



**A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

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 and restated.

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 and its subsidiaries (the "Group") have a diversified portfolio of 101 properties in Singapore and 1 property in Beijing, China, with a tenant base of about 1,200 customers across the following segments: Business & Science Park, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities.

The Group results include the consolidation of a 100% interest in Ascendas ZPark (S) Pte. Ltd. and its subsidiary, Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC"), which were acquired on 3 October 2011. The commentaries below are based on the Group results unless otherwise stated.

**SUMMARY OF A-REIT RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

	<b>Group</b>		
	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	Increase / (Decrease) %
Gross revenue	<b>285,284</b>	<b>241,666</b>	<b>18.0%</b>
Net property income	<b>204,035</b>	<b>179,342</b>	<b>13.8%</b>
Total amount available for distribution:	<b>155,607</b>	<b>136,400</b>	<b>14.1%</b>
- from operations	154,623	134,393	15.1%
- from capital (Note a)	984	2,007	(51.0%)
	<b>Cents per Unit</b>		
<b>Distribution per Unit ("DPU")</b>	<b>FY12/13</b>	<b>FY11/12</b>	<b>Increase / (Decrease) %</b>
For the quarter from 1 July to 30 September (Note b)	<b>3.53</b>	<b>3.38</b>	<b>4.4%</b>
- from operations	3.53	3.33	6.0%
- from capital	-	0.05	(100.0%)
For the six months from 1 April to 30 September (Note b)	<b>7.06</b>	<b>6.58</b>	<b>7.3%</b>
- from operations	7.01	6.48	8.2%
- from capital	0.05	0.10	(50.0%)

**Footnotes**

- (a) This relates to a distribution which was classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of Singapore corporate tax) from a finance lease with a tenant. Such distribution is not taxable in the hands of Unitholders, save for Unitholders who are holding the units as trading assets. In 2Q FY12/13, the Inland Revenue Authority of Singapore ("IRAS") had ruled that the income received from the finance lease with a tenant qualifies for tax transparency treatment. Thus, the income from the finance lease with a tenant which is distributed will be classified as distribution from operations and not as capital distribution with effect from this quarter.
- (b) As at book closure date, none of the S\$300 million collateral loan with maturity date on 1 February 2017 is converted into A-REIT's Units. DPU in the table is computed based on total applicable number of units as at 30 September 2012 and 30 September 2011. For more details on the collateral loan, please refer to Para 1(d)(ii) on Page 16.

**DISTRIBUTION DETAILS**

Distribution period	1 July 2012 to 30 September 2012
Distribution Type	Income
Distribution amount	3.53 cents per unit
Book closure date	25 October 2012
Payment date	27 November 2012

**1(a) Statement of total return together with a comparative statement for the corresponding period of the immediate preceding financial year**

**1(a)(i) Statement of total return (1H FY12/13 vs 1H FY11/12)**

	Group			Trust		
	01/04/12 to 30/09/12 (Note a) S\$'000	01/04/11 to 30/09/11 (Note a & b) S\$'000	Increase / (Decrease) %	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	285,284	241,666	18.0%	282,446	241,666	16.9%
Property services fees	(9,598)	(8,432)	13.8%	(9,432)	(8,432)	11.9%
Property tax	(18,078)	(14,059)	28.6%	(17,908)	(14,059)	27.4%
Other property operating expenses	(53,573)	(39,833)	34.5%	(53,072)	(39,833)	33.2%
<b>Property operating expenses</b>	<b>(81,249)</b>	<b>(62,324)</b>	<b>30.4%</b>	<b>(80,412)</b>	<b>(62,324)</b>	<b>29.0%</b>
<b>Net property income</b>	<b>204,035</b>	<b>179,342</b>	<b>13.8%</b>	<b>202,034</b>	<b>179,342</b>	<b>12.7%</b>
Management fee (Note c)	(16,533)	(13,918)	18.8%	(16,533)	(13,918)	18.8%
Trust expenses	(2,807)	(2,685)	4.5%	(2,700)	(2,685)	0.6%
Finance income (Note d)	12,270	13,419	(8.6%)	12,181	13,419	(9.2%)
Finance costs (Note e)	(66,839)	(31,563)	111.8%	(66,127)	(31,563)	109.5%
Foreign exchange loss (Note f)	(8,996)	(16,320)	(44.9%)	(8,928)	(16,320)	(45.3%)
<b>Non property expenses</b>	<b>(82,905)</b>	<b>(51,067)</b>	<b>62.3%</b>	<b>(82,107)</b>	<b>(51,067)</b>	<b>60.8%</b>
<b>Net income</b>	<b>121,130</b>	<b>128,275</b>	<b>(5.6%)</b>	<b>119,927</b>	<b>128,275</b>	<b>(6.5%)</b>
Net change in fair value of financial derivatives (Note g)	13,948	11,338	23.0%	13,948	11,338	23.0%
<b>Total return for the period before income tax expense</b>	<b>135,078</b>	<b>139,613</b>	<b>(3.2%)</b>	<b>133,875</b>	<b>139,613</b>	<b>(4.1%)</b>
Income tax credit/(expense) (Note h)	1,418	(411)	nm	1,624	(411)	nm
<b>Total return for the period after income tax expense</b>	<b>136,496</b>	<b>139,202</b>	<b>(1.9%)</b>	<b>135,499</b>	<b>139,202</b>	<b>(2.7%)</b>
Net effect of non tax deductible expenses/(taxable income) and other adjustments (Note i)	18,127	(4,809)	nm	19,124	(4,809)	nm
<b>Income available for distribution</b>	<b>154,623</b>	<b>134,393</b>	<b>15.1%</b>	<b>154,623</b>	<b>134,393</b>	<b>15.1%</b>
Distribution from capital (Note j)	984	2,007	(51.0%)	984	2,007	(51.0%)
<b>Total amount available for distribution</b>	<b>155,607</b>	<b>136,400</b>	<b>14.1%</b>	<b>155,607</b>	<b>136,400</b>	<b>14.1%</b>

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

	01/04/12 to 30/09/12 (Note a) S\$'000	01/04/11 to 30/09/11 (Note a & b) S\$'000	Increase / (Decrease) %	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	Increase / (Decrease) %
Gross rental income	257,686	221,952	16.1%	254,860	221,952	14.8%
Other income (Note k)	27,598	19,714	40.0%	27,586	19,714	39.9%
(Allowance for)/Reversal of impairment loss on doubtful receivables, net	(199)	4	nm	(199)	4	nm
Depreciation of plant and equipment	(413)	(550)	(24.9%)	(413)	(550)	(24.9%)

Note: nm denotes "not meaningful"

**Footnotes**

- (a) The Group had 102 and 94 properties as at 30 September 2012 and 30 September 2011 respectively.
- (b) Group figures for 1H FY11/12 are the same as Trust figures for 1H FY11/12.
- (c) 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. Management fee increased in line with higher Deposited Property value mainly due to completion of development projects and new acquisitions since September 2011.
- (d) Finance income comprises interest income from interest rate swaps, convertible bonds and bank deposits. For 1H FY12/13, finance income included a \$7.6 million fair value gain on convertible bonds (1H FY11/12: Nil). For 1H FY11/12, finance income included a \$10.8 million fair value gain on collateral loan (1H FY12/13: \$30.9 million loss included in finance costs (see Note (e) below)). The collateral loan and convertible bonds have been designated at fair value through profit or loss in accordance with FRS 39, where changes in fair value therein are recognised in the Statement of Total Return as finance income or finance costs.
- (e) Finance costs comprise interest expenses on loans, interest rate swaps and amortised costs of establishing debt facilities (including the Medium Term Notes ("MTN"), Transferrable Loan Facilities and Committed Revolving Credit Facilities), accretion adjustments for deferred payments and refundable security deposits. For 1H FY12/13, finance costs also included a \$30.9 million fair value loss on collateral loan (1H FY11/12: \$10.8 million gain included in finance income (see Note (d) above)). The higher finance costs in 1H FY12/13 was mainly attributable to the fair value loss on collateral loan.
- (f) Foreign exchange loss mainly relates to loss on translation of the Trust's JPY-denominated MTN. Foreign exchange loss was due to the strengthening of JPY exchange rate against SGD. Cross currency swaps relating to the JPY-denominated MTN were entered into to hedge against the foreign exchange exposure and the offsetting effect is mentioned in Note (g) below.
- (g) Net change in fair value of financial derivatives in 1H FY12/13 was made up of \$15.2 million fair value gain (1H FY11/12: \$20.6 million gain) on cross currency swaps, and \$1.3 million fair value loss (1H FY11/12: \$9.2 million loss) on interest rate swaps. Fair value gain on cross currency swaps was due to the strengthening of JPY exchange rate against SGD. For further details, please refer to Note (m) of Pages 10 and 11.
- (h) Income tax expense mainly relates to deferred tax in respect of temporary differences between the tax base of the finance lease receivable and its carrying amount for financial reporting purposes, and income tax expenses incurred in China relating to AHTDBC. During the current quarter, IRAS issued a tax ruling to A-REIT which granted tax transparency status to both the principal and interest income amount from a finance lease with a tenant. Accordingly, the deferred tax liability of \$1.9 million previously accrued on the finance lease receivable was reversed in 2Q FY12/13.

- (i) Net effect of non taxable income and other adjustments comprises:

	Group			Trust		
	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	Increase / (Decrease) %	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	Increase / (Decrease) %
Management fee paid/payable in units	3,307	2,784	18.8%	3,307	2,784	18.8%
Trustee fee	994	838	18.6%	994	838	18.6%
Net change in fair value of financial derivatives	(13,948)	(11,338)	23.0%	(13,948)	(11,338)	23.0%
Other net non tax deductible expenses/ (taxable income) and other adjustments (Note A)	19,843	(13,413)	nm	19,843	(13,413)	nm
Transfer to general reserve	(60)	-	nm	-	-	-
Unrealised foreign exchange loss	8,996	16,320	(44.9%)	8,928	16,320	(45.3%)
Distributable income from a subsidiary not yet received, not distributed (Note B)	(1,005)	-	nm	-	-	-
Net effect of non taxable income and other adjustments	18,127	(4,809)	nm	19,124	(4,809)	nm

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fee paid on undrawn committed credit facilities, net change in fair value of collateral loan and convertible bonds, and accretion adjustments for deferred payments and refundable security deposits.

B. This relates to income from AHTDBC, which has yet been received by A-REIT as at 30 September 2012.

- (j) This relates to a distribution which was classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of Singapore corporate tax) from a finance lease with a tenant. Such distribution is not taxable in the hands of Unitholders, save for Unitholders who are holding the units as trading assets. In 2Q FY12/13, IRAS had ruled that the income received from the finance lease with a tenant qualifies for tax transparency treatment.
- (k) Other income includes revenue from utilities charges, interest income from finance lease receivables, carpark revenue and liquidated damages.

Gross revenue increased by 18.0% mainly due to additional rental income from completed development projects and new acquisitions since September 2011. 1H FY12/13 also included the full 6 months income from Nordic European Centre which was acquired in July 2011.

The higher property services fees, property tax expenses and other property operating expenses in 1H FY12/13 commensurate with the increase in number of properties arising from the completion of development projects and new acquisitions since September 2011.

Higher electricity charges, maintenance & conservancy costs and land rent also contributed to the increase in other property operating expenses.

Non property expenses were higher in 1H FY12/13 mainly due to (i) higher finance costs which included a \$30.9 million fair value loss on collateral loan (1H FY11/12: \$10.8 million gain) and higher interest expenses arising from higher borrowings, as well as (ii) higher management fees. These were partially offset by (a) fair value gain on convertible bonds of \$7.6 million (1H FY11/12: Nil), and (b) lower foreign exchange loss on translation of the Trust's JPY-denominated MTN of \$8.9 million (1H 11/12 : \$16.3 million loss).

**1(a)(ii) Statement of total return (2Q FY12/13 vs 2Q FY11/12)**

	Group			Trust		
	01/07/12 to 30/09/12 (Note a) S\$'000	01/07/11 to 30/09/11 (Note a & b) S\$'000	Increase / (Decrease) %	01/07/12 to 30/09/12 S\$'000	01/07/11 to 30/09/11 S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	143,324	121,727	17.7%	141,923	121,727	16.6%
Property services fees	(4,775)	(4,362)	9.5%	(4,693)	(4,362)	7.6%
Property tax	(9,127)	(7,350)	24.2%	(9,043)	(7,350)	23.0%
Other property operating expenses	(26,499)	(19,449)	36.2%	(26,190)	(19,449)	34.7%
<b>Property operating expenses</b>	(40,401)	(31,161)	29.7%	(39,926)	(31,161)	28.1%
<b>Net property income</b>	102,923	90,566	13.6%	101,997	90,566	12.6%
Management fee (Note c)	(8,335)	(7,127)	16.9%	(8,335)	(7,127)	16.9%
Trust expenses	(1,369)	(1,047)	30.8%	(1,301)	(1,047)	24.3%
Finance income (Note d)	7,339	10,152	(27.7%)	7,321	10,152	(27.9%)
Finance costs (Note e)	(41,992)	(16,205)	159.1%	(41,581)	(16,205)	156.6%
Foreign exchange gain/(loss) (Note f)	3,255	(15,648)	(120.8%)	3,334	(15,648)	(121.3%)
<b>Non property expenses</b>	(41,102)	(29,875)	37.6%	(40,562)	(29,875)	35.8%
<b>Net income</b>	61,821	60,691	1.9%	61,435	60,691	1.2%
Net change in fair value of financial derivatives (Note g)	(3,732)	4,438	(184.1%)	(3,732)	4,438	(184.1%)
<b>Total return for the period before income tax expense</b>	58,089	65,129	(10.8%)	57,703	65,129	(11.4%)
Income tax credit/(expense) (Note h)	1,857	(205)	nm	1,909	(205)	nm
<b>Total return for the period after income tax expense</b>	59,946	64,924	(7.7%)	59,612	64,924	(8.2%)
Net effect of non tax deductible expenses and other adjustments (Note i)	19,131	4,565	nm	19,465	4,565	nm
<b>Income available for distribution</b>	79,077	69,489	13.8%	79,077	69,489	13.8%
Distribution from capital (Note j)	-	1,001	(100.0%)	-	1,001	(100.0%)
<b>Total amount available for distribution</b>	79,077	70,490	12.2%	79,077	70,490	12.2%

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

	01/07/12 to 30/09/12 (Note a) S\$'000	01/07/11 to 30/09/11 (Note a & b) S\$'000	Increase / (Decrease) %	01/07/12 to 30/09/12 S\$'000	01/07/11 to 30/09/11 S\$'000	Increase / (Decrease) %
Gross rental income	129,188	112,796	14.5%	127,793	112,796	13.3%
Other income (Note k)	14,136	8,931	58.3%	14,130	8,931	58.2%
Allowance for impairment loss on doubtful receivables, net	(78)	(2)	nm	(78)	(2)	nm
Depreciation of plant and equipment	(189)	(275)	(31.3%)	(189)	(275)	(31.3%)

Note: nm denotes "not meaningful"

**Footnotes**

- (a) The Group had 102 and 94 properties as at 30 September 2012 and 30 September 2011 respectively.
- (b) Group figures for 2Q FY11/12 are the same as Trust figures for 2Q FY11/12.
- (c) 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. Management fee increased in line with higher Deposited Property value mainly due to completion of development projects and new acquisitions since September 2011.
- (d) Finance income comprises interest income from interest rate swaps, convertible bonds and bank deposits. In 2Q FY12/13, finance income included a fair value gain on convertible bonds of \$5.0 million (2Q FY11/12: Nil); while in 2Q FY11/12, it included a \$8.7 million fair value gain on collateral loan (2Q FY12/13: \$23.9 million loss included in finance costs (see Note (e) below)). The collateral loan and convertible bonds have been designated at fair value through profit or loss in accordance with FRS 39, where changes in fair value therein are recognised in the Statement of Total Return as finance income or finance costs.
- (e) Finance costs comprise interest expenses on loans, interest rate swaps and amortised costs of establishing debt facilities (including the Medium Term Notes ("MTN"), Transferrable Loan Facilities and Committed Revolving Credit Facilities), accretion adjustments for deferred payments and refundable security deposits. For 2Q FY12/13, finance costs also included a \$23.9 million fair value loss on collateral loan (2Q FY11/12: \$8.7 million gain included in finance income (see Note (d) above)). This fair value loss was the main contributor for the higher finance costs in 2Q FY12/13.
- (f) Foreign exchange gain/(loss) mainly relates to loss on translation of the Trust's JPY-denominated MTN. Foreign exchange gain for 2Q FY12/13 was mainly due to the weakening of JPY exchange rate against SGD. Cross currency swaps relating to the JPY-denominated MTN were entered into to hedge against the foreign exchange exposure and the offsetting effect is mentioned in Note (g) below.
- (g) Net change in fair value of financial derivatives in 2Q FY12/13 was made up of a \$2.6 million fair value loss (2Q FY11/12: \$18.2 million gain) on cross currency swaps, and a \$1.1 million fair value loss (2Q FY11/12: \$13.8 million loss) on interest rate swaps. Fair value loss on cross currency swaps in 2Q FY12/13 was mainly due to the weakening of JPY exchange rate against SGD. For further details, please refer to Note (m) of Pages 10 and 11.
- (h) Income tax expense mainly relates to deferred tax in respect of temporary differences between the tax base of the finance lease receivable and its carrying amount for financial reporting purposes, and income tax expenses incurred in China relating to AHTDBC. During the current quarter, IRAS issued a tax ruling to A-REIT which granted tax transparency status to both the principal and interest income amount from a finance lease with a tenant. Accordingly, the deferred tax liability of \$1.9 million previously accrued on the finance lease receivable was reversed in 2Q FY12/13.

- (i) Net effect of non deductible expenses and other adjustments comprises:

	Group			Trust		
	01/07/12 to 30/09/12	01/07/11 to 30/09/11	Increase / (Decrease)	01/07/12 to 30/09/12	01/07/11 to 30/09/11	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Management fee paid/payable in units	1,667	1,426	16.9%	1,667	1,426	16.9%
Trustee fee	501	431	16.2%	501	431	16.2%
Net change in fair value of financial derivatives	3,732	(4,438)	(184.1%)	3,732	(4,438)	(184.1%)
Other net non tax deductible expenses /(taxable income) and other adjustments (Note A)	16,899	(8,502)	nm	16,899	(8,502)	nm
Transfer to general reserve	(22)	-	-	-	-	-
Unrealised foreign exchange gain	(3,255)	15,648	(120.8%)	(3,334)	15,648	(121.3%)
Distributable income from a subsidiary not yet received, not distributed (Note B)	(391)	-	-	-	-	-
Net effect of non tax deductible expenses and other adjustments	19,131	4,565	nm	19,465	4,565	nm

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fee paid on undrawn committed credit facilities, net change in fair value of collateral loan and convertible bonds and accretion adjustments for deferred payments and refundable security deposits.

B. This relates to income from AHTDBC, which has yet been received by A-REIT as at 30 September 2012.

- (j) This relates to a distribution which was classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of Singapore corporate tax) from a finance lease with a tenant. Such distribution is not taxable in the hands of Unitholders, save for Unitholders who are holding the units as trading assets. In 2Q FY12/13, IRAS had ruled that the income received from the finance lease with a tenant qualifies for tax transparency treatment.
- (k) Other income includes revenue from utilities charges, interest income from finance lease receivables, carpark revenue and liquidated damages.

Gross revenue increased by 17.7% mainly due to additional rental income from the completed development projects and new acquisitions since September 2011.

The higher property services fees, property tax expenses and other property operating expenses in 2Q FY12/13 is in line with the increase in number of properties arising from the completion of development projects and new acquisitions since September 2011.

Higher electricity charges, maintenance & conservancy costs and land rent also contributed to the increase in other property operating expenses.

Non property expenses were higher in 2Q FY12/13 mainly due to (i) higher finance costs which included a \$23.9 million fair value loss on collateral loan (2Q FY11/12 : \$8.7 million gain) and higher interest expense from higher borrowings, as well as (ii) higher management fees. These were partially offset by (a) fair value gain on convertible bonds of \$5.0 million (2Q FY11/12 : Nil) and (b) foreign exchange gain on translation of the Trust's JPY-denominated MTN of \$3.3 million (2Q FY11/12: \$15.6 million loss).



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

	Group		Trust	
	30/09/12 S\$'000	31/03/12 S\$'000	30/09/12 S\$'000	31/03/12 S\$'000
<b>Non-current assets</b>				
Investment properties (Note a)	6,194,950	6,170,295	6,135,017	6,108,574
Investment properties under development (Note b)	131,282	121,400	131,282	121,400
Investment in debt securities (Note c)	120,830	103,250	120,830	103,250
Plant and equipment	1,346	1,760	1,344	1,757
Finance lease receivable	64,289	65,271	64,289	65,271
Interest in a subsidiary (Note d)	-	-	48,917	46,352
Other assets (Note e)	11,717	33,424	11,717	33,424
Derivative assets (Note f)	27,596	9,231	27,596	9,231
	<b>6,552,010</b>	<b>6,504,631</b>	<b>6,540,992</b>	<b>6,489,259</b>
<b>Current assets</b>				
Finance lease receivable	1,917	1,772	1,917	1,772
Trade and other receivables (Note g)	41,983	38,382	41,256	37,704
Derivative assets (Note f)	272	-	272	-
Other assets (Note e)	28,814	-	28,814	-
Cash and cash equivalents	17,710	19,589	13,315	10,232
	<b>90,696</b>	<b>59,743</b>	<b>85,574</b>	<b>49,708</b>
<b>Current liabilities</b>				
Trade and other payables (Note h)	104,298	116,227	103,395	114,239
Security deposits	63,219	58,709	61,996	57,508
Derivative liabilities	5,189	2,915	5,189	2,915
Short term borrowings (Note i)	295,019	575,490	295,019	554,430
Medium term notes (Note j & m)	124,907	-	124,907	-
Provision for taxation (Note k)	476	377	273	103
	<b>593,108</b>	<b>753,718</b>	<b>590,779</b>	<b>729,195</b>
<b>Net current liabilities</b>	<b>(502,412)</b>	<b>(693,975)</b>	<b>(505,205)</b>	<b>(679,487)</b>
<b>Non-current liabilities</b>				
Security deposits	3,384	2,865	3,384	2,865
Derivative liabilities	66,233	67,508	66,233	67,508
Deferred tax liabilities (Note l)	246	2,225	-	1,794
Medium term notes (Note m)	507,250	470,600	507,250	470,600
Collateral loan (Note m)	338,463	307,608	338,463	307,608
Term loans (Note m)	927,574	1,044,470	914,188	1,044,470
	<b>1,843,150</b>	<b>1,895,276</b>	<b>1,829,518</b>	<b>1,894,845</b>
<b>Net assets</b>	<b>4,206,448</b>	<b>3,915,380</b>	<b>4,206,269</b>	<b>3,914,927</b>
<b>Represented by:</b>				
<b>Unitholders' funds</b>	<b>4,206,448</b>	<b>3,915,380</b>	<b>4,206,269</b>	<b>3,914,927</b>
<b>Gross borrowings</b>				
<b>Secured borrowings</b>				
Amount repayable after one year	733,463	702,608	733,463	702,608
Amount repayable within one year	-	21,060	-	-
<b>Unsecured borrowings</b>				
Amount repayable after one year	1,047,870	1,128,780	1,034,484	1,128,780
Amount repayable within one year	420,900	554,800	420,900	554,800
	<b>2,202,233</b>	<b>2,407,248</b>	<b>2,188,847</b>	<b>2,386,188</b>

**Footnotes**

- (a) Increase in value of investment properties was mainly due to asset enhancement works at 10 Toh Guan Road, 9 Changi South Street 3, Pacific Tech Centre and TechPlace II.
- (b) Value of investment properties under development as at 30 September 2012 relates to the Fusionopolis project (Nexus@one-north).
- (c) Investment in debt securities relates to an investment in convertible bonds (the "CB") due in June 2015 issued by PLC8 Development Pte Ltd (the "Issuer"). In September 2012, A-REIT had subscribed for an additional amount of \$10 million convertible bonds. The increase in investment in debt securities was also due to an increase in fair value of convertible bonds.

The Issuer is the developer of an integrated industrial mixed use property on a 60-year leasehold land parcel at Kallang Avenue, Singapore (the "Property"). The CB carries a coupon of 2% per annum and is secured over the assets of the Issuer but ranked after the security given by the Issuer to secure bank financing for the development of the Property.

- (d) Interest in a subsidiary relates to A-REIT's investment in Ascendas ZPark (S) Pte. Ltd. and its subsidiary, AHTDBC.
- (e) Other assets increased due to the increase in development costs incurred on the development of a built-to-suit investment property. The built-to-suit investment property will be leased out upon completion and the costs incurred would be transferred to finance lease receivable upon commencement of the lease. The deposits paid for the forward contract of a business space property is recognised as current assets in the current quarter.
- (f) Increase in derivative assets was mainly due to a favourable change in the fair value of interest rate swaps and cross currency swaps.
- (g) Increase in trade and other receivables was mainly due to an increase in prepayments and interest income receivable on floating interest rate swaps and convertible bonds.
- (h) Decrease in trade and other payables was mainly due to lower accrued development costs and lower rental received in advance.
- (i) Short term borrowings and term loans decreased following the repayment of certain revolving credit facilities.
- (j) This relates to the medium term notes issued as part of the S\$1.0 billion Multicurrency Medium Term Note Programme, which will mature in July 2013.
- (k) Provision for taxation comprises mainly of income tax payable of AHTDBC.
- (l) Deferred tax liabilities mainly relate to the temporary differences between the tax base of the finance lease receivable and its carrying amount for financial reporting purposes, offset by the recognition of deferred tax assets arising from unutilised capital allowances. During the current quarter, the Inland Revenue Authority of Singapore ("IRAS") issued a tax ruling to A-REIT which granted tax transparency status to both the principal and interest income amount from a finance lease with a tenant. Accordingly, the deferred tax liability of \$1.9 million previously accrued on the finance lease receivable was reversed in 2Q FY12/13.

**(m) Details of borrowings & collateral**

Term loans

A term loan of S\$395 million (Commercial Mortgage Backed Securities) granted by a special purpose company, Emerald Assets Limited ("Emerald"), was outstanding as at the date of balance sheet. As collateral for the credit facilities granted by Emerald, the Trustee has granted in favour of Emerald the following:

- (i) a mortgage over the 36 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 A-REIT relating to the above mentioned properties.

Collateral loan

In March 2010, a collateral loan of S\$300 million with final maturity date on 1 February 2017 was granted by a special purpose vehicle, Ruby Assets Pte. Ltd. ("Ruby"). To fund the collateral loan granted to A-REIT, Ruby had issued S\$300 million Exchangeable Collateralised Securities ("ECS") which are exchangeable into new units of A-REIT ("Units") at an adjusted conversion price of \$2.2727 per unit, subject to certain conditions, at any time on or after 6 May 2010 and have an expected maturity date of 1 February 2017. The Trustee has the option to pay cash in lieu of delivering the Units. As collateral for the loan granted by Ruby, the Trustee has granted in favour of Ruby the following:

- (i) a mortgage over the 19 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 A-REIT relating to the above mentioned properties.

Medium Term Notes

A-REIT established a S\$1 billion Multicurrency Medium Term Note Programme ("MTN2009") in March 2009. As at the balance sheet date, S\$627.0 million remains outstanding, of which S\$153.7 million was issued on 23 April 2012 and will mature in April 2024. The notes bear a fixed interest rate, payable semi-annually in arrears.

On 23 April 2012, A-REIT issued a JPY10.0 billion fixed rate notes under the MTN2009, which will mature in April 2024. To manage the foreign currency risk arising from the JPY10.0 billion note issuance, A-REIT concurrently entered into two cross currency swaps, in which the aggregate amount of JPY10.0 billion was swapped into S\$153.7 million on 23 April 2012. At maturity of the cross currency swaps on 23 April 2024, the S\$153.7 million will be swapped back into JPY10.0 billion to redeem the JPY notes.

In addition, A-REIT has various bilateral banking credit facilities with varying degrees of utilisation as at the balance sheet date.

As at 30 September 2012, 68.4% of A-REIT Group's interest rate exposure is fixed with an overall weighted average tenure of 4.4 years remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of funds as at 30 September 2012 is 3.1% (including margins charged on the loans and amortised annual costs of the MTN, Transferrable Loan Facilities and Committed Revolving Credit Facilities). The outstanding interest rate swaps have terms from less than 1 year to 8 years. The effective hedge portion of changes in the fair value of interest rate swaps is recognised in the Statement of Movement in Unitholders' Funds. The fair value changes of the remaining interest rate swaps, changes in fair value of the collateral loan and cross currency swaps are recognised in the Statement of Total Return in accordance with FRS 39.

1(c) Cash flow statement together with a comparative statement for the corresponding period of the immediate preceding financial year.

1 (c)(i) Cash flow statement (1H FY12/13 vs 1H FY11/12)

	Group	
	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000
<b>Cash flows from operating activities</b>		
Net income	121,130	128,275
<b>Adjustments for</b>		
Finance income	(12,270)	(13,419)
Allowance for/(Reversal of) impairment loss on doubtful receivables, net	199	(4)
Finance costs	66,839	31,563
Management fees paid/payable in units	3,307	2,784
Depreciation of plant and equipment	413	550
Foreign exchange loss	8,996	16,320
<b>Operating income before working capital changes</b>	188,614	166,069
<b>Changes in working capital</b>		
Trade and other receivables	(2,585)	(5,013)
Trade and other payables	(1,658)	(5,860)
<b>Cash generated from operating activities</b>	184,371	155,196
Income tax paid	(269)	-
<b>Net cash from operating activities</b>	184,102	155,196
<b>Cash flows from investing activities</b>		
Payment for investment properties and other assets under development	(21,378)	(247,156)
Purchase of plant and equipment	(7)	-
Payment for capital improvement on investment properties	(23,391)	(10,427)
Deposits paid for tender, development and acquisition	-	(27,501)
Deposits received	200	-
Investment in debt securities	(10,000)	-
Interest received	3,351	2,302
<b>Net cash used in investing activities</b>	(51,225)	(282,782)
<b>Cash flows from financing activities</b>		
Equity issue costs paid	(1,959)	(6,177)
Proceeds from issue of units	298,500	400,001
Distributions paid to Unitholders	(149,341)	(127,115)
Finance costs paid	(36,260)	(33,779)
Transaction costs paid in respect of borrowings	(1,177)	(2,296)
Proceeds from borrowings	288,066	706,000
Repayment of borrowings	(532,306)	(800,900)
<b>Net cash (used in)/generated from financing activities</b>	(134,477)	135,734
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,600)	8,148
<b>Cash and cash equivalents at beginning of the financial period</b>	19,589	8,067
<b>Effect of exchange rate changes on cash balances</b>	(279)	-
<b>Cash and cash equivalents at end of the financial period</b>	17,710	16,215

1 (c)(ii) Cash flow statement (2Q FY12/13 vs 2Q FY11/12)

	<b>Group</b>	
	01/07/12 to 30/09/12 S\$'000	01/07/11 to 30/09/11 S\$'000
<b>Cash flows from operating activities</b>		
Net income	61,821	60,691
<b><u>Adjustments for</u></b>		
Finance income from financial institutions	(7,339)	(10,152)
Allowance for impairment loss on doubtful receivables, net	78	2
Finance costs	41,992	16,205
Management fees paid/payable in units	1,667	1,426
Depreciation of plant and equipment	189	275
Foreign exchange (gain)/loss	(3,255)	15,648
<b>Operating income before working capital changes</b>	95,153	84,095
<b><u>Changes in working capital</u></b>		
Trade and other receivables	1,063	(2,582)
Trade and other payables	(2,319)	(442)
<b>Cash generated from operating activities</b>	93,897	81,071
Income tax paid	(133)	-
<b>Net cash from operating activities</b>	93,764	81,071
<b>Cash flows from investing activities</b>		
Payment for investment properties and other assets under development	(6,347)	(235,083)
Payment for capital improvement on investment properties	(13,338)	(4,291)
Deposits paid for tender and acquisition	-	(9,210)
Deposits received	200	-
Investment in debt securities	(10,000)	-
Interest received	2,260	1,116
<b>Net cash used in investing activities</b>	(27,225)	(247,468)
<b>Cash flows from financing activities</b>		
Equity issue costs paid	-	(60)
Distributions paid to Unitholders	(40,276)	(58,516)
Finance costs paid	(21,848)	(17,355)
Transaction costs paid in respect of borrowings	-	(11)
Proceeds from borrowings	56,389	545,000
Repayment of borrowings	(65,406)	(301,000)
<b>Net cash (used in)/generated from financing activities</b>	(71,141)	168,058
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,602)	1,661
<b>Cash and cash equivalents at beginning of the period</b>	22,638	14,554
<b>Effect of exchange rate changes on cash balances</b>	(326)	-
<b>Cash and cash equivalents at end of the financial period</b>	17,710	16,215

1 (d)(i) Statement of movement in unitholders' funds (1H FY12/13 vs 1H FY11/12)

	Group		Trust	
	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000	01/04/12 to 30/09/12 S\$'000	01/04/11 to 30/09/11 S\$'000
<b>Balance at beginning of the financial period</b>	3,915,380	3,291,666	3,914,927	3,291,666
<b>Operations</b>				
Net income	121,130	128,275	119,927	128,275
Net change in fair value of financial derivatives	13,948	11,338	13,948	11,338
Income tax credit/(expense)	1,418	(411)	1,624	(411)
<b>Net increase in net assets resulting from operations</b>	136,496	139,202	135,499	139,202
<b>Hedging transactions</b>				
Effective portion of changes in fair value of financial derivatives (Note a)	3,689	(16,599)	3,689	(16,599)
Changes in fair value of financial derivatives transferred to the Statement of Total Return	-	4,694	-	4,694
<b>Net increase/(decrease) in net assets resulting from hedging transactions</b>	3,689	(11,905)	3,689	(11,905)
<b>Movement in foreign currency translation reserve (Note b)</b>	(1,271)	-	-	-
<b>Unitholders' transactions</b>				
New units issued	298,500	400,001	298,500	400,001
Acquisition fees (IPT acquisition) paid in units	1,830	1,256	1,830	1,256
Management fees paid in units	3,173	2,591	3,173	2,591
Equity issue costs	(2,008)	(6,153)	(2,008)	(6,153)
Distributions to Unitholders	(149,341)	(127,115)	(149,341)	(127,115)
<b>Net increase in net assets resulting from Unitholders' transactions</b>	152,154	270,580	152,154	270,580
<b>Balance at end of the financial period</b>	4,206,448	3,689,543	4,206,269	3,689,543

**Footnotes**

(a) In 1H FY12/13, the forward 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 swaps registered a favourable change as compared to the beginning of the period.

However, in 1H FY11/12, the forward 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 swaps registered an unfavourable change as compared to the beginning of the period.

(b) This amount relates to the foreign exchange translation differences arising from translation of the financial statements of AHTDBC.

**Statement of movement in unitholders' funds (2Q FY12/13 vs 2Q FY11/12)**

	Group		Trust	
	01/07/12 to 30/09/12 S\$'000	01/07/11 to 30/09/11 S\$'000	01/07/12 to 30/09/12 S\$'000	01/07/11 to 30/09/11 S\$'000
<b>Balance at beginning of financial period</b>	4,184,302	3,685,753	4,182,976	3,685,753
<b>Operations</b>				
Net income	61,821	60,691	61,435	60,691
Net change in fair value of financial derivatives	(3,732)	4,438	(3,732)	4,438
Income tax expense	1,857	(205)	1,909	(205)
<b>Net increase in net assets resulting from operations</b>	59,946	64,924	59,612	64,924
<b>Hedging transactions</b>				
Effective portion of changes in fair value of financial derivatives (Note a)	3,957	(6,546)	3,957	(6,546)
Changes in fair value of financial derivatives transferred to the Statement of Total Return	-	3,928	-	3,928
<b>Net increase/(decrease) in net assets resulting from hedging transactions</b>	3,957	(2,618)	3,957	(2,618)
<b>Movement in foreign currency translation reserve (Note b)</b>	(1,481)	-	-	-
<b>Unitholders' transactions</b>				
Distributions to Unitholders	(40,276)	(58,516)	(40,276)	(58,516)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	(40,276)	(58,516)	(40,276)	(58,516)
<b>Balance at end of the financial period</b>	4,206,448	3,689,543	4,206,269	3,689,543

**Footnotes**

(a) In 2Q FY12/13, the forward 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 swaps registered a favourable change as compared to the beginning of the period.

However, in 2Q FY11/12, the forward 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 swaps registered an unfavourable change as compared to the beginning of the period.

(b) This amount relates to the foreign exchange translation differences arising from translation of the financial statements of AHTDBC.

**1 (d)(ii) Details of any changes in the units (1H FY12/13 vs 1H FY11/12)**

	<b>Trust</b>	
	01/04/12 to 30/09/12 Units	01/04/11 to 30/09/11 Units
<b>Balance at beginning of the financial period</b>	2,085,077,194	1,874,292,935
Issue of new units:		
- Issued pursuant to equity raising in May 2012 / April 2011	150,000,000	206,186,000
- Acquisition fees (IPT acquisition) paid in units	898,247	629,794
- Management fees paid in units	1,577,127	1,301,946
<b>Balance at end of the financial period</b>	<b>2,237,552,568</b>	<b>2,082,410,675</b>

A collateral loan of S\$300 million with maturity date on 1 February 2017 was granted by Ruby Assets Pte. Ltd. Please refer to Note (m) on Page 11 for further details of the collateral loan.

The collateral loan is exchangeable into fully paid units representing undivided interests in A-REIT at any time on or after 6 May 2010 at an adjusted conversion price of \$2.2727 per unit, subject to adjustment upon the occurrence of certain events.

There has been no conversion of any of the collateral loan since the date of issue.

Assuming the collateral loan is fully converted based on the adjusted conversion price of \$2.2727 per unit, the number of new units to be issued would be 132,001,584 representing 5.9% of the total number of A-REIT Units in issue as at 30 September 2012.

**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 the 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)**

Please see attached review report.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group adopted various new accounting standards, amendments to accounting standards, and interpretations that are effective for annual periods beginning after 1 April 2012. None of these have a significant effect on the financial information of the Group.

Except for the above, the Group 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 financial year ended 31 March 2012.



**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**

There are no significant changes in the accounting policies and methods of computation.

**6. Earnings per Unit (“EPU”) and Distribution per Unit (“DPU”) for the financial period**

**6.1 EPU for 2Q FY12/13 compared to 1Q FY12/13**

**Basic EPU (Note a)**

Weighted average number of units  
Earnings per unit in cents (EPU)

**Dilutive EPU (Note b)**

Weighted average number of units  
Earnings per unit in cents (Dilutive EPU)

Group		Trust	
2Q FY12/13 01/07/12 to 30/09/12	1Q FY12/13 01/04/12 to 30/06/12	2Q FY12/13 01/07/12 to 30/09/12	1Q FY12/13 01/04/12 to 30/06/12
2,237,552,568	2,165,116,975	2,237,552,568	2,165,116,975
2.68	3.54	2.66	3.51
2,237,552,568	2,165,116,975	2,237,552,568	2,165,116,975
2.68	3.54	2.66	3.51

**6.2 EPU for 2Q FY12/13 compared to 2Q FY11/12**

**Basic EPU (Note a)**

Weighted average number of units  
Earnings per unit in cents (EPU)

**Dilutive EPU (Note b)**

Weighted average number of units  
Earnings per unit in cents (Dilutive EPU)

Group		Trust	
2Q FY12/13 01/07/12 to 30/09/12	2Q FY11/12 01/07/11 to 30/09/11	2Q FY12/13 01/07/12 to 30/09/12	2Q FY11/12 01/07/11 to 30/09/11
2,237,552,568	2,082,410,675	2,237,552,568	2,082,410,675
2.68	3.12	2.66	3.12
2,237,552,568	2,209,319,597	2,237,552,568	2,209,319,597
2.68	2.60	2.66	2.60

**6.3 EPU for 1H FY12/13 compared to 1H FY11/12**

**Basic EPU (Note a)**

Weighted average number of units  
Earnings per unit in cents (EPU)

**Dilutive EPU (Note b)**

Weighted average number of units  
Earnings per unit in cents (Dilutive EPU)

1H FY12/13 01/04/12 to 30/09/12	1H FY11/12 01/04/11 to 30/09/11	1H FY12/13 01/04/12 to 30/09/12	1H FY11/12 01/04/11 to 30/09/11
2,201,532,683	2,070,506,620	2,201,532,683	2,070,506,620
6.20	6.72	6.15	6.72
2,201,532,683	2,197,415,541	2,201,532,683	2,197,415,541
6.20	5.95	6.15	5.95

**Footnotes**

- (a) The EPU has been calculated using total return for the period and the weighted average number of units in issue during the period.
- (b) For 2Q and 1H ended 30 September 2012 and 1Q ended 30 June 2012, the collateral loan was anti-dilutive and was excluded from the calculation of dilutive EPU. For 2Q and 1H ended 30 September 2011, the dilutive EPU were computed on the basis that the collateral loan was converted at the beginning of the period.

Dilutive EPU is determined by adjusting the total return for the period and the weighted average of number of units in issue during that period for the effects of all dilutive potential units. Potential units shall be treated as dilutive when, and only when, their conversion to A-REIT Units would decrease earnings per unit or increase loss per unit. The disclosure of dilutive EPU is in relation to the issuance of collateral loan which has a convertible option to redeem the loan in A-REIT Units.

**6.4 DPU for 2Q FY12/13 compared to 1Q FY12/13**

Number of units in issue at end of period  
Applicable number of units  
Distribution per unit in cents (Note a & b)

Group		Trust	
2Q FY12/13 01/07/12 to 30/09/12	1Q FY12/13 01/04/12 to 30/06/12	2Q FY12/13 01/07/12 to 30/09/12	1Q FY12/13 01/04/12 to 30/06/12
2,237,552,568	2,237,552,568	2,237,552,568	2,237,552,568
2,237,552,568	2,166,673,447	2,237,552,568	2,166,673,447
3.53	3.53	3.53	3.53

**6.5 DPU for 2Q FY12/13 compared to 2Q FY11/12**

Number of units in issue at end of period  
Applicable number of units  
Distribution per unit in cents (Note a & b)

Group		Trust	
2Q FY12/13 01/07/12 to 30/09/12	2Q FY11/12 01/07/11 to 30/09/11	2Q FY12/13 01/07/12 to 30/09/12	2Q FY11/12 01/07/11 to 30/09/11
2,237,552,568	2,082,410,675	2,237,552,568	2,082,410,675
2,237,552,568	2,083,313,388	2,237,552,568	2,083,313,388
3.53	3.38	3.53	3.38

**6.6 DPU for 1H FY12/13 compared to 1H FY11/12**

Number of units in issue at end of period  
Applicable number of units  
Distribution per unit in cents (Note a & b)

Group		Trust	
1H FY12/13 01/04/12 to 30/09/12	1H FY11/12 01/04/11 to 30/09/11	1H FY12/13 01/04/12 to 30/09/12	1H FY11/12 01/04/11 to 30/09/11
2,237,552,568	2,082,410,675	2,237,552,568	2,082,410,675
2,204,069,217	2,072,945,287	2,204,069,217	2,072,945,287
7.06	6.58	7.06	6.58

**Footnotes**

- (a) The DPU has been calculated using total amount available for distribution and the applicable number of units.
- (b) As at book closure date, none of the S\$300 million collateral loan is converted into A-REIT Units.

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

	Group		Trust	
	30/09/12 cents	31/03/12 cents	30/09/12 cents	31/03/12 cents
Net asset value per unit	188.0	187.8	188.0	187.8
Adjusted net asset value per unit (Note a)	184.5	184.3	184.5	184.3

**Footnote**

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

**8. Review of Performance**

**Review of Performance 2Q FY12/13 vs 2Q FY11/12**

	Group		
	2Q FY12/13 01/07/12 to 30/09/12 S\$'000	2Q FY11/12 01/07/11 to 30/09/11 S\$'000	Increase / (Decrease) %
Gross revenue	143,324	121,727	17.7%
Property operating expenses	(40,401)	(31,161)	29.7%
Net property income	102,923	90,566	13.6%
Non property expenses	(9,704)	(8,174)	18.7%
Net finance costs	(34,653)	(6,053)	nm
Foreign exchange gain/(loss)	3,255	(15,648)	(120.8%)
	(41,102)	(29,875)	37.6%
Net income	61,821	60,691	1.9%
Net change in fair value of financial derivatives	(3,732)	4,438	(184.1%)
Total return for the period before income tax expense	58,089	65,129	(10.8%)
Income tax credit/(expense)	1,857	(205)	nm
Total return for the period after income tax expense	59,946	64,924	(7.7%)
Net effect of non tax deductible expenses and other adjustments	19,131	4,565	nm
Income available for distribution	79,077	69,489	13.8%
Distribution from capital (Note a)	-	1,001	(100.0%)
Total amount available for distribution	79,077	70,490	12.2%
Earnings per unit (cents)	2.68	3.12	(14.1%)
Distribution per unit (cents)	3.53	3.38	4.4%

Note: nm denotes "not meaningful"

**Footnote**

(a) This relates to a distribution which is classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of Singapore corporate tax) from a finance lease with a tenant. In 2Q FY12/13, IRAS had ruled that the income received from the finance lease with a tenant qualify for tax transparency treatment.

Gross revenue increased by 17.7% mainly due to additional rental income from completed development projects and new acquisitions since September 2011.

The 29.7% increase in property operating expenses is in line with the increase in number of properties arising from the completion of development projects and new acquisitions since September 2011. Higher electricity charges, property tax, maintenance and conservancy costs, and land rent contributed to the increase in property operating expenses.

Non property expenses increased by 18.7% due to the higher management fees, which was in tandem with the higher Deposited Property as at 30 September 2012.

Net finance costs were higher in 2Q FY12/13 mainly due to the higher interest expenses from higher borrowings and a \$23.9 million fair value loss on collateral loan (2Q FY11/12: \$8.7 million gain). These were partially offset by the higher interest income from interest rate swaps and convertible bonds, and a fair value gain on convertible bonds of \$5.0 million (2Q FY11/12: Nil).

Foreign exchange gain/(loss) mainly arose from the translation of the Trust's JPY-denominated MTN. Foreign exchange gain in 2Q FY12/13 of \$3.3 million was mainly due to the weakening of JPY exchange rate against SGD. Cross currency swaps relating to the JPY-denominated MTN were entered into to hedge against the foreign exchange exposure and the offsetting fair value effect on the cross currency swaps was included in the net change in fair value of financial derivatives.

Net change in fair value of financial derivatives in 2Q FY12/13 was made up of a \$2.6 million fair value loss on cross currency swaps (2Q FY11/12: \$18.2 million gain) and a \$1.1 million fair value loss on interest rate swaps (2Q FY11/12: \$13.8 million loss). Fair value loss on cross currency swaps in 2Q FY12/13 was mainly due to the weakening of the JPY exchange rate against SGD.

Net non tax deductible expenses and other adjustments were higher in 2Q FY12/13 mainly due to (i) higher fair value loss on collateral loans of \$23.9 million (2Q FY11/12: \$8.7 million gain) and (ii) net fair value loss of \$3.7 million on financial derivatives (2Q FY11/12: \$4.4 million gain); and offset by (iii) fair value gain on convertible bonds of \$5.0 million (2Q FY11/12: Nil) and (iv) foreign exchange gain of \$3.3 million (2Q FY11/12: \$15.6 million loss) arising from the translation of the Trust's JPY-denominated MTN.

Total amount available for distribution was 12.2% higher than 2Q FY11/12 mainly due to the contribution from the completed development projects and new acquisitions since September 2011.

**Review of Performance 2Q FY12/13 vs 1Q FY12/13**

	<b>Group</b>		
	2Q FY12/13 01/07/12 to 30/09/12 S\$'000	1Q FY12/13 01/04/12 to 30/06/12 S\$'000	Increase / (Decrease) %
Gross revenue	143,324	141,960	1.0%
Property operating expenses	(40,401)	(40,848)	(1.1%)
Net property income	102,923	101,112	1.8%
Non property expenses	(9,704)	(9,636)	0.7%
Net finance costs	(34,653)	(19,916)	74.0%
Foreign exchange gain/(loss)	3,255	(12,251)	(126.6%)
	(41,102)	(41,803)	(1.7%)
Net income	61,821	59,309	4.2%
Net change in fair value of financial derivatives	(3,732)	17,680	(121.1%)
Total return for the period before income tax expense	58,089	76,989	(24.5%)
Income tax credit/(expense)	1,857	(439)	nm
Total return for the period after income tax expense	59,946	76,550	(21.7%)
Net effect of non tax deductible expenses/(taxable income) and other adjustments	19,131	(1,004)	nm
Income available for distribution	79,077	75,546	4.7%
Distribution from capital (Note a)	-	984	(100.0%)
Total amount available for distribution	79,077	76,530	3.3%
Earnings per unit (cents)	2.68	3.54	(24.3%)
Distribution per unit (cents)	3.53	3.53	-

Note: nm denotes "not meaningful"

**Footnote**

- (a) This relates to a distribution which is classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of Singapore corporate tax) from a finance lease with a tenant. In 2Q FY12/13, IRAS had ruled that the income received from the finance lease with a tenant qualify for tax transparency treatment.

Net finance costs was higher in 2Q FY12/13 mainly due to a higher fair value loss of \$23.9 million (1Q FY12/13: \$7.0 million loss) on collateral loan, offset by a higher fair value gain on convertible bonds of \$5.0 million (1Q FY12/13: \$2.6 million gain).

Foreign exchange gain/(loss) mainly arose from the translation of the Trust's JPY-denominated MTN. Foreign exchange gain for 2Q FY12/13 was due to the weakening of JPY exchange rate against SGD. Cross currency swaps relating to the JPY-denominated MTN were entered into to hedge against the foreign exchange exposure and the offsetting fair value changes on cross currency swaps was included in the net change in fair value of financial derivatives.

Net change in fair value of financial derivatives in 2Q FY12/13 was made up of a \$2.6 million fair value loss (1Q FY12/13: \$17.8 million gain) on cross currency swaps, and a \$1.1 million fair value loss (1Q FY12/13: \$0.1 million loss) on interest rate swaps. Fair value loss on cross currency swaps in 2Q FY12/13 was mainly due to the weakening of the JPY exchange rate against SGD.

The movement in net effect of non tax deductible expenses/(taxable income) and other adjustments in 2Q FY12/13 were mainly due to (i) \$23.9 million fair value loss on collateral loan (1Q FY12/13: \$7.0 million loss), (ii) \$3.7 million net fair value loss on financial derivatives (1Q: FY12/13: \$17.7 million gain), and offset by (iii) fair value gain on convertible bonds of \$5.0 million (1Q FY12/13: \$2.6 million gain) and (iv) \$3.3 million foreign exchange gain arising from the translation of the Trust's JPY-denominated MTN (1Q FY12/13: \$12.3 million loss).

## **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.**

**Singapore**

According to Singapore's Ministry of Trade & Industry's (MTI) advance estimates, Singapore's economy grew at a modest pace of 1.3% in 3Q 2012 on a y-o-y basis, compared to 2.3% growth in 2Q 2012. On a q-o-q seasonally adjusted annualized basis, Singapore's economy contracted by 1.5% compared to a 0.2% expansion in the prior quarter. This contraction was mainly due to a slowdown in the manufacturing sector. For 2012, MTI expects the Singapore economy to grow by between 1.5% to 2.5%.

Singapore's manufacturing sector contracted for the third straight month in September 2012 with a PMI reading of 49.1, a decline of 0.7 point over the previous month. This was attributed to a decline in new orders as well as contraction in stockholdings of finished goods and imports.

URA's 2Q 2012 statistics showed a consecutive 11<sup>th</sup> quarter growth in both the industrial rental and price indices of 2.8% and 8.4% respectively compared to a growth of 1.8% and 7.3% respectively in the previous quarter. Rental rates for business park space remained flat for the third consecutive quarter at S\$3.90 psf per month. According to the CBRE 3Q 2012 Market View, rental rates for factory space and warehouse space remained stagnant at S\$1.94 psf per month and S\$1.79 psf per month respectively.

Average occupancy for all sectors declined marginally. Business park occupancy declined by 0.7% points to 82.1% while factory space declined to 93.6% (1Q 2012: 93.7%). Occupancy for warehouse space stands at 94.4% (1Q 2012: 94.7%).

**China**

China manufacturing activity continued to contract in September though at a slower rate. The China Purchasing Manager Index remained below 50 in September 2012 (indicating a contraction) despite improving to 49.8 from 49.2 in August 2012. China's imports and exports improved in September 2012 due to recovering demand boosted by various stimulative policies, including reduction in interest rates, cut in taxes for small businesses as well as offering of interest discounts to importers of certain types of products. Export rose 9.9% to US\$186.35 billion, ending three consecutive months of decline, while import rose 2.4%. Trade surplus was US\$27.7 billion, compared to US\$26.7 million in August 2012.

Inflation eased to 1.9% in September 2012 compared to 2.0% in August. The International Monetary Fund has cut its growth estimate for China to 7.8% in 2012 and 8.2% in 2013 from its July's estimate of 8.0% and 8.5% previously. China's official GDP growth estimate for 2012 remains at 7.5%

According to the 2Q 2012 CBRE Market View for China, the average rent of factory, logistics and R&D facilities in Beijing continued to rise to RMB 53.2, 35.3 and 125.6 psm per month respectively (1Q 2012: RMB 45.2, 34.5 and 109.5 psm per month respectively). Shanghai saw a similar increasing trend whereby the average rents for factories, logistics and business park space were up by 0.8%, 0.7% and 0.2% respectively to RMB 31.3, 36.1 and 98.7 psm per month.

**Outlook for the financial year ending 31 March 2013**

For the remaining of the financial year, A-REIT has about 5.8% of its revenue due for renewal. With about 1,200 tenants and a portfolio of 101 properties in Singapore and 1 in China, A-REIT is well-diversified in terms of rental income with the single largest tenant accounting for not more than 5.7% of A-REIT's gross revenue. A-REIT's portfolio has a good mix of long and short term leases (38% versus 62% by asset value) with a weighted average lease to expiry of about 3.9 years which will provide sustainable and predictable earnings.

Barring any unforeseen event and any further weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2013.



## 11. Distributions

### (a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution :	38 <sup>th</sup> distribution for the period 1 July 2012 to 30 September 2012
Distribution Type :	Income
Distribution Rate :	Taxable income - 3.53 cents per unit
Par value of units :	Not applicable
Tax Rate :	<u>Taxable Income Distribution</u> 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 :	25 October 2012
Date payable :	27 November 2012

### (b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period :	Yes
Name of distribution :	33 <sup>rd</sup> distribution for the period 01 July 2011 to 30 September 2011
Distribution Type :	Income / Capital
Distribution Rate :	Taxable income - 3.33 cents per unit Capital - 0.05 cents per unit
Par value of units :	Not applicable
Tax Rate :	<u>Taxable Income Distribution</u> 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%.  <u>Capital distribution</u> Distributions out of capital are not taxable in the hands of all Unitholders provided that the Units are not held as trading assets. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.
Book closure date :	25 October 2011
Date paid :	25 November 2011

**12. If no distribution has been declared/(recommended), a statement to that effect**

Not applicable.

**13. If the Group has obtained a general mandate from unitholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

A-REIT has not obtained a general mandate from unitholders for interested parties transactions.

**14. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines**

The Manager hereby certifies that in relation to the distribution to the Unitholders of A-REIT for the financial quarter ended 30 September 2012:

The Manager is satisfied on reasonable grounds that, immediately after making the distribution, A-REIT will be able to fulfill, from its deposited property, its liabilities as and when they fall due.

A-REIT's current distribution policy is to distribute 100% of its distributable income to Unitholders, other than gains on the sale of properties that are determined by IRAS to be trading gains, and unrealised surplus on revaluation of investment properties and investment properties under development. Distributions are usually made on a quarterly basis at the discretion of the Manager.

**15. DIRECTORS CONFIRMATION PURSUANT TO RULE 705(5) 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 in any material aspect.

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.

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By order of the Board  
Ascendas Funds Management (S) Limited

**Mary Judith de Souza**  
**Company Secretary**  
**17 October 2012**



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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 II  
Singapore 117525

Attention: Mr Tan Ser Ping

17 October 2012

Dear Sirs

**Ascendas Real Estate Investment Trust and its subsidiaries  
Review of Interim Financial Information for the 6-month period ended 30 September  
2012**

***Introduction***

We have reviewed the accompanying interim financial information (the “Interim Financial Information”) of Ascendas Real Estate Investment Trust (the “Trust”) and its subsidiaries (the “Group”) for the six-month period ended 30 September 2012. The Interim Financial Information comprises the following:

- Balance sheets of the Trust and the Group as at 30 September 2012;
- Statements of total return of the Trust and the Group for the three-month period and six-month period ended 30 September 2012;
- Distribution statements of the Trust and the Group for the three-month period and six-month period ended 30 September 2012;
- Statements of movements in unitholders’ funds of the Trust and the Group for six-month period ended 30 September 2012;
- Portfolio statement of the Group as at 30 September 2012;
- Statement of cash flows of the Group for the six-month period ended 30 September 2012; and
- Certain explanatory notes to the above Interim Financial Information.

Ascendas Funds Management (S) Limited, the Manager of the Trust, 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 Accountants of Singapore. 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 recommendations of the RAP 7 relevant to interim financial information issued by the Institute of Certified Public Accountants of Singapore.

***Restriction of Use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the interim financial information for the purpose of assisting the Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

KPMG LLP

**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*  
Singapore