A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

Ascendas Real Estate Investment Trust ("A-REIT" or the "Trust") 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 ("Units") 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 102 properties in Singapore, 26 logistics properties in Australia and 2 business park properties in China, with a tenant base of around 1,470 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres and Integrated Development Amenities & Retail.

The Group results include the consolidation of wholly owned subsidiaries and special purpose companies. The commentaries below are based on the Group results unless otherwise stated.

SUMMARY OF A-REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

		Group		
	Note	01/04/15 to 31/12/15 **('YTD FY15/16')** S$'000	01/04/14 to 31/12/14 **('YTD FY14/15')** S$'000	Variance %
Gross revenue		**556,944**	**499,693**	**11.5%**
Net property income		**390,236**	**345,538**	**12.9%**
Total amount available for distribution:		**289,219**	**261,892**	**10.4%**
- from operations		282,690	258,061	9.5%
- tax-exempt income	(a)	3,332	3,101	7.4%
- from capital	(b)	3,197	730	n.m.
		Cents per Unit		
Distribution per Unit ("DPU")	(c) & (d)	FY15/16	FY14/15	Variance %
For the quarter from 1 October to 31 December		**3.946**	**3.590**	**9.9%**
- from operations		3.810	3.560	7.0%
- tax-exempt income	(a)	0.045	0.030	50.0%
- from capital	(b)	0.091	-	n.m.
For the nine months from 1 April to 31 December		**11.947**	**10.890**	**9.7%**
- from operations		11.682	10.730	8.9%
- tax-exempt income	(a)	0.137	0.130	5.4%
- from capital	(b)	0.128	0.030	n.m.

Note: "n.m." denotes "not meaningful"

Footnotes

(a) This includes the distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. It also includes the distribution of net income and 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, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets. The amount of incentive payment (net of Singapore corporate tax) received and included as distributable income amounted to S$1.2 million or 0.052 cents impact on DPU for YTD FY15/16 (YTD FY 14/15: S$1.1 million or 0.045 cents).

(b) This relates to the distribution of net income from (i) the properties in China, where income will be distributed after the annual audited financial statements of the Chinese subsidiaries are filed and corporate taxes paid and (ii) the properties in Australia where income will be distributed after each financial quarter of the Australian holding trusts. The distributions of income from overseas properties are deemed to be capital distributions from a tax perspective. Such distributions are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

(c) The DPU for 3Q FY15/16 and YTD FY15/16 have been computed after taking into consideration the Units issued pursuant to the preferential offering that was announced on 9 December 2015 on the basis of three new Units for every 80 existing Units held as at 30 December 2015 at an issue price of S$2.218 per new Unit (the "Preferential Offering") that was launched on 5 January 2016 and closed on 13 January 2016. The Units issued pursuant to the Preferential Offering were issued on 15 January 2016 and rank *pari passu* in all respects with the existing Units in issue on the day immediately prior to the date of issuance, including the right to A-REIT's distributable income in respect of the period from 18 December 2015 onwards.

(d) As at 31 December 2015, none of the S$300.0 million Exchangeable Collateralised Securities ("ECS") with a maturity date of 1 February 2017 had been converted into 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 Pages 9 to 10 and Para 1(d)(ii) on Page 15.

DPU for YTD FY15/16 is calculated based on the summation of DPU for each quarter as follows:

DPU (cents)	**1Q FY15/16**	**2Q FY15/16**	**3Q FY15/16**	**YTD FY15/16**
Taxable	3.777	4.095	3.810	11.682
Tax-exempt	0.046	0.046	0.045	0.137
Capital	0.018	0.019	0.091	0.128
Total	**3.841**	**4.160**	**3.946**	**11.947**

1(a)(i) Statement of Total Return and Distribution Statement

		Group (Note a)					
Statement of Total Return	Note	01/10/15 to 31/12/15 ('3Q FY15/16') S$'000	01/10/14 to 31/12/14 ('3Q FY14/15') S$'000	Variance %	**YTD FY15/16** S$'000	**YTD FY14/15** S$'000	Variance %
Gross revenue	(b)	**193,812**	**171,734**	**12.9%**	**556,944**	**499,693**	**11.5%**
Property services fees		(7,723)	(6,471)	19.3%	(22,321)	(18,531)	20.5%
Property tax		(12,883)	(17,284)	(25.5%)	(44,197)	(41,325)	6.9%
Other property operating expenses		(31,038)	(33,380)	(7.0%)	(100,190)	(94,299)	6.2%
Property operating expenses	(c)	**(51,644)**	**(57,135)**	**(9.6%)**	**(166,708)**	**(154,155)**	**8.1%**
Net property income		**142,168**	**114,599**	**24.1%**	**390,236**	**345,538**	**12.9%**
Management fees	(d)	(11,312)	(9,814)	15.3%	(31,310)	(28,483)	9.9%
Performance fees	(e)	(8,400)	-	n.m.	(8,400)	-	n.m.
Trust and other expenses	(f)	(1,569)	(514)	n.m.	(4,589)	(3,606)	27.3%
Finance income	(i)	1,594	1,282	24.3%	25,633	7,185	n.m.
Finance costs	(i)	(24,429)	(26,929)	(9.3%)	(66,049)	(75,774)	(12.8%)
Foreign exchange gain/(loss)	(g)	1,892	9,320	(79.7%)	(17,657)	(32,074)	(44.9%)
Gain on disposal of investment property	(h)	-	-	n.m.	-	2,023	(100.0%)
Net non property expenses		**(42,224)**	**(26,655)**	**58.4%**	**(102,372)**	**(130,729)**	**(21.7%)**
Net income	(i)	**99,944**	**87,944**	**13.6%**	**287,864**	**214,809**	**34.0%**
Net change in fair value of financial derivatives	(j)	1,271	5,167	(75.4%)	24,554	51,338	(52.2%)
Net appreciation on revaluation of investment properties	(k)	-	-	n.m.	4,471	28,112	(84.1%)
Total return for the period before tax		**101,215**	**93,111**	**8.7%**	**316,889**	**294,259**	**7.7%**
Tax expense	(l)	(7,330)	(945)	n.m.	(8,471)	(3,119)	171.6%
Total return for the period		**93,885**	**92,166**	**1.9%**	**308,418**	**291,140**	**5.9%**
Attributable to:							
Unitholders and perpetual securities holders		93,910	92,165	1.9%	308,838	291,109	6.1%
Non-controlling interests		(25)	1	n.m.	(420)	31	n.m.
		93,885	**92,166**	**1.9%**	**308,418**	**291,140**	**5.9%**
Distribution Statement							
Total return for the period attributable to Unitholders and perpetual securities holders		93,910	92,165	1.9%	308,838	291,109	6.1%
Less: Amount reserved for distribution to perpetual securities holders	(m)	(3,084)	-	n.m.	(3,084)	-	n.m.
Other net non tax deductible expenses/(taxable income) and other adjustments	(n)	3,020	(5,726)	(152.7%)	(16,508)	(2,918)	n.m.
Net appreciation on revaluation of investment property	(k)	-	-	n.m.	(4,471)	(28,112)	(84.1%)
Income available for distribution		93,846	86,439	8.6%	284,775	260,079	9.5%
Comprising:							
- Taxable income		93,149	85,766	8.6%	282,690	258,061	9.5%
- Tax-exempt income	(o)	697	673	3.6%	2,085	2,018	3.3%
Income available for distribution		93,846	86,439	8.6%	284,775	260,079	9.5%
Tax-exempt income (prior periods)	(p)	415	-	n.m.	1,247	1,083	15.1%
Distribution from capital	(q)	2,313	-	n.m.	3,197	730	n.m.
Total amount available for distribution		**96,574**	**86,439**	**11.7%**	**289,219**	**261,892**	**10.4%**

Note: "n.m." denotes "not meaningful"

Explanatory notes to the statement of total returns and distribution statement

(a) The Group had 130 properties and 106 properties as at 31 December 2015 and 31 December 2014 respectively. Since December 2014, the Group completed (i) the acquisition of The Kendall in March 2015, (ii) the acquisition of 26 logistics properties in Australia (the "Australian Portfolio") in November 2015, (iii) the divestment of an investment property located at 26 Senoko Way in April 2015 and (iv) the divestment of BBR Building in September 2015. Also, as the land titles of both The Aries and The Gemini have been amalgamated subsequent to the completion of asset enhancement works for the link between the two buildings in June 2015, A-REIT has since reported both buildings as a single property.

(b) Gross revenue comprises gross rental income and other income (which includes revenue from utilities charges, interest income from finance lease receivable, car park revenue, income support and claims on liquidated damages).

Gross revenue for YTD FY15/16 increased by 11.5% mainly due to contributions from (i) the acquisition of Hyflux Innovation Centre ("HIC"), Aperia,, The Kendall and the Australian Portfolio, (ii) positive rental reversion on renewals and (iii) the increase in occupancy at certain properties.

(c) Property operating expenses comprises property services fees, property taxes and other property operating expenses (which includes maintenance and conservancy costs, utilities expenses, marketing fees, property and lease management fees, land rent and other miscellaneous property-related expenses).

Property operating expenses increased by 8.1%, mainly attributable to (i) the acquisition of HIC, Aperia, The Kendall and the Australian Portfolio, (ii) higher maintenance & conservancy costs mainly due to higher term contract rates subsequent to renewals and (iii) higher property tax and land rent arising from the conversion of a single-lease building to a multi-tenants building.

(d) 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 determining management fees by excluding derivative assets and investment properties under development from the computation of deposited property. This results in lower management fees than under the previous computation method.

Higher management fees in YTD FY15/16 were mainly due to a higher deposited property value which was underpinned by higher valuations for the existing investment properties under management and new acquisitions made.

(e) Under the Trust Deed, the Manager is entitled to a performance fee at the rate of 0.1% or 0.2% per annum of the Deposited property provided that the DPU for the financial year (calculated before performance fees) exceeds the DPU in the preceding financial year by at least 2.5% but less than 5.0%; or by at least 5.0% respectively. The Manager will waive such amount of performance fee payable such that any increase in DPU (which is calculated before accounting for the Performance Fee) would not result in Unitholders receiving less DPU than the threshold percentage as a result of the payment of the Performance Fee.

(f) Trust and other expenses comprise statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses.

Trust and other expenses in YTD FY15/16 increased by 27.3% mainly due to (i) higher legal and professional fees incurred during the year and (ii) higher trust and other expenses arising from the formation of Ascendas REIT Australia Group (which holds the Australian Portfolio).

(g) Foreign exchange gain/(loss) arose mainly from the revaluation of Euro, JPY, HKD and AUD denominated loans. Cross currency swaps relating to these loans were entered into to hedge against the foreign exchange exposure. The foreign exchange gain/(loss) is largely offset by the fair value gain/(loss) from cross currency swaps. Please refer to note (i) below.

YTD FY15/16 recorded a foreign exchange loss of S$17.7 million, mainly from the weakening of the SGD against the HKD and JPY in relation to the HKD denominated Medium Term Notes ("MTN") and JPY denominated MTN respectively. The foreign exchange loss recorded in YTD FY14/15 included exchange losses from the settlement of Emerald Assets Limited's Euro-denominated MTN.

(h) The gain on disposal of investment properties recorded in YTD FY14/15 arose from the divestment of an investment property located at 1 Kallang Place in May 2014.

(i) The following items have been included in net income:

		Group					
	Note	3Q FY15/16 S$'000	3Q FY14/15 S$'000	Variance %	YTD FY15/16 S$'000	YTD FY14/15 S$'000	Variance %
Gross revenue							
Gross rental income		173,767	152,424	14.0%	497,386	440,963	12.8%
Other income		20,045	19,310	3.8%	59,558	58,730	1.4%
Property operating expenses							
(Allowance)/reversal of allowance for impairment loss on doubtful receivables		(16)	(80)	(80.0%)	342	(558)	(161.3%)
Depreciation of plant and equipment		(46)	(46)	0.0%	(140)	(133)	5.3%
Finance income	(1)						
Accretion gain on security deposits		-	-	n.m.	-	1,695	(100.0%)
Interest income		1,315	1,282	2.6%	3,325	5,490	(39.4%)
Gain on fair value of ECS		279	-	n.m.	22,308	-	n.m.
		1,594	**1,282**	**24.3%**	**25,633**	**7,185**	**n.m.**
Finance costs	(2)						
Accretion loss on security deposits		(325)	(68)	n.m.	(585)	-	n.m.
Interest expense		(21,441)	(17,681)	21.3%	(59,316)	(51,221)	15.8%
Other borrowing costs		(2,663)	(915)	191.0%	(6,148)	(2,447)	151.2%
Loss on fair value of ECS		-	(8,265)	(100.0%)	-	(5,532)	(100.0%)
Loss on fair value of CB		-	-	n.m.	-	(16,574)	(100.0%)
		(24,429)	**(26,929)**	**(9.3%)**	**(66,049)**	**(75,774)**	**(12.8%)**

Note: "n.m." denotes "not meaningful"

1. Finance income comprises interest income from interest rate swaps, convertible bonds ("CB"), bank deposits, accretion gains for refundable security deposits and fair value gain on ECS.

2. Finance costs comprise interest expenses on loans, interest rate swaps, amortised costs of establishing debt facilities (including the MTN, Transferrable Loan Facilities and Committed Revolving Credit Facilities), accretion loss for refundable security deposits, and fair value loss on ECS and CB.

(j) Net change in fair value of financial derivatives arose mainly from the revaluation of interest rate swaps and cross currency swaps entered into to hedge against the interest rate and foreign exchange exposures of the Group.

	Group					
	3Q FY15/16 S$'000	3Q FY14/15 S$'000	Variance %	YTD FY15/16 S$'000	YTD FY14/15 S$'000	Variance %
Fair value gain on interest rate swaps	10,239	5,319	92.5%	16,884	11,821	42.8%
Fair value (loss)/gain on cross currency swaps	(8,968)	(152)	n.m.	7,670	39,517	(80.6%)
Net change in fair value of financial derivatives	1,271	5,167	(75.4%)	24,554	51,338	(52.2%)

Note: "n.m." denotes "not meaningful"

(k) The appreciation on revaluation of investment properties recorded in YTD FY15/16 represents the valuation uplift in relation to BBR Building ("BBR") based on the selling price of S$13.9 million. The sale price compares favourably against the valuation as at 31 March 2015 of S$9.3 million. In YTD FY14/15, the Group recorded an appreciation on revaluation of investment properties upon the acquisition of Aperia through acquiring the share capital of PLC8 Holdings Pte. Ltd. ("PLC8H"). The appreciation on revaluation of investment properties is not taxable and has been excluded from the computation of total amount available for distribution.

(l) Tax expense includes income tax expense relating to the Group's China subsidiaries as well as income tax provided on (i) finance lease interest income received from a tenant, (ii) income support relating to HIC, (iii) incentive payment received as income support in relation to A-REIT City @Jinqiao, and (iv) interest income earned from investment in CB.

Included in YTD FY15/16 were also (i) deferred tax recognised on the profits to be distributed from the Ascendas REIT Australia Group to Singapore and (ii) a tax provision relating to the transfer of a property by a subsidiary.

(m) On 14 October 2015, A-REIT issued S$300.0 million of subordinated perpetual securities (the "Perpetual Securities"). The Perpetual Securities confer a right to receive distribution payments at a rate of 4.75% per annum, with the first distribution rate reset falling on 14 October 2020 and subsequent resets occurring every five years thereafter. The distribution will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

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

		Group					
	Note	3Q FY15/16 S$'000	3Q FY14/15 S$'000	Variance %	YTD FY15/16 S$'000	YTD FY14/15 S$'000	Variance %
Management fees paid/payable in units		2,260	1,963	15.1%	6,260	5,697	9.9%
Trustee fee		693	597	16.1%	1,922	1,730	11.1%
Net change in fair value of financial derivatives		(961)	(5,167)	(81.4%)	(24,244)	1,220	n.m.
Other net non tax deductible expenses/(taxable income) and other adjustments	A	5,811	8,098	(28.2%)	(15,171)	14,255	n.m.
Transfer to general reserve		(104)	(105)	(1.0%)	(394)	(234)	68.4%
Foreign exchange (gain)/loss		(3,860)	(9,320)	(58.6%)	14,503	(20,461)	(170.9%)
Income from subsidiaries	B	(819)	(1,792)	(54.3%)	(5,909)	(5,125)	15.3%
Rollover adjustment from prior years	C	-	-	n.m.	6,525	-	n.m.
Other net non tax deductible expenses/(taxable income) and other adjustments		3,020	(5,726)	(152.7%)	(16,508)	(2,918)	n.m.

Note: "n.m." 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 CB, accretion adjustments for refundable security deposits, gains arising from the divestment of investment properties, incentive payments received as income support relating to Ascendas Z-Link, A-REIT City @Jinqiao and HIC and profits attributable to the Perpetual Securities holders.

B. This relates to net income from Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC"), A-REIT Shanghai Realty Co., Limited ("ASRC"), PLC8H and Ascendas REIT Australia Group. The net income from these subsidiaries has yet to be received by A-REIT as at 31 December 2015 and, where available, will be distributed after relevant adjustments such as withholding tax payable.

C. The amount relates to a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront fees incurred in FY09/10.

(o) 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.

(p) This relates to the distribution 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. The DPU impact in YTD FY15/16 for the amount of incentive payment (net of Singapore corporate tax) received and included as distributable income is 0.052 cents (YTD FY 14/15: 0.045 cents).

(q) This relates to the distribution of net income from (i) the properties in China, where income will be distributed after the annual audited financial statements of the Chinese subsidiaries are filed and corporate taxes paid and (ii) the properties in Australia where income will be distributed after each financial quarter of the Australian holding trusts. The distributions of income from overseas properties are deemed to be capital distributions from a tax perspective. Such distributions are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

1(b)(i) Statement of Financial Position

	Note	Group 31/12/15 S$'000	Group 31/03/15 S$'000	Trust 31/12/15 S$'000	Trust 31/03/15 S$'000
Non-current assets					
Investment properties	(a)	9,024,902	7,867,930	7,628,239	7,558,780
Investment property under development	(b)	20,083	-	-	-
Plant and equipment	(c)	117	260	38	152
Finance lease receivables		91,774	92,842	91,774	92,842
Interest in subsidiaries	(d)	-	-	665,815	179,324
Other assets	(e)	10,045	3,106	10,045	-
Derivative assets	(f)	53,484	38,736	52,925	38,736
		9,200,405	**8,002,874**	**8,448,836**	**7,869,834**
Current assets					
Finance lease receivables		1,378	1,002	1,378	1,002
Trade and other receivables		91,911	90,064	73,602	83,484
Cash and cash equivalents		60,594	41,590	19,928	14,389
Property held for sale	(g)	-	24,800	-	24,800
		153,883	**157,456**	**94,908**	**123,675**
Current liabilities					
Trade and other payables		190,254	188,548	129,066	163,064
Security deposits		32,928	27,810	31,977	27,809
Derivative liabilities	(h)	63	1,291	63	1,291
Short term borrowings	(i)	531,986	270,000	485,735	270,000
Term loans	(i)	149,704	15,525	149,704	-
Provision for taxation		7,423	3,651	1,491	3,303
		912,358	**506,825**	**798,036**	**465,467**
Non-current liabilities					
Other payables		2,175	2,175	2,175	2,175
Security deposits		77,623	79,504	73,239	75,838
Derivative liabilities	(h)	78,906	87,484	78,656	87,484
Amount due to a subsidiary		-	-	44,473	44,473
Medium term notes	(i)	1,060,307	797,129	1,060,307	797,129
Collateral loan	(i)	-	-	343,716	366,024
Exchangeable Collateralised Securities	(i)	343,716	366,024	-	-
Term loans and borrowings	(i)	1,389,283	1,279,046	820,166	1,279,046
Deferred tax liabilities		28,429	28,553	656	-
		2,980,439	**2,639,915**	**2,423,388**	**2,652,169**
Net assets		**5,461,491**	**5,013,590**	**5,322,320**	**4,875,873**
Represented by:					
Unitholders' funds		5,161,004	5,013,551	5,021,452	4,875,873
Perpetual securities holders	(j)	300,868	-	300,868	-
Non-controlling interests		(381)	39	-	-
		5,461,491	**5,013,590**	**5,322,320**	**4,875,873**

	Group 31/12/15 S$'000	Group 31/03/15 S$'000	Trust 31/12/15 S$'000	Trust 31/03/15 S$'000
Gross borrowings				
Secured borrowings				
Amount repayable after one year	900,148	366,024	343,716	366,024
Unsecured borrowings				
Amount repayable after one year	1,903,104	2,086,444	1,888,124	2,086,444
Amount repayable within one year	682,056	285,525	635,805	270,000
	3,485,308	2,737,993	2,867,645	2,722,468

Explanatory notes to the statement of financial position

(a) The increase in investment properties was mainly due to the acquisition of the Australian Portfolio, which was completed in 3Q FY15/16.

(b) Investment property under development relates to the development project undertaken by A-REIT in Jiashan, China.

(c) Plant and equipment was lower mainly due to the depreciation of certain plant and equipment.

(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 ("PLC8D"); A-REIT J.W. Investment Pte. Ltd and its subsidiary, A-REIT J.W. Facilities Co. Ltd ("AJWFC") and Ascendas REIT Australia Group.

(e) Other assets as at 31 December 2015 mainly relate to a deposit paid for the proposed acquisition of One@Changi City. Other assets as at 31 March 2015 relate to a deposit paid for land acquired for the development of a logistics facility in Jiashan, China, which has been reclassified as investment property under development since 1Q FY15/16.

(f) The increase in derivative assets was mainly due to a favourable change in the fair value of certain cross currency swaps.

(g) Property held for sale as at 31 March 2015 relates to the property located at 26 Senoko Way, which was divested in April 2015.

(h) Derivative liabilities at Group level decreased mainly due to favourable changes in the fair value of certain interest rate swaps and certain cross currency swaps.

(i) **Details of borrowings**

Collateral loan and Exchangeable Collateralised Securities
In March 2010, a collateral loan of S$300.0 million ("Collateral Loan") was granted by a special purpose company, Ruby Assets Pte. Ltd. ("Ruby Assets"), to the Trust. The expected maturity date of the Collateral Loan is 1 February 2017 and it bears a fixed interest rate of 1.60% per annum.

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

(i) a mortgage over 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 Collateral Loan to the Trust, Ruby Assets issued S$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 Collateral Loan has the same terms mirroring that of the ECS.

The ECS are exchangeable by the ECS Holders into new Units at the adjusted exchange price of S$2.0505 (YTD FY14/15: S$2.1394) per Unit, at any time on and after 6 May 2010 up to the close of business on 23 January 2017 (subject to satisfaction of certain conditions). The Trust has the option to pay cash in lieu of delivering the Units. There has been no exchange of any of the ECS since the date of issue.

The ECS may 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 at the early redemption amount if the Volume Weighted Average Price of the Units is at least 130% of the adjusted exchange price for 20 consecutive trading days (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.

Medium Term Notes
A-REIT established a S$1.0 billion Multicurrency MTN Programme in March 2009 and the programme limit of S$1.0 billion was increased to S$5.0 billion from 2 March 2015.

On 3 June 2015, A-REIT issued S$150.0 million, 3.20% fixed rate notes, which will mature in June 2022. On 3 August 2015, A-REIT issued S$100.0 million, 2.95% fixed rate notes, which will mature in August 2020.

As at the reporting date, S$1,112.2 million (comprising S$545.0 million, JPY24.6 billion and HKD1,260.0 million) MTN remain outstanding. A-REIT entered into cross currency swaps to hedge against the foreign exchange risk arising from the principal amount of the JPY-denominated MTN and HKD-denominated MTN. The amount reflected in the Statement of Financial Position relates to the carrying amount of the MTN translated using the rate at the reporting date, net of unamortised transaction costs.

In addition, the Group has various bilateral / syndicated credit facilities with varying degrees of utilisation as at the reporting date.

As at 31 December 2015, 73.8% (31 March 2015: 68.2%) of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.4 years (31 March 2015: 3.7 years) remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings for the 9 months ended 31 December 2015 was 2.72% (31 March 2015: 2.68%) (including amortised costs of borrowings).

Syndicated Loan in Australia
On 16 November 2015, the Group entered into a A$564.3 million syndicated facility agreement ("Syndicated Loan"). The Syndicated Loan has 2 equal tranches, each maturing in 3 and 5 years respectively from the date of the first utilisation. The Syndicated Loan is secured by way of a first mortgage over the Australian Portfolio and assets of their respective holding trusts. As at 31 December 2015, the Group had drawn down A$547.4 million of the Syndicated Loan.

(j) On 14 October 2015, A-REIT issued S$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on 14 October 2020 or each successive date falling every five years thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance. The Perpetual Securities, net of issuance costs, are classified as equity instruments and recorded as equity in the Statements of Movements in Unitholders' Funds.

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

	Group			
	3Q FY15/16 S$'000	3Q FY14/15 S$'000	YTD FY15/16 S$'000	YTD FY14/15 S$'000
Cash flows from operating activities				
Total return for the year before tax	101,215	93,111	316,889	294,259
Adjustments for				
Allowance/(reversal of allowance) for impairment loss on doubtful receivables	16	80	(342)	558
Depreciation of plant and equipment	46	46	140	133
Finance income	(1,594)	(1,282)	(25,633)	(7,185)
Finance costs	24,429	26,929	66,049	75,774
Foreign exchange (gain)/loss	(1,892)	(9,320)	17,657	32,074
Gain on disposal of investment property	-	-	-	(2,023)
Management fees paid/payable in units	2,260	1,963	6,260	5,697
Net change in fair value of financial derivatives	(1,271)	(5,167)	(24,554)	(51,338)
Net appreciation on revaluation of investment property	-	-	(4,471)	(28,112)
Operating income before working capital changes	123,209	106,360	351,995	319,837
Changes in working capital				
Trade and other receivables	(14,275)	(8,959)	(2,061)	(20,202)
Trade and other payables	8,392	17,595	(222)	22,662
Cash generated from operating activities	117,326	114,996	349,712	322,297
Income tax paid	(1,687)	(838)	(3,816)	(1,905)
Net cash generated from operating activities	**115,639**	**114,158**	**345,896**	**320,392**
Cash flows from investing activities				
Deposits paid for the acquisition of investment properties	(10,000)	-	(107,894)	-
Purchase of investment properties	(964,137)	-	(964,137)	(191,384)
Payment for investment property under development	(4,708)	(247)	(17,825)	(2,202)
Payment for capital improvement on investment properties	(17,737)	(30,806)	(102,135)	(69,029)
Purchase of plant and equipment	-	(1,052)	(114)	(1,351)
Proceeds from divestment of investment property	-	-	38,700	12,600
Acquisiton of subsidiary, net of cash acquired	-	-	-	(251,895)
Interest received	1,392	420	2,825	3,669
Net cash used in investing activities	**(995,190)**	**(31,685)**	**(1,150,580)**	**(499,592)**
Cash flows from financing activities				
Proceeds from issuance of perpetual securities	300,000	-	300,000	-
Perpetual securities issue cost paid	(2,029)	-	(2,029)	-
Proceeds from issue of units	200,070	-	200,070	-
Equity issue costs paid	(2,031)	-	(2,031)	-
Distributions paid to Unitholders	(192,648)	(175,496)	(368,296)	(260,786)
Finance costs paid	(17,899)	(15,720)	(54,658)	(48,102)
Transaction costs paid in respect of borrowings	(2,304)	(74)	(3,567)	(674)
Proceeds from borrowings	1,000,225	314,000	1,744,361	1,445,860
Repayment of borrowings	(378,901)	(212,000)	(989,143)	(991,000)
Net cash generated/(used in) from financing activities	**904,483**	**(89,290)**	**824,707**	**145,298**
Net decrease in cash and cash equivalents	**24,932**	**(6,817)**	**20,023**	**(33,902)**
Cash and cash equivalents at beginning of the period	36,319	40,224	41,590	67,328
Effect of exchange rate changes on cash balances	(657)	305	(1,019)	286
Cash and cash equivalents at end of the financial period	**60,594**	**33,712**	**60,594**	**33,712**

1(d)(i) Statements of Movements in Unitholders' Funds (YTD FY15/16 vs YTD FY14/15)

	Note	Group		Trust	
		YTD FY15/16 S$'000	YTD FY14/15 S$'000	YTD FY15/16 S$'000	YTD FY14/15 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**5,013,551**	**4,848,566**	**4,875,873**	**4,782,093**
Operations					
Total return for the year attributable to Unitholders of the Trust		308,838	291,109	302,535	255,349
Less: Amount reserved for distribution to perpetual securities holders		(3,084)	-	(3,084)	-
Net increase in net assets from operations		305,754	291,109	299,451	255,349
Hedging transactions					
Effective portion of changes in fair value of financial derivatives	(a)	220	4,213	220	4,213
Changes in fair value of financial derivatives transferred to the Statement of Total Return	(b)	(218)	(2,275)	(218)	(2,275)
Net increase in net assets from hedging transactions		2	1,938	2	1,938
Movement in foreign currency translation reserve	(c)	(4,429)	6,683	-	-
Unitholders' transactions					
New units issued	(d)	200,070	-	200,070	-
Equity issue costs		(2,251)	-	(2,251)	-
Divestment fees (IPT) paid in units		124	-	124	-
Acquisition fees paid in units		10,219	-	10,219	-
Management fees paid/payable in units		6,260	5,697	6,260	5,697
Distributions to Unitholders	(e)	(368,296)	(260,786)	(368,296)	(260,786)
Net decrease in net assets from Unitholders' transactions		(153,874)	(255,089)	(153,874)	(255,089)
Balance at end of the financial period		**5,161,004**	**4,893,207**	**5,021,452**	**4,784,291**
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		-	-	-	-
Proceeds from the issuance of perpetual securities	(f)	300,000	-	300,000	-
Issue costs		(2,216)	-	(2,216)	-
Amount reserved for distribution to perpetual securities holders		3,084	-	3,084	-
Balance at end of the financial period		**300,868**	**-**	**300,868**	**-**
Non-controlling interests					
Balance at beginning of the financial period		39	34	-	-
Total return for the year attributable to non-controlling interests		(420)	31	-	-
Balance at end of the financial period		**(381)**	**65**	**-**	**-**
Total		**5,461,491**	**4,893,272**	**5,322,320**	**4,784,291**

Footnotes

(a) In both YTD FY15/16 and YTD FY14/15, the forward interest rates at the end of each period were higher than those at the beginning of the financial year. Hence, the aggregate fair values of the interest rate swaps registered a favourable change as compared to the beginning of the financial year.

(b) This relates to the transfer of the fair value differences on expiry of interest rate swaps from the hedging reserve to the Statement of Total Return in accordance with FRS 39.

(c) This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries.

(d) This relates to the issuance of new Units on 18 December 2015 pursuant to the Private Placement of 90,000,000 Units at an issue price of S$2.223 per Unit.

(e) The distribution payment is higher in YTD FY15/16 due to the change in distribution frequency from quarterly to semi-annually with effect from 1 April 2014.

(f) On 14 October 2015, A-REIT issued S$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities are classified as equity instruments. The Perpetual Securities confer a right to receive distribution payments at a rate of 4.75% per annum, with the first distribution rate reset falling on 14 October 2020 and subsequent resets occurring every five years thereafter. The distributions will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

Statements of Movements in Unitholders' Funds (3Q FY15/16 vs 3Q FY14/15)

		Group		Trust	
	Note	3Q FY15/16 S$'000	3Q FY14/15 S$'000	3Q FY15/16 S$'000	3Q FY14/15 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**5,053,010**	**4,965,740**	**4,913,898**	**4,868,190**
Operations					
Total return for the year attributable to Unitholders and perpetual securities holders		93,910	92,165	92,988	87,894
Less: Amount reserved for distribution to perpetual securities holders		(3,084)	-	(3,084)	-
Net increase in net assets from operations		90,826	92,165	89,904	87,894
Hedging transactions					
Effective portion of changes in fair value of financial derivatives	(a)	-	1,740	-	1,740
Net increase in net assets from hedging transactions		-	1,740	-	1,740
Movement in foreign currency translation reserve	(b)	(482)	7,095	-	-
Unitholders' transactions					
New units issued	(c)	200,070	-	200,070	-
Acquisition fees paid in units		10,219	-	10,219	-
Management fees paid/payable in units		2,260	1,963	2,260	1,963
Equity issue costs		(2,251)	-	(2,251)	-
Distributions to Unitholders		(192,648)	(175,496)	(192,648)	(175,496)
Net increase in net assets from Unitholders' transactions		17,650	(173,533)	17,650	(173,533)
Balance at end of the financial period		**5,161,004**	**4,893,207**	**5,021,452**	**4,784,291**
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		-	-	-	-
Proceeds from the issuance of perpetual securities	(c)	300,000	-	300,000	-
Issue costs		(2,216)	-	(2,216)	-
Amount reserved for distribution to perpetual securities holders		3,084	-	3,084	-
Balance at end of the financial period		**300,868**	**-**	**300,868**	**-**
Non-controlling interests					
Balance at beginning of the financial period		(356)	64	-	-
Total return for the year attributable to non-controlling interests		(25)	1	-	-
Balance at end of the financial period		**(381)**	**65**	**-**	**-**
Total		**5,461,491**	**4,893,272**	**5,322,320**	**4,784,291**

Footnotes

(a) In 3Q FY14/15, the forward interest rate at the end of the financial period was higher than that 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 financial period.

(b) This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries.

(c) Please refer to Para 1(d)(i)(d) and Para 1(d)(i)(f) on Page 13 for details.

1(d)(ii) Details of any changes in the units

	Group and Trust			
	3Q FY15/16 Units	3Q FY14/15 Units	YTD FY15/16 Units	YTD FY14/15 Units
Issued units at beginning of the financial period	**2,407,795,198**	**2,404,060,171**	**2,405,706,572**	**2,402,521,658**
Issue of new units:				
- Management fees paid in units	1,794,733	1,646,401	3,410,058	3,184,914
- Acquisition fees paid in units	4,500,814	-	4,925,684	-
- Divestment fees paid in units	-	-	48,431	-
- Issued pursuant to equity raising in December 2015	90,000,000	-	90,000,000	-
Issued units at the end of the financial period	**2,504,090,745**	**2,405,706,572**	**2,504,090,745**	**2,405,706,572**
Units to be issued:				
Management fees payable in units	366,199	277,946	366,199	277,946
Units issued and issuable at end of the financial period	**2,504,456,944**	**2,405,984,518**	**2,504,456,944**	**2,405,984,518**

The S$300.0 million ECS are exchangeable by the ECS Holders into Units at the adjusted exchange price of S$2.0505 (YTD FY14/15: S$2.1394) per Unit, at any time on and after 6 May 2010 up to the close of business on 23 January 2017 (subject to satisfaction of certain conditions). Please refer to Para 1(b)(i)(i) Pages 9 to 10 for further details of the ECS. There has been no exchange of any of the ECS since the date of issue.

Assuming the ECS is fully converted based on the adjusted conversion price of S$2.0505 per Unit, the number of new Units to be issued would be 146,305,779 representing 5.8% of the total number of A-REIT Units in issue as at 31 December 2015.

On 15 January 2016, the Trust issued 65,293,948 Units at S$2.218 per Unit pursuant to the Preferential Offering.

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 methods 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 2015.

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			
	Note	3Q FY15/16	3Q FY14/15	YTD FY15/16	YTD FY14/15
EPU					
Basic EPU					
Weighted average number of units		2,423,034,664	2,404,367,418	2,412,381,295	2,403,737,769
Earnings per unit in cents (EPU)	(a)	3.748	3.830	12.674	12.110
Diluted EPU					
Weighted average number of units		2,569,340,443	2,404,367,418	2,558,687,074	2,543,964,000
Earnings per unit in cents (diluted)	(b)	3.571	3.830	11.219	11.800
DPU					
Number of units in issue		2,504,090,745	2,405,706,572	2,504,090,745	2,405,706,572
Distribution per unit in cents	(c) & (d)	3.946	3.590	11.947	10.890

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) Diluted EPU is determined by adjusting the total return for the period on the basis that the ECS was converted at the beginning of 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 EPU. The disclosure of diluted EPU is in relation to the issuance of ECS which has a convertible option to convert the ECS into Units.

For 3Q FY15/16 and YTD FY15/16, the diluted EPU was computed based on the adjusted total return for the period derived by adding back the interest expense on ECS of S$1.2 million and S$3.6 million respectively and deducting the gain on fair valuation of ECS of S$0.3 million and S$22.3 million 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 146,305,779.

For 3Q FY14/15, the ECS was anti-dilutive and was excluded from the calculation of dilutive EPU. For YTD FY14/15, the dilutive EPU was computed based on the adjusted total return for the period derived by adding back the interest expense on ECS of S$3.6 million and loss on fair valuation of ECS of S$5.5 million to the total return for the period after income tax. The adjusted weighted average number of Units took into account the potential dilutive Units of 140,226,231.

(c) The DPU for 3Q FY15/16 comprise an advanced DPU of 3.060 cents per Unit for the period from 1 October 2015 to 17 December 2015 (refer to section 11) and a DPU of 0.886 cents per Unit for the period from 18 December 2015 to 31 December 2015 which will be paid together with the distribution for 4Q FY15/16.

(d) As at the reporting date, none of the S$300.0 million ECS had been converted into Units. Accordingly, the actual quantum of DPU may differ if any of these ECS are converted into Units.

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

		Group		Trust	
	Note	31/12/15 cents	31/03/15 cents	31/12/15 cents	31/03/15 cents
Net asset value per unit		206	208	201	203
Adjusted net asset value per unit	(a)	202	205	197	199

Footnote

(a) The adjusted net asset value per Unit excludes the amount to be distributed for the relevant period after the reporting date.

8. Review of Performance

	Note	Group				
		3Q FY15/16 (A) S$'000	2Q FY15/16 (B) S$'000	Variance (A) vs (B) %	3Q FY14/15 (C) S$'000	Variance (A) vs (C) %
Gross revenue		193,812	182,625	6.1%	171,734	12.9%
Property operating expenses		(51,644)	(58,822)	(12.2%)	(57,135)	(9.6%)
Net property income		**142,168**	**123,803**	**14.8%**	**114,599**	**24.1%**
Non property expenses		(21,281)	(12,059)	76.5%	(10,328)	106.1%
Net finance costs		(22,835)	(5,305)	n.m.	(25,647)	(11.0%)
Foreign exchange gain/(loss)		1,892	(33,706)	(105.6%)	9,320	(79.7%)
		(42,224)	(51,070)	(17.3%)	(26,655)	58.4%
Net income		**99,944**	**72,733**	**37.4%**	**87,944**	**13.6%**
Net change in fair value of financial derivatives		1,271	50,752	(97.5%)	5,167	(75.4%)
Total return for the period before tax		**101,215**	**123,485**	**(18.0%)**	**93,111**	**8.7%**
Tax expense		(7,330)	(698)	n.m.	(945)	n.m.
Total return for the period		**93,885**	**122,787**	**(23.5%)**	**92,166**	**1.9%**
Attributable to:						
Unitholders and perpetual securities holders		93,910	123,166	(23.8%)	92,165	1.9%
Non-controlling interests		(25)	(379)	(93.4%)	1	n.m.
Total return for the period		**93,885**	**122,787**	**(23.5%)**	**92,166**	**1.9%**
<u>**Statement of distribution**</u>						
Total return for the period attributable to Unitholders and perpetual securities holders		93,910	123,166	(23.8%)	92,165	1.9%
Less: Amount reserved for distribution to perpetual securities holders		(3,084)	-	n.m.	-	n.m.
Net effect of non tax deductible expenses/ (taxable income) and other adjustments		3,020	(23,865)	(112.7%)	(5,726)	(152.7%)
Income available for distribution		**93,846**	**99,301**	**(5.5%)**	**86,439**	**8.6%**
Comprising:						
- Taxable income		93,149	98,605	(5.5%)	85,766	8.6%
- Tax-exempt income		697	696	0.1%	673	3.6%
Income available for distribution		93,846	99,301	(5.5%)	86,439	8.6%
Tax-exempt income (prior periods)		415	416	(0.2%)	-	n.m.
Distribution from capital		2,313	442	n.m.	-	n.m.
Total amount available for distribution		**96,574**	**100,159**	**(3.6%)**	**86,439**	**11.7%**
Earnings per unit (cents)		**3.748**	**5.116**	**(26.7%)**	**3.830**	**(2.1%)**
Distribution per unit (cents)		**3.946**	**4.160**	**(5.1%)**	**3.590**	**9.9%**

Note: "n.m." denotes "not meaningful"

3Q FY15/16 vs 2Q FY15/16

Gross revenue increased by 6.1% mainly due to contribution from the Australian Portfolio that was acquired during the quarter.

Property operating expenses in 3Q FY15/16 decreased 12.2% mainly from the reversal of property tax provision for Aperia subsequent to the receipt of the assessment from IRAS. The Group also reversed certain operating expenses provision for Aperia following the finalisation of the amounts payable and the excess provision was no longer required.

Non property expenses were 76.5% higher in 3Q FY15/16, mainly due to the accrual of performance fee for FY15/16 and higher management fees arising from the higher deposited property subsequent to the acquisition of the Australian Portfolio during the quarter.

Net finance costs were S$17.5 million higher in 3Q FY15/16 mainly due to a lower fair value gain on ECS of S$0.3 million recognised (2Q FY15/16: S$13.9 million) and higher interest expenses arising from the loans drawn down during the quarter to part finance the acquisition of the Australian Portfolio.

Foreign exchange gain in 3Q FY15/16 was mainly contributed by the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively. Foreign exchange loss in 2Q FY15/16 was mainly due to the weakening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

Net change in fair value of financial derivatives in 3Q FY15/16 was made up of a S$10.2 million fair value gain on interest rate swaps (2Q FY15/16: S$8.2 million), partially offset by a S$9.0 million fair value loss on cross currency swaps (2Q FY15/16: gain of S$42.5 million). The fair value gain on interest rate swaps in 3Q FY15/16 was mainly due to favourable movements in the forward interest rate during the quarter while the fair value loss on cross currency swaps in 3Q FY15/16 was mainly due to the weakening of the JPY and HKD forward exchange rates against SGD relating to the JPY/SGD and HKD/SGD cross currency swaps.

The higher tax expenses in 3Q FY15/16 included (i) deferred tax recognised on the profits to be distributed from the Ascendas REIT Australia Group to Singapore and (ii) a tax provision relating to the transfer of property by a subsidiary.

The movement in the net effect of non tax deductible expenses / (taxable income) and other adjustments between 3Q FY15/16 and 2Q FY15/16 was mainly due to (i) fair value gain on financial derivatives of S$1.3 million (2Q FY15/16: S$50.8 million) and (ii) fair value gain on ECS of S$0.3 million (2Q FY15/16: S$13.9 million), partially offset by foreign exchange gain of S$3.9 million (2Q FY15/16: loss of S$34.2 million).

The DPU for 3Q FY15/16 is 3.946 cents as compared to 4.160 cents in 2Q FY15/16. Higher DPU contributions in 3Q FY15/16 from (i) the increase in net property income and (ii) the capital distributions in relation to net income of the Australian Portfolio were partially offset by (i) the performance fees accrued during the quarter and (ii) the dilutive effect of the new units issued during 3Q FY15/16 (refer to section 1(d)(ii) on page 15). Included in 2Q FY15/16's DPU was also a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront fees incurred in FY09/10 (DPU impact of 0.271 cents).

3Q FY15/16 vs 3Q FY14/15

Gross revenue increased by 12.9% mainly due to contributions from (i) the acquisition of the Australian Portfolio and the Kendall, (ii) higher occupancy at certain properties, (iii) contributions from completed asset enhancement initiatives and (iv) positive rental reversion on certain renewals.

Property operating expenses decreased by 9.6% mainly attributable to (i) the reversal of property tax provisions for Aperia subsequent to the receipt of the assessment from IRAS and (ii) reversal of certain operating expenses provision for Aperia following the finalisation of the amounts payable and the excess provision was no longer required. Included in 3Q FY14/15 property operating expenses was higher property tax arising from a retrospective upward revision in the annual value of 38A Kim Chuan Road.

Non property expenses more than doubled in 3Q FY15/16, mainly due to the accrual of performance fee for FY15/16 and higher management fees arising from the higher deposited property subsequent to the acquisition of the Australian Portfolio during the quarter. Included in 3Q FY14/15 was a reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required.

Net finance costs in 3Q FY15/16 were 11.0% lower as included in 3Q FY14/15 was a fair value loss on ECS of S$8.3 million (Nil in 3Q FY15/16). This was partially offset by higher interest expenses and other borrowing costs arising from additional debt being incurred to finance acquisitions.

Foreign exchange gains in both 3Q FY15/16 and 3Q FY14/15 were mainly contributed by the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

Net change in fair value of financial derivatives in 3Q FY15/16 was made up of a S$10.2 million fair value gain on interest rate swaps (3Q FY14/15: S$5.3 million), partially offset by a S$9.0 million fair value loss on cross currency swaps (3Q FY14/15: loss of S$0.1 million). The fair value gain on interest ratesswaps in 3Q FY15/16 was mainly due to favourable movements in the forward interest rate during the quarter while the fair value loss on cross currency swaps in 3Q FY15/16 was mainly due to the weakening of the JPY and HKD forward exchange rates against SGD relating to the JPY/SGD and HKD/SGD cross currency swaps.

The higher tax expenses in 3Q FY15/16 included (i) deferred tax recognised on the profits to be distributed from the Ascendas REIT Australia Group to Singapore and (ii) a tax provision relating to the transfer of property by a subsidiary.

The movement in net effect of non tax deductible expenses/(taxable income) and other adjustments between 3Q FY15/16 and 3Q FY14/15 was mainly due to (i) fair value gain on financial derivatives of S$1.3 million (3Q FY14/15: S$5.2 million) and (ii) fair value gain on ECS of S$0.3 million (3Q FY14/15: loss of S$8.3 million), partially offset by foreign exchange gain of S$3.9 million (3Q FY14/15: S$9.3 million).

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 2Q FY15/16 Financial Results Announcement under Paragraph 10 from page 19 to 21. 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

According to the Ministry of Trade and Industry ("MTI"), Singapore's economy grew by 2.1% year-on-year ("y-o-y") for the whole of 2015. In 4Q 2015, the Singapore economy grew by 2.0% y-o-y, higher than the 1.8% growth in the previous quarter. The manufacturing sector continued to drag down the economy, declining 6.0% y-o-y mainly due to a fall in the output of the electronics, transport engineering and precision engineering clusters.

MTI expects the global economy to improve in 2016, underpinned by stronger growth in the advanced economies and improvements in most emerging market and developing economies. Nevertheless, ongoing reforms in China that may result in a sharper-than-expected slowdown, continue to pose downside risks to the global growth outlook.

External demand for Singapore and regional countries may be muted due to the continued slowdown in the Chinese economy, the services-driven nature of growth in the US and in-sourcing trends in China and the US. The domestic labour market in Singapore is expected to be tight, weighing on the growth in labour intensive sectors such as retail and food services.

Against this backdrop, the growth outlook for the Singapore economy in 2016 is modest. Barring the materialisation of downside risks, the Government expects the Singapore economy to grow between 1.0 to 3.0% in 2016.

Singapore's manufacturing Purchasing Managers' Index ("PMI") contracted for the sixth consecutive month in December. The PMI of 49.5 in December was attributed to further contraction in new orders, new export orders as well as production output.

In December 2015, non-oil domestic exports ("NODX") declined by 7.2% y-o-y compared to a 3.4% y-o-y decrease in November 2015. This was due to a contraction in both electronic (-0.3% y-o-y) and non-electronic NODX (-10.3% y-o-y).

According to JTC Corporation ("JTC"), price and rental rate growth of industrial space continued to soften following the increase in supply of industrial land and space by the Government in recent years. In 3Q 2015, the industrial price and rental index fell by 0.3% and 0.8% q-o-q respectively. Rental index for business park, multiple-user factory and warehouse declined by 130 bps, 110 bps and 60 bps respectively over the previous quarter.

The island-wide occupancy of industrial space declined by 20 bps q-o-q to 90.8% on the back of a 10 bps increase in supply. Business park occupancy rate declined to 84.4% from 85.3% in 2Q 2015. Similarly, occupancy of single-user and multi-user factory space declined to 92.2% from 92.8% and 87.3% from 87.4% respectively. On the other hand, warehouse space occupancy rate improved to 92.5% from 91.6%.

According to URA, 4Q 2015 median rental rates for business park properties and multi-user factories increased q-o-q from S$4.11 to S$4.29 psf per month and S$1.88 to S$1.93 psf per month respectively. For warehouses, median rental rates fell marginally q-o-q from S$2.01 to S$2.00 psf per month.

China

China's GDP grew 6.8% y-o-y in 4Q 2015, lower than the 6.9% y-o-y growth in the previous quarter. This translates GDP growth for 2015 to 6.9% which is China's slowest growth since 1990. China's manufacturing PMI was 49.7% in December 2015 (49.6 in November 2015), marking five consecutive months of contraction (i.e. below 50). Foreign direct investment ("FDI") has been stagnating in the last 2 years due to the decline in manufacturing FDI. Manufacturing FDI fell 12.3% in 2014 and 6.8% in 2013.

China continues to face significant challenges in rebalancing its economy. Declining factory output and investment growth in China remain key risks to its overall economic performance. To balance reforms and short-term economic growth, the Chinese government has continued to stimulate the economy through devaluation of the yuan, interest rate cuts and increased infrastructure spending.

Australia

According to the Reserve Bank of Australia, Australia's year-ended GDP growth is forecast to be 2% to 3% in 2016 and is expected to pick up to 2.75% to 3.75% by 2017, which is around its long-run average.

The Australian economy is shifting from investment-led to consumption-driven growth. Growth in household consumption is projected to increase from 2016. Low interest rates and further growth in employment are expected to support a pick-up in household demand. While mining investment is expected to continue to fall, the depreciation of the Australian dollar has added support to demand and investment in the services sector.

The Australian PMI was 51.9 in December 2015, expanding for the sixth consecutive month (52.5 in November 2015). Manufacturers identified positive trends including the low Australian dollar which supported exports and local orders, better local confidence and stronger demand for manufactured inputs for house building, rail projects, food processing, dairy processing and healthcare.

Outlook for the financial year ending 31 March 2016

With a customer base of around 1,470 tenants in a portfolio of 102 properties in Singapore, 26 properties in Australia and 2 business park properties in China, A-REIT is well-diversified in terms of rental income. No single property accounts for more than 5.7% of A-REIT's monthly gross revenue. The stability of A-REIT's future performance is underpinned by the diversity and depth of its portfolio.

As at 31 December 2015, leases for about 6.2% of A-REIT's gross revenue were due for renewal compared to 18.1% at the beginning of FY15/16. The Manager will continue to proactively negotiate and secure renewal commitment for leases that are due for renewal to achieve healthy occupancy and ensure sustainable returns from the portfolio.

With 10.8% vacant space in A-REIT's portfolio, there could be potential upside when some of the space is leased, the speed of which will largely depend on prevailing market conditions. In addition, the average passing rental rates of most of the leases in our portfolio due for renewal in FY15/16 are still below market spot rental rates; hence, moderate positive rental reversion can be expected when such leases are renewed.

However, the industrial property market conditions in Singapore are expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth in Singapore.

The acquisition of more than A$1 billion of properties has enabled A-REIT to gain a strategic footprint in the logistics market. Leases in the Australian portfolio include an average annual rent escalation of about 3.3% and have a long weighted average lease expiry of 5.6 years. A-REIT will continue to evaluate and seek growth opportunities in this market. Demand for logistics space is expected to be strong, backed by a healthy jobs market, low interest rates, lower Australian dollar and firm consumer spending.

Barring any unforeseen events 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 2016.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

Name of distribution: 49th distribution for the period from 1 October 2015 to 17 December 2015

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Amount (cents per units)	3.005	0.039	0.016	3.060

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: 17 December 2015

Payment date: 15 January 2016

(b) Corresponding period of the immediately preceding year

Any distributions declared for
the current financial period: No

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

Not applicable.

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

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

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

The Manager hereby certifies that in relation to the distribution to the Unitholders of A-REIT for the period from 1 October 2015 to 17 December 2015:

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. Use of proceeds from equity fund raising

Gross proceeds of S$200.1 million from the Private Placement in December 2015 and S$144.8 million from the Preferential Offering in January 2016:

Announced use of proceeds[1]	**Announced use of proceeds ($'million)**	**Actual use of proceeds ($'million)**	**Balance of proceeds ($'million) (Note a)**
Acquisition of the property commonly known as One@Changi City, together with the plant and property therein and the associated costs	$224.7 million	-	$224.7 million
Proposed acquisition of an Australian logistics property at 6-20 Clunies Ross Street, Pemulwuy, Sydney and the associated costs	$82.0 million	-	$82.0 million
Funding debt repayment and future acquisitions	$35.4 million	$35.4 million	-
Payment of the fees and expenses, including professional fees and expenses, incurred in connection with the Equity Fund Raising	$2.8 million	$2.8 million	-
Total	**$344.9 million**	**$38.2 million**	**$306.7 million**

Footnote

(a) Gross proceeds of $144.8 million from the Preferential Offering has yet to be received as at the 31 December 2015, while S$161.9 million had been used to repay outstanding borrowings, pending the deployment of such funds for their intended use.

16. 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.

[1] As announced on 15 January 2016 after the close of the Preferential Offering.

By Order of the Board
Ascendas Funds Management (S) Limited
(Company Registration No. 200201987K)
(as Manager of Ascendas Real Estate Investment Trust)

Mary Judith de Souza
Company Secretary
22 January 2016

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The Board of Directors
Ascendas Funds Management (S) Limited
(in its capacity as Manager of
Ascendas Real Estate Investment Trust)
1 Fusionopolis Place
#10-10, Galaxis
Singapore 138522

22 January 2016

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the nine-month period ended 31 December 2015

Introduction

We have reviewed the accompanying interim financial information of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") for the nine-month period ended 31 December 2015 (the "Interim Financial Information"). The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 31 December 2015;
- Portfolio statement of the Group as at 31 December 2015;
- Statements of total return of the Group for the three-month and nine-month periods ended 31 December 2015;
- Distribution statements of the Group for the three-month and nine-month periods ended 31 December 2015;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month and nine-month periods ended 31 December 2015;
- Statement of cash flows of the Group for the nine-month period ended 31 December 2015; 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 in meeting 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