# A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 103 properties in Singapore and 2 properties in China, with a tenant base of around 1,420 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 set up to grant loans to the Trust. The commentaries below are based on the Group results unless otherwise stated.

## SUMMARY OF A-REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

| | | Group | | |
|---|---|---|---|---|
| | Note | 01/04/15 to 30/06/15 **('1Q FY15/16')** S$'000 | 01/04/14 to 30/06/14 **('1Q FY14/15')** S$'000 | Increase % |
| Gross revenue | | **180,507** | **163,178** | **10.6%** |
| Net property income | | **124,265** | **116,272** | **6.9%** |
| Total amount available for distribution: | | **92,486** | **87,607** | **5.6%** |
| - from operations | | 90,936 | 86,938 | 4.6% |
| - tax-exempt income | (a) | 1,108 | 669 | 65.6% |
| - from capital | (b) | 442 | - | n.m. |
| | | Cents per Unit | | |
| **Distribution per Unit ("DPU")** | (c) | 1Q FY15/16 | 1Q FY14/15 | Increase % |
| For the quarter from 1 April to 31 March | | **3.841** | **3.640** | **5.5%** |
| - from operations | | 3.777 | 3.620 | 4.3% |
| - tax-exempt income | (a) | 0.046 | 0.020 | 130.0% |
| - from capital | (b) | 0.018 | - | 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$0.4 million or 0.017 cents impact on DPU for 1Q FY15/16 (1Q FY 14/15: Nil).

(b) This relates to the distribution of net income from the properties in China. Income will be distributed after its annual audited financial statements are 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.

(c) As at 30 June 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)(h) on Page 9 and 10 and Para 1(d)(ii) on Page 13.

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

| | | Group (Note a) | | |
|---|---|---|---|---|
| **Statement of Total Return** | Note | **1Q FY15/16** S$'000 | **1Q FY14/15** S$'000 | Variance % |
| **Gross revenue** | (b) | **180,507** | **163,178** | **10.6%** |
| Property services fees | | (7,272) | (5,875) | 23.8% |
| Property tax | | (15,067) | (11,939) | 26.2% |
| Other property operating expenses | | (33,903) | (29,092) | 16.5% |
| **Property operating expenses** | (c) | **(56,242)** | **(46,906)** | **19.9%** |
| **Net property income** | | **124,265** | **116,272** | **6.9%** |
| Management fees | (d) | (9,955) | (9,006) | 10.5% |
| Trust and other expenses | (e) | (1,004) | (1,564) | (35.8%) |
| Finance income | | 8,972 | 3,008 | 198.3% |
| Finance costs | | (21,248) | (26,116) | (18.6%) |
| Foreign exchange gain/(loss) | (f) | 14,157 | (55,473) | (125.5%) |
| Gain on disposal of investment properties | (g) | - | 2,023 | (100.0%) |
| **Net non property expenses** | | **(9,078)** | **(87,128)** | **(89.6%)** |
| **Net income** | (h) | **115,187** | **29,144** | **n.m.** |
| Net change in fair value of financial derivatives | (i) | (27,469) | 58,173 | (147.2%) |
| Net appreciation on revaluation of investment property | (j) | 4,471 | - | n.m. |
| **Total return for the year before tax** | | **92,189** | **87,317** | **5.6%** |
| Tax expense | (k) | (443) | (1,323) | (66.5%) |
| **Total return for the year** | | **91,746** | **85,994** | **6.7%** |
| **Attributable to:** | | | | |
| Unitholders | | 91,762 | 85,959 | 6.8% |
| Non-controlling interests | | (16) | 35 | (145.7%) |
| | | **91,746** | **85,994** | **6.7%** |
| **Distribution Statement** | | | | |
| Total return for the period attributable to Unitholders | | 91,762 | 85,959 | 6.8% |
| Net effect of non tax deductible expenses and other adjustments | (l) | 4,337 | 1,648 | 163.2% |
| Net appreciation on revaluation of investment properties | (j) | (4,471) | - | n.m. |
| **Income available for distribution** | | 91,628 | 87,607 | 4.6% |
| Comprising: | | | | |
| - Taxable income | | 90,936 | 86,938 | 4.6% |
| - Tax-exempt income | (m) | 692 | 669 | 3.4% |
| Income available for distribution | | 91,628 | 87,607 | 4.6% |
| Tax-exempt income (prior periods) | (n) | 416 | - | n.m. |
| Distribution from capital | (o) | 442 | - | n.m. |
| **Total amount available for distribution** | | **92,486** | **87,607** | **5.6%** |

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

**Explanatory notes to the statement of total returns and distribution statement**

(a) The Group had 105 properties as at both 30 June 2015 and 30 June 2014 respectively. Since June 2014, the Group completed (i) the acquisition of Aperia through acquiring the share capital of PLC 8 Holdings Pte. Ltd. ("PLC8H") in August 2014, (ii) the acquisition of The Kendall in March 2015 and (iii) the divestment of an investment property located at 26 Senoko Way in April 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, A-REIT will be reporting both buildings as a single property going forward.

(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 1Q FY15/16 increased by 10.6% mainly due to contributions from (i) the acquisition of Hyflux Innovation Centre ("HIC") (in June 2014), Aperia and The Kendall, (ii) positive rental reversion on renewals and (iii) increased 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 19.9% mainly attributable to the acquisition of HIC, Aperia and The Kendall and higher property tax in 1Q FY15/16 due to the upward adjustment in annual value for certain properties (in particular retrospective upward revisions in the annual value of Techplace II in FY2013).

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

Higher management fees in 1Q FY15/16 were mainly due to higher deposited property value which was underpinned by higher valuations for the existing investment properties under management and new acquisitions made during FY14/15.

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

Lower trust and other expenses in 1Q FY15/16 were mainly due to the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required.

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

1Q FY15/16 recorded a foreign exchange gain of S$14.2 million, mainly from the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated Medium Term Notes ("MTN") and JPY denominated MTN respectively, whereas 1Q FY14/15 recorded a foreign exchange loss of S$55.5 million, mainly due to the realisation of exchange losses from the settlement of Emerald Assets Limited's Euro-denominated MTN.

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

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

| | Note | **Group** | | |
|---|---|---|---|---|
| | | 1Q FY15/16 S$'000 | 1Q FY14/15 S$'000 | Variance % |
| Gross revenue | | | | |
| Gross rental income | | 159,224 | 142,131 | 12.0% |
| Other income | | 21,283 | 21,047 | 1.1% |
| Property operating expenses | | | | |
| Reversal of allowance / (allowance) for impairment loss on doubtful receivables | | 248 | (230) | n.m. |
| Depreciation of plant and equipment | | (47) | (43) | 9.3% |
| Finance income | (1) | | | |
| Accretion gain on security deposits | | - | 504 | (100.0%) |
| Interest income | | 878 | 2,504 | (64.9%) |
| Gain on fair value of ECS | | 8,094 | - | n.m. |
| | | **8,972** | **3,008** | **198.3%** |
| Finance costs | (2) | | | |
| Accretion loss on security deposits | | (438) | - | n.m. |
| Interest expense | | (20,810) | (16,890) | 23.2% |
| Loss on fair value of CB | | - | (2,398) | (100.0%) |
| Loss on fair value of ECS | | - | (6,828) | (100.0%) |
| | | **(21,248)** | **(26,116)** | **(18.6%)** |

*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 and CB.

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.

(i) 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 | | |
|---|---|---|---|
| | 1Q FY15/16 S$'000 | 1Q FY14/15 S$'000 | Variance % |
| Fair value (loss)/gain on interest rate swaps | (1,601) | 1,550 | n.m. |
| Fair value (loss)/gain on cross currency swaps | (25,868) | 56,623 | (145.7%) |
| Net change in fair value of financial derivatives | (27,469) | 58,173 | (147.2%) |

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

(j) The appreciation on revaluation of investment properties recorded in 1Q FY15/16 represents the valuation uplift in relation to BBR Building ("BBR"). A-REIT had on 28 May 2015 entered into an option to sell BBR for S$13.9 million. The sale price compares favourably against the valuation as at 31 March 2015 of S$9.3 million. The appreciation on revaluation of investment properties is not taxable and is excluded from the computation of total amount available for distribution.

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

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

| | | Group | | |
|---|---|---|---|---|
| | Note | 1Q FY15/16 S$'000 | 1Q FY14/15 S$'000 | Variance % |
| Management fees paid/payable in units | | 1,991 | 1,801 | 10.5% |
| Trustee fee | | 609 | 550 | 10.7% |
| Net change in fair value of financial derivatives | | 27,469 | (5,615) | n.m. |
| Other net non (taxable income)/ tax deductible expenses and other adjustments | A | (8,383) | 3,572 | n.m. |
| Transfer to general reserve | | (127) | (73) | 74.0% |
| Foreign exchange (gain)/loss | | (15,864) | 2,938 | n.m. |
| Income from subsidiaries | B | (1,358) | (1,525) | (11.0%) |
| Net effect of non tax deductible expenses and other adjustments | | 4,337 | 1,648 | 163.2% |

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

A. Other net non (taxable income)/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 CB, accretion adjustments for refundable security deposits, gain arising from the divestment of investment properties and incentive payments received as income support relating to Ascendas Z-Link, A-REIT City @Jinqiao and HIC. The income support relating to HIC has not been received by the Trust and the intention is to distribute such income support amount after receipt from the vendor.

B. This relates to net 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 June 2015. The net income from subsidiaries, where available, will be distributed after relevant adjustments such as withholding tax payable.

(m) 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.

(n) 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 1Q FY15/16 for the amount of incentive payment (net of Singapore corporate tax) received and included as distributable income is 0.017 cents (1Q FY 14/15: Nil).

(o) This relates to the distribution of net income from the properties in China. Income will be distributed after its annual audited financial statements are 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.

## 1(b)(i) Statement of Financial Position

| | | Group | | Trust | |
|---|---|---|---|---|---|
| | | 30/06/15 | 31/03/15 | 30/06/15 | 31/03/15 |
| | Note | S$'000 | S$'000 | S$'000 | S$'000 |
| **Non-current assets** | | | | | |
| Investment properties | | 7,881,012 | 7,867,930 | 7,577,874 | 7,558,780 |
| Investment property under development | (a) | 8,328 | - | - | - |
| Plant and equipment | (b) | 210 | 260 | 114 | 152 |
| Finance lease receivables | | 92,494 | 92,842 | 92,494 | 92,842 |
| Interest in subsidiaries | (c) | - | - | 179,324 | 179,324 |
| Other assets | (d) | - | 3,106 | - | - |
| Derivative assets | (e) | 28,134 | 38,736 | 28,134 | 38,736 |
| | | **8,010,178** | **8,002,874** | **7,877,940** | **7,869,834** |
| **Current assets** | | | | | |
| Finance lease receivables | | 1,067 | 1,002 | 1,067 | 1,002 |
| Trade and other receivables | | 90,368 | 90,064 | 82,705 | 83,484 |
| Cash and cash equivalents | | 34,716 | 41,590 | 15,603 | 14,389 |
| Property held for sale | (f) | 13,900 | 24,800 | 13,900 | 24,800 |
| | | **140,051** | **157,456** | **113,275** | **123,675** |
| **Current liabilities** | | | | | |
| Trade and other payables | | 171,868 | 188,548 | 149,124 | 163,064 |
| Security deposits | | 32,938 | 27,810 | 32,332 | 27,809 |
| Derivative liabilities | (g) | 656 | 1,291 | 656 | 1,291 |
| Short term borrowings | (h) | 329,000 | 270,000 | 329,000 | 270,000 |
| Term loans | (h) | 15,132 | 15,525 | - | - |
| Provision for taxation | | 3,654 | 3,651 | 3,294 | 3,303 |
| | | **553,248** | **506,825** | **514,406** | **465,467** |
| **Non-current liabilities** | | | | | |
| Other payables | | 2,175 | 2,175 | 2,175 | 2,175 |
| Security deposits | | 78,385 | 79,504 | 75,263 | 75,838 |
| Derivative liabilities | (i) | 104,984 | 87,484 | 104,984 | 87,484 |
| Amount due to a subsidiary | | - | - | 44,473 | 44,473 |
| Medium term notes | (h) | 930,818 | 797,129 | 930,818 | 797,129 |
| Collateral loan | (h) | - | - | 357,930 | 366,024 |
| Exchangeable Collateralised Securities | (h) | 357,930 | 366,024 | - | - |
| Term loans and borrowings | (h) | 1,168,672 | 1,279,046 | 1,168,672 | 1,279,046 |
| Deferred tax liabilities | | 27,833 | 28,553 | - | - |
| | | **2,670,797** | **2,639,915** | **2,684,315** | **2,652,169** |
| **Net assets** | | **4,926,184** | **5,013,590** | **4,792,494** | **4,875,873** |
| **Represented by:** | | | | | |
| Unitholders' funds | | 4,926,161 | 5,013,551 | 4,792,494 | 4,875,873 |
| Non-controlling interests | | 23 | 39 | - | - |
| | | **4,926,184** | **5,013,590** | **4,792,494** | **4,875,873** |

| | Group | | Trust | |
|---|---|---|---|---|
| | 30/06/15 | 31/03/15 | 30/06/15 | 31/03/15 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Gross borrowings** | | | | |
| **Secured borrowings** | | | | |
| Amount repayable after one year | 357,930 | 366,024 | 357,930 | 366,024 |
| **Unsecured borrowings** | | | | |
| Amount repayable after one year | 2,108,580 | 2,086,444 | 2,108,580 | 2,086,444 |
| Amount repayable within one year | 344,132 | 285,525 | 329,000 | 270,000 |
| | 2,810,642 | 2,737,993 | 2,795,510 | 2,722,468 |

**Explanatory notes to the statement of financial position**

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

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

(c) 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").

(d) Other assets as at 31 March 2015 relate to deposit paid for land acquisition for the development of a logistic facility in Jiashan, China. The amount has since been reclassified as investment properties under development during 1Q FY15/16.

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

(f) Property held for sale as at 30 June 2015 relates to BBR, where A-REIT has entered into an option to sell the property at S$13.9 million. The property held for sale as at 31 March 2015 relates to the property located at 26 Senoko Way, which was divested in April 2015.

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

(h) **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 1.6% 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$2.0886 (1Q FY14/15: S$2.145) 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 has been increased to S$5.0 billion with effect 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.

As at the reporting date, S$1,012.2 million (comprising S$445.0 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 credit facilities with varying degrees of utilisation as at the reporting date.

As at 30 June 2015, 69.5% (31 March 2015: 68.2%) of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.6 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 as at 30 June 2015 was 2.76% (31 March 2015: 2.68%) (including amortised costs of borrowings). The Group adopts cash flow hedge accounting for some of its interest rate swaps. The effective hedge portion of changes in the fair value of interest rate swaps for which hedge accounting is adopted 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.

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

| | Group | |
|---|---|---|
| | 1Q FY15/16<br>S$'000 | 1Q FY14/15<br>S$'000 |
| **Cash flows from operating activities** | | |
| Total return for the year before tax | 92,189 | 87,317 |
| **Adjustments for** | | |
| (Reversal of allowance)/allowance for impairment loss on doubtful receivables | (248) | 230 |
| Depreciation of plant and equipment | 47 | 43 |
| Finance income | (8,972) | (3,008) |
| Finance costs | 21,248 | 26,116 |
| Foreign exchange (gain)/loss | (14,157) | 55,473 |
| Gain on disposal of investment properties | - | (2,023) |
| Management fees paid/payable in units | 1,991 | 1,801 |
| Net change in fair value of financial derivatives | 27,469 | (58,173) |
| Net appreciation on revaluation of investment property | (4,471) | - |
| Operating income before working capital changes | 115,096 | 107,776 |
| **Changes in working capital** | | |
| Trade and other receivables | 3,941 | (7,630) |
| Trade and other payables | 7,475 | (8,863) |
| Cash generated from operating activities | 126,512 | 91,283 |
| Income tax paid | (434) | (186) |
| **Net cash generated from operating activities** | **126,078** | **91,097** |
| **Cash flows from investing activities** | | |
| Purchase of investment properties | - | (191,384) |
| Payment for investment property under development | (11,081) | (150) |
| Payment for capital improvement on investment properties | (50,394) | (17,801) |
| Purchase of plant and equipment | (114) | (64) |
| Proceeds from divestment of investment property | 24,800 | 12,600 |
| Interest received | 43 | 1,033 |
| **Net cash used in investing activities** | **(36,746)** | **(195,766)** |
| **Cash flows from financing activities** | | |
| Distributions paid to Unitholders | (175,648) | (85,290) |
| Finance costs paid | (16,209) | (14,077) |
| Transaction costs paid in respect of borrowings | (846) | (194) |
| Proceeds from borrowings | 528,000 | 665,000 |
| Repayment of borrowings | (431,000) | (500,000) |
| **Net cash (used in)/generated from financing activities** | **(95,703)** | **65,439** |
| **Net decrease in cash and cash equivalents** | **(6,371)** | **(39,230)** |
| **Cash and cash equivalents at beginning of the period** | 41,590 | 67,328 |
| **Effect of exchange rate changes on cash balances** | (503) | (166) |
| **Cash and cash equivalents at end of the financial period** | **34,716** | **27,932** |

## 1(d)(i) Statement of movement in unitholders' funds (1Q FY15/16 vs 1Q FY14/15)

| | | Group | | Trust | |
|---|---|---|---|---|---|
| | Note | 1Q FY15/16 S$'000 | 1Q FY14/15 S$'000 | 1Q FY15/16 S$'000 | 1Q FY14/15 S$'000 |
| **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 | (a) | 91,762 | 85,959 | 90,276 | 85,577 |
| Hedging transactions | | | | | |
| Effective portion of changes in fair value of financial derivatives | (b) | 220 | 423 | 220 | 423 |
| Changes in fair value of financial derivatives transferred to the Statement of Total Return | (c) | (218) | (2,275) | (218) | (2,275) |
| Net increase in net assets from hedging transactions | | 2 | (1,852) | 2 | (1,852) |
| Movement in foreign currency translation reserve | (d) | (5,497) | (3,808) | - | - |
| Unitholders' transactions | | | | | |
| Management fees paid/payable in units | | 1,991 | 1,801 | 1,991 | 1,801 |
| Distributions to Unitholders | (e) | (175,648) | (85,290) | (175,648) | (85,290) |
| Net decrease in net assets from Unitholders' transactions | | (173,657) | (83,489) | (173,657) | (83,489) |
| **Balance at end of the financial period** | | **4,926,161** | **4,845,376** | **4,792,494** | **4,782,329** |
| **Non-controlling interests** | | | | | |
| **Balance at beginning of the financial period** | | 39 | 34 | - | - |
| Total return for the year attributable to non-controlling interests | | (16) | 35 | - | - |
| **Balance at end of the financial period** | | **23** | **69** | **-** | **-** |
| **Total** | | **4,926,184** | **4,845,445** | **4,792,494** | **4,782,329** |

### Footnotes

(a) Included in total return is the net appreciation on revaluation of investment properties of S$4.5 million (1Q FY14/15: Nil).

(b) In both 1Q FY15/16 and 1Q FY14/15, the forward interest rates at the end of each period were 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 financial year.

(c) 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.

(d) This represents the foreign exchange translation differences arising from translation of the financial statements of AHTDBC, ASRC and AJWFC.

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

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

| | Group and Trust | |
|---|---|---|
| | 1Q FY15/16 Units | 1Q FY14/15 Units |
| **Issued units at beginning of the financial period** | **2,405,706,572** | **2,402,521,658** |
| Issue of new units: | | |
| - Acquisition fees paid in units | 424,870 | - |
| - Management fees paid in units | 1,615,325 | 1,538,513 |
| **Issued units at the end of the financial period** | **2,407,746,767** | **2,404,060,171** |
| **Units to be issued:** | | |
| Management fees payable in units | 268,870 | 258,596 |
| **Units issued and issuable at end of the financial period** | **2,408,015,637** | **2,404,318,767** |

ECS of S$300.0 million with maturity date on 1 February 2017 was issued by Ruby Assets. Please refer to Para 1(b)(i)(h) Page 9 and 10 for further details of the ECS.

The ECS are exchangeable by the ECS Holders into Units at the adjusted exchange price of S$2.0886 (1Q FY14/15: S$2.145) 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). 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$2.0886 per Unit, the number of new Units to be issued would be 143,636,885 representing 6.0% of the total number of A-REIT Units in issue as at 30 June 2015.

## 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

| | Note | Group | |
|---|---|---|---|
| | | 1Q FY15/16 | 1Q FY14/15 |
| **EPU** | | | |
| Basic EPU | (a) | | |
| Weighted average number of units | | 2,406,292,349 | 2,402,778,100 |
| Earnings per unit in cents (EPU) | | 3.813 | 3.580 |
| Diluted EPU | (b) | | |
| Weighted average number of units | | 2,549,929,234 | 2,402,778,100 |
| Earnings per unit in cents (Diluted) | | 3.328 | 3.580 |
| **DPU** | | | |
| Number of units in issue | | 2,407,746,767 | 2,404,060,171 |
| Distribution per unit in cents | (c) | 3.841 | 3.640 |

**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 earnings per Unit. The disclosure of diluted EPU is in relation to the issuance of ECS which has a convertible option to convert the CB into Units.

For 1Q 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 deducting the gain on fair valuation of ECS of S$8.1 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 143,636,885.

For 1Q FY14/15, the impact of the conversion of the ECS was anti-dilutive and was excluded from the calculation of diluted EPU.

(c) 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 | 1Q FY15/16 cents | 1Q FY14/15 cents | 1Q FY15/16 cents | 1Q FY14/15 cents |
| Net asset value per unit | | 205 | 202 | 199 | 199 |
| Adjusted net asset value per unit | (a) | 201 | 198 | 195 | 195 |

**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

| | Group | | | | |
|---|---|---|---|---|---|
| | 1Q FY15/16 (A) S$'000 | 4Q FY14/15 (B) S$'000 | Variance (A) vs (B) % | 1Q FY14/15 (C) S$'000 | Variance (A) vs (C) % |
| Gross revenue | 180,507 | 173,794 | 3.9% | 163,178 | 10.6% |
| Property operating expenses | (56,242) | (56,605) | (0.6%) | (46,906) | 19.9% |
| **Net property income** | **124,265** | **117,189** | **6.0%** | **116,272** | **6.9%** |
| Non property expenses | (10,959) | (11,677) | (6.1%) | (10,570) | 3.7% |
| Net finance costs | (12,276) | (36,789) | (66.6%) | (23,108) | (46.9%) |
| Foreign exchange gain/(loss) | 14,157 | (15,579) | (190.9%) | (55,473) | (125.5%) |
| Gain on disposal of investment property | - | - | n.m. | 2,023 | (100.0%) |
| | (9,078) | (64,045) | (85.8%) | (87,128) | (89.6%) |
| **Net income** | **115,187** | **53,144** | **116.7%** | **29,144** | **n.m.** |
| Net change in fair value of financial derivatives | (27,469) | 38,025 | (172.2%) | 58,173 | (147.2%) |
| Net appreciation on revaluation of investment properties | 4,471 | 18,920 | (76.4%) | - | n.m. |
| **Total return for the period before tax** | **92,189** | **110,089** | **(16.3%)** | **87,317** | **5.6%** |
| Tax expense | (443) | (3,624) | (87.8%) | (1,323) | (66.5%) |
| **Total return for the period** | **91,746** | **106,465** | **(13.8%)** | **85,994** | **6.7%** |
| **Attributable to:** | | | | | |
| Unitholders | 91,762 | 106,491 | (13.8%) | 85,959 | 6.8% |
| Non-controlling interests | (16) | (26) | (38.5%) | 35 | (145.7%) |
| **Total return for the period** | **91,746** | **106,465** | **(13.8%)** | **85,994** | **6.7%** |
| **Statement of distribution** | | | | | |
| Total return for the period attributable to Unitholders | 91,762 | 106,491 | (13.8%) | 85,959 | 6.8% |
| Net effect of non tax deductible/(taxable income) and other adjustments | 4,337 | (136) | n.m. | 1,648 | 163.2% |
| Net appreciation on revaluation of investment properties | (4,471) | (18,920) | (76.4%) | - | n.m. |
| **Income available for distribution** | **91,628** | **87,435** | **4.8%** | **87,607** | **4.6%** |
| Comprising: | | | | | |
| - Taxable income | 90,936 | 86,762 | 4.8% | 86,938 | 4.6% |
| - Tax-exempt income | 692 | 673 | 2.8% | 669 | 3.4% |
| Income available for distribution | 91,628 | 87,435 | 4.8% | 87,607 | 4.6% |
| Tax-exempt income (prior periods) | 416 | 1,083 | (61.6%) | - | n.m. |
| Distribution from capital (prior periods) | 442 | 730 | (39.5%) | - | n.m. |
| **Total amount available for distribution** | **92,486** | **89,248** | **3.6%** | **87,607** | **5.6%** |
| **Earnings per unit (cents)** | **3.813** | **4.430** | **(13.9%)** | **3.580** | **6.5%** |
| **Distribution per unit (cents)** | **3.841** | **3.710** | **3.5%** | **3.640** | **5.5%** |

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

**1Q FY15/16 vs 4Q FY14/15**

Gross revenue increased by 3.9% mainly due to the recognition of rental income earned from The Kendall. Positive rental reversion on renewals and higher occupancy rates at Aperia and properties which were undergoing conversion from a single-lease building to a multi-tenants building during FY14/15 (such as properties at 40 Penjuru Lane, 21 Jalan Buroh and 71 Alps Avenue) also contributed to the higher revenue.

Property operating expenses in 1Q FY15/16 remained comparable to that of 4Q FY14/15.

Non property expenses was 6.1% lower in 1Q FY15/16, mainly due to the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required.

Net finance costs were 66.6% lower in 1Q FY15/16 mainly due to a fair value gain on ECS of S$8.1 million as compared to a fair value loss of S$19.4 million in 4Q FY14/15. This was partially offset by higher interest costs on borrowings in 1Q FY15/16.

Foreign exchange gain in 1Q 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 4Q FY14/15 was mainly due to the strengthening of the JPY and HKD against the SGD in relation to the JPY-denominated MTN and the HKD-denominated MTN respectively.

Net change in fair value of financial derivatives in 1Q FY15/16 was made up of a S$1.6 million fair value loss on interest rates swaps (4Q FY14/15: gain of S$10.2 million) and a S$25.9 million fair value loss on cross currency swaps (4Q FY14/15: gain of S$27.8 million). The fair value loss on cross currency swaps in 1Q 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.

Tax expense in 4Q FY14/15 was higher mainly because of deferred tax provided on appreciation on revaluation of investment properties held by China subsidiaries.

The movement in net effect of non-tax deductible /(taxable income) expenses and other adjustments between 1Q FY15/16 and 4Q FY14/15 was mainly due to fair value loss on financial derivatives of S$27.5 million (4Q FY14/15: gain of S$38.0 million), partially offset by (i) foreign exchange gain of S$15.9 million (4Q FY14/15: loss of S$18.7 million) and (ii) fair value gain on ECS of S$8.1 million (4Q FY14/15: loss S$19.4 million).

**1Q FY15/16 vs 1Q FY14/15**

Gross revenue increased by 10.6% mainly due to contributions from the acquisition of HIC, Aperia and The Kendall, positive rental reversion on renewals and increased occupancy at certain properties.

Property operating expenses increased by 19.9% mainly attributable to the acquisition of HIC, Aperia and The Kendall and higher property tax in 1Q FY15/16 due to the upward adjustment in annual value for certain properties (in particular retrospective upward revisions in the annual value of Techplace II in 2013).

Non property expenses increased by 3.7% in 1Q FY15/16, mainly due to higher management fees which is in line with the higher Deposited Property. This was partially offset by the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required.

Net finance costs in 1Q FY15/16 were 46.9% lower mainly due to a fair value gain on ECS of S$8.1 million as compared to a loss of S$6.8 million in 1Q FY14/15, partially offset by (i) lower interest income from interest rate swaps by S$0.7 million due to the expiry of certain interest rate swaps and (ii) higher interest expense on borrowings.

Foreign exchange gain in 1Q 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. This foreign exchange gain was largely offset by the fair value loss from cross currency swaps.

Net change in fair value of financial derivatives in 1Q FY15/16 was made up of a fair value loss on interest rate swaps of S$1.6 million (1Q FY14/15: gain of S$1.6 million) and fair value loss on cross currency swaps of S$25.9 million (1Q FY14/15: gain of S$56.6 million). The fair value loss on cross currency swaps in 1Q 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.

Lower tax expenses in 1Q FY15/16 were mainly due to the reversal of tax provision for income support received in relation to HIC as A-REIT successfully obtained an advance tax ruling from IRAS to accord tax transparency on the income. Included in 1Q FY14/15 was also tax expense accrued in relation to the income support received in relation to A-REIT City @Jinqiao.

Net non tax deductible income and other adjustments were higher in 1Q FY15/16 mainly due to fair value loss on financial derivatives of S$27.5 million (1Q FY14/15: gain of S$5.6 million), partially offset by (i) foreign exchange gain of S$15.9 million (1Q FY14/15: loss of S$2.9 million), (ii) fair value gain on ECS of S$8.1 million (1Q FY14/15: loss of S$6.8 million) and (iii) lower net incentive payment received as income support of S$0.5 million in relation to A-REIT City @Jinqiao (1Q FY14/15: S$3.4 million).

## 9. Variance between forecast and the actual results

The current results are broadly in line with the Group's commentary made in 4Q FY14/15 Financial Results Announcement under Paragraph 10 on page 30 and 31. The Group has not disclosed any financial forecast to the market.

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

Singapore

In 2Q 2015, the Singapore economy grew by 1.7% y-o-y, lower than the 2.6% growth in the previous quarter. A large part of the slowdown was due to a 4% y-o-y decline in the manufacturing sector dragged down by a fall in output in the biomedical manufacturing and transport engineering clusters.

According to the Ministry of Trade and Industry, global economic growth in 2015 is expected to be marginally better than in 2014 but the pace of growth is likely to remain uneven across economies. The US economy is projected to improve supported by domestic demand. In China, growth is expected to ease, weighed down by the on-going property market correction and structural reforms. Overall, uncertainties surrounding the pace of the anticipated normalisation of US interest rates, Greece's future in the Eurozone and risk of a sharp correction in China could negatively impact global economic growth.

In 2015, the Government expects the Singapore economy to grow at a pace of 2.0% to 4.0%. Labour-intensive sectors continue to be affected by tight labour market conditions but externally-oriented sectors should see an improvement in growth prospects.

Singapore's manufacturing Purchasing Managers' Index ("PMI") rose for the second consecutive month in June. The PMI of 50.4 in June was attributed to increases in domestic orders, production output and inventory.

In June 2015, non-oil domestic exports ("NODX") rose by 4.7% y-o-y compared to a 0.3% y-o-y contraction in May 2015. This was due to an expansion in both electronic and non-electronic NODX.

According to JTC Corporation ("JTC"), price and rental rate growth of industrial space have slowed sharply in recent quarters, in tandem with the moderation in occupancy rates. In 1Q 2015, the industrial price and rental index rebounded slightly by 0.7% and 0.4% q-o-q respectively. Rental index for business park, multiple-user factory and warehouse rose by 40 bps, 10 bps and 60 bps respectively over the previous quarter.

The occupancy of island-wide industrial space declined by 0.2% points q-o-q to 90.7% on the back of a 0.8% increase in supply. Business park occupancy rate improved to 83.0% from 79.8% in 4Q 2014 despite a 2.1% increase in available space. Occupancy of single-user factory space held steady at 92.9% whilst occupancy of multiple-user factory space rose marginally by 0.3% points to 87.5%. Warehouse supply rose 1.2% leading to a 1.8% points decline in occupancy rate to 90.0%.

According to URA, 1Q 2015 median rental rates for business park declined q-o-q from $4.09 to S$4.00 psf per month, and multi-user factories declined q-o-q from $1.98 to $1.95 psf per month. On the other hand, rental rates for warehouse rose q-o-q from $2.00 to $2.10 psf per month.

For the second half of 2015, a total of 10 sites with a combined area of 6.12 ha will be placed on the Confirmed List under the Government Land Sales Programme. This is slightly less than the 6.46ha placed on the same list in the first half of 2015.

<u>China</u>

In 2Q 2015, China's reported GDP growth was maintained at 7.0% y-o-y, similar to the growth achieved in 1Q 2015. This is in line with the government's forecast of around 7.0% GDP growth for 2015. China's manufacturing PMI was 50.2% in June 2015, and was also above 50% in the preceding two months, indicating modest expansion in the manufacturing sector.

The Chinese government has made progress in its structural reforms and policy efforts to recalibrate the economy to maintain a medium-high rate of growth and move forward to a medium-high level of development. To balance reforms and short-term economic growth, it has recently introduced stimulus measures, including interest rate cuts and increased infrastructure spending. Strong domestic demand supported by a growing middle class segment should continue to drive China's economic growth positively and ensure a sustained development of the Chinese economy in the long run.

<u>Outlook for the financial year ending 31 March 2016</u>

At the beginning of FY15/16, about 18.1% of A-REIT's property income was due for renewal, of which 3.8% were leases of single-tenant buildings and 14.3% were leases of multi-tenant buildings. The Manager had proactively negotiated and secured renewal commitments for leases that were due for renewal during the past quarter. As at 30 June 2015, leases for about 14.0% of A-REIT's property income were due for renewal (comprising 3.5% of single-tenant buildings tenancies and 10.5% of multi-tenant buildings tenancies).

With a customer base of around 1,420 tenants in a portfolio of 103 properties in Singapore and 2 business park properties in China, A-REIT is well-diversified in terms of rental income. No single property accounts for more than 5.6% of A-REIT's monthly gross revenue. A-REIT's predictable earnings stream is underpinned by its diversified portfolio which has a weighted average lease to expiry of about 3.7 years.

With 11.2% 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 are expected to remain challenging. With significant new supply and more stringent government regulations, there may be pressure on occupancy growth. The Manager will continue to improve and reposition A-REIT's assets to serve the needs of current and prospective tenants. Simultaneously, A-REIT will evaluate and seek growth opportunities in developed and mature markets to deliver stable distributions to our Unitholders.

In China, the Manager will adopt a cautious approach while seeking opportunities in the business park and logistics segments. Over the longer term, demand for high quality business and logistics 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 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: | No |

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

| | |
|---|---|
| Any distributions declared for the previous corresponding financial period: | No |

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

Distribution is made semi-annually for every six-month period ending 30 September and 31 March.

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

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

## 14. Directors confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these financial results to be false or misleading in any material aspect.

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This release may contain forward-looking statements that involve assumptions, 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 A-REIT's future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.
Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

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

**Mary Judith de Souza**
**Company Secretary**
**22 July 2015**

KPMG

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The Board of Directors
Ascendas Funds Management (S) Limited
(in its capacity as Manager of
Ascendas Real Estate Investment Trust)
61 Science Park Road
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Singapore Science Park II
Singapore 117525

22 July 2015

Dear Sirs

**Ascendas Real Estate Investment Trust and its subsidiaries**
**Review of Interim Financial Information for the three-month period ended 30 June 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 three-month period ended 30 June 2015 (the "Interim Financial Information"). The Interim Financial Information comprises the following:

- Statement of financial position of the Trust and the Group as at 30 June 2015;
- Portfolio statement of the Group as at 30 June 2015;
- Statement of total return of the Group for the three-month period ended 30 June 2015;
- Distribution statement of the Group for the three-month period ended 30 June 2015;
- Statement of movement in unitholders' funds of the Group and the Trust for three-month period ended 30 June 2015;
- Statement of cash flows of the Group for the three-month period ended 30 June 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