$'000 |
|--|---|--|
| Gross rental income | 290,233 | 267,248 |
| Other income | 19,540 | 24,962 |
| Writeback of doubtful receivables, net | 71 | 220 |
| Depreciation of plant and equipment | (825) | (825) |

Footnotes

- (a) 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 was higher due to a write down of fit-out cost.
- (c) Finance costs for the 3Q YTD ended 31 December 2009 and 31 December 2008 represent interest expense on loans, interest rate swaps and amortised costs of establishing debt facilities (including the Medium Term Note, Transferrable Loan Facilities and Committed Revolving Credit Facilities). Borrowing costs also include the fair value/accretion adjustments for deferred payments and refundable security deposits (FY09/10 – credit of \$0.2 million, FY08/09 – charge of \$0.9 million).
- (d) Net change in fair value of financial derivatives relates to changes in the fair value of interest rate swaps which are not designated as hedging instruments in accordance with FRS39. For further details, please refer to Note (d) of Page 7.
- (e) 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, commitment fee paid on undrawn committed revolving credit facility and other non-tax deductible or non-taxable items. 3Q YTD FY09/10 non-tax deductible expenses included net changes in fair value of financial derivatives which are not designated as hedging instruments in accordance with FRS39.
- (f) 91 properties as at 31 December 2009 vs 88 properties as at 31 December 2008.

Gross revenue increased mainly due to additional rental income from development projects completed since December 2008. 3Q YTD FY09/10 property tax includes a one-off reversal of over accrued property tax of approximately \$0.9 million, property tax rebate of \$1.9 million and vacancy refund of \$0.6 million which lowered the total property tax expense to \$16.2 million. Without these rebate, property tax expense would be higher with the increase in the number of properties. Other property operating expenses decreased mainly due to one-off land rental rebates of approximately \$1.2m and a reduction in utilities expenses by approximately \$7.7 million arising mainly from lower cost of energy.

Effect of one-off items in revenue and property operating expenses have contributed a net positive impact of \$6.3 million to the 3Q YTD FY09/10 net property income.

nm denotes “not meaningful”

1 (a)(ii) Income statement (3Q FY 09/10 vs 3Q FY08/09)

| | Actual 01/10/09 to 31/12/09 (Note e) S\$'000 | Actual 01/10/08 to 31/12/08 (Note e) S\$'000 | Increase / (Decrease) % |
|--|--|--|-------------------------------|
| Gross revenue | 105,051 | 102,343 | 3% |
| Property services fees | (3,513) | (3,115) | 13% |
| Property tax | (5,092) | (8,703) | (41%) |
| Other property operating expenses | (15,067) | (16,330) | (8%) |
| Property operating expenses | (23,672) | (28,148) | (16%) |
| Net property income | 81,379 | 74,195 | 10% |
| Interest income | 18 | 12 | 50% |
| Management fee (Note a) | (5,956) | (5,783) | 3% |
| Trust expenses | (928) | (447) | 108% |
| Finance costs (Note b) | (15,389) | (15,994) | (4%) |
| Non property expenses | (22,255) | (22,212) | 0% |
| Net income before net change in fair value of financial derivatives | 59,124 | 51,983 | 14% |
| Net change in fair value of financial derivatives (Note c) | (1,828) | - | nm |
| Net income / Total return for the period | 57,296 | 51,983 | 10% |
| Non tax deductible expenses (Note d) | 3,933 | 1,993 | 97% |
| Income available for distribution | 61,229 | 53,976 | 13% |

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

| | Actual 01/10/09 to 31/12/09 (Note e) S\$'000 | Actual 01/10/08 to 31/12/08 (Note e) S\$'000 |
|--|--|--|
| Gross rental income | 97,744 | 93,172 |
| Other income | 7,307 | 9,171 |
| Writeback of doubtful receivables, net | 20 | (11) |
| Depreciation of plant and equipment | (275) | (275) |

Footnotes

- (a) 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) Finance costs for the 3Q FY08/09 and FY09/10 represent interest expense on loans, interest rate swaps and amortised costs of establishing debt facilities (including the Medium Term Note, Transferrable Loan Facilities and Committed Revolving Credit Facilities). Borrowing costs also include the fair value/accretion adjustments for deferred payments and refundable security deposits (3Q FY09/10 – charge of \$0.1 million, 3Q FY08/09 – charge of \$0.1 million).
- (c) Net change in fair value of financial derivatives relates to changes in the fair value of interest rate swaps which are not designated as hedging instruments in accordance with FRS39. For further details, please refer to Note (d) of Page 7.
- (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, commitment fee paid on undrawn committed revolving credit facility and other non-tax deductible or non-taxable items. In addition, 3Q FY09/10 non-tax deductible expenses included net changes in fair value of financial derivatives which are not designated as hedging instruments in accordance with FRS39.
- (e) 91 properties as at 31 December 2009 vs 88 properties as at 31 December 2008.

nm denotes “not meaningful”

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

| | Actual 31/12/09 S\$'000 | Actual 31/03/09 S\$'000 |
|---|-------------------------------|-------------------------------|
| Non-Current Assets | | |
| Investment properties | 4,659,750 | 4,425,735 |
| Investment properties under development (Note a) | 936 | 76,343 |
| Plant and equipment | 4,187 | 5,012 |
| Other assets (Note b) | 72,840 | 1,503 |
| | 4,737,713 | 4,508,593 |
| Current Assets | | |
| Trade and other receivables | 21,138 | 22,230 |
| Cash and cash equivalents | 5,852 | 16,735 |
| | 26,990 | 38,965 |
| Current Liabilities | | |
| Trade and other payables | 176,061 | 147,281 |
| Securities deposits | 36,680 | 34,055 |
| Deferred payments | 7,439 | 9,706 |
| Derivative liabilities | 786 | 635 |
| Interest-bearing term loans (Note c and d) | 299,990 | 599,827 |
| Interest-bearing short term borrowings (Note c and d) | 149,747 | 245,500 |
| | 670,703 | 1,037,004 |
| Net Current Liabilities | (643,713) | (998,039) |
| Non-Current Liabilities | | |
| Securities deposits | 1,971 | 815 |
| Deferred payments | 6,700 | 13,272 |
| Derivative liabilities | 48,485 | 50,061 |
| Interest-bearing term loans (Note c and d) | 1,017,980 | 743,367 |
| | 1,075,136 | 807,515 |
| Net assets | 3,018,864 | 2,703,039 |
| Represented by: | | |
| Unitholders' funds | 3,018,864 | 2,703,039 |

| | Actual 31/12/09 S\$'000 | Actual 31/03/09 S\$'000 |
|----------------------------------|----------------------------|-------------------------------|
| Gross Borrowings | | |
| Secured borrowings | | |
| Amount repayable after one year | 744,965 | 744,965 |
| Amount repayable within one year | - | 300,000 |
| Unsecured borrowings | | |
| Amount repayable after one year | 275,000 | - |
| Amount repayable within one year | 449,800 | 545,500 |
| | 1,469,765 | 1,590,465 |

Footnotes

- (a) Investment properties under development decreased by 99% mainly due to the completion of the development projects at Changi Business Park, Airport Logistics Park of Singapore and the completion of construction at 23 Kim Chuan Road which is currently undergoing User Acceptance Test.
- (b) Other assets as at 31 December 2009 include other receivables and assets under development that will be transferred to finance lease receivable upon commencement of lease.
- (c) Decrease in term loans and short term interest bearing borrowings include the repayment of a \$300 million Commercial Mortgage Backed Securities loan ("CMBS") in August 2009 and repayment of short term borrowings. With repayment of the above CMBS, 14 properties have been discharged from the mortgage to Emerald Assets Limited ("Emerald Assets").

(d) Details of borrowings & collateral

Two term loans of \$350 million and \$395 million ("Medium Term Notes", also known as CMBS) granted by a special purpose company, Emerald Assets are outstanding as at the date of balance sheet. As collateral for the credit facilities granted by Emerald Assets, the Trustee has granted in favour of Emerald Assets (after repayment of the \$300 million CMBS as referred to in Note (c)) the following:

- (i) a mortgage over the 59 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; and
- (iv) a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

A-REIT established a \$1 billion Multicurrency MTN Programme ("MTN2009") in March 09. As at the balance sheet date, \$275 million of fixed rate notes have been issued. Of which, \$150 million will be due in April 2011 and the remaining \$125 million will be due in July 2013. The notes bear a fixed interest rate payable semi-annually in arrears. In addition, A-REIT has various bilateral banking credit facilities with varying degree of utilization as at the balance sheet date.

As at 31 December 2009, all of A-REIT's interest rate exposure is fixed. Overall weighted average cost of funds as at 31 December 2009 is 3.9% (including margins charged on the loans and amortised annual costs of the Medium Term Notes, Transferrable Loan Facilities, and Committed Revolving Credit Facilities).

The debts fixed through interest rate swaps and fixed coupon rate have a weighted average remaining term of 2.6 years. The interest rate swaps have terms of from less than 1 year up to 6 years and the notes issued from MTN2009 are due in approximately 2 to 4 year's time. The effective hedge portion of changes in the fair value of interest rate swaps were recognised in statement of movement in unitholders' funds. The fair value changes of the interest rate swaps which are not designated as hedging instruments in accordance with FRS 39 were charged to the Statement of Total Return.

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 FY09/10 vs 3Q YTD FY08/09)

| | Actual 01/04/09 to 31/12/09 S\$'000 | Actual 01/04/08 to 31/12/08 S\$'000 |
|--|--|--|
| Operating activities | | |
| Net income | 167,096 | 152,631 |
| <u>Adjustment for</u> | | |
| Interest income | (45) | (26) |
| Writeback of doubtful receivables, net | (71) | (220) |
| Finance costs | 45,697 | 43,817 |
| Management fees paid/payable in units | 3,500 | 3,387 |
| Depreciation of plant and equipment | 825 | 825 |
| Net change in fair value of financial derivatives | 10,708 | - |
| Operating income before working capital changes | 227,710 | 200,414 |
| <u>Changes in working capital</u> | | |
| Trade and other receivables | 1,460 | (5,250) |
| Trade and other payables | (14,054) | (15,672) |
| | (12,594) | (20,922) |
| Cash flows from operating activities | 215,116 | 179,492 |
| Investing activities | | |
| Purchase of investment properties (including acquisition costs) | - | (194,240) |
| Payment for investment properties and other assets under development | (180,922) | (125,872) |
| Payment for capital improvement projects | (2,851) | (4,205) |
| Payment of deferred settlements | (9,325) | (15,149) |
| Cash flows from investing activities | (193,098) | (339,466) |
| Financing activities | | |
| Equity issue costs paid | (4,947) | - |
| Proceeds from issue of units | 301,550 | - |
| Distributions paid to unitholders | (164,565) | (153,953) |
| Finance costs paid | (44,284) | (39,924) |
| Interest received | 45 | 26 |
| Proceeds from borrowings | 806,800 | 479,480 |
| Repayment of borrowings | (927,500) | (126,400) |
| Cash flows from financing activities | (32,901) | 159,229 |
| Net (decrease) in cash and cash equivalents | (10,883) | (745) |
| Cash and cash equivalents at beginning of the period | 16,735 | 5,425 |
| Cash and cash equivalents at end of the period | 5,852 | 4,680 |

1 (c)(ii) Cash flow statement (3Q FY 09/10 vs 3Q FY 08/09)

| | Actual 01/10/09 to 31/12/09 S\$'000 | Actual 01/10/08 to 31/12/08 S\$'000 |
|--|--|--|
| Operating activities | | |
| Net income | 57,296 | 51,983 |
| <u>Adjustment for</u> | | |
| Interest income | (18) | (12) |
| Writeback of doubtful receivables, net | (20) | 11 |
| Finance costs | 15,389 | 15,994 |
| Fund manager's fee paid/payable in units | 1,191 | 1,157 |
| Depreciation of plant and equipment | 275 | 275 |
| Net change in fair value of financial derivatives | 1,828 | - |
| Operating income before working capital changes | 75,941 | 69,408 |
| <u>Changes in working capital</u> | | |
| Trade and other receivables | 2,230 | (5,759) |
| Trade and other payables | (2,881) | (812) |
| | (651) | (6,571) |
| Cash flows from operating activities | 75,290 | 62,837 |
| Investing activities | | |
| Payment for investment properties and other assets under development | (83,405) | (46,015) |
| Payment for capital improvement projects | (897) | (555) |
| Payment of deferred settlements | (8,808) | - |
| Cash flows from investing activities | (93,110) | (46,570) |
| Financing activities | | |
| Distributions paid to unitholders | (28,797) | (53,318) |
| Finance costs paid | (15,918) | (14,569) |
| Interest received | 18 | 12 |
| Proceeds from borrowings | 83,000 | 132,400 |
| Repayment of borrowings | (20,000) | (83,400) |
| Cash flows from financing activities | 18,303 | (18,875) |
| Net increase / (decrease) in cash and cash equivalents | 483 | (2,608) |
| Cash and cash equivalents at beginning of the period | 5,369 | 7,288 |
| Cash and cash equivalents at end of the period | 5,852 | 4,680 |

1 (d)(i) Statement of movement in unitholders' funds (3Q YTD FY09/10 vs 3Q YTD FY08/09)

| | Actual 01/04/09 to 31/12/09 S\$'000 | Actual 01/04/08 to 31/12/08 S\$'000 |
|--|--|--|
| Balance at beginning of the period | 2,703,039 | 2,437,959 |
| Operations | | |
| Net income / Total return for the period | 167,096 | 152,631 |
| Net increase in net assets resulting from operations | 167,096 | 152,631 |
| Hedging transactions | | |
| Effective portion of changes in fair value of financial derivatives (Note a) | 1,217 | (32,296) |
| Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note b) | 10,915 | - |
| Net increase in net assets resulting from hedging transactions | 12,132 | (32,296) |
| Unitholders' transactions | | |
| New units issued | 301,550 | - |
| Acquisition fees (IPT acquisition) paid in units | - | 698 |
| Performance fees paid in units | - | 8,388 |
| Management fees paid in units | 4,617 | 4,162 |
| Equity issue costs | (5,005) | 196 |
| Distributions to unitholders | (164,565) | (153,953) |
| Net increase/(decrease) in net assets resulting from Unitholders' transactions | 136,597 | (140,509) |
| Balance at end of the period | 3,018,864 | 2,417,785 |

Footnotes

(a) In FY08/09, expectation of interest rates at the end of the period was significantly lower relative to 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.

However, in FY09/10, expectation of interest rates at the end of the period was higher than those at the beginning of the period.

(b) This relates to the transfer of the portion in the fair value changes (unfavourable) of interest rate swaps which are not designated as hedging instruments in accordance with FRS39, out from the hedging reserves and charged to the Statement of Total Return.

Statement of movement in unitholders' funds (3Q FY09/10 vs 3Q FY08/09)

Net Assets attributable to unitholders (3Q FY09/10 vs 3Q FY08/09)

| | Actual 01/10/09 to 31/12/09 S\$'000 | Actual 01/10/08 to 31/12/08 S\$'000 |
|--|--|--|
| Balance at beginning of period | 2,983,160 | 2,457,726 |
| Operations | | |
| Net income / Total return for the period | 57,296 | 51,983 |
| Net increase in net assets resulting from operations | 57,296 | 51,983 |
| Hedging transactions | | |
| Effective portion of changes in fair value of financial derivatives (Note a) | 2,406 | (41,789) |
| Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note b) | 2,456 | - |
| Net increase/(decrease) in net assets resulting from hedging transactions | 4,862 | (41,789) |
| Unitholders' transactions | | |
| Acquisition fees (IPT acquisition) paid in units | - | 698 |
| Management fees paid in units | 2,343 | 2,289 |
| Equity issue costs | - | 196 |
| Distributions to unitholders | (28,797) | (53,318) |
| Net increase/(decrease) in net assets resulting from Unitholders' transactions | (26,454) | (50,135) |
| Balance at end of period | 3,018,864 | 2,417,785 |

Footnotes

(a) In 3Q FY08/09, expectation of interest rates at the end of the period was significantly lower 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.

However in 3Q FY09/10, expectation of interest rates at the end of the period was higher to those at the beginning of the period.

(b) This relates to the transfer of the portion in the fair value changes (unfavourable) of interest rate swaps which are not designated as hedging instruments in accordance with FRS39, out from the hedging reserves and charged to the Statement of Total Return.

1 (d)(ii) Details of any changes in the units (3Q YTD FY09/10 vs 3Q YTD FY08/09)

| | Actual 01/04/09 to 31/12/09 Units | Actual 01/04/08 to 31/12/08 Units |
|--|--|--|
| Balance at beginning of the period | 1,683,473,034 | 1,325,560,491 |
| Issue of new units: | | |
| - Issued pursuant to equity raising in August 2009 | 185,000,000 | - |
| - Acquisition fees (IPT acquisition) paid in units | - | 273,382 |
| - Performance fees paid in units | - | 3,223,302 |
| - Management fees paid in units | 2,680,667 | 2,705,838 |
| Balance at end of the period | 1,871,153,701 | 1,331,763,013 |

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 2009, except for the adoption of Financial Reporting Standards (“FRS”) (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2009.

Among the changes to FRSs are the amendments to FRS 40 Investment Property, whereby property under development/construction is now covered under FRS 40. As A-REIT has adopted the fair value model for its investment properties, it will account for investment properties under development using the fair value model. The carrying amount of A-REIT’s investment properties, including investment properties under development, approximates their fair value as at 31 December 2009.

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

Please refer to section 4 above.

6. Earnings per unit (“EPU”) and distribution per unit for the financial period

6.1 EPU/DPU for 3Q FY09/10 compared to 2Q FY09/10

Number of units on issue at end of period
 Weighted average number of units for calculation of EPU
 Applicable number of units for calculation of DPU
 Earnings/(Loss) per unit in cents (EPU) (Note a)
 Distribution per unit in cents (DPU) (Note b)

| Actual 3Q FY09/10 01/10/09 to 31/12/09 | Actual 2Q FY09/10 01/07/09 to 30/09/09 |
|---|---|
| 1,871,153,701 | 1,869,920,057 |
| 1,870,148,013 | 1,769,376,579 |
| 1,871,153,701 | 1,769,376,579 |
| 3.06 | 2.88 |
| 3.27 | 3.48 |

6.2 EPU/DPU for 3Q FY09/10 compared to 3Q FY08/09

Number of units on issue at end of period
 Weighted average number of units for calculation of EPU
 Applicable number of units for calculation of DPU
 Earnings per unit in cents (EPU) (Note a)
 Distribution per unit in cents (DPU) (Note b)

| Actual 3Q FY09/10 01/10/09 to 31/12/09 | Actual 3Q FY08/09 01/10/08 to 31/12/08 |
|---|---|
| 1,871,153,701 | 1,331,763,013 |
| 1,870,148,013 | 1,335,343,276 |
| 1,871,153,701 | 1,331,763,013 |
| 3.06 | 3.89 |
| 3.27 | 4.05 |

For Information Only

Proforma DPU (Note c)

| | |
|------|------|
| 3.27 | 2.88 |
|------|------|

6.3 EPU/DPU for 3Q YTD FY09/10 compared to 3Q YTD FY08/09

Number of units on issue at end of period
 Weighted average number of units for calculation of EPU
 Applicable number of units for calculation of DPU
 Earnings per unit in cents (EPU) - (Note a)
 Distribution per unit in cents (DPU) - (Note b)

| Actual 01/04/09 to 31/12/09 | Actual 01/04/08 to 31/12/08 |
|--------------------------------|--------------------------------|
| 1,871,153,701 | 1,331,763,013 |
| 1,774,741,869 | 1,334,308,539 |
| 1,772,680,309 | 1,330,335,897 |
| 9.42 | 11.44 |
| 10.37 | 11.95 |

For Information Only

Proforma DPU (Note c)

| | |
|-------|------|
| 10.37 | 8.96 |
|-------|------|

Footnotes

(a) The EPU has been calculated using total return for the period and the weighted average number of units on issue during the period.

In accordance with FRS 33, comparative EPU and weighted average number of units for calculation of EPU for 3Q FY08/09 and 3Q YTD FY08/09 have been restated to account for the effects of the preferential offering of new units in February 2009.

- (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.
- (c) The Proforma DPU for FY08/09 has been calculated using income available for distribution and the applicable number of units as at 31 December 2009, which takes into account the units issued under the placement in January 2009 and August 2009, preferential offerings in February 2009 and units issued in lieu of the 20% base management fee in May 2009 and December 2009.

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

| | Actual 31/12/09 cents | Actual 31/03/09 cents |
|--|-----------------------------|-----------------------------|
| Net asset value per unit | 161 | 161 |
| Adjusted net asset value per unit (Note a) | 158 | 158 |

Footnote

- (a) The adjusted net asset value per unit excludes the amount to be distributed for the relevant period prior to the balance sheet date.

8. Review of the performance

Review of Performance 3Q FY 09/10 vs 3Q FY 08/09

| | Actual 3Q FY09/10 01/10/09 to 31/12/09 S\$'000 | Actual 3Q FY08/09 01/10/08 to 31/12/08 S\$'000 | Increase / (Decrease) % |
|---|--|--|-------------------------------|
| Gross revenue | 105,051 | 102,343 | 3% |
| Property operating expenses | (23,672) | (28,148) | (16%) |
| Net property income | 81,379 | 74,195 | 10% |
| Non property expenses | (6,884) | (6,230) | 10% |
| Net finance costs | (15,371) | (15,982) | (4%) |
| | (22,255) | (22,212) | 0% |
| Net income before net change in fair value of financial derivatives | 59,124 | 51,983 | 14% |
| Net change in fair value of financial derivatives | (1,828) | - | nm |
| Net income / Total return for the period | 57,296 | 51,983 | 10% |
| Non tax deductible expenses | 3,933 | 1,993 | 97% |
| Income available for distribution | 61,229 | 53,976 | 13% |
| Earnings per unit (cents) | 3.06 | 3.89 | (21%) |
| Distribution per unit (cents) | 3.27 | 4.05 | (19%) |
| Proforma Distribution per unit (cents) (Note a) | - | 2.88 | 14% |

Footnote

nm denotes "not meaningful"

- (a) The Proforma DPU for 3Q FY08/09 has been calculated using income available for distribution and the applicable number of units, which takes into account the units issued under the placement in January 2009 and August 2009, preferential offerings in February 2009 and units issued in lieu of the 20% of the base management fee in May 2009 and December 2009.

Gross revenue increased by 3% mainly due to additional rental income from the completed development projects Expeditors Building and Plaza 8 in September 2009 which started to recognize revenue in October 2009. 23 Kim Chuan Road has just obtained TOP in December 2009 and is currently undergoing User Acceptance Test. No revenue has been recognized yet.

Property expenses decreased by 16% due to one-off property tax rebate and land rental rebate, totalling \$1 million, vacancy refund of \$0.6 million as well as lower utilities charges by \$2.5 million. Excluding the effect of one-off property tax rebate and land rental rebate, Property operating expenses would have been S\$27,772K instead of \$23,672K.

Net finance costs decreased by 4% due to lower borrowings offset by increase in the cost of borrowings.

Net change in fair value of financial derivatives relates to the portion of changes in fair value of interest rate swaps which are not designated as hedging instruments in accordance with FRS39.

Income available for distribution were higher than the comparable period last year by 13%. The higher net income is mainly due to additional income from the properties completed after December 2008 and lower property expenses .

Review of Performance 3Q FY 09/10 vs 2Q FY 09/10

| | Actual 3Q FY09/10 01/10/09 to 31/12/09 S\$'000 | Actual 2Q FY09/10 01/07/09 to 30/09/09 S\$'000 | Increase / (Decrease) % |
|--|--|--|-------------------------------|
| Gross revenue | 105,051 | 102,281 | 3% |
| Property operating expenses | (23,672) | (21,156) | 12% |
| Net property income | 81,379 | 81,125 | 0% |
| Non property expenses | (6,884) | (6,542) | 5% |
| Net finance costs | (15,371) | (14,774) | 4% |
| | (22,255) | (21,316) | 4% |
| Net income before net change in fair value of financial derivatives | 59,124 | 59,809 | (1%) |
| Net change in fair value of financial derivatives | (1,828) | (8,880) | (79%) |
| Net income / Total return for the period | 57,296 | 50,929 | 13% |
| Non tax deductible expenses | 3,933 | 10,632 | (63%) |
| Income available for distribution | 61,229 | 61,561 | (1%) |
| Earnings per unit (cents) | 3.06 | 2.88 | 6% |
| Distribution per unit (cents) (Note a) | 3.27 | 3.48 | (6%) |

Footnote

nm denotes "not meaningful"

- (a) DPU for Q3 FY09/10 takes into account the units issued under the placement in January 2009 and August 2009, preferential offerings in February 2009 and units issued in lieu of the 20% of the base management fee in May 2009 and December 2009.

Property operating expenses increased by 12%, mainly due to higher ad-hoc maintenance and conservancy costs of approximately \$0.8 million and higher utilities expenses of \$0.8 million due to rising cost of energy.

Net finance costs increased by 4%, mainly due to higher borrowings and cost of borrowings.

Net change in fair value of financial derivatives relates to the portion of changes in fair value of interest rate swaps which are not designated as hedging instruments in accordance with FRS39.

Net income was 13% higher than 2Q FY09/10 mainly due to lower portion of the changes in fair value of interest rate swaps which are not designated as hedging instruments in accordance with FRS39. Income available for distribution was 1% lower than 2Q FY09/10 mainly due to higher property expenses.

9. Variance between forecast and the actual results

A-REIT has not made any forecast.

10. Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Ministry of Trade & Industry (MTI) advance estimates indicate that GDP expanded by 3.5% y-o-y in 4Q 2009, following an expansion of 0.9% in 3Q 2009. On a seasonally-adjusted q-o-q annualized basis, real GDP declined by 6.8% in 4Q 2009 compared to a growth of 14.9% in 3Q 2009. For 2009, Singapore economy is estimated to contract by 2.1%.

The contraction in 4Q 2009 is due to a 38.4% decline in the manufacturing sector, contributed primarily by contractions in the output of the biomedical manufacturing and transport engineering clusters. However, the electronics, chemicals and precision engineering clusters posted positive growth.

On a y-o-y basis, non-oil domestic export grew by 8.7% in November 2009, compared to the 6.2% decrease in the previous month, demonstrating continuing signs of improvement in the Singapore economy.

According to URA's 3Q 2009 statistics, rates of fall in industrial property prices and rentals have moderated compared to the rates of fall in 2Q 2009 as business sentiments improved. Prices fell by 2.1% q-o-q, compared to a decline of 4.5% in 2Q 2009 and rental rates declined by 3.1% in 3Q 2009 compared to a 5.6% decline in the previous quarter. Average occupancy rates declined marginally from 92.2% in 2Q 2009 to 91.9% in 3Q 2009.

Based on a CBRE report for 3Q 2009, average monthly rent for Hi-Tech space fell 5.4% to \$2.65psf (\$2.80psf in 2Q 2009) whilst average monthly rent for factory space and warehouse space remained at \$1.40psf and \$1.35psf respectively. According to URA's statistics, business park rents for 3Q 2009 is \$3.24psf, down by 2.7% from 2Q 2009.

Outlook for the financial year ending 31 March 2010

Although global economic developments suggest that most countries around the world are now turning the corner, economic recovery is not expected to be smooth sailing. Growth momentum thus far is mainly a result of targeted fiscal stimulus measures and inventory cycle adjustments and these factors may taper off in 2H 2010. Although Asia is likely to continue to see positive growth rates, a sluggish recovery in demand in the advanced economies may moderate Singapore's growth prospects in 2010. MTI expects Singapore's economic growth in 2010 to be between 3% to 5%.

For the balance of FY2009/10, about 97.9% of A-REIT's portfolio revenue is committed with a weighted average lease to expiry of about 4.8 years. The diversified nature of A-REIT's portfolio over five segments of the industrial property sector and a good mix of long and short term leases provide certain degree of predictability of the earnings for its portfolio. The Manager expects to be able to deliver a return that is in line with market expectations.

In the next financial year, about 15.3% of revenue is due for renewal, the outlook of which will largely depend on the sustainability and strength of the global economic recovery.

11. Distributions

(a) Current financial period

| | |
|---|--|
| Any distributions declared for the current financial period : | Yes |
| Name of distribution : | 26th distribution for the period 01 October 2009 to 31 December 2009 |
| Distribution Type : | Income |
| Distribution Rate : | 3.27 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 17%. |
| Book closure date : | 26 January 2010 |
| Date payable : | 26 February 2010 |

(b) Corresponding period of the immediately preceding year

| | |
|--|--|
| Any distributions declared for the previous corresponding 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 paid : | 27 February 2009 |

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
18 January 2010



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 II
Singapore 117525

Attention: Mr Tan Ser Ping

18 January 2010

Dear Sirs

Ascendas Real Estate Investment Trust
Review of Interim Financial Information for the period ended 31 December 2009

Introduction

We have reviewed the accompanying Interim Financial Information of Ascendas Real Estate Investment Trust (“A-REIT”) for the period ended 31 December 2009.

The Interim Financial Information comprises the balance sheet and investment properties portfolio statement as at 31 December 2009, and the statement of total return, distribution statement, statement of movements in unitholders’ funds 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 recommendations of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Certified Public Accounts of Singapore. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.



*Ascendas Funds Management (S) Limited
Ascendas Real Estate Investment Trust
Review of Interim Financial Information for the period
ended 31 December 2009
18 January 2010*

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 recommendations of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Certified Public Accounts 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