A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 104 properties in Singapore and 2 properties in China, with a tenant base of around 1,360 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres and Integrated Development Amenities & Retail (previously known as Warehouse Retail Facilities).

The Group results include the consolidation of wholly owned subsidiaries and 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 SEPTEMBER 2014

	Group		
	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000 (Restated) (Note a)	Increase %
Gross revenue	**327,959**	**302,617**	**8.4%**
Net property income	**230,939**	**215,093**	**7.4%**
Total amount available for distribution:	**175,453**	**171,632**	**2.2%**
- from operations	172,295	169,072	1.9%
- tax-exempt income (Note b)	2,428	1,858	30.7%
- from capital (Note b)	730	702	4.0%
	Cents per Unit		
Distribution per Unit ("DPU") (Note e and f)	FY14/15	FY13/14	Increase %
For the quarter from 1 July to 30 September	**3.66**	**3.60**	**1.7%**
- from operations	3.55	3.52	0.9%
- tax-exempt income (Note c)	0.08	0.05	60.0%
- from capital (Note d)	0.03	0.03	-
For the six months from 1 April to 30 September	**7.30**	**7.15**	**2.1%**
- from operations	7.17	7.05	1.7%
- tax-exempt income (Note c)	0.10	0.07	42.9%
- from capital (Note d)	0.03	0.03	-

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. ("Ruby Assets") and Emerald Assets Limited ("Emerald Assets"). The comparative figures for 1H FY13/14 and 2Q FY13/14 have been restated on similar basis for comparison. Please refer to Para 4 on page 22.

(b) This includes a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. It also includes the distributions of net income and incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China.

(c) As tax has been withheld on exempt income, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

(d) Distribution is deemed to be from capital from a tax perspective until this income is remitted to A-REIT in Singapore. Such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

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

(f) As at 30 September 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)(I) on Page 15 and 16 and Para 1(d)(ii) on Page 21.

(g) DPU for 1H FY14/15 is calculated based on the summation of DPU for each quarter as follows:

	Q1 FY14/15 cents	**Q2 FY14/15 cents**	**1H FY14/15 cents**
Taxable	3.62	3.55	7.17
Tax-exempt	0.02	0.08	0.10
Capital	-	0.03	0.03
Total	3.64	3.66	7.30

DISTRIBUTION DETAILS

Distribution period	1 April 2014 to 30 September 2014			
Distribution Type	Taxable	Tax-exempt	Capital	Total
Distribution amount per unit (cents)	7.17	0.10	0.03	7.30
Book closure date	31 October 2014			
Payment date	28 November 2014			

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 FY14/15 vs 1H FY13/14)

	Group			Trust		
	01/04/14 to 30/09/14 (Note a) S$'000	01/04/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000	Increase / (Decrease) %
Gross revenue	327,959	302,617	8.4%	320,087	299,387	6.9%
Property services fees	(12,060)	(9,873)	22.2%	(11,648)	(9,836)	18.4%
Property tax	(24,041)	(21,595)	11.3%	(23,664)	(21,420)	10.5%
Other property operating expenses	(60,919)	(56,056)	8.7%	(58,890)	(55,093)	6.9%
Property operating expenses	(97,020)	(87,524)	10.8%	(94,202)	(86,349)	9.1%
Net property income	230,939	215,093	7.4%	225,885	213,038	6.0%
Management fees (Note b)	(18,669)	(17,666)	5.7%	(18,669)	(17,666)	5.7%
Trust expenses	(3,092)	(2,715)	13.9%	(2,613)	(2,613)	-
Finance income (Note c)	8,704	37,862	(77.0%)	8,868	37,795	(76.5%)
Finance costs (Note d)	(51,646)	(34,302)	50.6%	(51,290)	(33,879)	51.4%
Foreign exchange (loss)/gain (Note e)	(41,394)	(15,039)	175.2%	11,226	6,687	67.9%
Gain on disposal of investment properties (Note f)	2,023	7,205	(71.9%)	2,023	7,205	(71.9%)
Net non property expenses	(104,074)	(24,655)	nm	(50,455)	(2,471)	nm
Net income (*)	126,865	190,438	(33.4%)	175,430	210,567	(16.7%)
Net change in fair value of financial derivatives (Note g)	46,171	16,226	184.5%	(6,387)	(4,716)	35.4%
Net appreciation on revaluation of investment property (Note h)	28,112	-	nm	-	-	-
Total return for the period before tax	201,148	206,664	(2.7%)	169,043	205,851	(17.9%)
Tax expense (Note i)	(2,174)	(818)	165.8%	(1,588)	(579)	174.3%
Total return for the period	198,974	205,846	(3.3%)	167,455	205,272	(18.4%)
Attributable to:						
Unitholders	198,944	206,035	(3.4%)	167,455	205,272	(18.4%)
Non-controlling interests	30	(189)	nm	-	-	-
	198,974	205,846	(3.3%)	167,455	205,272	(18.4%)

Note: nm denotes "not meaningful"

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income of the Group would have been $179.4 million and $211.6 million for 1H FY14/15 and 1H FY13/14 respectively.

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

	Group			Trust		
	01/04/14 to 30/09/14 (Note a) S$'000	01/04/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000	Increase / (Decrease) %
Statement of distribution						
Total return for the period attributable to Unitholders	198,944	206,035	(3.4%)	167,455	205,272	(18.4%)
Net effect of non tax deductible expenses/(taxable income) and other adjustments (Note j)	2,808	(35,727)	nm	6,185	(34,964)	nm
Net appreciation on revaluation of investment property (Note h)	(28,112)	-	nm	-	-	-
Income available for distribution	173,640	170,308	2.0%	173,640	170,308	2.0%
Comprising:						
- Taxable income	172,295	169,072	1.9%	172,295	169,072	1.9%
- Tax-exempt income (Note k)	1,345	1,236	8.8%	1,345	1,236	8.8%
Income available for distribution	173,640	170,308	2.0%	173,640	170,308	2.0%
Tax-exempt income (prior periods) (Note l)	1,083	622	74.1%	1,083	622	74.1%
Distribution from capital (prior periods) (Note m)	730	702	4.0%	730	702	4.0%
Total amount available for distribution	175,453	171,632	2.2%	175,453	171,632	2.2%

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

	01/04/14 to 30/09/14 (Note a) S$'000	01/04/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000	Increase / (Decrease) %
Gross rental income	289,289	269,816	7.2%	281,546	266,607	5.6%
Other income (Note n)	38,670	32,801	17.9%	38,541	32,780	17.6%
Allowance for impairment loss on doubtful receivables	(478)	(75)	nm	(478)	(75)	nm
Depreciation of plant and equipment	(87)	(345)	(74.8%)	(76)	(343)	(77.8%)

Note: nm denotes "not meaningful

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 1H FY13/14 have been restated on similar basis for comparison.

The Group had 106 properties and 105 properties as at 30 September 2014 and 30 September 2013 respectively. Since October 2013, the Group completed (i) the acquisition of Aperia through acquiring the share capital of PLC 8 Holdings Ptd. Ltd. ("PLC8H") in August 2014 (ii) the acquisition of Hyflux Innovation Centre ("HIC") in June 2014 and (iii) 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 investment properties under development from the computation of Deposited Property. This has resulted in a lower management fees than it would have been under the previous computation method. Overall, management fees for the period increased in line with higher Deposited Property value contributed mainly by the acquisition of HIC and Aperia in 1Q and 2Q FY14/15 respectively, fair value gain on revaluation of 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 1H FY14/15, finance income included a fair value gain on ECS of $2.7 million (1H FY13/14: $13.2 million). The lower finance income in 1H FY14/15 was mainly due to the fair value gain on convertible bonds of $19.4 million (1H FY14/15: loss of $16.6 million included in finance costs (see note (d) below)), recognised in 1H FY13/14. 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 and Committed Revolving Credit Facilities). The higher finance costs was mainly due to the fair value loss on convertible bonds of $16.6 million recognised in 1H FY14/15. The fair value loss recognised in 1H FY14/15 was attributed to the reversal of fair value gain recognised in prior periods upon acquisition of PLC8H Group (1H FY13/14: gain of $19.4 million included in finance income (see note (c) above)).

(e) Foreign exchange loss in 1H FY14/15 at Group level was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's EURO-denominated MTN and from the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN, offset by the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN. 1H FY13/14 foreign exchange loss mainly arose from the translation of EURO-denominated MTN at Emerald Assets and JPY-denominated MTN at the Trust. Cross currency swaps relating to the JPY-denominated MTN and HKD-denominated MTN were entered into to hedge against the foreign exchange exposure. Emerald Assets's cross currency interest rate swap to hedge against the EURO-denominated MTN had matured in May 2014, resulting in an offsetting fair value gain in 1H 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 1H FY14/15 was made up of a $6.5 million fair value gain on interest rate swaps (1H FY13/14: loss of $5.0 million), a fair value loss on cross currency swaps of $12.9 million (1H FY13/14: gain of $0.3 million) at Trust level and a fair value gain of $52.5 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 loss on cross currency swaps was mainly due to the weakening of JPY forward exchange rates against SGD relating to the JPY-denominated MTN offset by impact from fair value gain from strengthening of the HKD forward exchange rates against SGD relating to the HKD-denominated MTN. 1H FY13/14 recorded a fair value gain on the cross currency interest rate swap from Emerald Assets. For further details, please refer to Note (l) on Pages 15 to 16.

(h) This relates to the appreciation on revaluation of investment property upon acquisition of Aperia through acquiring the share capital of PLC8H, in line with the accounting policy of the Group.

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

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

	Group			Trust		
	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000	Increase / (Decrease) %
Management fees paid/payable in units	3,734	3,533	5.7%	3,734	3,533	5.7%
Trustee fee	1,133	1,063	6.6%	1,133	1,063	6.6%
Net change in fair value of financial derivatives	6,387	4,716	35.4%	6,387	4,716	35.4%
Other net non tax deductible expenses/ (taxable income) and other adjustments (Note A)	6,157	(37,589)	nm	6,157	(37,589)	nm
Transfer to general reserve	(129)	(80)	61.3%	-	-	-
Unrealised foreign exchange gain	(11,141)	(6,093)	82.8%	(11,226)	(6,687)	67.9%
Income from subsidiaries (Note B)	(3,333)	(1,277)	161.0%	-	-	-
Net effect of non tax deductible/ (taxable income) expenses and other adjustments	2,808	(35,727)	nm	6,185	(34,964)	nm

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 relating to Ascendas Z-Link, A-REIT City@Jinqiao and from HIC. The income support from HIC has not been received by the Group and the intention is to distribute the income support amount from HIC after receipt of the amount.

B. This relates to income from Ascendas Hi-Tech Development (Beijing) Co., Limited (“AHTDBC”), A-REIT Shanghai Realty Co., Limited (“ASRC”) and PLC8H, which has yet to be received by A-REIT as at 30 September 2014. The net income from subsidiaries, where available, will be distributed after relevant adjustments such as withholding tax payable.

(k) 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.

(l) This relates to the distributions of incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China. 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.

(m) This relates to the distributions of net income from the property in China. Income will be distributed after its annual audited financial statements had been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore. Such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

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

Gross revenue increased by 8.4% mainly due to the recognition of rental income earned from Nexus@one-north, A-REIT City@Jinqiao, HIC and Aperia. Positive rental reversion and income support relating to HIC, incentive payment received as income support in relation to A-REIT City@Jinqiao also contributed to the increase in gross revenue.

The increase in property operating expenses by 10.8% are mainly contributed from Nexus@one-north, A-REITCity @Jinqiao, HIC and Aperia and changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted.

The increase in property tax of 11.3% was mainly contributed by changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted. Nexus @one-north and HIC also contributed to the higher property tax in 1H FY14/15. In 1H FY14/15, property tax expense included vacancy refund of $0.8 million (or DPU contribution of 0.03 cents) (1H FY13/14: $1.1 million, DPU impact of 0.05 cents). Following IRAS's announcement on the removal of the property tax refund concession on unoccupied buildings with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims. The vacancy refund received in 1H FY14/15 was related to unoccupied space area during the period prior to 1 January 2014.

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

(i) higher finance costs coupled with lower finance income which included a fair value loss on convertible bonds of $16.6 million arising from reversal of fair value gain on convertible bonds upon acquisition of PLC8H Group (1H FY13/14: gain of $19.4 million) offset by a fair value gain on ECS of $2.7 million (1H FY13/14: $13.2 million);
(ii) lower gain on divestment of an investment property located at 1 Kallang Place of $2.0 million (1H FY13/14: $7.2 million gain on divestment of an investment property located at Pioneer Walk);
(iii) higher management fees in 1H FY14/15 (see Note (b) on Page 5); and
(iv) foreign exchange loss of $41.4 million (1H FY13/14: $15.0 million (restated)) (see Note (e) on Page 5).

1 (a)(ii) Statement of total return (2Q FY14/15 vs 2Q FY13/14)

	Group			Trust		
	01/07/14 to 30/09/14 (Note a) S$'000	01/07/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000	Increase / (Decrease) %
Gross revenue	164,781	151,692	8.6%	160,001	149,906	6.7%
Property services fees	(6,185)	(4,930)	25.5%	(5,926)	(4,977)	19.1%
Property tax	(12,102)	(10,796)	12.1%	(11,812)	(10,707)	10.3%
Other property operating expenses	(31,827)	(28,844)	10.3%	(30,504)	(28,013)	8.9%
Property operating expenses	(50,114)	(44,570)	12.4%	(48,242)	(43,697)	10.4%
Net property income	114,667	107,122	7.0%	111,759	106,209	5.2%
Management fees (Note b)	(9,663)	(8,976)	7.7%	(9,663)	(8,976)	7.7%
Trust expenses	(1,528)	(1,234)	23.8%	(1,317)	(1,159)	13.6%
Finance income (Note c)	12,524	11,902	5.2%	12,894	11,873	8.6%
Finance costs (Note d)	(32,358)	(27,197)	19.0%	(32,170)	(26,975)	19.3%
Foreign exchange gain/(loss) (Note e)	14,079	(11,298)	nm	12,948	(1,151)	nm
Net non property expenses	(16,946)	(36,803)	(54.0%)	(17,308)	(26,388)	(34.4%)
Net income (*)	97,721	70,319	39.0%	94,451	79,821	18.3%
Net change in fair value of financial derivatives (Note f)	(12,002)	5,075	nm	(12,002)	(4,367)	174.8%
Net appreciation on revaluation of investment property (Note g)	28,112	-	nm	-	-	-
Total return for the period before tax	113,831	75,394	51.0%	82,449	75,454	9.3%
Tax expense (Note h)	(851)	(490)	73.7%	(571)	(328)	74.1%
Total return for the period	112,980	74,904	50.8%	81,878	75,126	9.0%
Attributable to:						
Unitholders	112,985	74,941	50.8%	81,878	75,126	9.0%
Non-controlling interests	(5)	(37)	(86.5%)	-	-	-
	112,980	74,904	50.8%	81,878	75,126	9.0%

Note: nm denotes “not meaningful”

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income of the Group would have been $97.7 million and $79.8 million for 2Q FY14/15 and 2Q FY13/14 respectively.

1 (a)(ii) Statement of total return (2Q FY14/15 vs 2Q FY13/14) (cont'd)

	Group			Trust		
	01/07/14 to 30/09/14 (Note a) S$'000	01/07/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000	Increase / (Decrease) %
Statement of distribution						
Total return for the period attributable to Unitholders	112,985	74,941	50.8%	81,878	75,126	9.0%
Net effect of non tax deductible expenses and other adjustments (Note i)	1,160	10,174	(88.6%)	4,155	9,989	(58.4%)
Net appreciation on revaluation of investment property (Note g)	(28,112)	-	nm	-	-	-
Income available for distribution	86,033	85,115	1.1%	86,033	85,115	1.1%
Comprising:						
- Taxable income	85,357	84,403	1.1%	85,357	84,403	1.1%
- Tax-exempt income (Note j)	676	712	(5.1%)	676	712	(5.1%)
Income available for distribution	86,033	85,115	1.1%	86,033	85,115	1.1%
Tax-exempt income (prior periods) (Note k)	1,083	622	74.1%	1,083	622	74.1%
Distribution from capital (prior periods) (Note l)	730	702	4.0%	730	702	4.0%
Total amount available for distribution	87,846	86,439	1.6%	87,846	86,439	1.6%

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

	01/07/14 to 30/09/14 (Note a) S$'000	01/07/13 to 30/09/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000	Increase / (Decrease) %
Gross rental income	147,158	135,102	8.9%	142,462	133,328	6.9%
Other income (Note m)	17,623	16,590	6.2%	17,539	16,578	5.8%
Allowance for impairment loss on doubtful receivables	(248)	(55)	nm	(248)	(55)	nm
Depreciation of plant and equipment	(44)	(173)	(74.6%)	(38)	(171)	(77.8%)

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 2Q FY13/14 have been restated on similar basis for comparison.

The Group had 106 properties and 105 properties as at 30 September 2014 and 30 September 2013 respectively. Since October 2013, the Group completed (i) the acquisition of Aperia through acquiring the share capital of PLC8H in August 2014 (ii) the acquisition of HIC in June 2014 and (iii) 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. This has resulted in a lower management fees than it would have been under the previous computation method. Overall, management fees for the period increased in line with higher Deposited Property value contributed mainly by the acquisition of HIC and Aperia in 1Q and 2Q FY14/15 respectively, fair value gain on revaluation of 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 2Q FY14/15, finance income included a fair value gain on ECS of $9.6 million (2Q FY13/14: loss of $10.5 million included in finance costs (see note (d) below)). In 2Q FY13/14, finance income included a fair value gain on convertible bonds of $9.2 million (2Q FY14/15: loss of $14.2 million 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 MTN, Transferrable Loan Facilities, Committed Revolving Credit Facilities). The higher finance costs was mainly due to the fair value loss on convertible bonds of $14.2 million recognised in 2Q FY14/15. The fair value loss was attributed to the reversal of the fair value gain recognised in prior periods following the acquisition of PLC8H Group (2Q FY13/14: gain of $9.2 million included in finance income (see note (c) above)). In 2Q FY13/14, finance costs included fair value loss on ECS of $10.5 million (2Q FY14/15: gain of $9.6 million included in finance income (see note (c) above)).

(e) Foreign exchange gain in 2Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by the foreign exchange loss due to the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN. 2Q FY13/14 foreign exchange loss mainly arose from the translation of EURO-denominated MTN at Emerald Assets and JPY-denominated MTN at the Trust. Cross currency swaps relating to the JPY-denominated MTN and the HKD-denominated MTN were entered into to hedge against the foreign exchange exposure. Emerald Assets's cross currency interest rate swap to hedge against the EURO-denominated MTN had matured in May 2014, resulting in an offsetting fair value gain in 1Q FY14/15

(f) Net change in fair value of financial derivatives in 2Q FY14/15 was made up of a fair value loss on cross currency swaps of $17.0 million (2Q FY13/14: gain of $0.2 million) and a fair value gain on interest rate swaps of $5.0 million (2Q FY13/14: loss of $4.6 million). The fair value loss on cross currency swaps was mainly due to the weakening of JPY forward exchange rates against SGD relating to the JPY-denominated MTN, offset by the fair value gain on HKD cross currency swaps due to the strengthening of HKD forward exchange rates against SGD relating to the HKD-denominated MTN. 2Q FY13/14 Group level included a fair value gain on the cross currency interest rate swap from Emerald Assets. For further details, please refer to Note (l) on Pages 14 to 16.

(g) This relates to the appreciation on revalution of investment property upon acquisition of Aperia through acquiring the share capital of PLC8H, in line with the accounting policy of the Group.

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

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

	Group			Trust		
	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000 (Restated)	Increase / (Decrease) %	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000	Increase / (Decrease) %
Management fees paid/payable in units	1,933	1,794	7.7%	1,933	1,794	7.7%
Trustee fee	584	541	7.9%	584	541	7.9%
Net change in fair value of financial derivatives	12,002	4,367	174.8%	12,002	4,367	174.8%
Other net non tax deductible expenses and other adjustments (Note A)	2,584	2,136	21.0%	2,584	2,136	21.0%
Transfer to general reserve	(56)	(48)	16.7%	-	-	-
Unrealised foreign exchange (gain)/loss	(14,079)	1,818	nm	(12,948)	1,151	nm
Income from subsidiaries (Note B)	(1,808)	(434)	nm	-	-	-
Net effect of non tax deductible expenses and other adjustments	1,160	10,174	(88.6%)	4,155	9,989	(58.4%)

Note: nm denotes “not meaningful

A. Other net non tax deductible expenses 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 and income support relating to Ascendas Z-Link, A-REIT City@Jinqiao and HIC. The rental support from HIC has not been received by the Trust and the intention is to distribute the income support amount from HIC after receipt of the amount.

B. This relates to income from AHTDBC, ASRC and PLC8H, which has yet to be received by A-REIT as at 30 September 2014. The net income from the subsidiaries, where available, will be distributed 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) This relates to the distributions of incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China. 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.

(l) This relates to the distributions of net income from the properties in China. Income will be distributed after its annual audited financial statements had been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore. Such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

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

Gross revenue increased by 8.6% mainly due to the recognition of rental income earned from Nexus@one-north, A-REIT City@Jinqiao, HIC and Aperia. Positive rental reversion and incentive payment received as income support in relation to A-REIT City@Jinqiao and income support from HIC also contributed to the increase in gross revenue.

The increase in property operating expenses was mainly due to 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, acquisition of HIC and acquisition of Aperia through the acquiring of the share capital in PLC8H. The changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted had also resulted in higher operating property expenses in 2Q FY14/15.

The increase in property tax of 12.1% was mainly contributed by changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted. Nexus@one-north and HIC also contributed to the higher property tax in 2Q FY14/15. In 2Q FY14/15, property tax expense included vacancy refund of $0.5 million (or DPU contribution of 0.02 cents) (2Q FY13/14: $0.4 million, DPU impact of 0.02 cents). Following IRAS's announcement on the removal of the property tax refund concession on unoccupied buildings with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims. The vacancy refund received in 2Q FY14/15 was related to unoccupied space area during the period prior to 1 January 2014.

The difference between net non property expenses in 2Q FY14/15 and 2Q FY13/14 was as follows:

(i) higher finance costs in 2Q FY14/15 which included fair value loss on convertible bonds of $14.2 million (2Q FY13/14: gain of $9.2 million included in finance income), as compared to 2Q FY13/14 which included fair value loss on ECS of $10.5 million (2Q FY14/15: gain of 9.6 million);
(ii) higher management fees in 2Q FY14/15 (see Note (b) on Page 10);
offset by:
(iii) net foreign exchange gain of $14.1 million (2Q FY13/14: loss of $11.3 million (restated)) (see Note (e) on Page 10); and
(iv) higher finance income in 2Q FY14/15 which included a fair value gain on ECS of $9.6 million (2Q FY13/14: loss of $10.5 million included in finance costs), as compared to 2Q FY13/14 which included a fair value gain on convertible bonds of $9.2 million (2Q FY14/15: loss of $14.2 million included in finance costs).

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

	Group		Trust	
	30/09/14 S$'000	31/03/14 S$'000 (Restated) (Note a)	30/09/14 S$'000	31/03/14 S$'000
Non-current assets				
Investment properties (Note b)	7,656,181	6,922,966	7,389,621	6,651,419
Investment in debt securities (Note c)	-	194,574	-	194,574
Plant and equipment	630	418	228	303
Finance lease receivables	93,269	93,844	93,269	93,844
Interest in subsidiaries (Note d)	-	-	171,651	170,027
Derivative assets (Note e)	1,637	1,348	1,637	1,348
	7,751,717	**7,213,150**	**7,656,406**	**7,111,515**
Current assets				
Finance lease receivables	1,099	1,031	1,099	1,031
Trade and other receivables (Note f)	73,109	65,139	67,071	61,894
Derivative assets (Note e)	331	1,345	331	1,345
Cash and cash equivalents	40,224	67,328	22,154	57,952
Property held for sale (Note g)	-	10,500	-	10,500
	114,763	**145,343**	**90,655**	**132,722**
Current liabilities				
Trade and other payables (Note h)	160,954	128,366	135,171	120,755
Security deposits (Note i)	25,267	28,527	25,224	26,827
Derivative liabilities (Note j)	3,320	55,216	3,320	2,658
Short term borrowings (Note k)	160,000	209,790	160,000	209,790
Term loans (Note l)	14,249	342,451	-	394,986
Collateral loan (Note l)	-	-	338,358	341,091
Exchangeable Collateralised Securities (Note l)	338,358	341,091	-	-
Provision for taxation (Note m)	3,176	2,068	3,009	2,064
	705,324	**1,107,509**	**665,082**	**1,098,171**
Non-current liabilities				
Other payables	2,175	-	2,175	-
Security deposits (Note i)	73,729	57,435	71,173	56,982
Derivative liabilities (Note j)	94,989	90,185	94,989	90,185
Amount due to a subsidiary	-	-	44,611	-
Medium term notes (Note l)	785,255	499,157	785,255	499,157
Term loans and borrowings (Note l)	1,215,586	731,932	1,215,586	717,649
Deferred tax liabilities	23,618	23,675	-	-
	2,195,352	**1,402,384**	**2,213,789**	**1,363,973**
Net assets	**4,965,804**	**4,848,600**	**4,868,190**	**4,782,093**
Represented by:				
Unitholders' funds	4,965,740	4,848,566	4,868,190	4,782,093
Non-controlling interests	64	34	**-**	**-**
	4,965,804	**4,848,600**	**4,868,190**	**4,782,093**

	30/09/14 S$'000	31/03/14 S$'000 (Restated)	30/09/14 S$'000	31/03/14 S$'000
Gross borrowings				
Secured borrowings				
Amount repayable within one year	338,358	683,556	338,358	736,091
Unsecured borrowings				
Amount repayable after one year	2,012,738	1,240,387	2,012,738	1,226,104
Amount repayable within one year	174,249	210,000	160,000	210,000
	2,525,345	2,133,943	2,511,096	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 22).

(b) The increase in value of investment properties was mainly due to the acquisition of HIC in June 2014, acquisition of Aperia in August 2014, gain on revaluation of investment property relating to Aperia and asset enhancement works at various properties.

(c) The convertible bonds were fully redeemed in 2Q FY14/15.

(d) Interest in subsidiaries relates to A-REIT's investment in Ascendas ZPark (S) Pte. Ltd. and its subsidiary, AHTDBC; Shanghai (JQ) Investment Holdings Pte. Ltd and its subsidiary, ASRC, PLC8H and its subsidiary, PLC 8 Development Pte. Ltd and A-REIT J.W. Investment Pte.Ltd.

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

(f) The increase in trade and other receivables was in tandem with higher gross revenue in 1H 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) Increase in trade and other payables was mainly due to accrual of cost on asset enhancement works and accrued construction costs relating to Aperia, upon acquisition of PLC8H Group.

(i) The increase in security deposits was mainly contributed by HIC and Aperia which were acquired in June 2014 and August 2014 respectively.

(j) 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.

(k) The decrease in short term borrowings was mainly due to reclassification of certain committed revolving credit facilities to non-current.

(l) **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 Assets, 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 $2.1450 (2Q FY13/14: $2.2189) per unit, 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. A-REIT had issued HKD620.0 million, 1.67% fixed rate notes which will mature in February 2018, on 26 August 2014 and HKD640.0 million, 3.64% fixed rate notes, which will mature in September 2029, on 4 September 2014.

As at the balance sheet date, S$862.2 million (S$295.0 million and JPY24.6 billion and HKD1,260.0 million) remained outstanding. A-REIT has entered into cross currency swaps to hedge against principal amount of the JPY-denominated MTN and HKD-denominated MTN. The amount reflected in the Balance Sheet relates to the carrying amount of the MTN translated at the reporting date rate, net of unamortised transaction costs.

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 2014, 68.8% of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.2 years remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings as at 30 September 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.

(m) 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 Ascendas Z-Link, A-REIT City@Jinqiao and income support relating to HIC. 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)(i) Cash flow statement (1H FY14/15 vs 1H FY13/14)

	Group	
	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000 (Restated)
Cash flows from operating activities		
Net income	126,865	190,438
Adjustments for		
Allowance for impairment loss on doubtful receivables	478	75
Management fees paid/payable in units	3,734	3,533
Depreciation of plant and equipment	87	345
Finance income	(8,704)	(37,862)
Finance costs	51,646	34,302
Foreign exchange gain	41,394	15,039
Gain on disposal of investment properties	(2,023)	(7,205)
Operating income before working capital changes	213,477	198,665
Changes in working capital		
Trade and other receivables	(11,245)	(2,423)
Trade and other payables	5,067	11,941
Cash generated from operating activities	207,299	208,183
Income tax paid	(1,066)	(406)
Net cash from operating activities	206,233	207,777
Cash flows from investing activities		
Purchase of investment properties	(191,384)	-
Payment for investment properties and other assets under development	(1,954)	(36,155)
Payment for capital improvement on investment properties	(38,223)	(53,601)
Purchase of plant and equipment	(299)	(50)
Proceeds from sale of investment properties	12,600	32,000
Acquisiton of subsidiary, net of cash acquired	(251,895)	(11,117)
Investment in debt securities	-	(41,750)
Interest received	3,249	3,740
Net cash used in investing activities	(467,906)	(106,933)
Cash flows from financing activities		
Equity issue costs paid	-	(130)
Distributions paid to Unitholders	(85,290)	(154,335)
Finance costs paid	(32,382)	(34,583)
Transaction costs paid in respect of borrowings	(600)	-
Proceeds from borrowings	1,131,860	408,000
Repayment of borrowings	(779,000)	(313,329)
Net cash generated from/(used in) financing activities	234,588	(94,377)
Net (decrease)/increase in cash and cash equivalents	(27,085)	6,467
Cash and cash equivalents at beginning of the financial period	67,328	27,766
Effect of exchange rate changes on cash balances	(19)	144
Cash and cash equivalents at end of the financial period	40,224	34,377

1 (c)(ii) Cash flow statement (2Q FY14/15 vs 2Q FY13/14)

	Group	
	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000 (Restated)
Cash flows from operating activities		
Net income	97,721	70,319
Adjustments for		
Allowance for impairment loss on doubtful receivables	248	55
Management fees paid/payable in units	1,933	1,794
Depreciation of plant and equipment	44	173
Finance income	(12,524)	(11,902)
Finance costs	32,358	27,197
Foreign exchange (gain)/loss	(14,079)	11,298
Operating income before working capital changes	105,701	98,934
Changes in working capital		
Trade and other receivables	(3,615)	(374)
Trade and other payables	13,930	18,944
Cash generated from operating activities	116,016	117,504
Income tax paid	(880)	(185)
Net cash from operating activities	115,136	117,319
Cash flows from investing activities		
Payment for investment properties and other assets under development	(1,804)	(16,133)
Payment for capital improvement on investment properties	(20,422)	(29,800)
Purchase of plant and equipment	(235)	(50)
Acquisiton of subsidiary, net of cash acquired	(251,895)	(11,117)
Investment in debt securities	-	(16,750)
Interest received	2,215	2,591
Net cash used in investing activities	(272,141)	(71,259)
Cash flows from financing activities		
Distributions paid to Unitholders	-	(85,231)
Finance costs paid	(18,305)	(20,958)
Transaction costs paid in respect of borrowings	(405)	-
Proceeds from borrowings	466,860	272,000
Repayment of borrowings	(279,000)	(212,329)
Net cash generated from/(used in) financing activities	169,150	(46,518)
Net increase/(decrease) in cash and cash equivalents	12,145	(458)
Cash and cash equivalents at beginning of the period	27,932	34,930
Effect of exchange rate changes on cash balances	147	(95)
Cash and cash equivalents at end of the financial period	40,224	34,377

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

	Group		Trust	
	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000 (Restated)	01/04/14 to 30/09/14 S$'000	01/04/13 to 30/09/13 S$'000
Balance at beginning of the financial period	4,848,566	4,661,149	4,782,093	4,652,902
Operations				
Total return for the period attributable to Unitholders of the Trust (Note a)	198,944	206,035	167,455	205,272
Hedging transactions				
Effective portion of changes in fair value of financial derivatives (Note b)	2,473	11,933	2,473	11,933
Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note c)	(2,275)	3,971	(2,275)	3,971
Net increase in net assets from hedging transactions	198	15,904	198	15,904
Movement in foreign currency translation reserve (Note d)	(412)	975	-	-
Unitholders' transactions				
Management fees paid/payable in units	3,734	3,533	3,734	3,533
Distributions to Unitholders (Note e)	(85,290)	(154,335)	(85,290)	(154,335)
Net decrease in net assets from Unitholders' transactions	(81,556)	(150,802)	(81,556)	(150,802)
Balance at end of the financial period	4,965,740	4,733,261	4,868,190	4,723,276

Footnotes

(a) Included in total return is the divestment gain of $2.0 million, arising from the divestment of the investment property located at 1 Kallang Place in May 2014 (1H FY13/14: $7.2 million, arising from the divestment of investment property located at 6 Pioneer Walk in June 2013). The total return at Group level for 1H FY14/15 also included a gain of $28.1 million, on revaluation of an investment property upon its acquisition (1H FY13/14: Nil).

(b) In both 1H FY14/15 and 1H 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.

(e) The distributions paid in 1H FY14/15 is lower as A-REIT has changed its distribution frequency from quarterly to semi-annually with effect from 1 April 2014.

Statement of movement in unitholders' funds (2Q FY14/15 vs 2Q FY13/14)

	Group		Trust	
	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000 (Restated)	01/07/14 to 30/09/14 S$'000	01/07/13 to 30/09/13 S$'000
Balance at beginning of financial period	4,845,376	4,737,374	4,782,329	4,726,263
Operations				
Total return for the period attributable to Unitholders of the Trust (Note a)	112,985	74,941	81,878	75,126
Hedging transactions				
Effective portion of changes in fair value of financial derivatives (Note b)	2,050	1,353	2,050	1,353
Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note c)	-	3,971	-	3,971
Net increase in net assets resulting from hedging transactions	2,050	5,324	2,050	5,324
Movement in foreign currency translation reserve (Note d)	3,396	(941)	-	-
Unitholders' transactions				
Management fees paid/payable in units	1,933	1,794	1,933	1,794
Distributions to Unitholders (Note e)	-	(85,231)	-	(85,231)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	1,933	(83,437)	1,933	(83,437)
Balance at end of the financial period	4,965,740	4,733,261	4,868,190	4,723,276

Footnotes

(a) Included in the Group total return is a gain on valuation of investment property relating to Aperia, upon acquisition of $28.1 million (2Q FY13/14: Nil).

(b) In both 2Q FY14/15 and 2Q 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.

(e) No distribution was paid in 2Q FY14/15 as A-REIT has changed its distribution frequency from quarterly to semi-annually with effect from 1 April 2014.

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

	Trust	
	01/04/14 to 30/09/14 Units	01/04/13 to 30/09/13 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	1,120,184	1,015,437
Units issued and issuable at end of the financial period	**2,405,180,355**	**2,401,887,314**

Details of any changes in the units (2Q FY14/15 vs 2Q FY13/14)

	Trust	
	01/07/14 to 30/09/14 Units	01/07/13 to 30/09/13 Units
Units issued:		
At beginning of the financial period	2,404,060,171	2,400,871,877
At end of the financial period	**2,404,060,171**	**2,400,871,877**
Units to be issued:		
Management fees payable in units	1,120,184	1,015,437
Units issued and issuable at end of the financial period	**2,405,180,355**	**2,401,887,314**

ECS of S$300 million with maturity date on 1 February 2017 was issued by Ruby Assets. Please refer to Note (l) on Page 15 and 16 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 $2.1450 (2Q FY13/14: $2.2189) 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 $2.1450 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 September 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. Accordingly, the Group consolidates 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 2Q FY14/15 compared to 1Q FY14/15	2Q FY14/15 01/07/14 to 30/09/14	1Q FY14/15 01/04/14 to 30/06/14	2Q FY14/15 01/07/14 to 30/09/14	1Q FY14/15 01/04/14 to 30/06/14
Basic EPU (Note a)				
Weighted average number of units	2,404,072,346	2,402,778,100	2,404,072,346	2,402,778,100
Earnings per unit in cents (EPU)	4.70	3.58	3.41	3.56
Dilutive EPU (Note b)				
Weighted average number of units	2,543,932,485	2,402,778,100	2,543,932,485	2,402,778,100
Earnings per unit in cents (Dilutive EPU)	4.11	3.58	2.89	3.56

	Group		Trust	
6.2 EPU for 2Q FY14/15 compared to 2Q FY13/14	2Q FY14/15 01/07/14 to 30/09/14	2Q FY13/14 01/07/13 to 30/09/13 (Restated)	2Q FY14/15 01/07/14 to 30/09/14	2Q FY13/14 01/07/13 to 30/09/13
Basic EPU (Note a)				
Weighted average number of units	2,404,072,346	2,400,882,914	2,404,072,346	2,400,882,914
Earnings per unit in cents (EPU)	4.70	3.13	3.41	3.13
Dilutive EPU (Note b)				
Weighted average number of units	2,543,932,485	2,400,882,914	2,543,932,485	2,400,882,914
Earnings per unit in cents (Dilutive EPU)	4.11	3.13	2.89	3.13

	Group		Trust	
6.3 EPU for 1H FY14/15 compared to 1H FY13/14	1H FY14/15 01/04/14 to 30/09/14	1H FY13/14 01/04/13 to 30/09/13 (Restated)	1H FY14/15 01/04/14 to 30/09/14	1H FY13/14 01/04/13 to 30/09/13
Basic EPU (Note a)				
Weighted average number of units	2,403,427,347	2,400,206,233	2,403,427,347	2,400,206,233
Earnings per unit in cents (EPU)	8.28	8.58	6.97	8.55
Dilutive EPU (Note b)				
Weighted average number of units	2,543,287,486	2,535,408,360	2,543,287,486	2,535,408,360
Earnings per unit in cents (Dilutive EPU)	7.81	7.70	6.57	7.67

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) For 2Q FY14/15, 1H FY14/15 and 1H FY13/14, the dilutive EPU were computed on the basis that the ECS was converted at the beginning of the period. For 1Q FY14/15 and 2Q FY13/14, 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 convertible bonds into Units in A-REIT.

For 2Q FY14/15, 1H FY14/15 and 1H FY13/14, the dilutive EPU 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 $1,210,000, $2,407,000 and $2,407,000 respectively and deducting the gain on ECS of $9,561,000, $2,733,000 and $13,215,000 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 21).

	Group		Trust	
6.4 DPU for 2Q FY14/15 compared to 1Q FY14/15	2Q FY14/15 01/07/14 to 30/09/14	1Q FY14/15 01/04/14 to 30/06/14	2Q FY14/15 01/07/14 to 30/09/14	1Q FY14/15 01/04/14 to 30/06/14
Number of units in issue	2,404,060,171	2,404,060,171	2,404,060,171	2,404,060,171
Distribution per unit in cents (Note a)	3.66	3.64	3.66	3.64

	Group		Trust	
6.5 DPU for 2Q FY14/15 compared to 2Q FY13/14	2Q FY14/15 01/07/14 to 30/09/14	2Q FY13/14 01/07/13 to 30/09/13	2Q FY14/15 01/07/14 to 30/09/14	2Q FY13/14 01/07/13 to 30/09/13
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)	3.66	3.60	3.66	3.60

	Group		Trust	
6.6 DPU for 1H FY14/15 compared to 1H FY13/14	1H FY14/15 01/04/14 to 30/09/14	1H FY13/14 01/04/13 to 30/09/13	1H FY14/15 01/04/14 to 30/09/14	1H FY13/14 01/04/13 to 30/09/13
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)	7.30	7.15	7.30	7.15

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	
	30/09/14 cents	31/03/14 cents (Restated)	30/09/14 cents	31/03/14 cents
Net asset value per unit	206.5	201.7	202.4	199.0
Adjusted net asset value per unit (Note a)	199.2	198.2	195.1	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 2Q FY14/15 vs 2Q FY13/14

	Group		
	2Q FY14/15 01/07/14 to 30/09/14 S$'000	2Q FY13/14 01/07/13 to 30/09/13 S$'000 (Restated)	Increase / (Decrease) %
Gross revenue	164,781	151,692	8.6%
Property operating expenses	(50,114)	(44,570)	12.4%
Net property income	114,667	107,122	7.0%
Non property expenses	(11,191)	(10,210)	9.6%
Net finance costs	(19,834)	(15,295)	29.7%
Foreign exchange gain/(loss)	14,079	(11,298)	nm
	(16,946)	(36,803)	(54.0%)
Net income (*)	97,721	70,319	39.0%
Net change in fair value of financial derivatives	(12,002)	5,075	nm
Net appreciation on revaluation of investment property	28,112	-	nm
Total return for the period before tax	113,831	75,394	51.0%
Tax expense	(851)	(490)	73.7%
Total return for the period	112,980	74,904	50.8%
Attributable to:			
Unitholders	112,985	74,941	50.8%
Non-controlling interests	(5)	(37)	(86.5%)
Total return for the period	112,980	74,904	50.8%

Statement of distribution			
Total return for the period attributable to Unitholders	112,985	74,941	50.8%
Net effect of non tax deductible expenses and other adjustments	1,160	10,174	(88.6%)
Net appreciation on revaluation of investment property	(28,112)	-	nm
Income available for distribution	86,033	85,115	1.1%
Comprising:			
- Taxable income	85,357	84,403	1.1%
- Tax-exempt income (Note a)	676	712	(5.1%)
Income available for distribution	86,033	85,115	1.1%
Tax-exempt income (prior periods) (Note b)	1,083	622	74.1%
Distribution from capital (prior periods) (Note c)	730	702	4.0%
Total amount available for distribution	87,846	86,439	1.6%
Earnings per unit (cents)	4.70	3.13	50.2%
Distribution per unit (cents)	3.66	3.60	1.7%

Note: nm denotes “not meaningful”

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $97.7 million and $79.8 million for 2Q FY14/15 and 2Q 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.

(b) This relates to the distributions of incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China. 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 distributions of net income from the property in China. Income will be distributed after its annual audited financial statements had been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore. 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 8.6% mainly due to the recognition of rental income earned from Nexus@one-north, A-REIT City@Jinqiao, HIC and Aperia. Positive rental reversion and income support relating to HIC and incentive payment received as income support in relation to A-REIT City@Jinqiao also contributed to the increase in gross revenue.

The 12.4% increase in property operating expenses was largely 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;
(ii) expenses from Aperia, HIC and Nexus@one-north which were acquired/completed in August 2014, June 2014 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 increase in net finance costs between 2Q FY14/15 and 2Q FY13/14 was as follows:

(i) fair value gain on ECS of $9.6 million (2Q FY13/14: loss of $10.5 million);
(ii) accretion gain of $1.3 million on refundable security deposits (2Q FY13/14: loss of $0.7 million);
(iii) fair value loss on convertible bonds of $14.2 million (2Q FY13/14: gain of $9.2 million); and
(iv) higher interest expenses from higher borrowings at lower interest rates.

Foreign exchange gain in 2Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN. 2Q FY13/14 foreign exchange loss mainly arose from the translation of EURO-denominated MTN at Emerald Assets and JPY-denominated MTN at the Trust.

Net change in fair value of financial derivatives in 2Q FY14/15 was made up of a $5.0 million fair value gain on interest rates swaps (2Q FY13/14: loss of $4.6 million), a fair value loss on cross currency swaps of $17.0 million (2Q FY13/14: gain of $0.2 million). The fair value loss on cross currency swaps in 2Q FY14/15 was mainly due to the weakening of the JPY forward exchange rates against SGD, offset by impact from HKD cross currency swaps from the strengthening of HKD forward exchange rates against SGD. 2Q FY13/14 Group level included a fair value gain on the cross currency interest rate swap from Emerald Assets.

Tax expense in 2Q 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, income support from HIC, and higher income tax in line with higher profit at AHTDBC.

The movement in net effect of non tax deductible expenses and other adjustments between 2Q FY14/15 and 2Q FY13/14 was mainly due to as follows:

(i) fair value gain on ECS of $9.6 million (2Q FY13/14: loss of $10.5 million);
(ii) foreign exchange gain $14.1 million (2Q FY13/14: loss of $1.8 million);
(iii) accretion gain on refundable security deposits of $1.3 million (2Q FY13/14: loss of $0.7 million);
(iv) $0.7 million and $0.1 million of net incentive payment received as income support in relation to A-REIT City @Jinqiao and Ascendas Z-Link respectively (2Q FY13/14: $0.3 million income support in relation to Ascendas Z-Link) and $0.6 million net income support from HIC (2Q FY13/14: Nil);

offset by:
(v) fair value loss on convertible bonds of $14.2 million (2Q FY13/14: gain of $9.2 million); and
(vi) net fair value loss on financial derivatives of $12.0 million (2Q FY13/14: $4.4 million).

Review of Performance 2Q FY14/15 vs 1Q FY14/15

	Group		
	2Q FY14/15 01/07/14 to 30/09/14 S$'000	1Q FY14/15 01/04/14 to 30/06/14 S$'000	Increase / (Decrease) %
Gross revenue	164,781	163,178	1.0%
Property operating expenses	(50,114)	(46,906)	6.8%
Net property income	114,667	116,272	(1.4%)
Non property expenses	(11,191)	(10,570)	5.9%
Net finance costs	(19,834)	(23,108)	(14.2%)
Foreign exchange gain/(loss)	14,079	(55,473)	nm
Gain on disposal of investment property	-	2,023	nm
	(16,946)	(87,128)	(80.6%)
Net income (*)	97,721	29,144	nm
Net change in fair value of financial derivatives	(12,002)	58,173	nm
Net appreciation on revaluation of investment property	28,112	-	nm
Total return for the period before tax	113,831	87,317	30.4%
Tax expense	(851)	(1,323)	(35.7%)
Total return for the period	112,980	85,994	31.4%
Attributable to:			
Unitholders	112,985	85,959	31.4%
Non-controlling interests	(5)	35	nm
Total return for the period	112,980	85,994	31.4%
Statement of distribution			
Total return for the period attributable to Unitholders	112,985	85,959	31.4%
Net effect of non tax deductible expenses and other adjustments	1,160	1,648	(29.6%)
Net appreciation on revaluation of investment property	(28,112)	-	nm
Income available for distribution	86,033	87,607	(1.8%)
Comprising:			
- Taxable income	85,357	86,938	(1.8%)
- Tax-exempt income (Note a)	676	669	1.0%
Income available for distribution	86,033	87,607	(1.8%)
Tax-exempt income (prior periods) (Note b)	1,083	-	nm
Distribution from capital (prior periods) (Note c)	730	-	nm
Total amount available for distribution	87,846	87,607	0.3%
Earnings per unit (cents)	4.70	3.58	31.3%
Distribution per unit (cents)	3.66	3.64	0.5%

Note: nm denotes “not meaningful

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $97.7 million and $81.7 million for 2Q FY14/15 and 1Q FY14/15 respectively.

(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 first distribution of incentive payment (net of Singapore corporate tax) in 2Q FY14/15, received as income support relating to the properties in China. 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 distribution of net income from the property in China. Income will be distributed after its annual audited financial statements had been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore. Such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

Gross revenue increased marginally by 1.0% mainly due to the contribution from HIC and Aperia acquired in June 2014 and August 2014 respectively, but offset by the impact from the changes in lease structure arising from conversion of some properties from single-tenanted to multi-tenanted.

Property operating expenses were higher in 2Q FY14/15 by 6.8% mainly due to full quarter impact from HIC which was acquired in June 2014 and contribution from Aperia which was acquired in August 2014 and also from the changes in lease structure arising from conversion of properties from single-tenanted to multi-tenanted.

Non property expenses were higher by 5.9% mainly due to higher management fees incurred in 2Q FY14/15 from higher Deposited Property, mainly arising from acquisition of Aperia.

Net finance costs in 2Q FY14/15 was lower mainly due to fair value gain on ECS of $9.6 million (1Q FY14/15: loss of $6.8 million), higher accretion gain of $1.3 million on refundable security deposits (1Q FY14/15: $0.5 million), offset by higher fair value loss on convertible bonds of $14.2 million (1Q FY14/15: $2.4 million).

Foreign exchange gain in 2Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by foreign exchange loss arising from the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN. Foreign exchange loss in 1Q FY14/15 was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's Euro-denominated MTN.

The gain on disposal of investment property in 1Q FY14/15 relates to the divestment of an investment property at 1 Kallang Place, which was completed in May 2014.

Net change in fair value of financial derivatives in 2Q FY14/15 was made up of fair value loss on cross currency swaps of $17.0 million (1Q FY13/14: gain of $4.1 million) and offset by fair value gain on interest rate swaps of $5.0 million (1Q FY14/15: $1.5 million). The fair value loss on cross currency swaps in 2Q FY14/15 was mainly due to the weakening of the JPY forward exchange rates against SGD offset by impact from HKD cross currency swaps from the strengthening of HKD forward exchange rates against SGD. 1Q FY14/15 also included fair value gain of $52.5 million in relation to reversal of fair value loss on cross currency swap interest rate swap from Emerald Assets upon maturity of the swap.

Higher tax expenses in 1Q FY14/15 was in line with the recognition of higher incentive payment received as income support in relation to A-REIT City @Jinqiao.

Net non tax deductible expenses and other adjustments were lower in 2Q FY14/15 due to the followings:

(i) fair value gain on ECS of $9.6 million (1Q FY14/15: loss of $6.8 million);
(ii) foreign exchange gain of $14.1 million (1Q FY14/15: loss of $1.7 million);
(iii) net income support of $0.6 million in relation to HIC (1Q FY14/15: Nil);
(iv) accretion gain on refundable security deposits of $1.3 million (1Q FY14/15: $0.5 million);
(v) higher income from subsidiaries not yet distributed $1.8 million (1Q FY14/15: $0.4 million)
offset by:
(vi) gain on divestment of an investment property of $2.0 million in 1Q FY14/15, from the divestment of investment property located at 1 Kallang Place (2Q FY14/15: Nil);
(vii) fair value loss on convertible bonds of $14.2 million (1Q FY14/15: $2.4 million);
(viii) net fair value loss on financial derivatives of $12.0 million (1Q FY14/15: gain of $5.6 million); and
(ix) lower net incentive payment received as income support of $0.7 million in relation to A-REIT City@Jinqiao (1Q FY14/15: $3.4 million).

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 1Q FY14/15 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 3Q 2014, Singapore's economy grew by 2.4% year-on-year ("y-o-y"), which was a similar pace of growth as in 2Q 2014. The manufacturing sector grew 1.4% y-o-y, comparable to the 1.5% growth recorded in the previous quarter. This was largely supported by the biomedical and electronics clusters. On 12 August 2014, the Ministry of Trade and Industry ("MTI") narrowed its GDP forecast for 2014 to 2.5% to 3.5% (previously 2.0% to 4.0%).

Singapore's manufacturing PMI rose to 50.5 in September 2014 from 49.7 in August 2014. This indicated an expansion in manufacturing activities after a contraction in August. The increase was attributable to expansion in new orders and first-time expansion in new export orders, production output and imports.

September 2014 non-oil domestic exports ("NODX") rose at a slower pace of 0.9% y-o-y (after a 6.0% increase in August). This was due to a 3.0% expansion in non-electronics NODX, which outweighed the 4.0% decline in electronic NODX. Exports to most of Singapore's top 10 NODX markets rose, except Hong Kong, Japan, the European Union and Indonesia. The top three contributors were China, Taiwan and Malaysia.

According to JTC Corporation ("JTC"), prices of industrial space in 2Q 2014 rose marginally by 0.7% q-o-q compared to a 3.8% increase in the previous quarter. Rental rates of industrial space were relatively flat q-o-q. According to the CBRE 3Q 2014 Market View, rental rates for business park space held steady at $5.50 psf per month for city fringe space whilst rental rates dipped 2.6% q-o-q to $3.70 psf per month from $3.80 psf per month for the rest of the island. Ground floor rental rates for factory space and warehouse space remained unchanged q-o-q at $1.85 psf per month and $1.83 psf per month respectively.

The occupancy rate of island-wide industrial space for 2Q 2014 was 90.7%. Business park occupancy rate improved to 85.0% in 2Q 2014 (from 83.4% in 1Q 2014) with a 1.9% q-o-q increase in occupied space. Single-user factory space and multiple-user factory space were 93.4% and 87.3% occupied (down from 93.7% and 88.4% respectively in 1Q 2014) on the back of a 0.8% and 2.1% q-o-q increase in available stock. Warehouse stock increased by 3.7% q-o-q, resulting in a fall in occupancy to 88.5% from 91.1%.

The business environment in Singapore remains challenging due to the ongoing economic restructuring, changing government regulations and policies on manpower and industrial land use and rising operating costs. 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 was effective from 1 October 2014, JTC has allowed a grace period until 31 December 2017 for compliance.

China

China's GDP grew by 7.3% y-o-y in 3Q 2014, weakening slightly from the 7.5% y-o-y growth in the preceding quarter. This brings y-o-y GDP growth for the first three quarters to 7.4%. September's manufacturing PMI was maintained at 51.1%, the same level as August 2014, indicating continued growth in China's manufacturing sector.

The steady growth momentum achieved in the first three quarters of 2014 reflects the Chinese Government's efforts in 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 driven growth.

Outlook for the financial year ending 31 March 2015

At the beginning of FY14/15, about 21.3% of A-REIT's property income was due for renewal, of which 6.2% were leases of single-tenanted buildings and 15.1% were leases of multi-tenanted buildings. The Manager had proactively negotiated and secured renewal commitments for many of these lessees. As at 30 September 2014, 8.0% of A-REIT's property income is due for renewal (comprising 1.4% of single-tenanted building tenancies and 6.6% of multi-tenanted building tenancies).

With a customer base of around 1,360 tenants in a portfolio of 104 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 4.0% of A-REIT's monthly gross revenue. A-REIT's predictable earnings stream is underpinned by its portfolio of long and short term leases (23.2% versus 76.8% by asset value respectively) with a weighted average lease to expiry of about 4 years.

With 12.8% of vacant space in A-REIT's portfolio, there could be potential upside when some of the space 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 such leases are renewed.

In China, the Manager will continue to adopt a prudent approach while seeking 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 a more sustainable growth driven by domestic consumption 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 balance of the financial year ending 31 March 2015

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: 46th distribution for the period from 1 April 2014 to 30 September 2014

(With effect from 1 April 2014, A-REIT's distribution frequency has been changed from quarterly to semi-annual basis)

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Amount (cents per units)	7.17	0.10	0.03	7.30

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 investors 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.

Capital distribution
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: 31 October 2014

Payment date: 28 November 2014

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	43rd distribution for the period from 1 July 2013 to 30 September 2013

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Amount (cents per units)	3.52	0.05	0.03	3.60

Information for comparison purposes only (1H FY13/14):

Distribution Type/ Rate	42nd distribution for the period from 1 April 2013 to 30 June 2013	43rd distribution for the period from 1 April 2013 to 30 June 2013	Total
Amount (cents per units)	3.55	3.60	7.15
Book closure date	24 July 2013	24 October 2013	
Payment date	25 August 2013	25 November 2013	

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 investors 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.

Capital distribution
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: 24 October 2013

Payment date: 25 November 2013

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 Guildlines

The Manager hereby certifies that in relation to the distribution to the Unitholders of A-REIT for the financial period ended 30 September 2014:

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, and unrealised surplus on revaluation of investment properties and investment properties under development on a semi-annual basis at the discretion of the Manager. In the case of its overseas subsidiaries, income from these subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax, on a semi-annual 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, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

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

Mary Judith de Souza
Company Secretary
23 October 2014

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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 October 2014

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of Interim Financial Information for the 6-month period ended 30 September 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 six-month period ended 30 September 2014. The Interim Financial Information comprises the following:

- Balance sheets of the Trust and the Group as at 30 September 2014;
- Portfolio statement of the Group as at 30 September 2014;
- Statements of total return of the Trust and the Group for the three-month and six-month periods ended 30 September 2014;
- Distribution statements of the Trust and the Group for the three-month and six-month periods ended 30 September 2014;
- Statements of movements in unitholders' funds of the Trust and the Group for the three-month and six-month periods ended 30 September 2014;
- Statement of cash flows of the Group for the six-month period ended 30 September 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 *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