A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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 103 properties in Singapore and 2 properties in China, with a tenant base of around 1,330 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities.

The Group results include the consolidation of wholly owned subsidiaries: Ascendas ZPark (S) Pte. Ltd. (“AZ Park”) and its subsidiary, Ascendas Hi-Tech Development (Beijing) Co., Limited (“AHTDBC”), which were acquired on 3 October 2011; and Shanghai (JQ) Investment Holdings Pte. Ltd. (“SHJQ”) and its subsidiary, A-REIT Shanghai Realty Co, Ltd. (“ASRC”), which were acquired on 12 July 2013. The Group results also include the consolidation of Ruby Assets Pte. Ltd. (“Ruby Assets”) and Emerald Assets Limited (“Emerald Assets”). Both Ruby Assets and Emerald Assets are special purpose companies set up to grant loans to the Trust. The commentaries below are based on the Group results unless otherwise stated.

SUMMARY OF A-REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Group		
	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000 (Restated) (Note a)	Increase %
Gross revenue	**163,178**	**150,925**	**8.1%**
Net property income	**116,272**	**107,971**	**7.7%**
Total amount available for distribution:	**87,607**	**85,193**	**2.8%**
- from operations	86,938	84,669	2.7%
- tax-exempt income (Note b)	669	524	27.7%
	Cents per Unit		
Distribution per Unit ("DPU") (Note c)	FY14/15	FY13/14	Increase %
For the quarter from 1 April to 30 June (Note d)	**3.64**	**3.55**	**2.5%**
- from operations	3.62	3.53	2.5%
- tax-exempt income	0.02	0.02	-

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets and Emerald Assets. The comparative figures for 1Q FY13/14 and 4Q FY13/14 have been restated on similar basis for comparison. Please refer to Para 4 on page 15.

(b) This includes a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax has been withheld on this income, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

(c) With effect from 1 April 2014, A-REIT's distribution frequency is changed from quarterly to semi-annual basis for every six-month period ending 30 September and 31 March.

(d) As at 30 June 2014, none of the S$300 million Exchangeable Collateralised Securities ("ECS") with final maturity date on 1 February 2017 is converted into A-REIT Units ("Units"). Accordingly, the actual quantum of DPU may differ if any of the ECS is converted into Units. For more details on the ECS, please refer to Para 1(b)(i)(k) on Page 9 and 10 and Para 1(d)(ii) on Page 14.

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 (1Q FY14/15 vs 1Q FY13/14)

	Group			Trust		
	01/04/14 to 30/06/14 (Note a) S$'000	01/04/13 to 30/06/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000	Increase / (Decrease) %
Gross revenue	163,178	150,925	8.1%	160,086	149,481	7.1%
Property services fees	(5,875)	(4,943)	18.9%	(5,722)	(4,859)	17.8%
Property tax	(11,939)	(10,799)	10.6%	(11,852)	(10,713)	10.6%
Other property operating expenses	(29,092)	(27,212)	6.9%	(28,386)	(27,080)	4.8%
Property operating expenses	(46,906)	(42,954)	9.2%	(45,960)	(42,652)	7.8%
Net property income	116,272	107,971	7.7%	114,126	106,829	6.8%
Management fees (Note b)	(9,006)	(8,690)	3.6%	(9,006)	(8,690)	3.6%
Trust expenses	(1,564)	(1,481)	5.6%	(1,296)	(1,454)	(10.9%)
Finance income (Note c)	3,008	36,418	(91.7%)	2,802	36,380	(92.3%)
Finance costs (Note d)	(26,116)	(17,563)	48.7%	(25,948)	(17,362)	49.5%
Foreign exchange (loss)/gain (Note e)	(55,473)	(3,741)	nm	(1,722)	7,838	(122.0%)
Gain on disposal of investment properties (Note f)	2,023	7,205	(71.9%)	2,023	7,205	(71.9%)
Net non property expenses	(87,128)	12,148	nm	(33,147)	23,917	nm
Net income (*)	29,144	120,119	(75.7%)	80,979	130,746	(38.1%)
Net change in fair value of financial derivatives (Note g)	58,173	11,151	nm	5,615	(349)	nm
Total return for the period before tax	87,317	131,270	(33.5%)	86,594	130,397	(33.6%)
Tax expense (Note h)	(1,323)	(328)	nm	(1,017)	(251)	nm
Total return for the period	85,994	130,942	(34.3%)	85,577	130,146	(34.2%)
Attributable to:						
Unitholders	85,959	131,094	(34.4%)	85,577	130,146	(34.2%)
Non-controlling interests	35	(152)	(123.0%)	-	-	-
	85,994	130,942	(34.3%)	85,577	130,146	(34.2%)

Note: nm denotes “not meaningful

(*)Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income of the Group would have been $81.7m and $131.8m for 1Q FY14/15 and 1Q FY13/14 respectively.

1(a)(i) Statement of total return (1Q FY14/15 vs 1Q FY13/14) (cont'd)

	Group			Trust		
	01/04/14 to 30/06/14 (Note a) S$'000	01/04/13 to 30/06/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000	Increase / (Decrease) %
Statement of distribution						
Total return for the period attributable to Unitholders	85,959	131,094	(34.4%)	85,577	130,146	(34.2%)
Net effect of non tax deductible expenses/(taxable income) and other adjustments (Note i)	1,648	(45,901)	(103.6%)	2,030	(44,953)	(104.5%)
Income available for distribution	87,607	85,193	2.8%	87,607	85,193	2.8%
Comprising:						
- Taxable income	86,938	84,669	2.7%	86,938	84,669	2.7%
- Tax-exempt income (Note j)	669	524	27.7%	669	524	27.7%
Total amount available for distribution	87,607	85,193	2.8%	87,607	85,193	2.8%

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

	01/04/14 to 30/06/14 (Note a) S$'000	01/04/13 to 30/06/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000	Increase / (Decrease) %
Gross rental income	142,131	134,714	5.5%	139,084	133,279	4.4%
Other income (Note k)	21,047	16,211	29.8%	21,002	16,202	29.6%
Audit fee	(99)	(80)	23.4%	(67)	(75)	(10.7%)
Valuation fees	(120)	(107)	12.1%	(115)	(106)	8.5%
Allowance for impairment loss on doubtful receivables	(230)	(20)	nm	(230)	(20)	nm
Depreciation of plant and equipment	(43)	(172)	(75.0%)	(38)	(172)	(77.9%)

Note: nm denotes "not meaningful

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 and which resulted in the Group consolidating Ruby Assets and Emerald Assets. The comparative figures for 1Q FY13/14 have been restated on similar basis for comparison.

The Group had 105 properties and 103 properties as at 30 June 2014 and 30 June 2013 respectively. Since 1 July 2013, the Group completed (i) the acquisition of Hyflux Innovation Centre in June 2014, (ii) the development of Nexus @one-north in September 2013, (iii) the acquisition of shares in SHJQ, which holds the property, A-REIT City @Jinqiao, via its subsidiary in China, ASRC, in July 2013 and (iv) the divestment of 1 Kallang Place in May 2014.

(b) With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fees in units and the other 80% in cash and with effect from 1 April 2014, the Manager has improved the basis of determination of management fees by excluding derivative assets and properties under development from the computation of Deposited Property. Management fees increased in line with higher Deposited Property value contributed mainly by the acquisition of Hyflux Innovation Centre in 1Q FY14/15, fair value gain on investment properties, completion of Nexus @one-north and acquisition of A-REIT City @Jinqiao in FY13/14.

(c) Finance income comprises interest income from interest rate swaps, convertible bonds and bank deposits and accretion adjustments for refundable security deposits. In 1Q FY13/14, finance income included a fair value gain on convertible bonds of $10.2 million and fair value gain on ECS of $23.6 million (1Q FY14/15: loss of $2.4 million and $6.8 million respectively, included in finance costs (see note (d) below)). The convertible bonds and ECS (with embedded derivatives) 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.

(d) Finance costs comprise interest expenses on loans, interest rate swaps, amortised costs of establishing debt facilities (including the Medium Term Notes ("MTN"), Transferrable Loan Facilities, Committed Revolving Credit Facilities) and fair value losses on convertible bonds and ECS. The higher finance costs was mainly due to the fair value loss on ECS of $6.8 million and fair value loss on convertible bonds of $2.4 million recognised in 1Q FY14/15 (1Q FY13/14: gain of $23.6 million and $10.2 million respectively included in finance income (see note (c) above)).

(e) Foreign exchange loss was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's Euro-denominated MTN and the strengthening of JPY spot exchange rate against SGD relating to the Trust's JPY-denominated MTN. Cross currency swaps relating to the JPY-denominated MTN were entered into to hedge against the foreign exchange exposure. Emerald Assets's cross currency interest rate swap had matured in May 2014, resulting in a offsetting fair value gain in 1Q FY14/15 (see note (g) below).

(f) This relates to the gain arising from the divestment of investment properties located at 1 Kallang Place and 6 Pioneer Walk, which were completed in May 2014 and June 2013 respectively.

(g) Net change in fair value of financial derivatives in 1Q FY14/15 was made up of a $1.5 million fair value gain on interest rate swaps (1Q FY13/14: loss of $0.4 million), a fair value gain on cross currency swaps of $4.1 million (1Q FY13/14: $0.03 million) at Trust level and a fair value gain of $52.5 million (1Q FY13/14: $11.5 million) in relation to reversal of fair value loss on cross currency interest rate swap from Emerald Assets upon maturity of the swap. The fair value gain on cross currency swaps was mainly due to the strengthening of JPY forward exchange rates against SGD relating to the Trust's JPY-denominated MTN. For further details, please refer to Note (k) on Pages 9 and 10.

(h) Tax expense includes income tax expense relating to AHTDBC, income tax provided on interest income earned from investment in convertible bonds, finance lease interest income received from a tenant and incentive payment received as income support in relation to Z-Link and A-REIT City @Jinqiao respectively.

(i) Net effect of non tax deductible expenses/(taxable income) and other adjustments comprises:

	Group			Trust		
	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000	Increase / (Decrease) %
Management fees paid/payable in units	1,801	1,739	3.6%	1,801	1,739	3.6%
Trustee fee	550	522	5.4%	550	522	5.4%
Net change in fair value of financial derivatives	(5,615)	349	nm	(5,615)	349	nm
Other net non tax deductible expenses/(taxable income) and other adjustments (Note A)	3,572	(39,725)	(109.0%)	3,572	(39,725)	(109.0%)
Transfer to general reserve	(73)	(32)	128.1%	-	-	-
Unrealised foreign exchange loss/(gain)	2,938	(7,911)	(137.1%)	1,722	(7,838)	(122.0%)
Income from subsidiaries (Note B)	(1,525)	(843)	80.9%	-	-	-
Net effect of non tax deductible/ (taxable income) expenses and other adjustments	1,648	(45,901)	(103.6%)	2,030	(44,953)	(104.5%)

Note: nm denotes “not meaningful

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, net change in fair value of ECS and convertible bonds, accretion adjustments for refundable security deposits, gain arising from the divestment of investment properties and income support received in relation to Z-Link and A-REIT City @Jinqiao respectively.

B. This relates to income from AHTDBC and ASRC, which has yet to be received by A-REIT as at 30 June 2014. The intention is to distribute net income from subsidiaries, where available, semi-annually, after relevant adjustments such as withholding tax payable.

(j) This relates to a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax has been withheld on this income, the distribution is exempt from tax in the hands of the Unitholders, except for Unitholders who are holding the units as trading assets.

(k) Other income includes revenue from utilities charges, interest income from finance lease receivable, car park revenue and liquidated damages.

Gross revenue increased by 8.1% mainly due to the recognition of rental income earned from Nexus @one-north, A-REIT City @Jinqiao and finance lease interest income received from a tenant. Positive rental reversion and incentive payment received as income support in relation to A-REIT City @Jinqiao also contributed to the increase in gross revenue.

The completion of the development at Nexus @one-north, acquisition of shares in SHJQ which holds the property A-REIT City @Jinqiao via its subsidiary in China, ASRC and changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted had also given rise to higher other property expenses in 1Q FY14/15. For most of the single-tenanted properties, the properties were maintained by the tenants and expenses such as land rent, property tax, and/or maintenance & conservancy costs may be borne by the tenants.

The increase in property tax of 10.6% was likewise mainly contributed by changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted. Nexus @one-north also contributed to the higher property tax in 1Q FY14/15. In 1Q FY14/15, property tax expense included vacancy refund of $0.3 million (or DPU contribution of 0.01 cents) (1Q FY13/14: $0.7 million, DPU impact of 0.03 cents). Following IRAS's announcement on the removal of the property tax refund concession on unoccupied buildings with effect from 1 Jan 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims. The vacancy refund received in 1Q FY14/15 was related to unoccupied space area during the period prior to 1 January 2014.

The difference between net non property expenses in 1Q FY14/15 and 1Q FY13/14 was as follows:

(i) higher finance costs coupled with lower finance income which included a fair value loss on ECS of $6.8 million (1Q FY13/14: gain of $23.6 million) and a fair value loss on convertible bonds of $2.4 million (1Q FY13/14: gain of $10.2 million);
(ii) lower gain on divestment of an investment property located at 1 Kallang Place of $2.0 million (1Q FY13/14: $7.2 million gain on divestment of an investment property located at Pioneer Walk);
(iii) higher management fees in 1Q FY14/15 (see Note (b) on Page 4); and
(iv) foreign exchange loss of $55.5 million (1Q FY13/14: $3.7 million (restated)) arose mainly from the realisation of exchange loss from the repayment of Emerald Assets's Euro-denominated MTN and translation of the Trust's JPY-denominated MTN.

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

	Group		Trust	
	30/06/14 S$'000	31/03/14 S$'000 (Restated) (Note a)	30/06/14 S$'000	31/03/14 S$'000
Non-current assets				
Investment properties (Note b)	7,131,139	6,922,966	6,864,951	6,651,419
Investment in debt securities (Note c)	192,176	194,574	192,176	194,574
Plant and equipment	437	418	265	303
Finance lease receivables	93,561	93,844	93,561	93,844
Interest in subsidiaries (Note d)	-	-	170,027	170,027
Derivative assets (Note e)	-	1,348	-	1,348
	7,417,313	**7,213,150**	**7,320,980**	**7,111,515**
Current assets				
Finance lease receivables	1,065	1,031	1,065	1,031
Trade and other receivables (Note f)	73,616	65,139	69,537	61,894
Derivative assets (Note e)	706	1,345	706	1,345
Cash and cash equivalents	27,932	67,328	16,744	57,952
Property held for sale (Note g)	-	10,500	-	10,500
	103,319	**145,343**	**88,052**	**132,722**
Current liabilities				
Trade and other payables	122,738	128,366	114,186	120,755
Security deposits (Note h)	25,049	28,527	24,282	26,827
Derivative liabilities (Note i)	2,756	55,216	2,756	2,658
Short term borrowings (Note j)	175,000	209,790	175,000	209,790
Term loan (Note k)	-	342,451	-	394,986
Collateral loan (Note k)	-	-	347,919	341,091
Exchangeable Collateralised Securities (Note k)	347,919	341,091	-	-
Provision for taxation (Note l)	3,204	2,068	2,989	2,064
	676,666	**1,107,509**	**667,132**	**1,098,171**
Non-current liabilities				
Other payables	2,175	-	2,175	-
Security deposits (Note h)	64,227	57,435	62,430	56,982
Derivative liabilities (Note i)	84,339	90,185	84,339	90,185
Medium term notes (Note k)	595,771	499,157	595,771	499,157
Term loans and borrowings (Note k)	1,228,836	731,932	1,214,856	717,649
Deferred tax liabilities	23,174	23,675	-	-
	1,998,522	**1,402,384**	**1,959,571**	**1,363,973**
Net assets	**4,845,444**	**4,848,600**	**4,782,329**	**4,782,093**
Represented by:				
Unitholders' funds	4,845,376	4,848,566	4,782,329	4,782,093
Non-controlling interests	68	34	**-**	**-**
	4,845,444	**4,848,600**	**4,782,329**	**4,782,093**

	30/06/14 S$'000	31/03/14 S$'000 (Restated)	30/06/14 S$'000	31/03/14 S$'000
Gross borrowings				
Secured borrowings				
Amount repayable within one year	347,919	736,091	347,919	736,091
Unsecured borrowings				
Amount repayable after one year	1,836,805	1,240,387	1,822,826	1,226,104
Amount repayable within one year	175,000	210,000	175,000	210,000
	2,359,724	2,186,478	2,345,745	2,172,195

Footnotes

(a) The Group's comparative balance sheet as at 31 March 2014 had been restated to take into account the retrospective adjustments relating to FRS 110 (please refer to Para 4 of page 15).

(b) The increase in value of investment properties was mainly due to the acquisition of Hyflux Innovation Centre in June 2014 and asset enhancement works at various buildings.

(c) Investment in debt securities relates to an investment in convertible bonds (the "CB") issued by PLC8 Development Pte Ltd (the "Issuer") and due in June 2015. The decrease is due to fair value loss.

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 subsidiaries relates to A-REIT's investment in Ascendas ZPark (S) Pte. Ltd. and its subsidiary, AHTDBC; and Shanghai (JQ) Investment Holdings Pte. Ltd and its subsidiary, ASRC.

(e) The decrease in derivative assets was mainly due to an unfavourable change in the fair value of floating rate interest rate swaps.

(f) The increase in trade and other receivables was in tandem with higher gross revenue in 1Q FY14/15.

(g) Property held for sale relates to the divestment of property located at 1 Kallang Place, which was completed in May 2014.

(h) The increase in security deposits was mainly contributed by Hyflux Innovations Centre which was acquired in June 14.

(i) Derivative liabilities decreased mainly due to a favourable change in the fair value of certain cross currency swaps at the Trust level and derecognition of derivative liability relating to the cross currency interest rate swap of Emerald Assets which matured in May 2014.

(j) The decrease in short term borrowings was mainly due to reclassification of certain committed revolving credit facilities to non-current, offset by new loans drawn down to finance the acquisition of Hyflux Innovation Centre.

(k) **Details of borrowings**

Term loans
The Group has a term loan of S$395 million (Commercial Mortgage Backed Securities) granted to the Trust through a special purpose company, Emerald Assets. The term loan was fully redeemed on 14 May 2014. Accordingly, the collateral for the credit facilities had been discharged.

Collateral loan and Exchangeable Collateralised Securities

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, to the Trust. The maturity date of the collateral loan is 1 February 2017 and it bears a fixed interest rate of 1.6% per annum. The collateral loan may be called in whole or in part, at the option of Ruby Assets, on 1 February 2015 at the early repayment amount. The collateral loan may also be repaid in whole but not in part, at the option of the Trust, on or at any time after 1 February 2015, but not less than 7 business days prior to 1 February 2017. The early repayment amount represents the principal amount of the collateral loan, together with any accrued but unpaid interest up to but excluding the date of repayment. There has been no conversion of any of the collateral loan since the date of issue.

As collateral for the loan granted by Ruby, the Trustee has granted in favour of Ruby Assets the following:

(i) a mortgage over the 19 properties in the Trust 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.

In order to fund the $300.0 million collateral loan to the Trust, Ruby Assets issued $300.0 million ECS on 26 March 2010. The ECS bear a fixed coupon of 1.60% per annum and have a legal maturity date of 1 February 2019.

The ECS may be redeemed by Ruby Assets, in whole or in part, at the option of the ECS Holders, on 1 February 2015 at the early redemption amount of the ECS. The ECS may also be redeemed, in whole but not in part, at the option of Ruby Assets on or any time after 1 February 2015 but not less than 7 business days prior to 1 February 2017 (subject to the satisfaction of certain conditions). The early redemption amount represents the redemption price upon maturity which is equal to the principal amount, together with any accrued but unpaid interest up to but excluding the date of redemption.

The ECS are exchangeable by ECS Holders into new units of A-REIT ("Units") at the adjusted exchange price of $2.145 (1Q FY13/14: $2.2189), at any time on and after 6 May 2010 up to the close of business on 23 January 2017, or if such ECS has been called for redemption before 1 February 2017, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption thereof. Ruby Assets has the option to pay cash in lieu of delivering the Units.

Medium Term Notes

A-REIT established a S$1.0 billion Multicurrency Medium Term Note Programme ("MTN2009") in March 2009. $125.0 million MTN2009 Note had been fully repaid upon maturity in July 2013. On 27 March 2014, A-REIT had issued JPY5.0 billion floating rates notes, which will mature in March 2021. The notes bear a floating interest rate of 3-month JPYLIBOR + 0.50 per cent per annum payable quarterly in arrear. On 16 May 2014 and 21 May 2014, A-REIT issued a total of S$95.0 million fixed rate notes, which will mature in May 2019. These notes bear a fixed interest rate of 2.5% per annum payable semi-annually in arrear. As at the balance sheet date, S$659.4 million (S$295.0 million and JPY24.6 billion) remained outstanding. A-REIT has entered into cross currency swaps to hedge against the JPY-denominated MTN and the SGD-equivalent amount to be repaid for the JPY-denominated MTN has been fixed. The amount reflected in the Balance Sheet relates to the carrying amount of the MTN, net of unamortised transaction costs and the JPY-denominated MTN had been translated at the period end exchange rates.

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

As at 30 June 2014, 70.0% of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.5 years remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings as at 30 June 2014 was 2.7% (31 March 2014: 2.7%) (including margins charged on the loans and amortised annual costs of loans and borrowings). The outstanding interest rate swaps have terms from less than 1 year to less than 6 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 ECS and cross currency swaps are recognised in the Statement of Total Return in accordance with FRS 39.

(l) Provision for taxation comprises mainly income tax payable from AHTDBC, income tax provided on interest income earned from the investment in convertible bonds and incentive payment received as income support in relation to Z-Link and A-REIT City @Jinqiao respectively. The Group recognised deferred tax in relation to its investment in China using the tax rate that would apply as a result of recovering its value through use.

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

1 (c)(ii) Cash flow statement (1Q FY14/15 vs 1Q FY13/14)

	Group	
	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000 (Restated)
Cash flows from operating activities		
Net income	29,144	120,119
Adjustments for		
Allowance for impairment loss on doubtful receivables	230	20
Management fees paid/payable in units	1,801	1,739
Depreciation of plant and equipment	43	172
Finance income	(3,008)	(36,418)
Finance costs	26,116	17,563
Foreign exchange gain	55,473	3,741
Gain on disposal of investment properties	(2,023)	(7,205)
Operating income before working capital changes	107,776	99,731
Changes in working capital		
Trade and other receivables	(7,630)	(2,049)
Trade and other payables	(8,863)	(7,003)
Cash generated from operating activities	91,283	90,679
Income tax paid	(186)	(221)
Net cash from operating activities	91,097	90,458
Cash flows from investing activities		
Purchase of investment properties	(191,384)	-
Payment for investment properties and other assets under development	(150)	(20,022)
Payment for capital improvement on investment properties	(17,801)	(23,801)
Purchase of plant and equipment	(64)	-
Proceeds from sale of investment properties	12,600	32,000
Investment in debt securities	-	(25,000)
Interest received	1,033	1,150
Net cash used in investing activities	(195,766)	(35,673)
Cash flows from financing activities		
Equity issue costs paid	-	(130)
Distributions paid to Unitholders	(85,290)	(69,104)
Finance costs paid	(14,077)	(13,626)
Transaction costs paid in respect of borrowings	(194)	-
Proceeds from borrowings	665,000	136,000
Repayment of borrowings	(500,000)	(101,000)
Net cash generated from/(used in) financing activities	65,439	(47,860)
Net (decrease)/increase in cash and cash equivalents	(39,230)	6,925
Cash and cash equivalents at beginning of the financial period	67,328	27,766
Effect of exchange rate changes on cash balances	(166)	239
Cash and cash equivalents at end of the financial period	27,932	34,930

1 (d)(i) Statement of movement in unitholders' funds (1Q FY14/15 vs 1Q FY13/14)

	Group		Trust	
	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000 (Restated)	01/04/14 to 30/06/14 S$'000	01/04/13 to 30/06/13 S$'000
Balance at beginning of the financial period	4,848,566	4,661,149	4,782,093	4,652,902
Total return for the year attributable to Unitholders of the Trust (Note a)	85,959	131,094	85,577	130,146
Hedging transactions				
Effective portion of changes in fair value of financial derivatives (Note b)	423	10,580	423	10,580
Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note c)	(2,275)	-	(2,275)	-
Net (decrease)/increase in net assets from hedging transactions	(1,852)	10,580	(1,852)	10,580
Movement in foreign currency translation reserve (Note d)	(3,808)	1,916	-	-
Unitholders' transactions				
Management fees paid/payable in units	1,801	1,739	1,801	1,739
Distributions to Unitholders	(85,290)	(69,104)	(85,290)	(69,104)
Net decrease in net assets from Unitholders' transactions	(83,489)	(67,365)	(83,489)	(67,365)
Balance at end of the financial period	4,845,376	4,737,374	4,782,329	4,726,263

Footnotes

(a) Included in total return is the divestment gain of $2.0 million, arising from the divestment of an investment property located at 1 Kallang Place in May 2014. (1Q FY13/14: $7.2 million, arising from the divestment of an investment property located at 6 Pioneer Walk which was completed in June 2013).

(b) In both 1Q FY14/15 and 1Q FY13/14, the forward interest rates at the end of each 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.

(c) This relates to the transfer of fair value gain due to the expiry of effective interest rate swaps from the hedging reserve to the Statement of Total Return in accordance with FRS 39.

(d) This amount was related to the foreign exchange translation differences arising from translation of the financial statements of AHTDBC and ASRC.

1 (d)(ii) Details of any changes in the units (1Q FY14/15 vs 1Q FY13/14)

	Group and Trust	
	01/04/14 to 30/06/14 Units	01/04/13 to 30/06/13 Units
Units issued:		
At beginning of the financial period	2,402,521,658	2,398,946,090
Issue of new units:		
- Acquisition fees (IPT acquisition) paid in units	-	462,860
- Management fees paid in units	1,538,513	1,462,927
At end of the financial period	**2,404,060,171**	**2,400,871,877**
Units to be issued:		
Management fees payable in units	258,596	259,454
Units issued and issuable at end of the financial period	**2,404,318,767**	**2,401,131,331**

ECS of S$300 million with maturity date on 1 February 2017 was issued by Ruby Assets. Please refer to Note (k) on Page 9 and 10 for further details of the ECS.

The ECS 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 $2.145 per unit, subject to adjustment upon the occurrence of certain events.

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

Assuming the ECS is fully converted based on the adjusted conversion price of $2.145 per unit, the number of new units to be issued would be 139,860,139 representing 5.8% of the total number of Units in issue as at 30 June 2014.

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)

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 has applied the same accounting policies and method of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 March 2014, except for the adoption of the new and revised Financial Reporting Standards ("FRS") (including its consequential amendments) which became effective for financial period beginning on or after 1 April 2014.

The Group adopted FRS 110 *Consolidated Financial Statements*, which establishes a single control model as the basis for determining the entities that will be consolidated. It also requires management to exercise significant judgement to determine which investees are controlled, and therefore are required to be consolidated by the Group.

The Group has re-evaluated its involvement with Ruby Assets and Emerald Assets under the new control model. Although the Group does not own any equity interests in Ruby Assets and Emerald Assets, the Manager has determined that the Group has de facto control over both entities. As a consequence, the Group will consolidate both entities with effect from 1 April 2014.

The comparative financial information has been restated to reflect the consolidation of both Ruby Assets and Emerald Assets.

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 item 4 above.

6. Earnings per Unit ("EPU") and Distribution per Unit ("DPU") for the financial period

	Group		Trust	
6.1 EPU for 1Q FY14/15 compared to 4Q FY13/14	1Q FY14/15 01/04/14 to 30/06/14	4Q FY13/14 01/01/14 to 31/03/14 (Restated)	1Q FY14/15 01/04/14 to 30/06/14	4Q FY13/14 01/01/14 to 31/03/14
Basic EPU (Note a)				
Weighted average number of units	2,402,778,100	2,402,533,717	2,402,778,100	2,402,533,717
Earnings per unit in cents (EPU)	3.58	7.11	3.56	4.93
Dilutive EPU (Note b)				
Weighted average number of units	2,402,778,100	2,540,338,035	2,402,778,100	2,402,533,717
Earnings per unit in cents (Dilutive EPU)	3.58	7.07	3.56	4.93

	Group		Trust	
6.2 EPU for 1Q FY14/15 compared to 1Q FY13/14	1Q FY14/15 01/04/14 to 30/06/14	1Q FY13/14 01/04/13 to 30/06/13 (Restated)	1Q FY14/15 01/04/14 to 30/06/14	1Q FY13/14 01/04/13 to 30/06/13
Basic EPU (Note a)				
Weighted average number of units	2,402,778,100	2,399,534,967	2,402,778,100	2,399,524,967
Earnings per unit in cents (EPU)	3.58	5.46	3.56	5.42
Dilutive EPU (Note b)				
Weighted average number of units	2,402,778,100	2,534,727,094	2,402,778,100	2,534,727,094
Earnings per unit in cents (Dilutive EPU)	3.58	4.28	3.56	4.25

Footnotes

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

(b) At the Group level, dilutive EPU for 4Q FY13/14 and 1Q FY13/14 were computed on the basis that the ECS was converted at the beginning of the period. For 1Q FY14/15, the ECS was anti-dilutive and was excluded from the calculation of dilutive EPU.

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

For 1Q FY13/14 and 4Q FY13/14, the dilutive EPU for the Group was computed based on the adjusted total return and the adjusted weighted average number of units. The adjusted total return for the period was derived by adding back the interest expense on ECS of $1,197,000 and $1,184,000 respectively and deducting the gain on ECS of $23,673,000 and adding back loss on ECS of $7,446,000 respectively, from the total return for the period after income tax. The adjusted weighted average number of units took into account the potential dilutive units of 139,860,139 (see para 1(d)(ii) on Page 14).

6.4 DPU for 1Q FY14/15 compared to 4Q FY13/14	**Group**		**Trust**	
	1Q FY14/15 01/04/14 to 30/06/14	4Q FY13/14 01/01/14 to 31/03/14	1Q FY14/15 01/04/14 to 30/06/14	4Q FY13/14 01/01/14 to 31/03/14
Number of units in issue	2,404,060,171	2,402,521,658	2,404,060,171	2,402,521,658
Distribution per unit in cents (Note a)	3.64	3.55	3.64	3.55

6.5 DPU for 1Q FY14/15 compared to 1Q FY13/14	**Group**		**Trust**	
	1Q FY14/15 01/04/14 to 30/06/14	1Q FY13/14 01/04/13 to 30/06/13	1Q FY14/15 01/04/14 to 30/06/14	1Q FY13/14 01/04/13 to 30/06/13
Number of units in issue	2,404,060,171	2,400,871,877	2,404,060,171	2,400,871,877
Distribution per unit in cents (Note a)	3.64	3.55	3.64	3.55

Footnotes

(a) As at book closure date, none of the S$300 million ECS is converted into Units. Accordingly, the actual quantum of DPU may differ if any of these ECS is converted into Units.

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

	Group		**Trust**	
	30/06/14 cents	31/03/14 cents (Restated)	30/06/14 cents	31/03/14 cents
Net asset value per unit	201.5	201.7	198.9	199.0
Adjusted net asset value per unit (Note a)	197.9	198.2	195.3	195.4

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 1Q FY14/15 vs 1Q FY13/14

	Group		
	1Q FY14/15 01/04/14 to 30/06/14 S$'000	1Q FY13/14 01/04/13 to 30/06/13 S$'000 (Restated)	Increase / (Decrease) %
Gross revenue	163,178	150,925	8.1%
Property operating expenses	(46,906)	(42,954)	9.2%
Net property income	116,272	107,971	7.7%
Non property expenses	(10,570)	(10,171)	3.9%
Net finance costs	(23,108)	18,855	nm
Foreign exchange loss	(55,473)	(3,741)	nm
Gain on disposal of investment property	2,023	7,205	(71.9%)
	(87,128)	12,148	nm
Net income (*)	29,144	120,119	(75.7%)
Net change in fair value of financial derivatives	58,173	11,151	nm
Total return for the period before tax	87,317	131,270	(33.5%)
Tax expense	(1,323)	(328)	nm
Total return for the period	85,994	130,942	(34.3%)
Attributable to:			
Unitholders	85,959	131,094	(34.4%)
Non-controlling interests	35	(152)	(123.0%)
Total return for the period	85,994	130,942	(34.3%)

Statement of distribution			
Total return for the period attributable to Unitholders	85,959	131,094	(34.4%)
Net effect of non tax deductible expenses/(taxable income) and other adjustments	1,648	(45,901)	(103.6%)
Income available for distribution	87,607	85,193	2.8%
Comprising:			
- Taxable income	86,938	84,669	2.7%
- Tax-exempt income (Note a)	669	524	27.7%
Total amount available for distribution	87,607	85,193	2.8%
Earnings per unit (cents)	3.58	5.46	(34.4%)
Distribution per unit (cents)	3.64	3.55	2.5%

Note: nm denotes “not meaningful

(*)Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $81.7m and $131.8m for 1Q FY14/15 and 1Q FY13/14 respectively.

Footnote

(a) This relates to a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax has been withheld on this income, the distribution is exempt from tax in the hands of the Unitholders, except for Unitholders who are holding the units as trading assets.

Gross revenue increased by 8.1% mainly due to the recognition of rental income earned from Nexus @one-north, A-REIT City @Jinqiao and finance lease interest income received from a tenant. Positive rental reversion and incentive payment received as income support in relation to A-REIT City @Jinqiao also contributed to the increase in gross revenue.

The 9.2% increase in property operating expenses was mostly contributed by:

(i) higher property tax mainly due to changes in lease structure arising from conversion of properties from single-tenanted to multi-tenanted and the completion of Nexus @one-north in September 2013. In 1Q FY14/15, property tax expense also included a lower vacancy refund of $0.3 million (1Q FY13/14: $0.7 million);
(ii) expenses from A-REIT City @Jinqiao and Nexus @one-north which were acquired/completed in July 2013 and in September 2013 respectively; and
(iii) higher other property operating expenses due to changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted.

The difference between net finance costs in 1Q FY14/15 and 1Q FY13/14 was as follows:

(i) fair value loss on ECS of $6.8 million (1Q FY13/14: gain of $23.6 million);
(ii) fair value loss on convertible bonds of $2.4 million (1Q FY13/14: gain of $10.2 million);
(iii) higher interest expenses from higher borrowings but lower interest rates; and
(iv) accretion gain of $0.5 million on refundable security deposits (1Q FY13/14: loss of $0.9 million).

Foreign exchange loss was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's Euro-denominated MTN and the strengthening of JPY spot exchange rate against SGD relating to the Trust's JPY-denominated MTN.

Net change in fair value of financial derivatives in 1Q FY14/15 was made up of a $1.5 million fair value gain on interest rates swaps (1Q FY13/14: loss of $0.4 million), a fair value gain on cross currency swaps of $4.1 million (1Q FY13/14: $0.03 million) at Trust level and a fair value gain of $52.5 million (1Q FY13/14: $11.5 million) in relation to reversal of fair value loss on cross currency swap interest rate swap from Emerald Assets upon maturity of the swap. The fair value gain on cross currency swaps in 1Q FY14/15 was mainly due to the strengthening of the JPY forward exchange rates against SGD.

Tax expense in 1Q FY14/15 was higher mainly because of the tax payable on the incentive payment received as income support in relation to A-REIT City @Jinqiao.

The difference between net effect of non tax deductible expenses/(taxable income) and other adjustments in 1Q FY14/15 and 1Q FY13/14 was as follows:

(i) fair value loss on convertible bonds of $2.4 million (1Q FY13/14: gain of $10.2 million);
(ii) fair value loss on ECS of $6.8 million (1Q FY13/14: gain of $23.6 million);
(iii) foreign exchange loss $1.7 million (1Q FY13/14: gain of $7.9 million) which arose mainly from the translation of the Trust's JPY-denominated MTN;
(iv) lower gain on divestment of an investment property at 1 Kallang Place of $2.0 million (1Q FY13/14: $7.2 million gain on divestment of an investment property at 6 Pioneer Walk);

offset by:
(v) net fair value gain on financial derivatives of $5.6 million (1Q FY13/14: net loss of $0.3 million);
(vi) accretion gain on refundable security deposits of $0.5 million (1Q FY13/14: loss of $0.9 million); and
(vii) $3.4 million and $0.2 million of net incentive payment received as income support in relation to A-REIT City @Jinqiao and Z-Link respectively (1Q FY13/14: $0.2 million income support in relation to Z-Link)

Total amount available for distribution in 1Q FY14/15 was 2.8% higher than 1Q FY13/14 mainly due to higher net property income and higher tax-exempt income from finance lease interest income received from a tenant.

Review of Performance 1Q FY14/15 vs 4Q FY13/14

	Group		
	1Q FY14/15 01/04/14 to 30/06/14 S$'000	4Q FY13/14 01/01/14 to 31/03/14 S$'000 (Restated)	Increase / (Decrease) %
Gross revenue	163,178	156,539	4.2%
Property operating expenses	(46,906)	(44,232)	6.0%
Net property income	116,272	112,307	3.5%
Non property expenses	(10,570)	(9,895)	6.8%
Net finance costs	(23,108)	(47,057)	(50.9%)
Foreign exchange loss	(55,473)	(1,188)	nm
Gain on disposal of investment property	2,023	4,852	(58.3%)
	(87,128)	(53,288)	63.5%
Net income (*)	29,144	59,019	(50.6%)
Net change in fair value of financial derivatives	58,173	2,801	nm
Net appreciation on revaluation of investment properties	-	131,113	(100.0%)
Total return for the period before tax	87,317	192,933	(54.7%)
Tax expense	(1,323)	(22,014)	(94.0%)
Total return for the period	85,994	170,919	(49.7%)
Attributable to:			
Unitholders	85,959	170,789	(49.7%)
Non-controlling interests	35	130	(73.1%)
Total return for the period	85,994	170,919	(49.7%)
Statement of distribution			
Total return for the period attributable to Unitholders	85,959	170,789	(49.7%)
Net effect of non tax deductible expenses and other adjustments	1,648	44,270	(96.3%)
Net appreciation on revaluation of investment properties	-	(131,113)	(100.0%)
Income available for distribution	87,607	83,946	4.4%
Comprising:			
- Taxable income	86,938	83,341	4.3%
- Tax-exempt income (Note a)	669	605	10.6%
Income available for distribution	87,607	83,946	4.4%
Tax-exempt income (prior periods) (Note b)	-	623	nm
Distribution from capital (prior periods) (Note c)	-	702	nm
Total amount available for distribution	87,607	85,271	2.7%
Earnings per unit (cents)	3.58	7.11	(49.6%)
Distribution per unit (cents)	3.64	3.55	2.5%

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $81.7m and $57.2m for 1Q FY14/15 and 4Q FY13/14 respectively.

Note: nm denotes “not meaningful”

(a) This relates to a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax has been withheld on this income, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

(b) This relates to the second distribution of incentive payment (net of Singapore corporate tax) in 4Q FY13/14, received as income support in relation to Z-Link, for the period from October 2011 to March 2013. The intention is to distribute such income (net of Singapore corporate tax) semi-annually, together with the capital distribution relating to the net income from its subsidiary, AHTDBC (see note (c) below). A-REIT is entitled to receive such incentive income up to September 2016, subject to certain conditions and an aggregate of not exceeding $2.3 million (net of Singapore corporate tax). Incentive income received from April 2013 to March 2014 will be distributed in the following financial year, on a semi-annual basis. As tax has been withheld on this income such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

(c) This relates to the second distribution of net income from its subsidiary, AHTDBC, in 4Q FY13/14, for the period from 3 October 2011 (date of acquisition) to 31 December 2012 (AHTDBC's financial year-end). Income can be distributed after its annual audited financial statements had been filed and corporate taxes paid. The intention is to distribute such net income semi-annually after relevant adjustments such as withholding tax payable. It is deemed to be capital distribution from a tax perspective as this income has yet to be remitted to A-REIT in Singapore as at 31 March 2014. Such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

Gross revenue increased by 4.2% mainly due to higher occupancy rates achieved at The Galen, Nexus @one-north, Neuros & Immunos and 31 International Business Park.

Property operating expenses was higher in 1Q FY14/15 by 6.0% mainly due to higher property tax expenses that was contributed by lower property tax vacancy refund of $0.3 million (4Q FY13/14: $3.0 million).

Non property expenses were higher by 6.8% mainly due to higher management fees incurred in 1Q FY14/15.

Net finance costs in 1Q FY14/15 was lower mainly due to lower fair value loss on convertible bonds of $2.4 million (4Q FY13/14: $26.6 million), lower fair value loss on ECS of $6.8 million (4Q FY13/14: $7.4 million) and lower accretion gain of $0.5 million on refundable security deposits (4Q FY13/14: $0.7 million).

Foreign exchange loss was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's Euro-denominated MTN and the strengthening of JPY spot exchange rate against SGD relating to the Trust's JPY-denominated MTN.

Net change in fair value of financial derivatives in 1Q FY14/15 was made up of a fair value gain on interest rate swaps of $1.5 million (4Q FY13/14: $3.1 million), a fair value gain on cross currency swaps of $4.1 million (4Q FY13/14: $1.3 million) at Trust level and a fair value gain of $52.5 million (4Q FY13/14: loss of $1.6 million) in relation to reversal of fair value loss on cross currency swap interest rate swap from Emerald Assets upon maturity of the swap. The fair value gain on cross currency swaps was mainly due to the strengthening of the JPY forward exchange rates against SGD.

Higher tax expenses in 4Q FY13/14 was mainly due to deferred tax provided on appreciation on revaluation of investment properties held by the subsidiaries in China.

Net non tax deductible expenses and other adjustments were lower in 1Q FY14/15 due to the follows:

(i) fair value loss on convertible bonds of $2.4 million (4Q FY13/14: $26.6 million);
(ii) fair value loss on ECS of $6.8 million (4Q FY13/14: $7.4 million);
(iii) foreign exchange loss of $1.7 million (4Q FY13/14: $3.0 million) which arose mainly from the translation of the Trust's JPY-denominated MTN;
(iv) net fair value gain on financial derivatives of $5.6 million (4Q FY13/14: $4.4 million);
(v) net incentive payment received as income support of $3.4 million in relation to A-REIT City @Jinqiao (4Q FY13/14: $2.3 million);

offset by:
(vi) $Nil upfront fee on new loan facility (4Q FY13/14: $3.0 million); and
(vii) lower gain on divestment of an investment property located at 1 Kallang Place of $2.0 million (4Q FY13/14: $4.9 million gain on divestment of investment property Block 5006 at Techplace II).

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 4Q FY13/14 Financial Results Announcement under Para 10 on page 31 and 32. The Trust has not disclosed any financial forecast to the market.

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

Singapore

In 2Q 2014, Singapore's economy grew by 2.1% year-on-year ("y-o-y"), moderating from the 4.7% y-o-y in 1Q 2014. The manufacturing sector registered a weaker growth of 0.2% y-o-y after a 9.9% expansion in the preceding quarter. This was largely due to a contraction in electronics output and slower growth in transport engineering output. On 20 May 2014, the Ministry of Trade and Industry ("MTI") maintained its 2014 GDP growth forecast at 2.0% to 4.0%.

June's PMI of 50.5 indicated a slowdown in manufacturing activities when compared to the PMI for May at 50.8 and April at 51.5. This slower-than-expected pace was attributable to lower new orders and new export orders as well as lower level in production output and imports.

June 2014 non-oil domestic exports ("NODX") continued to fall 4.6% y-o-y (after a 6.6% y-o-y decline in May). Shipments to most of Singapore's top 10 export markets fell, with Hong Kong, South Korea and the European Union being the three biggest contributors to the decline. The exceptions were Malaysia, Indonesia, China and Taiwan. The 17.4% y-o-y decline in electronics NODX outweighed the 1.3% y-o-y rise in non-electronics NODX. The latest decline brought the NODX down 2.2% in the first six months of the year. Earlier in the year, International Enterprise (Singapore) forecasted 2014 total trade and NODX growth at between 1.0% and 3.0%.

According to JTC Corporation ("JTC"), prices of industrial space in 1Q 2014 rose by 3.8% q-o-q following a 3.3% decrease in the previous quarter. Rentals rates of industrial space continued to stabilise. According to the CBRE 2Q 2014 Market View, rental rates for business park space rose marginally by 0.4% q-o-q to S$5.49 psf per month for city fringe and held steady at S$3.84 psf per month for the rest of the island. Ground floor rental rates for factory space declined by 2.6% to S$1.85 psf per month whilst rental rates for warehouse space stayed flat at S$1.83 psf per month in 2Q 2014.

The occupancy rate of island-wide industrial space for 1Q 2014 was 91.6%. Business park occupancy rate dipped to 83.4% in 1Q 2014 (from 84.1% in 4Q 2013) on the back of a 3.1% increase in available space. Single-user factory space and multiple-user factory space were 93.7% and 88.4% occupied (down from 94.1% and 88.6% respectively in 4Q 2013). In the warehouse space, occupancy rate improved to 91.1% in 1Q 2014 from 90.8% despite a 2.5% increase in available space.

The business environment in Singapore remains challenging due to rising operating costs although the Manager has undertaken measures to mitigate the impact. In July 2014, JTC announced a revised subletting policy which states that third party facility providers can only sublet up to 50% of the building's GFA to non-anchor tenants within 5 years after obtaining Temporary Occupation Permit, and up to 30% thereafter. Whilst the revised subletting policy will be effective from 1 October 2014, JTC has allowed a grace period until 31 December 2017 for compliance.

China

China's GDP growth rose to 7.5% y-o-y in 2Q 2014 from 7.4% in the previous quarter. In June 2014, industrial output increased by 9.2% y-o-y, higher than the 8.8% increase in May 2014. China's trade surplus increased by 16.4% in June 2014 as both exports and imports rose. Manufacturing PMI also increased to 51.0, 0.2% point higher than May 2014. This is the fourth consecutive month of PMI increase, signaling good momentum of steady growth in China's manufacturing sector.

The Chinese Government's target for economic growth in 2014 is 7.5%. It is deepening reforms to promote a more sustainable development for China, away from exports, credit-fuelled investment and construction of infrastructure and real estate, and towards consumption drive growth.

Outlook for the financial year ending 31 March 2015

At the beginning of FY14/15, about 21.3% of A-REIT's lease (by rental income) was due for renewal. As at 30 June 2014, this figure has been reduced to 15.4% (comprising 10.5% multi-tenanted buildings and 4.9% single-tenanted buildings) as the Manager proactively negotiated and secured renewal commitments for some of these leases.

With a customer base of around 1,330 tenants in a portfolio of 103 properties in Singapore and 2 business park properties in China, A-REIT is well-diversified in terms of rental income. No single property accounts for more than 4.4% of A-REIT's monthly gross revenue. A-REIT's predictable earnings stream is underpinned by its portfolio of long and short term leases (27.6% versus 72.4% by asset value respectively) with a weighted average lease to expiry of about 3.94 years.

There could be potential upside in net property income when the 11.9% vacant space in our portfolio is leased up, the speed of which will largely depend on prevailing market conditions. In addition, the average passing rental rates of leases in our portfolio due for renewal in FY14/15 are still below the market spot rental rates; hence, positive rental reversion can be expected when leases are renewed.

In China, the Manager will adopt a prudent approach and continue to look for opportunities in the target product segments and cities. Over the longer term, demand for high quality business and industrial space should be strong as the Chinese Government reforms the economy towards more sustainable growth through higher consumer spending and private demand.

Barring any unforeseen event and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2015.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period: No

(b) Corresponding period of the immediately preceding year

(i) Any distributions declared for the previous corresponding financial period: Yes

Name of distribution:	42nd distribution for the period from 1 April 2013 to 30 June 2013
Distribution Type:	Taxable income / Tax-exempt income
Distribution Rate:	Taxable income – 3.53 cents per unit Tax-exempt income – 0.02 cents per unit
Par value of units:	Not applicable
Tax Rate:	Taxable income distribution 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%. Tax-exempt Income distribution Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status. Unitholders are not entitled to tax credits for any taxes paid by the trustee of A-REIT on the income of A-REIT against their Singapore income tax liability.
Book closure date:	24 July 2013
Payment date:	27 August 2013

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

With effect from FY14/15, A-REIT's distribution frequency is changed from quarterly to semi-annual basis for every six-month period ending 30 September and 31 March.

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. 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.

15. Use of proceeds from private placements

(i) **Gross proceeds of $406.4 million from Private Placement in March 2013**

Announced use of proceeds	Announced use of proceeds ($'million)	Actual use of proceeds ($'million)	Balance of proceeds ($'million) (Note a)
To fund acquisition of The Galen	126.0	126.0	-
To partly fund the potential acquisition of an integrated industrial mixed use property (comprising business space and white commercial space) at Kallang Avenue	270.0	-	270.0
To pay issue expenses incurred by A-REIT in relation to the Private Placement	5.8	5.8	-
For general corporate and working capital purposes	4.6	0.6 (Note b)	4.0
Total	$406.4	$132.4	$274.0

Footnote

(a) $274.0 million of the balance of proceeds had been used to repay outstanding borrowings, pending the deployment of such funds for their intended use.
(b) $0.6 million had been used on the transaction costs from the acquisition of The Galen.

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

Mary Judith de Souza
Company Secretary
23 July 2014

KPMG

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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

23 July 2014

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of Interim Financial Information for the 3-month period ended 30 June 2014

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 three-month period ended 30 June 2014. The Interim Financial Information comprises the following:

- Balance sheets of the Trust and the Group as at 30 June 2014;
- Portfolio statement of the Group as at 30 June 2014;
- Statements of total return of the Trust and the Group for the three-month period ended 30 June 2014;
- Distribution statements of the Trust and the Group for the three-month period ended 30 June 2014;
- Statements of movements in unitholders' funds of the Trust and the Group for three-month period ended 30 June 2014;
- Statement of cash flows of the Group for the three-month period ended 30 June 2014; 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 (2012) *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the Institute of Singapore Chartered Accountants. 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 Singapore Chartered Accountants.

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
Chartered Accountants
Singapore