IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (as defined in Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust), Ascendas Real Estate Investment Trust, Ascendas Funds Management (S) Limited (in its capacity as manager of Ascendas Real Estate Investment Trust), Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN

EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust), Ascendas Real Estate Investment Trust, Ascendas Funds Management (S) Limited (in its capacity as manager of Ascendas Real Estate Investment Trust) or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust), Ascendas Real Estate Investment Trust or, as the case may be, Ascendas Funds Management (S) Limited (in its capacity as manager of Ascendas Real Estate Investment Trust) in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

ASCENDAS REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 9 October 2002 (as amended))

Managed by

Ascendas Funds Management (S) Limited

(Company Registration No. 200201987K)

S$5,000,000,000
Multicurrency Medium Term Note Programme
(the "MTN Programme")

THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO SUBSCRIBE OR PURCHASE THE NOTES DESCRIBED HEREIN IN ANY JURISDICTION TO ANY PERSON OR ENTITY TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER, SUBSCRIPTION OR PURCHASE.

This Information Memorandum has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**").

Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust ("**A-REIT**")) (the "**Issuer**") pursuant to the MTN Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, A-REIT, the subsidiaries (as defined herein) and associated companies (if any) of A-REIT, Ascendas Funds Management (S) Limited (in its capacity as manager of A-REIT) (the "**A-REIT Manager**"), the MTN Programme or such Notes.

THE NOTES AND THE GUARANTEE (AS DEFINED HEREIN) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT (AS DEFINED HEREIN) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER).

Arranger

OCBC Bank

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NOTICE

Oversea-Chinese Banking Corporation Limited (the "**Arranger**") has been authorised by the Issuer to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, A-REIT, the A-REIT Manager, the A-REIT Property Manager (as defined herein) and the Notes.

The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information relating to HSBC Institutional Trust Services (Singapore) Limited ("**HSBCIT**") which is or may be material in the context of the MTN Programme and the issue and offering of the Notes, that the information contained herein relating to HSBCIT is true and accurate in all material respects, and that there are no other facts relating to HSBCIT the omission of which in the context of the issue and offering of the Notes would or might make any such information misleading in any material respect. The Issuer accepts full responsibility for the information relating to HSBCIT contained in this Information Memorandum.

The A-REIT Manager, having made all reasonable enquiries, confirms that this Information Memorandum contains all information (other than those relating to HSBCIT) which is or may be material in the context of the MTN Programme and the issue and offering of the Notes, that the information contained herein (other than those relating to HSBCIT) is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts (other than those relating to HSBCIT) the omission of which in the context of the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect. The A-REIT Manager accepts full responsibility for the information (other than those relating to HSBCIT) contained in this Information Memorandum.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under "Summary of the MTN Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a temporary global note or a permanent global note which will be deposited on the issue date with either CDP (as defined herein) or a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). Interests in a temporary global note will be exchangeable, in whole or in part, for interests in a permanent global note or definitive notes (as indicated in the applicable Pricing Supplement (as defined herein)) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

On 2 March 2015, the Programme Limit (as defined in the Programme Agreement referred to below) was increased to S$5,000,000,000. The maximum aggregate principal amount of the Notes to be issued from time to time under the MTN Programme, when added to the aggregate principal amount of all the Notes outstanding (as defined in the Principal Trust Deed referred to below) under the MTN Programme at any time shall be S$5,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be determined pursuant to the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the A-REIT Manager, the Group (as defined herein), the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, A-REIT or any of the subsidiaries or associated companies (if any) of A-REIT. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the A-REIT Manager, the Group, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the A-REIT Manager, the Group, the Arranger or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued under the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, A-REIT or any of the subsidiaries or associated companies (if any) of A-REIT or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, A-REIT or any of the subsidiaries or associated companies (if any) of A-REIT. Further, none of the Arranger and the Dealers makes any representation or warranty as to the Issuer, A-REIT or any of the subsidiaries or associated companies (if any) of A-REIT or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Section 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the A-REIT Manager, the Group, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, A-REIT and the subsidiaries and associated companies (if any) of A-REIT, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and A-REIT. Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited consolidated accounts of A-REIT and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agents (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the A-REIT Manager, the Group, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on pages 129 to 130 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of A-REIT (including the financial forecasts, profit projections, statements as to the expansion plans of A-REIT, expected growth of A-REIT and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of A-REIT to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of A-REIT to be materially different from the future results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the A-REIT Manager, the Group, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of A-REIT will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, A-REIT, the A-REIT Manager or any of the subsidiaries or associated companies (if any) of A-REIT or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the A-REIT Manager, the Group, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**A-REIT**"	:	Ascendas Real Estate Investment Trust.
"**A-REIT Manager**"	:	Ascendas Funds Management (S) Limited, as manager of A-REIT.
"**A-REIT Property Manager**"	:	ASPL, as property manager of A-REIT for properties located in Singapore or, as the case may be, any other property managers appointed by the Issuer for the properties located outside Singapore.
"**A-REIT Trust Deed**"	:	The Trust Deed constituting A-REIT dated 9 October 2002 made between (1) the A-REIT Manager, as manager of A-REIT, and (2) the Issuer, as trustee of A-REIT, as supplemented by a First Supplemental Deed dated 16 January 2004, a Second Supplemental Deed dated 23 February 2004, a Third Supplemental Deed dated 30 September 2004, a Fourth Supplemental Deed dated 17 November 2004, a Fifth Supplemental Deed dated 20 April 2006, a First Amending & Restating Deed dated 11 June 2008, a Seventh Supplemental Deed dated 22 January 2009, an Eighth Supplemental Deed dated 17 September 2009, a Ninth Supplemental Deed dated 31 May 2010, a Tenth Supplemental Deed dated 22 July 2010 and an Eleventh Supplemental Deed dated 14 October 2011 (in each case made between the same parties) and as further amended, modified or supplemented from time to time.
"**Agency Agreement**"	:	The Agency Agreement dated 20 March 2009 between (1) the Issuer, as issuer, (2) OCBC, as issuing and paying agent, (3) OCBC, as agent bank, and (4) the Trustee, as trustee, as amended by the Amendment and Restatement Agency Agreement dated 2 March 2015 made between (1) the Issuer, as issuer, (2) OCBC, as exiting issuing and paying agent, (3) OCBC, as exiting agent bank, (4) the Issuing and Paying Agent (CDP Notes), as incoming issuing and paying agent for the CDP Notes, (5) the Issuing and Paying Agent (Non-CDP Notes) and the Agent Bank, as incoming issuing and paying agent for the Non-CDP Notes and as incoming agent bank and (6) the Trustee, as trustee, and as amended, varied or supplemented from time to time.
"**Agent Bank**"	:	The Bank of New York Mellon, London Branch.
"**ASPL**"	:	Ascendas Services Pte Ltd.
"**Ascendas Group**"	:	Ascendas Pte Ltd and its subsidiaries.
"**Arranger**"	:	Oversea-Chinese Banking Corporation Limited.

"**Board**"	:	Board of Directors of the A-REIT Manager.
"**Business Day**"	:	A day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore.
"**CAGR**"	:	Compound annual growth rate.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**CDP Notes**"	:	The notes cleared through the CDP.
"**China**" or "**PRC**"	:	The People's Republic of China.
"**CIS Code**"	:	The Code on Collective Investment Schemes, issued on 23 May 2002 and last revised on 30 September 2011 (with effective date 1 October 2011).
"**Clearstream, Luxembourg**"	:	Clearstream Banking, *société anonyme*.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing definitive Note.
"**CPI**"	:	The consumer price index compiled on a monthly basis by the Singapore Department of Statistics.
"**Dealers**"	:	Persons appointed as dealers under the MTN Programme.
"**Deposited Property**"	:	All the assets of the A-REIT, including all its Authorised Investments (as defined in the A-REIT Trust Deed) for the time being held or deemed to be held upon the trusts of the A-REIT Trust Deed.
"**Euroclear**"	:	Euroclear Bank S.A./N.V.
"**Fitch**"	:	Fitch Ratings Inc. and its affiliates.
"**FY**"	:	Financial Year.
"**GFA**"	:	Gross floor area.
"**Group**"	:	A-REIT and its subsidiaries (if any).
"**HDB**"	:	Housing and Development Board.
"**IRAS**"	:	Inland Revenue Authority of Singapore.

"Issuer"	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of A-REIT.
"Issuing and Paying Agent (CDP Notes)"	:	The Bank of New York Mellon, Singapore Branch, as the issuing and paying agent for the CDP Notes.
"Issuing and Paying Agent (Non-CDP Notes)"	:	The Bank of New York Mellon, London Branch, as the issuing and paying agent for the Non-CDP Notes.
"Issuing and Paying Agents"	:	The Issuing and Paying Agent (CDP Notes) and the Issuing and Paying Agent (Non-CDP Notes).
"ITA"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"JTC"	:	JTC Corporation.
"Listing Manual"	:	The listing manual of the SGX-ST.
"MAS"	:	The Monetary Authority of Singapore.
"Moody's"	:	Moody's Investors Service and its affiliates.
"MTN Programme"	:	The S$5,000,000,000 Multicurrency Medium Term Note Programme of the Issuer.
"Non-CDP Notes"	:	The notes cleared through Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*, Luxembourg, or any other clearing system as may be agreed with the Issuer from time to time other than the CDP.
"Noteholders"	:	The holders of the Notes.
"Notes"	:	The notes to be issued by the Issuer under the MTN Programme.
"OCBC"	:	Oversea-Chinese Banking Corporation Limited.
"Permanent Global Note"	:	A global note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note.
"Pricing Supplement"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"Principal Trust Deed"	:	The Principal Trust Deed dated 20 March 2009 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time.

"**Properties**"	:	The properties of the Group.
"**Programme Agreement**"	:	The Programme Agreement dated 20 March 2009 made between (1) the Issuer, as issuer, (2) the A-REIT Manager, as manager of A-REIT, (3) the Arranger, as arranger, and (4) Oversea-Chinese Banking Corporation Limited, as dealer, as amended, varied or supplemented from time to time.
"**Property Funds Appendix**"	:	The guidelines for schemes which invest or propose to invest primarily in real estate and real estate-related assets, issued by the MAS as Appendix 6 to the CIS Code.
"**REIT**"	:	Real estate investment trust.
"**Retail Notes Letter**"	:	The letter dated 8 October 2008 from the MAS to Allen & Gledhill LLP containing, *inter alia*, the confirmation from the MAS that a retail offering of the Notes in Singapore may be made pursuant to Section 305B of the SFA.
"**Retail Notes Supplemental Deed**"	:	A supplemental trust deed between the Issuer and the Trustee in respect of Notes which are offered or intended to be offered pursuant to Section 305B of the SFA and subject to compliance with certain disclosure requirements as set out in the Retail Notes Letter, substantially in the form set out in Schedule 5 to the Principal Trust Deed.
"**S&P**"	:	Standard & Poor's Rating Services and its affiliates.
"**Securities Act**"	:	U.S. Securities Act of 1933.
"**Series**"	:	(1) (In relation to Notes other than variable rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited.

"**subsidiary**"	:	Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to A-REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate): (1) which is controlled, directly or indirectly, by the Issuer; or (2) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the Issuer; or (3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies, and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by A-REIT if A-REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
"**Temporary Global Note**"	:	A global note representing Notes of one or more Tranches of the same Series on issue.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Principal Trust Deed as supplemented by the relevant Retail Notes Supplemental Deed.
"**Trustee**"	:	The Bank of New York Mellon.
"**Unit**"	:	One undivided share in A-REIT.
"**United States**" or "**U.S.**"	:	United States of America.
"**Unitholders**"	:	The holders of the Units.
"**URA**"	:	Urban Redevelopment Authority.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**sqm**"	:	Square metres.
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors of the A-REIT Manager	:	Koh Soo Keong Khiatani Manohar Ramesh Henry Tan Song Kok Teo Eng Cheong Teo Choon Chye, Marc Chan Pengee Adrian Tan Ser Ping
Company Secretaries of the A-REIT Manager	:	Mary Judith De Souza Kung Wee Tack Edwin
Registered Office of the A-REIT Manager	:	61 Science Park Road #02-18 The GALEN Singapore Science Park II Singapore 117525
Auditors to A-REIT	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arranger of the MTN Programme	:	Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arranger and the Trustee (as at the establishment of the MTN Programme)	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer (as at the establishment of the MTN Programme)	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Legal Advisers to the A-REIT Manager (as at the establishment of the MTN Programme)	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Issuing and Paying Agent (CDP Notes)	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
Issuing and Paying Agent (Non-CDP Notes) and Agent Bank	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL
Trustee for the Noteholders	:	The Bank of New York Mellon 101 Barclay Street 21st Floor West New York NY 10286 United States of America

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Principal Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of A-REIT).
Arranger	:	Oversea-Chinese Banking Corporation Limited.
Dealers	:	Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent (CDP Notes)	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent (Non-CDP Notes)	:	The Bank of New York Mellon, London Branch.
Trustee	:	The Bank of New York Mellon.
Description	:	Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$5,000,000,000 (or its equivalent in other currencies) or such higher amount as may be determined pursuant to the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.

Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or definitive Notes (as indicated in the applicable Pricing Supplement) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption upon Delisting of A-REIT	:	If on any date (the "**Effective Date**") the Units cease to be listed and traded on the SGX-ST, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount (together with interest accrued to the date fixed for redemption) not later than the date falling 30 days after the Effective Date.
Redemption upon Termination of A-REIT	:	In the event that A-REIT is terminated in accordance with the provisions of the A-REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount (together with interest accrued to the date fixed for redemption) on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of A-REIT.

Negative Pledge : The Issuer has covenanted with the Trustee that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9 of the Notes) will, create or permit to be created any security over any of their respective assets and properties, present or future (unless at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed (i) are secured equally and rateably therewith to the satisfaction of the Trustee or (ii) have the benefit of such other security or other arrangement as shall be approved by the Trustee or as shall be approved by an Extraordinary Resolution (as defined in the Principal Trust Deed) of the Noteholders), save for:

(a) (1) any security over any asset existing on or prior to the date of the Principal Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Principal Trust Deed (provided that the amount secured is not increased) or (2) any security to be created over any asset which is the subject of such existing security in connection with any replacement or refinancing of any of its outstanding indebtedness which at the date of the Principal Trust Deed is secured by such existing security (provided that the amount secured is not increased pursuant to such replacement or refinancing);

(b) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 14 business days or (2) is being contested in good faith and by appropriate means;

(c) any security over any assets acquired, renovated, refurbished or developed after the date of the Principal Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development (as determined by the Trustee);

(d) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of such goods;

(e) any security existing at the time of the acquisition of any asset directly or indirectly acquired after the date of the Principal Trust Deed and any substitute security created on that asset in connection with the extension, refinancing or increase in the facility limit of the credit facilities secured by the security over such asset at any time;

(f) any security created on any asset after the date of the Principal Trust Deed for the sole purpose of securing moneys raised pursuant to the issuance (whether by it or a special purpose vehicle) of any commercial mortgage backed securities;

(g) any security over any assets created in connection with loan facilities extended by banks and other financial institutions to the Group provided that the current market value of all assets of the Group secured at any time (other than security permitted under subparagraphs (a) to (f) above and sub-paragraph (h) below) shall not exceed in aggregate 35 per cent. of the Consolidated Total Assets (as defined in the Principal Trust Deed) of the Group (or its equivalent in any other currency or currencies) at that time; and

(h) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer has covenanted with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:

(i) the ratio of Consolidated Total Borrowings (as defined in the Principal Trust Deed) to Consolidated Total Assets shall not at any time exceed 0.6:1; and

(ii) the ratio of Consolidated Secured Debt (as defined in the Principal Trust Deed) to Consolidated Total Assets shall not at any time exceed 0.5:1.

Undertaking in relation to Notes to be issued pursuant to Section 305B of the SFA : The Issuer has covenanted with the Trustee that in the event that any Tranche or Series of Notes is proposed to be issued pursuant to Section 305B of the SFA under the Programme Agreement, the Issuer will, prior to the Issue Date (as defined in the Principal Trust Deed) of that Tranche or Series, enter into a Retail Notes Supplemental Deed in respect of such Tranche or Series with the Trustee (with such changes as the Issuer and the Trustee may agree). For the avoidance of doubt, in relation to each Tranche or Series of Notes to be issued pursuant to Section 305B of the SFA, the Trustee may enter into a Retail Notes Supplemental Deed (with such changes as the Issuer and the Trustee may agree) and may do all such acts and sign all such documents, notices, forms and instruments as the Trustee may deem necessary or expedient for the purpose of facilitating the issue of such Tranche or Series without the consent of the existing Noteholders or Couponholders.

Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Rating	:	The Notes of each Tranche or Series issued under the MTN Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of the Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Notes. Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
Governing Law	:	The MTN Programme and the Notes will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Principal Trust Deed (the "**Principal Trust Deed**") (as amended and supplemented and (if applicable) as supplemented by the relevant supplemental trust deed (the "**Retail Notes Supplemental Deed**") made between the parties to the Principal Trust Deed, the "**Trust Deed**") dated 20 March 2009 made between (1) HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust ("**A-REIT**")) (the "**Issuer**") and (2) The Bank of New York Mellon (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 20 March 2009, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 20 March 2009 made between (1) the Issuer, (2) Oversea-Chinese Banking Corporation Limited, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Principal Trust Deed, (if applicable) the relevant Retail Notes Supplemental Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Covenants

(a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9) will, create or permit to be created any security over any of their respective assets and properties, present or future (unless at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed (i) are secured equally and rateably therewith to the satisfaction of the Trustee or (ii) have the benefit of such other security or other arrangement as shall be approved by the Trustee or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders), save for:

(1) (A) any security over any asset existing on or prior to the date of the Principal Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Principal Trust Deed (provided that the amount secured is not increased) or (B) any security to be created over any asset which is the subject of such existing security in connection with any replacement or refinancing of any of its outstanding indebtedness which at the date of the Principal Trust Deed is secured by such existing security (provided that the amount secured is not increased pursuant to such replacement or refinancing);

(2) liens or rights of set off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (A) has been due for less than 14 business days or (B) is being contested in good faith and by appropriate means;

(3) any security over any assets acquired, renovated, refurbished or developed after the date of the Principal Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development (as determined by the Trustee);

(4) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of such goods;

(5) any security existing at the time of the acquisition of any asset directly or indirectly acquired after the date of the Principal Trust Deed and any substitute security created on that asset in connection with the extension, refinancing or increase in the facility limit of the credit facilities secured by the security over such asset at any time;

(6) any security created on any asset after the date of the Principal Trust Deed for the sole purpose of securing moneys raised pursuant to the issuance (whether by it or a special purpose vehicle) of any commercial mortgage backed securities;

(7) any security over any assets created in connection with loan facilities extended by banks and other financial institutions to the Group provided that the current market value of all assets of the Group (as defined in the Trust Deed) secured at any time (other than security permitted under sub-paragraphs (1) to (6) above) and sub-paragraph (8) below) shall not exceed in aggregate 35 per cent. of the Consolidated Total Assets (as defined in the Trust Deed) of the Group (or its equivalent in any other currency or currencies) at that time; and

(8) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

(b) The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the ratio of Consolidated Total Borrowings (as defined in the Trust Deed) to Consolidated Total Assets shall not at any time exceed 0.6:1; and

(ii) the ratio of Consolidated Secured Debt (as defined in the Trust Deed) to Consolidated Total Assets shall not at any time exceed 0.5:1.

(c) The Issuer has also covenanted with the Trustee in the Trust Deed that in the event that any Tranche or Series of Notes is proposed to be issued pursuant to Section 305B of the SFA (as defined in the Trust Deed) under the Programme Agreement (as defined in the Trust Deed), the Issuer will, prior to the Issue Date of that Tranche or Series, enter into a Retail Notes Supplemental Deed in respect of such Tranche or Series with the Trustee (with such changes as the Issuer and the Trustee may agree). For the avoidance of doubt, in relation to each Tranche or Series of Notes to be issued pursuant to Section 305B of the SFA, the Trustee may enter into a Retail Notes Supplemental Deed (with such changes as the Issuer and the Trustee may agree) and may do all such acts and sign all such documents, notices, forms and instruments as the Trustee may deem necessary or expedient for the purpose of facilitating the issue of such Tranche or Series without the consent of the existing Noteholders or Couponholders.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the

Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Spot Rate	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Period concerned;

(F) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Interest Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the fourteenth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre; and

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters Monitor Money Rates Service ("**Reuters**")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment

Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(j)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(j)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than 5.00 p.m. (local time in the principal financial centre of the Relevant Currency) on each Interest Determination Date. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking into account prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking into account prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(j) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by two duly authorised officers for and on behalf of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Mandatory Redemption upon Delisting of A-REIT

If on any date (the "**Effective Date**") the units of A-REIT cease to be listed and traded on the SGX-ST, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount (together with interest accrued to the date fixed for redemption) not later than the date falling 30 days after the Effective Date.

The Issuer shall forthwith notify the Trustee, the Agents and (in accordance with Condition 15) the Noteholders of the occurrence of the event specified above and the proposed date of redemption of the Notes. The Issuer shall be bound to redeem the Notes on the date specified in such notice.

(h) Mandatory Redemption upon Termination of A-REIT

In the event that A-REIT is terminated in accordance with the provisions of the A-REIT Trust Deed (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount (together with interest accrued to the date fixed for redemption) on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of A-REIT.

The Issuer shall forthwith notify the Trustee, the Agents and (in accordance with Condition 15) the Noteholders of the termination of A-REIT and the proposed date of redemption of the Notes. The Issuer shall be bound to redeem the Notes on the date specified in such notice.

(i) Purchases

The Issuer or any of the related corporations of A-REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of the related corporations of A-REIT may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(j) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(k) Cancellation

All Notes purchased by or on behalf of the Issuer or any of the related corporations of A-REIT may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Trustee and the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any Noteholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, materially and adversely affect the interests of the Noteholders or the Couponholders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within three years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) when due and such default continues for three business days after its due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 15 days after the date of the notice from the Trustee to the Issuer requiring the same to be remedied;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the event resulting in such non-compliance is, in the opinion of the Trustee, capable of remedy, it is not in the opinion of the Trustee remedied within 15 days after the date of the notice from the Trustee to the Issuer requiring the same to be remedied;

(d) (i) any other indebtedness of the Issuer, A-REIT or any of the subsidiaries of A-REIT in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due; or

(ii) the Issuer, A-REIT or any of the subsidiaries of A-REIT fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided however that no Event of Default will occur under this paragraph (d) unless the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$35,000,000 or its equivalent in other currencies (as determined by the Trustee);

(e) (i) the Issuer, A-REIT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer, A-REIT or any of the Principal Subsidiaries; or

(ii) the Issuer, A-REIT or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the indebtedness of the Issuer, A-REIT or any of the Principal Subsidiaries, in each case which is or could be prejudicial to the interests of the Noteholders;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the assets of the Issuer or A-REIT or any part of the assets of any subsidiary of A-REIT where such distress, attachment, execution or other legal process has or is likely to have a material adverse effect on the Issuer or A-REIT, and, in each case, such process is not discharged or stayed within 15 days of its occurrence;

(g) any security on or over all or a material part of the assets of the Issuer or A-REIT or all or any part of the assets of any subsidiary of A-REIT becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and (in the case of a subsidiary of A-REIT only) such event has or is likely to have a material adverse effect on the Issuer or A-REIT;

(h) (i) a notice has been given by the Issuer under the A-REIT Trust Deed for the termination of A-REIT or (ii) any step is taken by any person with a view to the winding-up or termination of the Issuer, A-REIT or any of the Principal Subsidiaries (except (1) for an originating summons of a frivolous or vexatious nature which is contested in good faith and dismissed, struck out, restrained or stayed within 30 days of the presentation of such originating summons, (2) (in the case of a Principal Subsidiary only) as required by law, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before that event happens and (3) (in the case of a Principal Subsidiary only) for a voluntary liquidation of such Principal Subsidiary not involving insolvency) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, A-REIT or any of the Principal Subsidiaries or over any part of the assets of the Issuer, A-REIT or any of the Principal Subsidiaries;

(i) the Issuer, A-REIT or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or (other than in the ordinary course of its business or (in the case of the Issuer only) pursuant to a corporate reorganisation of the Issuer approved by the Trustee or the Noteholders by way of an Extraordinary Resolution) disposes or threatens to dispose of the whole or a substantial part of its property or assets;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or A-REIT or all or any part of the assets of any subsidiary of A-REIT where such seizure, compulsory acquisition, expropriation or nationalisation has or is likely to have a material adverse effect on the Issuer or A-REIT;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.7 of the Principal Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 15 days after the date of the notice from the Trustee to the Issuer requiring the same to be remedied;

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding against the Issuer, A-REIT or any of the subsidiaries of A-REIT (other than those which are of a frivolous or vexatious nature or which are being contested in good faith, in each case which are discharged within 30 days of the commencement of such proceedings) is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer or A-REIT;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);

(p) the Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore;

(q) if (i)(1) the Trustee (as defined in the A-REIT Trust Deed) resigns or is removed as trustee of A-REIT; (2) an order is made for the winding up of the Trustee (as defined in the A-REIT Trust Deed), a receiver, judicial manager, administrator, agent or similar officer of the Trustee (as defined in the A-REIT Trust Deed) is appointed (other than pursuant to an amalgamation, reconstruction or reorganisation of the Issuer approved by the Trustee or the Noteholders by way of an Extraordinary Resolution); and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the Trustee (as defined in the A-REIT Trust Deed) which prevents or restricts the ability of the Issuer to perform its obligations under any of the Issue Documents to which it is a party or any of the Notes and (ii) the replacement or substitute trustee of A-REIT is not appointed in accordance with the terms of the A-REIT Trust Deed;

(r) if the Manager (as defined in the A-REIT Trust Deed) is removed as manager of A-REIT pursuant to the terms of the A-REIT Trust Deed and the replacement or substitute manager of A-REIT is not appointed in accordance with the terms of the A-REIT Trust Deed; or

(s) the Issuer loses its right to be indemnified out of the assets of A-REIT in respect of any liability, claim, demand or action under or in connection with any of the Issue Documents or the Notes.

In these Conditions:

(A) "**Principal Subsidiary**" means any subsidiary of A-REIT:

(aa) whose profits after tax, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 20 per cent. of the profits after tax of the Group as shown by such audited consolidated accounts; or

(bb) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or A-REIT (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is A-REIT) shall thereupon become a Principal Subsidiary; and

(II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is A-REIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (1) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits after tax or (as the case may be) total assets as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the consolidated profits after tax or (as the case may be) total assets of the Group, as shown by such audited consolidated accounts or (2) a report by the Auditors described below dated on or after the date of the relevant transfer which shows the profits after tax or (as the case may be) total assets of such subsidiary to be less than 20 per cent. of the consolidated profits after tax or (as the case may be) total assets of the Group. A report prepared for the purposes of (1) or (2) above by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) "**subsidiary**" has the meaning ascribed to it in the Trust Deed.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of the subsidiaries of A-REIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Acknowledgement by Parties

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the parties to the Trust Deed acknowledge that the Issuer has entered into the Trust Deed only in its capacity as trustee of A-REIT and not in the Issuer's personal capacity and all references to the Issuer in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Issuer has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee of A-REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Issuer under the Trust Deed, the Notes and the Coupons is given by the Issuer only in its capacity as trustee of A-REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of A-REIT over which the Issuer has recourse and shall not extend to any personal or other assets of the Issuer or any assets held by the Issuer as trustee of any other trust (other than A-REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to A-REIT (and shall not extend to the Issuer's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee under law or equity whether in connection with any negligence, fraud or breach of trust of the Issuer or otherwise.

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the Issuer's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Issuer and there shall be no recourse against the shareholders, directors, officers or employees of the Issuer for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee under law or equity whether in connection with any negligence, fraud or breach of trust of the Issuer or otherwise.

For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against the Issuer in its capacity as trustee of A-REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee under law or equity whether in connection with any negligence, fraud or breach of trust of the Issuer or otherwise.

17. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

18. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

ASCENDAS REAL ESTATE INVESTMENT TRUST

1. History and background

A-REIT is a Singapore-domiciled real estate investment trust, established to invest in real estate, real estate related assets and other permissible investments under the Property Funds Appendix. A-REIT has been declared an authorised unit trust scheme under the Trustees Act, Chapter 337 of Singapore.

A-REIT is constituted by the A-REIT Trust Deed. The A-REIT Trust Deed is regulated by the SFA and the Property Funds Appendix.

Currently, A-REIT is the largest industrial and business space REIT in Singapore, owning a diverse portfolio of properties in Singapore and China. This includes:

- Business and science park properties;
- Integrated development, amenities and retail properties ("**IDAR**");
- High-specifications industrial properties;
- Light industrial properties/flatted factories; and
- Logistics and distribution centres.

For further details of the A-REIT portfolio of properties, please see the section "5. Portfolio statistics and details".

A-REIT hosts a customer base of around 1,390 international and local companies spanning a wide range of industries and activities.

A-REIT is one of the 30 constituents of the FTSE Straits Times Index, a capitalisation-weighted stock market index that is regarded as the benchmark index for the Singapore stock market. A-REIT is also included in several major indices such as the Morgan Stanley Capital International Inc (MSCI Index), the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) and Global Property Research (GPR) Asia 250.

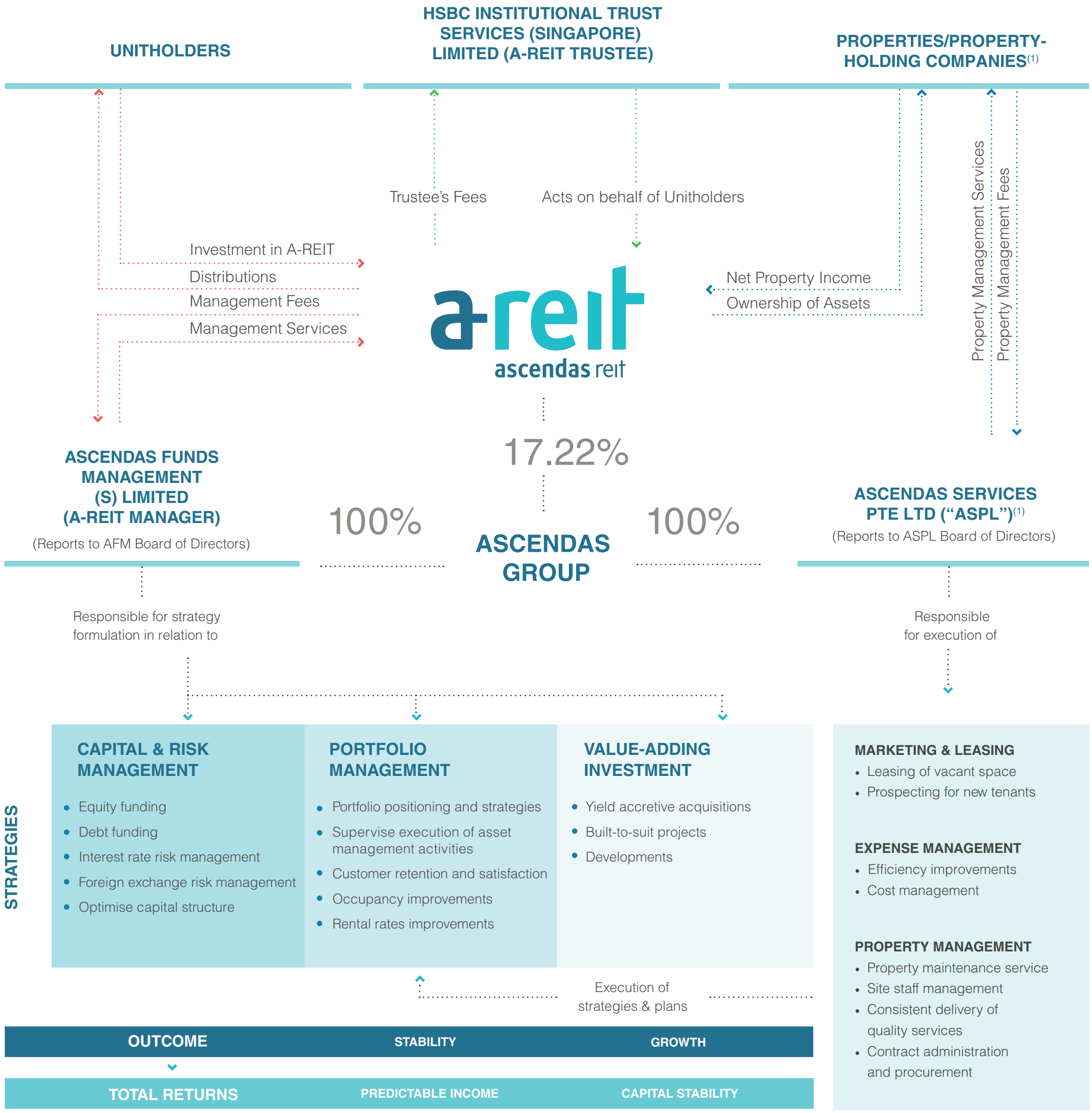
As at 31 December 2014, A-REIT maintains an issuer's rating and a senior unsecured rating of A3, both of which were assigned by Moody's in 2013.

2. Structure of A-REIT

The A-REIT Manager has general powers of management over the assets of A-REIT. The A-REIT Manager's main responsibility is to manage A-REIT's assets and liabilities for the benefit of the Unitholders. The A-REIT Manager sets the strategic direction of A-REIT and gives recommendations to HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of A-REIT) (the "**A-REIT Trustee**") on the acquisition, development and divestment or enhancement of assets of A-REIT in accordance with its stated investment strategy.

The A-REIT Property Manager oversees day-to-day operational matters of the Properties in A-REIT's portfolio.

The following chart illustrates the relationship between the A-REIT Manager, ASPL, the Ascendas Group, the A-REIT Trustee and the Unitholders.



(A) The Ascendas Group

Both the A-REIT Manager and ASPL are wholly owned subsidiaries of the Ascendas Group.

The Ascendas Group is Asia's leading provider of business space solutions with more than 30 years' experience. Based in Singapore, the Ascendas Group has built a strong regional presence and serves a global clientele of over 2,400 customers in 26 cities across 10 countries including Singapore, China, India, South Korea and Vietnam.

The Ascendas Group specialises in masterplanning, developing, managing and marketing IT parks, industrial and logistics parks, business parks, science parks, hi-specs facilities and office and retail spaces. Leveraging on its track record and

1 A-REIT's two properties located in China are held through wholly owned subsidiaries of A-REIT and are managed by property managers other than ASPL under separate property management agreements.

experience, the Ascendas Group has introduced new business space concepts such as integrated communities and solutions which seamlessly combine high-quality business, lifestyle, retail and hospitality spaces to create conducive human-centric work-live-play-learn environments. Its flagship projects include the Singapore Science Park and Changi City at Changi Business Park in Singapore, International Tech Park Bangalore in India and Ascendas-Xinsu in Suzhou Industrial Park, China. The Ascendas Group provides end-to-end real estate solutions, assisting companies across the entire real estate process.

As at 31 December 2014, the Ascendas Group, through its wholly owned subsidiaries, Ascendas Land (Singapore) Pte Ltd and the A-REIT Manager, has an aggregate deemed interest of 414,361,538 Units (or approximately 17.22%) in A-REIT.

(B) The A-REIT Manager – Ascendas Funds Management (S) Ltd

For more information on the A-REIT Manager, please refer to the section "Ascendas Fund Management (S) Limited (A-REIT Manager)".

(C) The A-REIT Trustee – HSBC Institutional Trust Services (Singapore) Limited

For more information on the A-REIT Trustee, please refer to the section "HSBC Institutional Trust Services (Singapore) Limited (A-REIT Trustee)".

(D) The A-REIT Property Manager for properties located in Singapore – Ascendas Services Pte Ltd

For more information on ASPL, please refer to the section "Ascendas Services Pte Ltd".

3. A-REIT Strategies

The A-REIT Manager's key objectives are to deliver long-term sustainable distributions and capital stability to Unitholders. This is achieved through the following three-pronged strategy:

- proactive portfolio and asset management to achieve organic growth;
- value-adding investments comprising development and acquisition of income-producing properties; and
- prudent capital and risk management.

(A) Proactive portfolio and asset management

The A-REIT Manager's primary strategy is to maximise the organic growth potential of the portfolio through active asset management. Key areas of focus of portfolio and asset management include:

- proactive marketing and leasing of spaces to achieve a healthy occupancy;
- delivery of quality property management and customer services to tenants;
- improvement of operational efficiency to optimise operating costs; and
- implementation of asset enhancement initiatives.

The A-REIT Manager works closely with the A-REIT Property Manager to ensure delivery of above strategies and to enhance portfolio returns.

(i) Proactive marketing and leasing

The A-REIT Manager actively engages existing tenants on their real estate needs and identifies their space expansion opportunities within the A-REIT portfolio. The A-REIT Manager also negotiates renewals at least six months in advance of lease expiry to minimise leasing downtime.

Leveraging on an extended marketing network, ASPL's dedicated Customer Services & Solutions team proactively markets available space and expected vacancy. The team considers prospective tenants' business needs and nature of operations, and delivers the most suitable business space solutions within A-REIT's extensive real estate portfolio. The A-REIT Property Manager also identifies growing trade sectors and works closely with government economy-promoting agencies to cultivate potential tenants.

(ii) Property management and customer services

Working hand-in-hand with the A-REIT Manager's portfolio management team, the A-REIT Property Manager ensures that the property specifications and service levels are commensurate with the intended market positioning of each property. The A-REIT Property Manager is also responsible for managing site staff to ensure that the desired level of service and customer care is met in respect of the respective Properties.

(iii) Improvement of operational efficiency to optimise operating costs

The A-REIT Property Manager adopts a prudent operational strategy in line with the A-REIT Manager's objective of maximising return without compromising its service standards. The A-REIT Property Manager strives to continuously improve operating processes to increase productivity and enhance operational effectiveness so as to optimise operational cost. The A-REIT Property Manager also conducts energy audits to identify, on a continual basis, buildings with potential for savings on energy consumption either through a more efficient management policy or a capital expenditure plan.

(iv) Asset enhancement initiatives

Asset enhancements are initiated if it is evaluated to be technically and financially feasible to:

- maximise the plot ratio of a property for additional lettable area and rental income;
- improve a property's specifications for better marketability or efficiency;
- reposition a property for higher specifications use and rental due to better connectivity or overall repositioning of surrounding areas; and
- convert a property from single-tenant use to multi-tenant use to meet specific needs of major tenants, and *vice versa.*

The A-REIT Manager has a track record of undertaking asset enhancement projects that result in increased income. The A-REIT Manager has successfully created and subsequently leased additional lettable areas in properties such as Telepark, The Alpha, Thales Building, Hoya Building, Techplace II (Block 5014), 9 Changi South Street 3 and Xilin Districentre Building D.

The table below summarises major asset enhancement projects undertaken or completed in 2014:

Property	**Segment**	**Asset Enhancement Rationale**	**Estimated Costs (S$ million)**	**Completion**
The Alpha	Science park	Enhance the building specifications and positioning through improving connectivity and upgrading; convert under-utilised area into leasable space	11.1	Estimated 1Q 2015
Science Hub	Science park	Reposition the Science Hub as a social hub via the upgrading of the overall building image and the amenities space; improve building specifications and finishes	8.4	Estimated 1Q 2015
The Gemini – The Aries	Science park	Maximise the plot ratio by creating an amenities space and enhance connectivity between the buildings and vibrancy within Science Park II	17.2	Estimated 2Q 2015
DBS Asia Hub Phase 2	Business park	Develop a new building next to the existing DBS Asia Hub for DBS Bank Ltd	21.8	Estimated 2Q 2015
C&P Logistic Hub	Logistics	Increase the plot ratio by building a new four-storey warehouse block	35.7	Estimated 4Q 2015
Techlink and Techview	High-specifications industrial	Take advantage of the improved connectivity of the MRT network, maximise plot ratio and upgrade interior building finishes to enhance the marketability and reinforce the desired positioning of the properties	26.2	Estimated 4Q 2015

Property	Segment	Asset Enhancement Rationale	Estimated Costs (S$ million)	Completion
2 Senoko South	Light industrial	Convert the existing single-tenant food factory into a multi-tenant light industrial food building to capitalise on the strong demand and the limited supply for such space at Senoko	12.1	Estimated 4Q 2015
LogisTech	Logistics	Maximise the plot ratio by constructing a new two-storey air-conditioned warehouse annex block to capitalise on the strong demand for such space in the east of Singapore	6.6	August 2014
Corporation Place	High-specifications industrial	Upgrade all lifts and washrooms and create extended lobbies, and enhance physical connectivity between all lobbies to improve marketability	14.5	August 2014
Techquest	High-specifications industrial	Improve the building efficiency and specifications through reconfiguration of the floor layout and upgrading for better marketability	4.3	July 2014
5 Toh Guan Road East	Logistics	Convert to multi-tenant use by upgrading building specifications to improve marketability	7.0	June 2014
1 Changi Business Park Crescent (Plaza 8)	Business park	Convert the amenity space to business park space to increase potential income of the property	8.1	November 2014

(B) Value-adding investments

The A-REIT Manager is committed to undertake disciplined and value-adding investments through acquisitions and development of high quality properties and will continue to focus on the following key areas of activities:

- acquisition of income-producing properties with established tenants;
- acquisition of good quality multi-tenanted properties with strong income stream and/or asset enhancement potential;
- built-to-suit development projects to cater to prospective tenants' operational requirements and specifications;

- selective redevelopment and government land sales to capitalise on the A-REIT Manager's development capabilities; and

- sourcing of investment opportunities beyond Singapore markets to enhance portfolio diversification and resilience.

Since the listing of A-REIT in November 2002, A-REIT's portfolio has grown from eight properties to 106 properties including two business park properties in China, hosting a customer base of around 1,390 local and international companies. A-REIT's total asset value has increased from S$636 million to S$7.9 billion as at 31 December 2014.

(i) Acquisition of properties

A-REIT acquires completed high-quality properties which add value or provide strategic benefits to the existing portfolio. The A-REIT Manager's considerations for acquisitions include property specifications and locations, enhancement of returns to Unitholders, improvement of tenant profile and quality, portfolio diversification and rebalancing, and strengthening of competitive advantages.

The A-REIT Manager acquires properties from the Ascendas Group's high quality industrial portfolio on an arms' length basis in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual. The A-REIT Manager actively sources for acquisition opportunities through its extensive network of real estate industrial players and tenants. A-REIT often enters into sale-and-leaseback arrangements with industrial end-users on their self-occupied properties by providing tailored leaseback arrangements to meet their business needs.

The most recent acquisitions by A-REIT in 2014 include two high-quality properties:

- On 30 June 2014, A-REIT acquired Hyflux Innovation Centre located at 80 Bendemeer Road in Singapore. The property, with a GFA of 43,434 sqm, is a prime high-specifications development located at the fringe of the central business district. Hyflux Ltd, through its subsidiary, has committed to lease 50% of the GFA for 15 years. The total purchase consideration is S$191.2 million, inclusive of an upfront land premium of S$21.2 million paid to JTC.

- On 8 August 2014, A-REIT acquired Aperia, a newly completed integrated industrial mixed-use development in Kallang iPark at the fringe of the central business district in Singapore. The Property has a total GFA of 86,696 sqm, consisting of two towers permitted by URA for use as "Business-1" zones[2] and three levels of retail and amenity space. Valuation at the acquisition completion date was S$488.0 million.

[2] According to the Zoning Interpretation by URA, "Business-1" zones are areas used or intended to be used mainly for clean industry, light industry, warehouse, public utilities, and telecommunication uses and other public installations for which the relevant authority does not impose a nuisance buffer greater than 50m.

(ii) Development capabilities

The revision to the Property Funds Appendix in October 2005 allows REITs to undertake development projects for up to 10% of its deposited property and A-REIT has capitalised on this to undertake development projects. Since A-REIT embarked on its first development project in 2006, it has completed 12 development projects and achieved total cumulated unrealised development gains of S$320.9 million or 32.6% over costs as of 31 March 2014.

Development				**Cost (S$'m)**	**Valuation as at 31 March 2014 (S$'m)**
Name	**Segment**	**Completion**	**Purpose**		
Courts Megastore	IDAR	November 2006	Build-to-suit	46.0	65.9
Giant Hypermart	IDAR	February 2007	Build-to-suit	65.4	87.3
HansaPoint@ CBP	Business park	February 2008	Build-to-suit	26.1	86.1
15 Changi North Way	Logistics	July 2008	Build-to-suit	36.2	48.4
Pioneer Hub	Logistics	August 2008	Build-to-suit	79.3	115.0
1, 3, 5 Changi Business Park Crescent	Business park	February 2009, September 2009, December 2010 in 3 phases	Build-to-suit	200.9	316.7
71 Alps Avenue	Logistics	September 2009	Build-to-suit	25.6	30.5
38A Kim Chuan Road	Hi-specs industrial (data centres)	December 2009	Build-to-suit	170.0	184.7
90 Alps Avenue	Logistics	January 2012	Build-to-suit	37.9	49.7
FoodAxis @ Senoko(1)	Light industrial	February 2012	Redevelopment	57.8	78.1
Four Acres Singapore(2)	Science Park	April 2013	Build-to-suit	58.7	57.3
Nexus @one-north	Business Park	September 2013	Industrial government land sales	181.3	186.4
Total				**985.2**	**1,306.1**

(1) FoodAxis @ Senoko was first acquired in May 2007. It was subsequently redeveloped to a multi-tenanted specialised food hub.

(2) Four Acres Singapore is leased to Unilever Asia for the entire 30-year land tenor. The stated costs of Four Acres Singapore are inclusive of a S$26.4m land premium for 30 years paid by the tenant Unilever Asia. A-REIT accounts for this Property as a finance lease with a gradual decrease in the asset value.

(iii) Overseas investments in China

The A-REIT Manager geographically diversifies A-REIT's portfolio through investing beyond Singapore. The A-REIT Manager's additional considerations for overseas investments include geopolitical stability, macroeconomic development potential, real estate market maturity and transparency, market penetration and scalability, growth potential and relative attractiveness of different asset classes in host countries.

The A-REIT Manager has selected China to be the first overseas investment market and seeks to complement A-REIT's existing portfolio to further enhance its footprint in the business space and industrial property arena. A-REIT's PRC investments focus on business and science parks, logistics and distribution centres and integrated development in major cities.

As at 31 December 2014, A-REIT owns two business park properties in Tier 1 cities in China, and its total investment portfolio in China accounts for 3% by asset value.

- Ascendas Z-Link was acquired in 2011 and is located in Phase 1 of Zhongguancun Software Park in Beijing, the heart of "Chinese Silicon Valley". Ascendas Z-Link has excellent infrastructure and convenient access to public transportation, making it ideal for IT R&D, Data Centre and Backup Office operations.

- A-REIT City @Jinqiao was acquired in 2013 and is located in the Jinqiao Economic and Technological Zone in Shanghai, a state-level development zone in Shanghai.

With these two properties in China, A-REIT looks to grow its overseas presence.

(iv) Divestment

The A-REIT Manager selectively divests properties that have reached a stage which offers limited scope for further income growth, and recycles the capital into other value-adding acquisitions.

In 2013 and 2014, A-REIT has disposed of three properties with total sales proceeds of S$82.6 million, and achieved realised gains of S$24.1 million over original costs.

Properties	Segment	Divestment Completion	Sales Proceeds (S$'m)	Book Value prior to divestment (S$'m)	Acquisition Year	Original Costs (S$'m)
6 Pioneer Walk	Logistics	June 2013	32.0	24.6	2007	22.5
Block 5006, Techplace II	Light industrial (flatted factories)	March 2014	38.0	32.5	2002	24.0[(1)]
1 Kallang Place	Light industrial	May 2014	12.6	10.5	2007	12.0
Total			**82.6**	**67.6**	**–**	**58.5**

(1) Block 5006 is one of the six blocks of flatted factories in Techplace II. Original costs attributable to Block 5006 Techplace II are based on the original purchase price of Techplace II pro-rated by GFA.

(C) Prudent capital and risk management

The A-REIT Manager regularly reviews A-REIT's debt and capital management as well as financing policy so as to optimise A-REIT's funding structure and costs. The A-REIT Manager also monitors A-REIT's exposure to various risk elements and externally-imposed requirements by closely adhering to clearly established management policies and procedures.

Risk management is integral to the whole business of A-REIT. A-REIT has a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The A-REIT Manager also monitors A-REIT's risk management process closely to ensure that an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and A-REIT's strategic direction.

The key aspects of the capital and risk management strategies are as follows:

- maintain a strong balance sheet and optimise the capital structure;
- diversify the source of funding; and
- manage interest risk, liquidity risk, credit risk and foreign currency risk.

(i) Capital structure management

The prevailing Property Funds Appendix requires that a REIT's total borrowings and deferred payments (collectively, the "**aggregate leverage**") should not exceed 35% of its deposited property. The aggregate leverage of the REIT may exceed 35% of its deposited property (up to a maximum of 60%) only if (a) a credit rating of the REIT from Fitch, Moody's or S&P is obtained and disclosed to the public, and (b) the REIT should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35% of the REIT's deposited property.

The A-REIT Manager maintains a fundamentally sound and efficient capital structure and a competitive weighted average cost of capital in its pursuit of investment opportunities. It is committed to optimising the capital structure of A-REIT through prudent capital and risk management strategies with a long-term optimal gearing target of around 40% to 45%. Secured or unsecured debt, equity fund raising and hybrid financial instruments are considered by the A-REIT Manager in line with the aim of delivering an optimised capital structure.

Between 31 March 2014 and 31 December 2014, A-REIT funded new acquisitions and other progress payments on development-in-progress and asset enhancement initiatives entirely by incremental debt. As a result, the aggregate leverage has increased from 30.0% at the beginning of FY14/15 to about 33.6% as at 31 December 2014. This gives A-REIT debt headroom of S$1.6 billion to capitalise on any investment opportunities before the long-term optimal gearing target of 45% is reached.

A-REIT's strong balance sheet is the result of the A-REIT Manager's prudent capital management in FY12/13, when a total of S$704.9 million was raised in two private placements of A-REIT Units, S$298.5 million in May 2012 and S$406.4 million in March 2013, to fund investment opportunities. Unit prices of these private placements were 8% and 38% above the then adjusted net asset value per Unit. As at 31 December 2014, proceeds from these private placements have been fully deployed.

As at 31 December 2014, A-REIT has a portfolio of 19 properties mortgaged for the S$300 million Exchangeable Collateralised Securities due 2017 ("**ECS**") issued by a special purpose financing vehicle Ruby Assets Pte. Ltd. in 2010. Subject to the fulfilment of certain terms and conditions, the ECS holders have the option to convert their holdings into A-REIT Units. In May 2014, A-REIT fully redeemed its €197.5 million (S$395 million equivalent) AAA-rated Commercial Mortgage Backed Securities ("**CMBS**") issued in 2007 pursuant to the S$5 billion Secured Medium Term Note Programme of Emerald Assets Limited. Emerald Assets Limited is A-REIT's special purpose financing vehicle for CMBS, and has been put into members' voluntary liquidation as no CMBS were outstanding. As a result, 85.8% of A-REIT's investment properties are currently unencumbered.

(ii) Liquidity risk management

The A-REIT Manager diversifies A-REIT's funding sources to access financial institutions and capital markets, both in Singapore and overseas.

To minimise any debt refinancing risk, the A-REIT Manager maintains A-REIT's current well-spread debt maturity profile, where not more than 20% of its debt will be due for refinancing in any one calendar year. Any refinancing requirements are considered ahead of the debt expiry date. As at 31 December 2014, A-REIT's weighted average tenure of debt is 3.9 years.

The A-REIT Manager also arranges sufficient standby credit facilities from financial institutions to meet A-REIT's ad hoc funding requirements for acquisitions and other capital expenditures.

(iii) **Interest rate risk management**

Adopting a prudent stance on interest rate exposure management, the A-REIT Manager has established a policy to hedge between 50% to 75% of A-REIT's interest rate exposure via interest rate swaps and fixed rate debt. A-REIT also enters into forward start interest rates swap transactions to extend the expiry dates of existing hedges.

As at 31 December 2014, about 66% of A-REIT's interest rate exposure is hedged with a weighted average duration of 3.3 years remaining. As such, any volatility in interest rates is not expected to have a significant impact on A-REIT's ability to service its floating rate debt obligations and to make distributions to its Unitholders.

(iv) **Foreign currency risk management**

The A-REIT Manager borrows in foreign currency to naturally hedge the foreign currency risk of A-REIT's overseas investments when it is practical and financially feasible to do so.

The A-REIT Manager also enters into cross-currency swaps with financial institutions to fully eliminate the foreign currency risk associated with debts denominated in Japanese Yen, Hong Kong Dollars and other currencies if A-REIT does not currently have property investments in those countries.

(v) **Credit risk management**

The A-REIT Manager has an established process to evaluate the creditworthiness of its tenants to minimise potential credit risk. The amount of security deposit collected for sale-and-leaseback transactions and long-term leases of major tenants depends on its evaluation of the tenant's credit standing and ranges from 6 to 12 months as at 31 December 2014.

More rigorous management of accounts receivables has resulted in low bad debt provisions as a percentage of total gross revenue. Bad debt provisions in the previous financial year were less than 0.03% of total gross revenue.

4. Competitive strengths

The A-REIT Manager believes that the success of A-REIT can be attributed to its competitive strengths as follows:

- A-REIT maintains its market focus and market leadership;
- the Properties are strategically located and positioned for the future growth of the economy;
- A-REIT has a diverse asset class and tenant base;
- the portfolio lease structure provides downside protection with rental escalation opportunities;

- A-REIT has the capacity and capability to create its own assets which could be more yield accretive than acquisitions;

- A-REIT is managed by an experienced and professional management team with experience in fund, investment, marketing and property management;

- A-REIT has a track record of stability and continuous growth;

- A-REIT has a size advantage; and

- A-REIT has a track record of transparency and good corporate governance.

(A) A-REIT maintains its market focus and market leadership

A-REIT is focused on suburban business space and industrial properties. It has a committed sponsor, the Ascendas Group, which has a track record of more than 30 years in the industrial property sector and a large and growing tenant base of over 2,400 companies.

A-REIT is the largest business space and industrial REIT in Singapore with a portfolio diversified across five major segments of the business space and industrial property market. A-REIT has established itself as the market leader in most of the segments that it operates in since its listing in 2002, growing from eight properties in 2002 to 106 properties as at 31 December 2014.

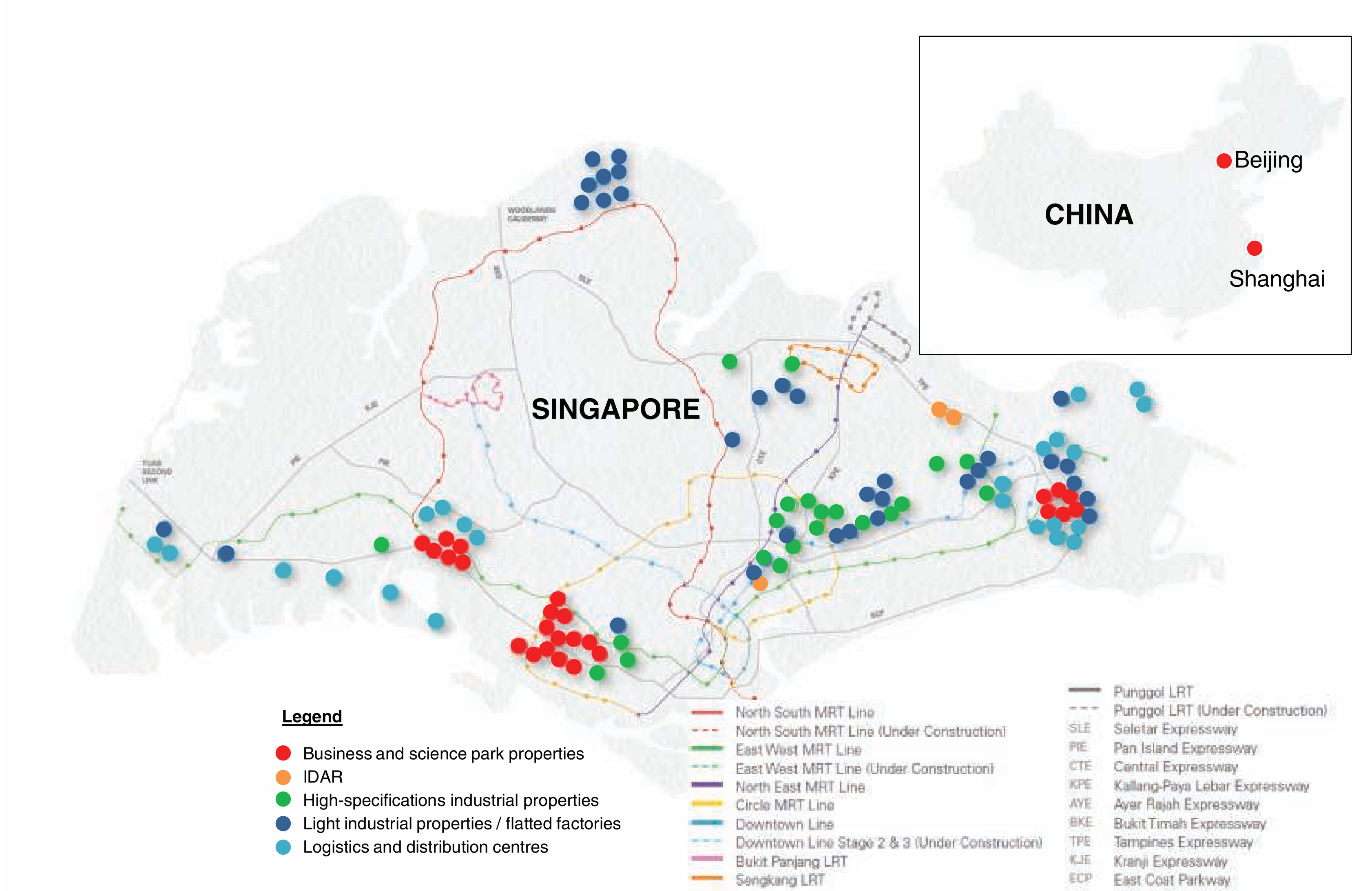
(B) The Properties are strategically located and positioned for future growth of the economy

A-REIT's Singapore properties are conveniently located near major expressways. Business and science park properties and some high-specifications industrial properties are located in close proximity to the central business district of Singapore or at the heart of the regional centres, providing easy access to amenity and other business support infrastructure. High-specifications and light industrial properties are primarily located near major housing estates, providing convenient access to a ready skilled labour pool. Logistics and distribution centres are located near the airport, seaports and major transport nodes, providing a convenient flow of goods.

A-REIT's China Properties are located inside the state-level development zones in the Tier 1 cities of Beijing and Shanghai, which house major multinational corporations and local corporations and provide "stickiness" of skilled labour force.

70% of the Properties by value are in the business and science parks segment, IDAR segment and the high-specifications industrial properties segment. These properties are well-suited for the future development of Singapore and China into knowledge-based, service-oriented economies with higher productivity.

Location Map of A-REIT Properties



Source: A-REIT, as at 31 December 2014

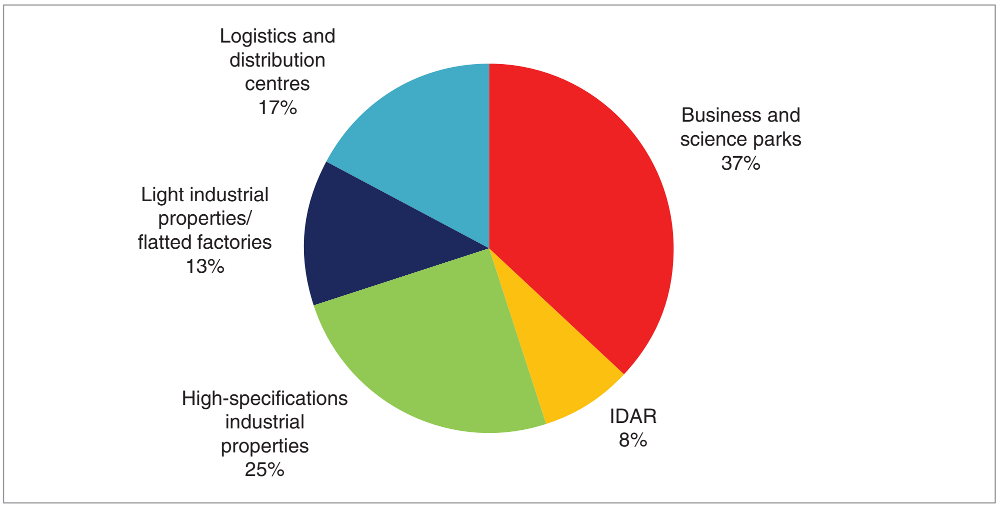
(C) A-REIT has diversity in its asset classes and tenant base

As a result of its disciplined investment strategy, A-REIT owns a portfolio of well-located properties with specifications that cater to the diverse and intricate real estate needs of its existing and prospective customers.

- **Diversity in asset class**

A-REIT has a well-diversified portfolio of quality properties across five major segments of the business space and industrial property market.

Breakdown of Various Property Segments (by value)



Source: A-REIT, as at 31 December 2014

No single property accounts for more than 4.1% of the monthly gross revenue.

- **Diversity in tenant base**

As at 31 December 2014, A-REIT's portfolio of 106 properties houses a tenant base of around 1,390 international and local companies, spanning a wide range of industries and activities. These properties serve the spatial requirements of various segments of the economy, which have different growth drivers, thereby providing diversification value to the portfolio.

However, A-REIT's exposure to conventional manufacturing is low with only 13.9% of Net Lettable Area ("**NLA**") occupied by tenants engaged in conventional manufacturing activities as at 31 December 2014. The remaining NLA is occupied by non-manufacturing tenants such as information technology, media, fashion and apparel, transport and storage, research and development, financial services as well as corporate headquarters.

Some leasing statistics are presented in the section "5. Portfolio statistics and details – (B) Leasing statistics".

(D) The portfolio lease structure provides downside protection with rental escalation opportunities

A-REIT has a mix of single-tenanted properties (22.7% of asset value) with long-term leases and multi-tenanted properties (77.3%) with short-term leases. Long-term leases typically have step-up rental increases which provide stable growth for the portfolio while the short-term leases can enjoy potential positive rental reversion during an upswing of the property cycle. Further, 32.7% of long-term leases have CPI-based rental adjustment, which provide a hedge against inflation.

This mix of short-term and long-term leases provides A-REIT with a balance of stability and growth opportunities. A-REIT is able to achieve organic growth by capitalising on the positive rental reversion cycle despite a tougher operating environment, while maintaining stability in its income with longer term leases.

(E) A-REIT has the capacity and capability to create its own assets which could be more yield accretive than acquisitions

The prevailing Property Funds Appendix allows REITs to undertake development with total contract value and investments in uncompleted properties not exceeding 10% of the deposited properties. As at 31 December 2014, such development limit of A-REIT is approximately S$793 million, which enables A-REIT to undertake development of a meaningful size without compromising income stability.

A-REIT is a pioneer Singapore REIT in undertaking development projects on its own balance sheet. As of 31 March 2014, A-REIT has completed 12 development projects, achieving a total revaluation gain of about S$320.9 million or 32.6% over the total development cost, exemplifying the manner in which its growth in development capacities has maximised value-adding investments for its portfolio.

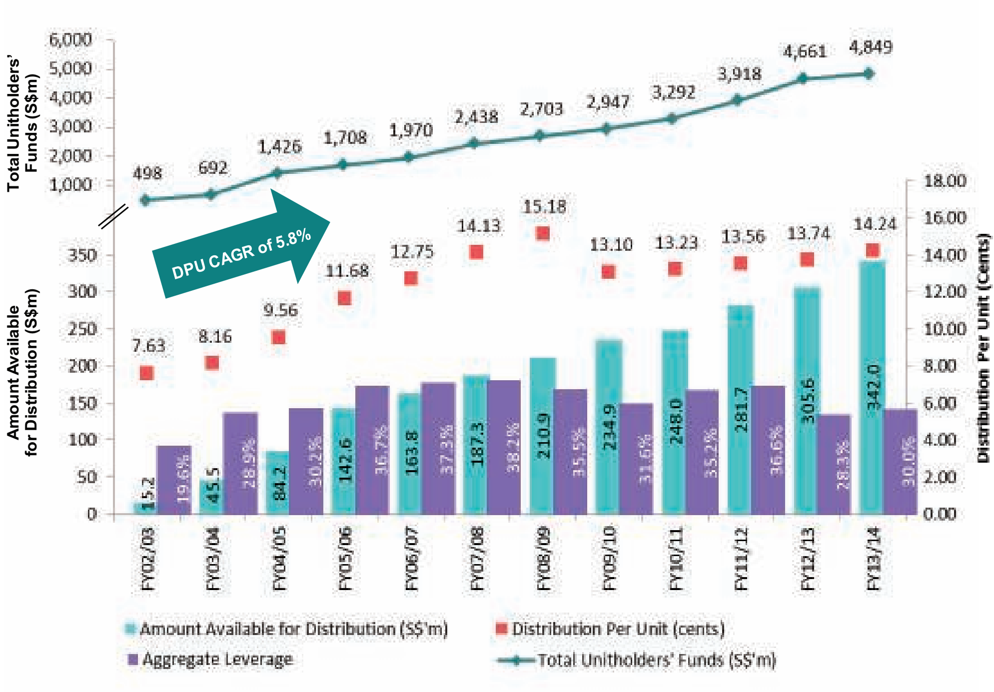
(F) A-REIT is managed by an experienced and professional management team with experience in fund, investment, marketing and property management

The A-REIT Manager is staffed by experienced professionals. Key staff members have in-depth real estate investment, finance, asset management, and property management expertise. For more information on the management of the A-REIT Manager, please refer to the section "Ascendas Fund Management (S) Limited (A-REIT Manager)".

(G) A-REIT has a track record of stability and continuous growth

The A-REIT Manager has an established track record of delivering a steady and sustainable stream of distributions to Unitholders since A-REIT's listing in 2002. In FY13/14, distribution per unit ("**DPU**") grew 3.6% year-on-year to 14.24 cents from 13.74 cents (after performance fee) in FY12/13 despite a 7.9% increase in weighted average number of units outstanding.

A-REIT's Stability and Continuous Growth since 2002



Source: A-REIT, as at 31 March 2014

(H) A-REIT has a size advantage

A-REIT accounted for 9% of the market capitalisation of the S-REIT sector and 4% of Asia (ex-Japan) REITs as at 31 December 2014. In the quarter ended 31 December 2014, it accounted for about 11% of the trading volume for S-REITs on the SGX stock exchange, making it one of the most liquid REITs in the Singapore market.

A-REIT is one of the 30 constituents of FTSE Straits Times Index, a capitalisation-weighted stock market index that is regarded as the benchmark index for the Singapore stock market. A-REIT is also included in several major indices such as the Morgan Stanley Capital International Inc (MSCI Index), the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) and Global Property Research (GPR) Asia 250.

(I) A-REIT has a track record of transparency and good corporate governance

The A-REIT Manager has won numerous accolades for its consistent and high standards of transparency and corporate governance.

A-REIT was the Winner of the "Most Transparent Company Award" in the REITs and business trusts category at the 2014 Securities Investors Association of Singapore ("**SIAS**") Investor's Choice Awards for the tenth time since the inauguration of the award in 2004.

A-REIT was conferred various awards for market disclosure and the adoption of the Asia Pacific Real Estate Association ("**APREA**") Best Practice at the APREA Best Practice Awards 2013. It was also recognised for its investor relations achievements in the small or mid-cap category at the IR Magazine Awards & Conference – South East Asia 2013 & 2014.

5. Portfolio statistics and details

(A) Property details

A-REIT's portfolio consists of 106 strategically-located properties in five major business space and industrial property sectors, out of which 104 properties are located in Singapore and two business park properties are located in China. Its portfolio consists of the following:

- Business and science park properties;
- IDAR;
- High-specifications industrial properties;
- Light industrial properties/flatted factories; and
- Logistics and distribution centres.

A-REIT's portfolio of properties is valued at approximately S$7.8 billion as at 31 March 2014 or upon acquisition, whichever is later. The prevailing Property Funds Appendix requires that a full valuation of each real estate asset should be conducted by an independent valuer at least once every financial year, and such valuer should not value the same property for more than two consecutive financial years. The latest full valuation of A-REIT's portfolio of properties was conducted as at 31 March 2014.

A brief description of A-REIT's five major business space and industrial property sectors is set out below.

(i) Business and science park properties

Business and science park properties are clusters of suburban offices, corporate HQ buildings and research and development space in government-designated zones. The properties provide air-conditioned business space which can be configured to meet the requirements of tenants engaged in research and development, technology-based and knowledge-based activities and back-end support functions of financial institutions. The properties also provide easy access to greenery, amenities (fitness centres, convenient stores, childcare centres and F&B outlets) and public transportation. Manufacturing activities are not allowed in these properties.

In Singapore, the business park properties are clustered in the International Business Park in southwestern part of Singapore and in Changi Business Park in the east; the science park properties are located in Singapore Science Park I & II as well as one-north area. In China, two business park properties are located within Zhongguancun Software Park of Beijing and Jinqiao Technological and Economic Zone of Shanghai respectively.

As at 31 December 2014, the 27 business and science park properties make up 36% of the A-REIT portfolio by value.

(ii) IDAR

The IDARs are properties that integrate two or more types of space within one integrated development such as business space, retail space and warehousing facilities. They are typically larger-scale developments at prominent locations with a comprehensive range of amenities to house tenants' corporate headquarters and conduct their businesses under one roof. Their tenants are typically in information technology services, fast-moving consumer goods, engineering, warehousing and retail activities.

As at 31 December 2014, the three IDAR properties make up 8% of the A-REIT portfolio by value, with Aperia being the latest addition.

(iii) High-specifications industrial properties

High-specifications industrial properties are vertical corporate campuses with high office content, combined with high-specifications mixed-use industrial space. The properties typically have a modern facade, air-conditioned units, sufficient floor loading and ceiling height as well as high power capacity to allow both office functions and manufacturing activities to be carried out. Typical tenants are multi-national industrial companies and large local companies that wish to co-locate their headquarter functions with light manufacturing services, engineering and research and development activities.

Data centres are a subset of high-specifications industrial properties, housing multi-national companies providing data centre services such as cloud computing and data storage.

As at 31 December 2014, the 21 high-specifications properties make up 25% of the A-REIT Portfolio by value, out of which three properties are data centres.

(iv) Light industrial properties

Light industrial properties are buildings with low office content combined with manufacturing space. The manufacturing content of light industrial properties are higher compared to high-specifications industrial buildings with lower mechanical and electrical ("**M&E**") specifications.

Flatted factories are a subset of light industrial properties. They are stacked-up manufacturing spaces used for general manufacturing with ground floor spaces commanding higher rental rates due to higher floor loading and better accessibility.

Light industrial properties are popular with local small and medium-sized enterprises that engage in various manufacturing activities. Some multinational manufacturers and large local light manufacturers also house their manufacturing and administration functions in such buildings.

As at 31 December 2014, the 32 light industrial properties make up 13% of the A-REIT portfolio by value, out of which two properties are flatted factories.

(v) Logistics and distribution centres

Logistics and distribution centres are warehouses equipped with high floor loading and high floor height. The majority of the warehouses are single-storey or multi-storey facilities with vehicular ramp access; others are multi-storey facilities with heavy duty cargo lift access. The properties are well located near major transport nodes such as airport, seaports and expressways. Typical tenants are third-party logistics providers, manufacturers, distributors and trading companies.

As at 31 December 2014, the 23 logistics and distribution centres make up 18% of the A-REIT portfolio by value.

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
Business and science park properties								
1	The Alpha#	10 Science Park Road	19 Nov 02	28,533	21,439	75.8%	110.6	CBRE
2	The Aries#	51 Science Park Road	19 Nov 02	14,695	11,681	86.2%	66.2	CBRE
3	The Capricorn#	1 Science Park Road	19 Nov 02	28,602	20,560	83.4%	120.5	CBRE
4	The Gemini#	41 Science Park Road	19 Nov 02	32,629	22,853	94.7%	128.4	CBRE
5	Honeywell Building#	17 Changi Business Park Central 1	19 Nov 02	18,123	14,475	97.7%	70.3	CBRE
6	1 Changi Business Park Avenue 1	1 Changi Business Park Avenue 1	30 Oct 03	11,555	8,745	44.3%	51.2	CBRE
7	Techquest#	7 International Business Park	05 Oct 05	9,079	6,131	80.4%	23.6	CBRE
8	PSB Science Park Building	1 Science Park Drive	18 Nov 05	32,013	21,689	100.0%	79.4	CBRE
9	13 International Business Park	13 International Business Park	10 Oct 06	10,116	6,956	52.0%	27.7	CBRE
10	iQuest@IBP	27 International Business Park	12 Jan 07	12,143	9,123	60.7%	37.1	CBRE
11	Hansapoint@CBP	10 Changi Business Park Central 2	22 Jan 08	19,448	16,657	97.6%	86.1	CBRE
12	Acer Building	29 International Business Park	19 Mar 08	29,185	22,027	76.8%	83.4	CBRE
13	The Rutherford & Science Hub#	87/89 Science Park Drive	26 Mar 08	26,283	18,230	69.5%	81.7	CBRE
14	31 International Business Park	31 International Business Park	26 Jun 08	61,720	49,480	81.8%	215.2	CBRE

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
15	1, 3 & 5 Changi Business Park Crescent	1, 3 & 5 Changi Business Park Crescent	16 Feb 09 25 Sep 09 31 Dec 10	74,660	62,678	95.5%	316.7	CBRE
16	DBS Asia Hub#	2 Changi Business Park Crescent	31 Mar 10	38,774	32,104	100.0%	143.3	CBRE
17	Neuros & Immunos#	8/8A Biomedical Grove	31 Mar 11	36,931	26,035	100.0%	130.4	CBRE
18	Nordic European Centre	3 International Business Park	08 Jul 11	28,378	22,351	92.9%	116.0	CBRE
19	AkzoNobel House	3 Changi Business Park Vista	08 Dec 11	18,388	15,288	63.6%	71.6	CBRE
20	Cintech I#	73 Science Park Drive	29 Mar 12	14,943	10,531	90.3%	51.0	CBRE
21	Cintech II#	75 Science Park Drive	29 Mar 12	13,552	7,915	94.4%	42.6	CBRE
22	Cintech III & IV#	77 & 79 Science Park Drive	29 Mar 12	25,622	18,593	96.3%	110.6	CBRE
23	The Galen#	61 Science Park Road	25 Mar 13	30,685	21,826	96.7%	128.2	CBRE
24	Four Acres Singapore	6 & 9 to 18 Nepal Park	23 Apr 13	9,170	9,170	100.0%	57.3 (Note 1)	CBRE
25	Nexus @one-north	1 and 3 Fusionopolis Link	04 Sep 13	25,511	20,669	90.2%	186.4	CBRE
26	Ascendas Z-link	17 Zhongguancun Software Park No. 8 West Dongbeiwang Road, Hainan District, Beijing, China	03 Oct 11	31,427	26,722	100.0%	89.5 (RMB432.5) (Note 2)	Cushman Hong Kong

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
27	A-REIT City @Jinqiao	No. 200 Jinsu Road, Jinqiao Economic and Technological Zone, Pudong New District, Shanghai, China	12 Jul 13	79,880	81,994	46.0%	182.0 (RMB879.0) (Note 2)	Cushman Hong Kong
	Total (Business and science park properties)			**762,045**	**605,922**		**2,807.0**	
Integrated development, amenities and retail properties ("IDAR")								
28	Courts Megastore	50 Tampines North Drive 2	30 Nov 06	28,410	28,410	100.0%	65.9	Knight Frank
29	Giant Hypermart	21 Tampines North Drive 2	06 Feb 07	42,194	42,178	100.0%	87.3	Knight Frank
30	Aperia	8,10,12 Kallang Avenue	08 Aug 14	86,696	68,735	53.6%	488.0 (Note 3)	DTZ Debenham
	Total (IDAR)			**157,300**	**139,323**		**641.2**	
High-specifications industrial properties								
31	Techlink#	31 Kaki Bukit Road 3	19 Nov 02	48,007	30,984	94.0%	112.2	Colliers International
32	Siemens Centre	60 MacPherson Road	12 Mar 04	36,529	27,781	96.6%	102.4	Colliers International
33	Infineon Building#	8 Kallang Sector	01 Dec 04	27,278	27,278	100.0%	81.0	Colliers International
34	Techpoint#	10 Ang Mo Kio Street 65	01 Dec 04	56,107	41,576	86.5%	148.7	Colliers International
35	Wisma Gulab	190 MacPherson Road	01 Dec 04	15,557	11,821	100.0%	77.0	Colliers International

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
36	KA Centre	150 Kampong Ampat	02 Mar 05	19,638	13,555	95.0%	43.3	Colliers International
37	KA Place	159 Kampong Ampat	02 Mar 05	10,163	6,652	98.3%	19.2	Colliers International
38	Telepark	5 Tampines Central 6	02 Mar 05	40,555	24,596	99.3%	265.7	Colliers International
39	Kim Chuan Telecommunications Complex	38 Kim Chuan Road	02 Mar 05	35,456	25,129	100.0%	139.4	Colliers International
40	Pacific Tech Centre	1 Jalan Kilang Timor	01 Jul 05	25,718	19,621	79.2%	90.0	Colliers International
41	Techview#	1 Kaki Bukit View	05 Oct 05	50,985	37,640	69.9%	128.0	Colliers International
42	1 Jalan Kilang	1 Jalan Kilang	27 Oct 05	7,158	6,026	65.6%	28.2	Colliers International
43	MBE Technology	30 Tampines Industrial Ave 3	15 Nov 05	9,593	9,593	100.0%	34.7	Colliers International
44	31 Ubi Road 1	31 Ubi Road 1	21 Feb 06	15,934	12,952	69.4%	34.1	Colliers International
45	50 Kallang Avenue	50 Kallang Avenue	27 Feb 06	18,584	14,208	59.2%	42.1	Colliers International
46	138 Depot Road#	138 Depot Road	15 Mar 06	29,626	26,485	100.0%	69.3	Colliers International
47	2 Changi South Lane	2 Changi South Lane	01 Feb 07	26,300	20,939	100.0%	36.5	Colliers International
48	CGG Veritas Hub#	9 Serangoon North Avenue 5	25 Mar 08	9,782	8,671	100.0%	22.3	Colliers International

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
49	38A Kim Chuan Road	38A Kim Chuan Road	11 Dec 09	33,745	32,885	100.0%	122.7 (Note 4)	Colliers International
50	Corporation Place	2 Corporation Road	08 Dec 11	76,185	56,282	68.6%	110.0	Colliers International
51	Hyflux Innovation Centre	80 Bendemeer Road	30 Jun 14	43,434	35,070	100.0%	197.0 (Note 5)	DTZ Debenham
	Total (High-specifications industrial properties)			**636,334**	**489,744**		**1,903.8**	
Light industrial properties/flatted factories								
52	Techplace I#	Blk 4008 – 4012 Ang Mo Kio Ave 10	19 Nov 02	81,981	59,664	99.3%	136.3	Jones Lang Lasalle
53	Techplace II#	Blk 5000 – 5004, 5008 – 5014 Ang Mo Kio Ave 5	19 Nov 02	115,162	84,853	80.5%	184.3	Jones Lang Lasalle
54	Osim Headquarters	65 Ubi Ave 1	20 Jun 03	17,683	15,068	100.0%	41.0	Cushman & Wakefield
55	41 Changi South Ave 2	41 Changi South Ave 2	13 Oct 03	8,046	6,101	100.0%	12.2	Jones Lang Lasalle
56	Progen Building	12 Woodlands Loop	29 Jul 04	19,887	16,609	100.0%	26.7	Jones Lang Lasalle
57	SB Building	25 Changi South Street 1	26 Nov 04	13,998	11,895	100.0%	23.8	Cushman & Wakefield
58	247 Alexandra Road	247 Alexandra Road	01 Dec 04	13,699	12,803	100.0%	64.8	Cushman & Wakefield
59	5 Tai Seng Drive	5 Tai Seng Drive	01 Dec 04	12,930	11,410	100.0%	19.0	Jones Lang Lasalle

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
60	Volex Building	35 Tampines Street 92	01 Dec 04	8,931	8,000	100.0%	13.0	Cushman & Wakefield
61	53 Serangoon North Ave 4	53 Serangoon North Ave 4	27 Dec 04	10,589	7,810	97.3%	13.2	Jones Lang Lasalle
62	3 Tai Seng Drive	3 Tai Seng Drive	01 Apr 05	14,929	11,845	100.0%	19.3	Jones Lang Lasalle
63	27 Ubi Road 4	27 Ubi Road 4	01 Apr 05	9,087	7,227	97.2%	12.2	Jones Lang Lasalle
64	52 Serangoon North Ave 4	52 Serangoon North Ave 4	04 Apr 05	14,767	11,799	100.0%	22.5	Cushman & Wakefield
65	Hyflux Building	202 Kallang Bahru	04 Apr 05	20,465	16,980	100.0%	22.5	Cushman & Wakefield
66	25 Ubi Road 4	25 Ubi Road 4	16 May 05	7,998	6,266	78.9%	11.8	Jones Lang Lasalle
67	BBR Building	50 Changi South Street 1	21 Jun 05	6,501	5,421	100.0%	10.1	Cushman & Wakefield
68	Tampines Biz-Hub	11 Tampines Street 92	05 Oct 05	18,086	14,445	93.4%	19.9	Jones Lang Lasalle
69	84 Genting Lane	84 Genting Lane	05 Oct 05	11,917	9,683	91.9%	14.7	Jones Lang Lasalle
70	Hoya Building[#]	455A Jalan Ahmad Ibrahim	05 Oct 05	6,505	6,282	100.0%	7.9	Cushman & Wakefield
71	NNB Industrial Building	10 Woodlands Link	05 Oct 05	11,537	9,794	100.0%	16.6	Cushman & Wakefield
72	37A Tampines Street 92	37A Tampines Street 92	01 Dec 05	12,011	10,134	100.0%	16.9	Jones Lang Lasalle

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
73	Hamilton Sundstrand Building#	11 Changi North Rise	09 Dec 05	17,737	16,774	100.0%	38.5	Cushman & Wakefield
74	Thales Building (I & II)#	21 Changi North Rise	03 Jan 06	7,772	7,772	100.0%	9.4	Cushman & Wakefield
75	Ubi Biz-Hub	150 Ubi Avenue 4	27 Mar 06	12,978	10,725	100.0%	17.0	Jones Lang Lasalle
76	26 Senoko Way	26 Senoko Way	08 Jan 07	12,616	10,723	0.0%	16.5	Cushman & Wakefield
77	2 Senoko South	2 Senoko South Road	08 Jan 07	23,457	–	0.0% (Note 6)	36.5	Jones Lang Lasalle
78	18 Woodlands Loop	18 Woodlands Loop	01 Feb 07	18,422	16,056	87.9%	26.2	Jones Lang Lasalle
79	9 Woodlands Terrace	9 Woodlands Terrace	01 Feb 07	2,774	2,341	100.0%	3.1	Cushman & Wakefield
80	11 Woodlands Terrace	11 Woodlands Terrace	01 Feb 07	2,810	2,219	100.0%	3.9	Cushman & Wakefield
81	FoodAxis @ Senoko	1 Senoko Avenue	15 May 07 16 Feb 12 (Note 7)	43,362	44,439	97.7%	78.1	Jones Lang Lasalle
82	8 Loyang Way 1	8 Loyang Way 1	05 May 08	13,725	13,725	100.0%	24.3	Cushman & Wakefield
83	31 Joo Koon Circle	31 Joo Koon Circle	30 Mar 10	17,638	15,421	100.0%	18.9	Cushman & Wakefield
	Total (Light industrial properties/flatted factories)			**610,000**	**484,284**		**981.2**	

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
Logistics and distribution centres								
84	IDS Logistics Corporate HQ	279 Jalan Ahmad Ibrahim	19 Feb 04	23,751	21,883	100.0%	41.1	Knight Frank
85	LogisTech	3 Changi North Street 2	04 Mar 04	30,332	30,332	91.0%	46.9	DTZ Debenham
86	10 Toh Guan Road	10 Toh Guan Road	05 Mar 04	52,147	40,175	69.8%	122.6	DTZ Debenham
87	Changi Logistics Centre	19 Loyang Way	09 Mar 04	51,742	39,194	94.0%	80.6	DTZ Debenham
88	Nan Wah Building	4 Changi South Lane	31 May 04	18,794	15,336	91.7%	30.9	DTZ Debenham
89	C&P Logistics Hub	40 Penjuru Lane	21 Jul 04	138,359	129,763	74.4%	265.7	DTZ Debenham
90	Xilin Districentre Building A&B	3 Changi South Street 2	02 Dec 04	24,113	20,788	100.0%	35.5	DTZ Debenham
91	MacDermid Building	20 Tuas Ave 6	02 Dec 04	5,085	5,085	100.0%	7.3	Knight Frank
92	Xilin Districentre Building D	6 Changi South Street 2	09 Dec 04	18,619	15,610	96.1%	25.5	DTZ Debenham
93	9 Changi South Street 3	9 Changi South Street 3	28 Dec 04	28,648	24,242	61.2%	40.9	DTZ Debenham
94	5 Toh Guan East	5 Toh Guan Road East	28 Dec 04	29,741	23,783	95.8%	32.1	DTZ Debenham
95	Xilin Districentre Building C	7 Changi South Street 2	05 May 05	18,708	13,035	91.7%	26.0	DTZ Debenham
96	Senkee Logistics Hub (Phase I & II)	19 & 21 Pandan Avenue	23 Sep 05	87,842	71,749	100.0%	121.3	Knight Frank
97	1 Changi South Lane	1 Changi South Lane	05 Oct 05	25,768	23,528	100.0%	43.7	DTZ Debenham

No.	Property	Address	Acquisition/ Completion Date	GFA (sqm)	NLA (sqm)	Occupancy as at 31 December 2014	Independent valuation as at 31 March 2014 or on the acquisition completion date (S$'m)	Independent valuer for the valuation
98	Logis Hub @ Clementi#	2 Clementi Loop	05 Oct 05	26,505	22,646	98.4%	32.3	DTZ Debenham
99	GSH Centre	11 Changi North Way	18 Nov 05	10,107	9,494	100.0%	16.6	Knight Frank
100	21 Jalan Buroh	21 Jalan Buroh	14 Jun 06	48,140	48,167	60.2%	66.7	Knight Frank
101	Sembawang Kimtrans Logistics Centre	30 Old Toh Tuck Road	14 Jun 06	16,353	14,158	70.3%	24.1	DTZ Debenham
102	Sim Siang Choon Building	21 Changi South Avenue 2	19 Mar 08	12,981	12,981	100.0%	29.0	Knight Frank
103	15 Changi North Way	15 Changi North Way	29 Jul 08	31,961	28,974	100.0%	48.4	Knight Frank
104	Pioneer Hub	15 Pioneer Walk	12 Aug 08	91,048	81,041	100.0%	115.0	DTZ Debenham
105	71 Alps Avenue	71 Alps Avenue	02 Sep 09	12,756	11,627	0.0%	30.5	Knight Frank
106	90 Alps Avenue	90 Alps Avenue	20 Jan 12	26,277	26,277	100.0%	49.7	Knight Frank
	Total (Logistics and distribution centres)			**829,777**	**729,868**		**1,332.2**	

Notes

Properties acquired from the Ascendas Group.

Note 1 Valuation of Four Acres Singapore includes land premium of S$26.4 million paid by the tenant Unilever Asia.

Note 2 Exchange rate used for 31 Mar 2014 is S$0.2070: RMB1.00.

Note 3 Aperia was acquired on 8 August 2014 for a total transaction value of S$458 million.

Note 4 38A Kim Chuan Road was valued by independent valuer at $184.7 million. A-REIT has recorded the property at S$184.7 million comprising S$122.7 million in land and building and S$62.0 million in M&E Equipment.

Note 5 Hyflux Innovation Centre was acquired on 30 June 2014 at a purchase consideration of S$191.2 million (inclusive of an upfront land premium of S$21.2 million for the remaining land lease of the first 30 years term payable to JTC, but exclusive of acquisition costs).

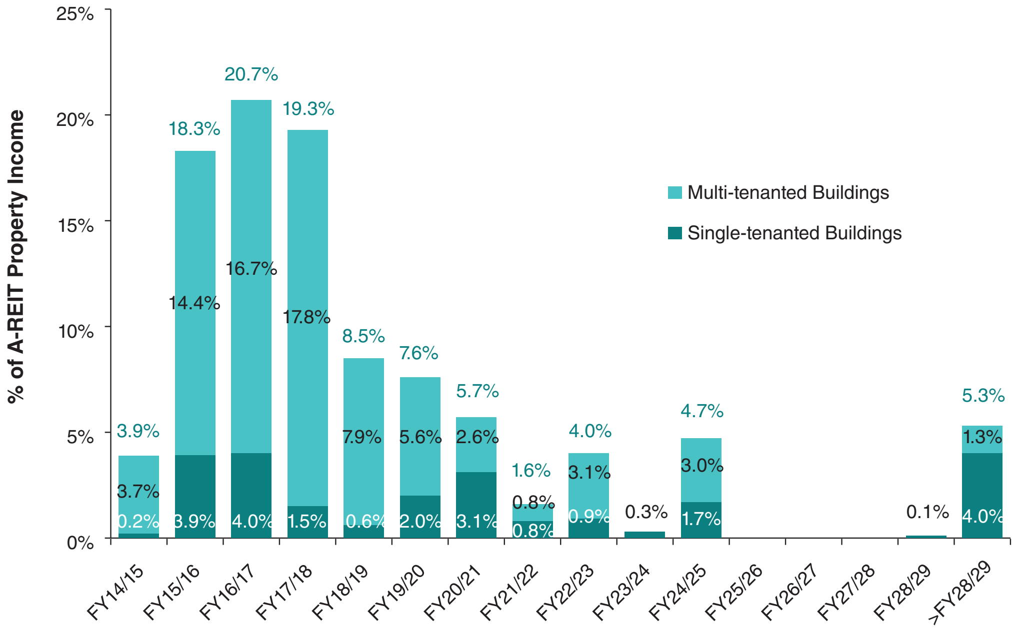
Note 6 2 Senoko South Road's NLA has been decommissioned as it is undergoing asset enhancement works to convert the property from a single-tenanted building to a multi-tenanted food factory.

Note 7 FoodAxis @ Senoko was first acquired on 15 May 2007 and was subsequently redeveloped to maximise the allowable plot ratio. The redevelopment was completed on 16 Febuary 2012.

(B) Leasing Statistics

Weighted average lease term to expiry

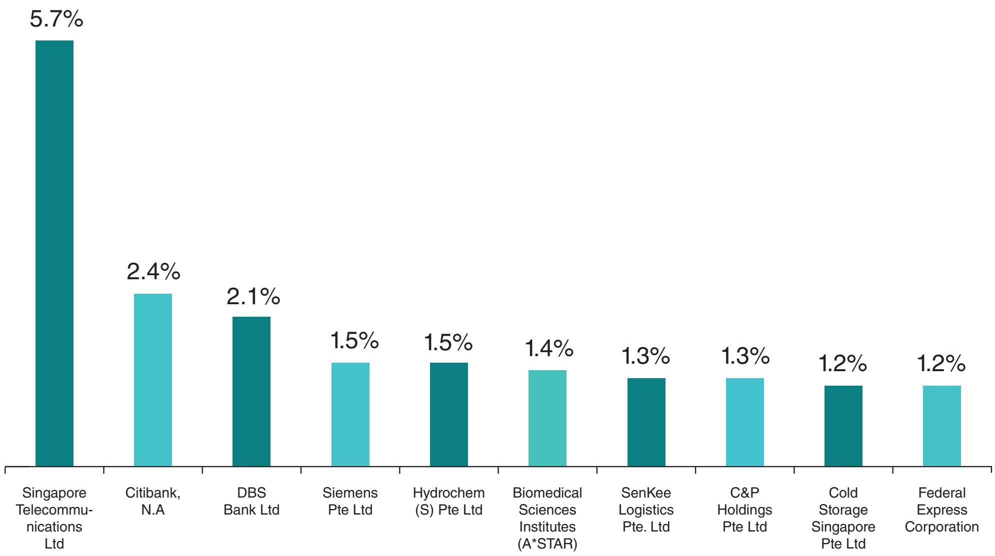
The chart below shows the lease expiry profile as at 31 December 2014, based on monthly gross rental income. As at 31 December 2014, the overall weighted average lease term to expiry of the portfolio is about 3.9 years.



Source: A-REIT, as at 31 December 2014

Top 10 tenants of A-REIT portfolio

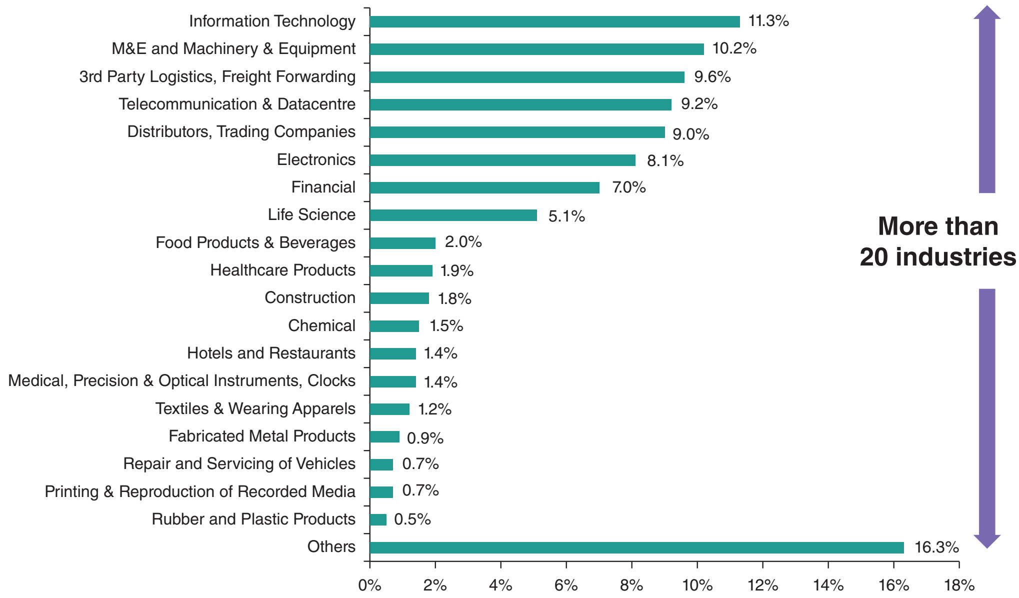
The chart below shows the top ten tenants of A-REIT as at 31 December 2014 based on monthly gross rental income. The top ten tenants' rental contributions are only 19.7% of the portfolio's monthly gross rental income.



Source: A-REIT, as at 31 December 2014

Trade sector analysis of the A-REIT portfolio

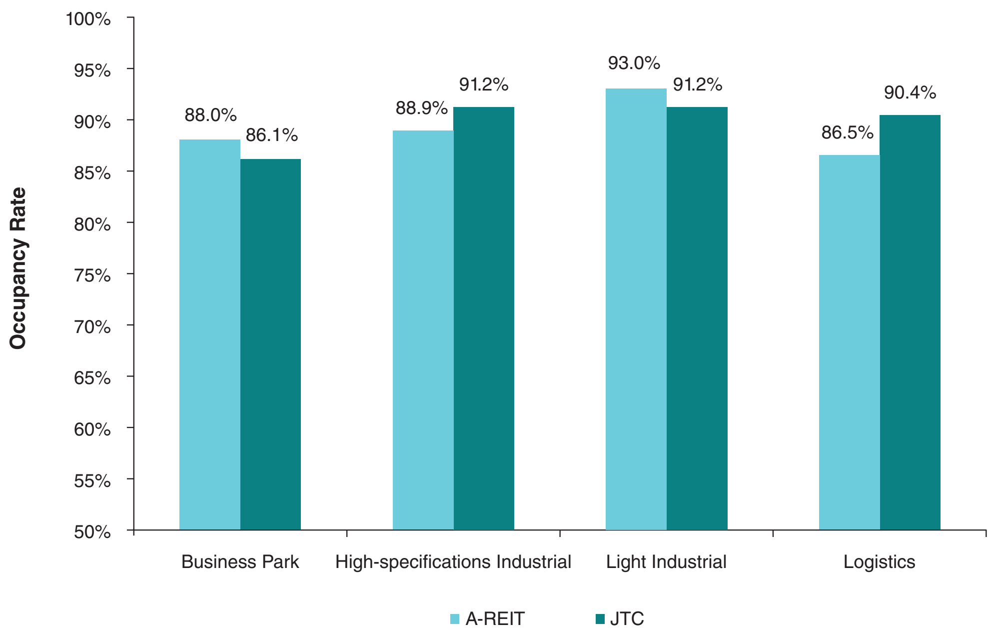
The chart below provides a breakdown by monthly gross rental income of the tenants' trade sectors as at 31 December 2014. A-REIT's tenants are involved in more than 20 industries.



Source: A-REIT, as at 31 December 2014

A-REIT versus industrial average occupancy

The chart below provides a comparison of A-REIT's portfolio occupancy and industrial average occupancy as at 31 December 2014.



Source: A-REIT, as at 31 December 2014. JTC compiles the Singapore industrial property statistics. JTC's statistics do not break down High-specifications Industrial and Light Industrial, i.e., they are treated as one category with an occupancy rate of 91.2%.

6. Insurance

A-REIT is insured in accordance with industry practices in Singapore. This includes property damage, business interruption as well as public liability insurance policies. The A-REIT Manager believes that A-REIT has adequate insurance coverage provided by reputable independent insurance companies, with coverage and financial limits that are commercially reasonable and appropriate for its size and activities.

Notwithstanding the insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, communications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on its financial condition and results of operations to the extent that such occurrences disrupt the normal operation of its businesses.

7. **Financial review for the financial year ended 31 March 2014**

Ascendas Real Estate Investment Trust and its subsidiaries

Statements of Total Return for financial years ended 31 March:

	FY13/14 S$'000	**FY12/13 S$'000**
Gross revenue (a)	613,592	575,837
Property operating expenses (b)	(177,619)	(167,027)
Net property income	435,973	408,810
Management fees, inclusive of performance fee	(35,594)	(40,205)
Trust expenses	(5,171)	(4,859)
Finance income	30,445	24,899
Finance costs	(66,407)	(123,573)
Foreign exchange gain	19,730	42,274
Gain on disposal of investment properties	12,057	–
Net non property expenses (c)	(44,940)	(101,464)
Net income	391,033	307,346
Net change in fair value of financial derivatives (d)	(16,934)	(42,979)
Net appreciation on revaluation of investment properties	131,113	72,779
Total return for the year before income tax expense	505,212	337,146
Income tax expense (e)	(23,244)	(860)
Total return for the year after income tax expense	481,968	336,286
Net effect of non-taxable income, non-tax-deductible expenses and other adjustments (f)	(11,499)	42,050
Net appreciation on revaluation of investment properties	(131,113)	(72,779)
Income available for distribution	339,356	305,557
Tax-exempt income (prior periods) (g)	1,245	–
Distribution from capital (prior periods) (h)	1,404	–
Total amount available for distribution	342,005	305,557
Earning per Unit (cents)		
– Basic	20.07	15.11
– Diluted	18.45	15.11
Distribution per Unit (cents)	14.24	13.74

The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited from 1 April 2014. The above figures are prior to the Group's adoption of FRS 110.

(a) Gross revenue increased by 6.6% mainly due to the recognition of rental income earned from The Galen, which was acquired at the end of FY12/13, rental income from Nexus @one-north, A-REIT City @Jinqiao and finance lease interest income received from a tenant. Positive rental reversion also contributed to the increase in gross revenue. In FY13/14, gross revenue included S$1.1 million of licence fees charged to telecommunication companies for the installation of antennas, base stations and equipment in A-REIT properties. Infocomm Development Authority of Singapore had implemented a change to the Code of Practice for Info-communication Facilities in Buildings which may negatively impact this income stream in the future.

(b) The increase in property operating expenses by 6.3% is mainly contributed by:

   (i) the increase in property tax of 6.2%, mainly contributed by The Galen that was acquired at the end of FY12/13 as well as the upward revision in annual value of Kim Chuan Telecommunications Complex and 38 Kim Chuan Road. Changes in lease structure arising from the conversion of properties from single-tenanted to multi-tenanted also contributed to the higher property tax in FY13/14. In FY13/14, property tax expense included vacancy refund of S$4.5 million. Following IRAS's announcement on the removal of the property tax refund concession on unoccupied buildings with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims; and

   (ii) higher expenses in FY13/14 following the acquisition of The Galen, completion of the development at Nexus @one-north, acquisition of A-REIT City @Jinqiao in China and changes in lease structure of certain properties. For most of the single-tenanted properties, the properties were maintained by the tenants and expenses such as land rent, property tax, and/or maintenance and conservancy costs may be borne by the tenants. Increase in these expenses were, however, offset by lower utilities charges primarily in the high-specifications industrial segment due to more efficient use of energy as a result of the completion of chiller upgrading at Corporation Place and lower pre-committed utilities rates at certain properties.

(c) The difference between net non property expenses in FY13/14 and FY12/13 was as follows:

   (i) lower finance costs coupled with higher finance income which included a fair value gain on collateral loan of S$18.4 million (FY12/13: S$51.9 million loss included in finance costs) and a fair value gain on convertible bonds of S$1.3 million in FY13/14 (FY12/13: S$15.3 million);

   (ii) lower management fees in FY13/14 as no performance fee is payable (FY12/13: S$6.9 million performance fee was paid to the A-REIT Manager); and

   (iii) gain arising from the divestments of the investment property located at 6 Pioneer Walk and the investment property Block 5006 at Techplace II, which were completed in June 2013 and March 2014 respectively;

offset by:

(iv) lower foreign exchange gain of S$19.7 million (FY12/13: S$42.3 million) which arose mainly from translation of the Japanese Yen ("**JPY**")-denominated Notes.

(d) Net change in fair value of financial derivatives in FY13/14 was made up of a S$2.5 million fair value loss (FY12/13: S$0.4 million gain) on interest rate swaps, and a fair value loss on cross currency swaps of S$14.5 million (FY12/13: S$43.4 million). Fair value loss on cross currency swaps was mainly due to the weakening of JPY forward exchange rates against the Singapore Dollar ("**SGD**").

(e) Income tax expense in FY13/14 includes income tax expense of the China subsidiaries, income tax provided on interest income earned from investment in convertible bonds, finance lease interest income received from a tenant and incentive payment received as income support on Ascendas Z-Link and A-REIT City @Jinqiao respectively. Income tax expense in FY12/13 also included the reversal of deferred tax liability of S$1.9 million that was previously accrued on the finance lease receivable since FY11/12, as IRAS had issued a tax ruling to A-REIT in 2Q FY12/13, granting tax transparency status to both the principal and interest income amount from a finance lease with a tenant. Income tax expenses for both years included deferred taxation provided on appreciation on revaluation of investment properties held by the China subsidiaries.

(f) Net effect of non-taxable income, non-tax-deductible expenses and other adjustments relates to management fees paid in Units, trustee fees, fair value adjustments, foreign exchange movements, income yet to be received from subsidiaries and other non-tax deductible or non-taxable items. These adjustments are made to derive income available for distribution to Unitholders.

(g) Tax-exempt income (prior periods) in FY13/14 relates to the distributions of incentive payment (net of Singapore income tax) received as income support on Ascendas Z-Link, for the period from October 2011 to March 2013. Incentive payment received from April 2013 to March 2014 will be distributed in the following financial year, on a semi-annual basis.

(h) Distribution from capital (prior periods) relates to the distribution of net income from Ascendas Z-Link, for the period from 3 October 2011 (date of acquisition) to 31 December 2012. Income will be distributed after its annual audited financial statements have been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore.

Balance Sheets as at 31 March:

	As at 31 March 2014 S$'000	As at 31 March 2013 S$'000
Assets		
Investment properties (a)	6,922,966	6,447,054
Property held for sale (a)	10,500	–
Finance lease receivables (a)	94,875	65,271
Investment properties under development (b)	–	151,916
Other assets (c)	–	69,110
Investment in debt securities (d)	194,574	145,535
Plant and equipment	418	992
Derivative assets	2,693	12,323
Trade and other receivables	65,539	47,301
Cash and cash equivalents	65,928	19,525
Total assets	7,357,493	6,959,027
Liabilities		
Trade and other payables	129,491	135,406
Security deposits	85,962	74,284
Derivative liabilities	92,843	106,764
Interest-bearing borrowings (e)	2,176,956	1,979,065
Deferred tax liabilities	23,675	2,359
Total liabilities	2,508,927	2,297,878
Net assets attributable to Unitholders	4,848,566	4,661,149
Represented by:		
– Unitholders' funds	4,848,566	4,661,149
Units on issue ('000)	2,402,522	2,398,946
Net asset value per unit attributable to Unitholders (S$)	2.02	1.94

The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited from 1 April 2014. The above figures are prior to the Group's adoption of FRS 110.

(a) As at 31 March 2014, there were 105 income-producing properties in A-REIT, of which, 103 properties were reported as investment properties, 1 property was classified as property held for sale and 1 property was reported as finance lease receivables. As at 31 March 2013, there were 103 income-producing investment properties in A-REIT. Carrying values of investment properties include unrealised revaluation gain as a result of the revaluation of these properties by independent valuers.

In June 2013 and March 2014, A-REIT divested 6 Pioneer Walk and Block 5006 Techplace II for S$32.0 million and S$38.0 million respectively.

In July 2013 and September 2013, A-REIT completed the forward purchase of A-REIT City @Jinqiao and development of Nexus @one-north for S$122.3 million and S$181.3 million respectively. In April 2013, A-REIT also completed the development of Four Acres Singapore, which was subsequently reported as finance lease receivables.

(b) Investment properties under development was work done as at 31 March 2013 for the development of Nexus @one-north, which was subsequently completed in September 2013.

(c) Other assets as at 31 March 2013 included work done for the development of Four Acres Singapore, which was subsequently completed in April 2013 and deposits paid for the forward purchase of A-REIT City @Jinqiao, which was subsequently completed in July 2013.

(d) Investment in debt securities relates to an investment in convertible bonds due in June 2015 issued by PLC 8 Development Pte Ltd.

(e) The increase in borrowings as at 31 March 2014 was due to additional drawdowns of facilities and issues of additional Notes to finance acquisitions, progress payments for properties under development and asset enhancement works carried out during FY13/14.

8. Financial review for the nine months ended 31 December 2014

Ascendas Real Estate Investment Trust and its subsidiaries

Statements of Total Return for the nine months ended 31 December:

	Nine months ended 31 December 2014 (YTD 3Q FY14/15) S$'000	Nine months ended 31 December 2013 (YTD 3Q FY13/14) S$'000 (Restated)
Gross revenue (a)	499,693	457,053
Property operating expenses (b)	(154,155)	(133,387)
Net property income	345,538	323,666
Management fees	(28,483)	(26,704)
Trust expenses	(3,606)	(4,182)
Finance income	7,185	61,746
Finance costs	(75,774)	(50,628)
Foreign exchange loss	(32,074)	(7,720)
Gain on disposal of investment properties	2,023	7,205
Net non property expenses (c)	(130,729)	(20,283)
Net income	214,809	303,383
Net change in fair value of financial derivatives (d)	51,338	8,773
Net appreciation on revaluation of investment property (e)	28,112	–
Total return for the period before tax	294,259	312,156
Income tax expense (f)	(3,119)	(1,230)
Total return for the period	291,140	310,926
Attributable to:		
– Unitholders	291,109	311,179
– Non-controlling interests	31	(253)
	291,140	310,926
Total return for the period attributable to Unitholders	291,109	311,179
Net effect of non-taxable income, non-tax-deductible expenses and other adjustments (g)	(2,918)	(55,769)
Net appreciation on revaluation of investment property	(28,112)	–
Income available for distribution	260,079	255,410
Tax-exempt income (prior periods) (h)	1,083	622
Distribution from capital (prior periods) (i)	730	702
Total amount available for distribution	261,892	256,734
Earning per Unit (cents)		
– Basic	12.11	12.96
– Diluted	11.80	11.39
Distribution per Unit (cents)	10.89	10.69

The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited in the nine months ended 31 December 2014 (3Q FY14/15). Accordingly, the comparative figures for the nine months ended 31 December 2013 (3Q FY13/14) have been restated.

(a) Gross revenue increased by 9.3% mainly due to the recognition of rental income earned from Nexus @one-north, A-REIT City @Jinqiao, Hyflux Innovation Centre and Aperia. Positive rental reversion from certain properties, income support relating to Hyflux Innovation Centre and incentive payment received as income support in relation to A-REIT City @Jinqiao also contributed to the increase in gross revenue.

(b) The increase in property operating expenses by 15.6% are mainly contributed by:

(i) higher property tax mainly due to changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted and revision of annual value by IRAS at certain properties, in particular the property located at 38A Kim Chuan Road. Following IRAS's announcement on the removal of the property tax refund concession on unoccupied spaces with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims; and

(ii) expenses for Nexus @one-north, Hyflux Innovation Centre and Aperia which were completed/acquired in September 2013, June 2014 and August 2014 respectively, and changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted.

(c) The differences between net non property expenses in YTD 3Q FY14/15 and YTD 3Q FY13/14 are as follows:

(i) higher net finance costs which included a fair value loss on convertible bonds of S$16.6 million arising from reversal of fair value gain on convertible bonds issued by PLC 8 Development Pte Ltd upon acquisition of holding companies of Aperia (YTD 3Q FY13/14: gain of S$27.9 million) and a fair value loss on ECS of S$5.5 million (YTD 3Q FY13/14: gain of S$25.9 million);

(ii) higher management fees in YTD 3Q FY14/15 due to higher Deposited Property;

(iii) higher foreign exchange loss of S$32.1 million (YTD 3Q FY13/14: S$7.7 million) due to the realisation of exchange loss from redemption of Euro-denominated CMBS issued by Emerald Assets Limited and unrealised foreign exchange loss on Hong Kong Dollar ("**HKD**")-denominated Notes, offset by unrealised foreign exchange gain on JPY-denominated Notes. Cross-currency swaps relating to HKD-denominated Notes and JPY-denominated Notes were entered into to hedge against foreign exchange exposures; and

(iv) lower gain on divestment of an investment property located at 1 Kallang Place of S$2.0 million (YTD 3Q FY13/14: S$7.2 million gain on divestment of an investment property located at Pioneer Walk);

offset by:

(v) lower trust expenses in YTD 3Q FY14/15 due to write back of accruals of prior year expenses no longer required.

(d) Net change in fair value of financial derivatives in YTD 3Q FY14/15 was made up of a S$11.8 million fair value gain on interest rate swaps (YTD 3Q FY13/14: loss of S$5.6 million) offset by a S$13.0 million fair value loss on cross currency swaps (YTD 3Q FY13/14: S$15.7 million) and a reversal of S$52.5 million fair value loss on matured cross currency interest rate swap from Emerald Assets Limited. The fair value loss on cross currency swaps for both financial periods was mainly due to the weakening of JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps and in addition, the loss in YTD 3Q FY14/15 was partially offset by the fair value gain due to the strengthening of the HKD forward exchange rates against SGD relating to the HKD/SGD cross currency swaps. YTD 3Q FY13/14 recorded a fair value gain on the cross currency interest rate swap from Emerald Assets Limited.

(e) Net appreciation on revaluation of investment property relates to the appreciation on revaluation of investment property upon acquisition of Aperia through acquiring the share capital of holding companies of Aperia, in line with the accounting policy of the Group.

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

(g) Net effect of non-taxable income, non-tax-deductible expenses and other adjustments relates to management fees paid in Units, trustee fees, fair value adjustments, foreign exchange movements, income yet to be received from subsidiaries and other non-tax deductible or non-taxable items. These adjustments are made to derive income available for distribution to Unitholders.

(h) Tax-exempt income (prior periods) relates to a distribution of incentive income (net of Singapore income tax) received as income support relating to the properties in China.

(i) Distribution from capital (prior periods) relates to the distribution of net income from the property in China. Income will be distributed after its annual audited financial statements have been filed and corporate taxes paid. It is deemed to be capital distribution from a tax perspective until this income is remitted to A-REIT in Singapore.

Balance Sheets as at 31 December 2014 and as at 31 March 2014:

	As at 31 December 2014 S$'000	As at 31 March 2014 S$'000 (Restated)
Assets		
Investment properties (a)	7,703,490	6,922,966
Property held for sale (a)	–	10,500
Finance lease receivables (a)	94,107	94,875
Investment in debt securities (b)	–	194,574
Plant and equipment	1,640	418
Derivative assets	15,925	2,693
Trade and other receivables	83,249	65,139
Cash and cash equivalents	33,712	67,328
Total assets	7,932,123	7,358,493
Liabilities		
Trade and other payables	186,126	130,434
Security deposits	104,697	85,962
Derivative liabilities	105,358	145,401
Interest-bearing borrowings (c)	2,618,131	2,124,421
Deferred tax liabilities	24,540	23,675
Total liabilities	3,038,852	2,509,893
Net assets	4,893,271	4,848,600
Represented by:		
– Unitholders' funds	4,893,207	4,848,566
– Non-controlling interests	64	34
	4,893,271	4,848,600
Units on issue ('000)	2,405,707	2,402,522
Net asset value per unit attributable to Unitholders (S$)	2.03	2.02

The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited as at 31 December 2014. Accordingly, the comparative figures for 31 March 2014 have been restated.

(a) As at 31 December 2014, there were 106 properties in A-REIT, of which, 105 properties were reported as investment properties and 1 property was reported as finance lease receivables. As at 31 March 2014, there were 105 properties in A-REIT, of which, 103 properties were reported as investment properties, 1 property was classified as property held for sale and 1 property was reported as finance lease receivables. Carrying values of investment properties include unrealised revaluation gain as a result of the revaluation of these properties by independent valuers.

    In May 2014, A-REIT divested 1 Kallang Place for S$12.6 million. In June 2014 and August 2014, A-REIT acquired Hyflux Innovation Centre and Aperia for a purchase consideration/transaction value of S$191.2 million and S$458.0 million respectively.

(b) Investment in debt securities as at 31 March 2014 relates to an investment in convertible bonds due in June 2015 issued by PLC 8 Development Pte Ltd. The convertible bonds had been fully redeemed by PLC 8 Development Pte Ltd in September 2014.

(c) The increase in borrowings as at 31 December 2014 was due to additional drawdowns of facilities and issues of additional Notes to finance acquisitions and progress payments for asset enhancement works carried out from 1 April 2014 to 31 December 2014.

ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(A-REIT MANAGER)

The A-REIT Manager was incorporated in Singapore on 13 March 2002. It has an issued and paid-up capital of S$1,000,000 and its registered office is located at 61 Science Park Road, #02-18 The GALEN, Singapore Science Park II, Singapore 117525.

1. Roles and responsibilities of the A-REIT Manager

On 1 August 2008, a new licensing regime for REIT managers was introduced by MAS. Under this licensing regime, a person conducting REIT management activities is required to hold a capital markets services licence pursuant to the SFA and to comply with the conditions of such licence. On 17 December 2008, the A-REIT Manager obtained from the MAS a capital markets services licence to conduct REIT management.

The A-REIT Manager has general powers of management over the assets of A-REIT. The A-REIT Manager's main responsibility is to manage A-REIT's assets and liabilities for the benefit of Unitholders.

The A-REIT Manager will set the strategic direction of A-REIT and make recommendations to the A-REIT Trustee on the acquisition, development, divestment or enhancement of assets of A-REIT in accordance with its stated investment strategy.

The A-REIT Manager has covenanted in the A-REIT Trust Deed to use its best endeavours to carry on and conduct its and A-REIT's business in a proper and efficient manner and to conduct all transactions with or for A-REIT at arm's length.

Further, the A-REIT Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these plans is to explain the performance of A-REIT's assets.

The A-REIT Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the listing rules of the SGX-ST, the CIS Code (including the Property Funds Appendix), the A-REIT Trust Deed, the applicable tax rulings and all relevant contracts. The A-REIT Manager will be responsible for all regular communications with Unitholders.

The A-REIT Manager may require the A-REIT Trustee to borrow on behalf of A-REIT (upon such terms and conditions as the A-REIT Manager deems appropriate, including the charging or mortgaging of all or any part of the Deposited Property) whenever the A-REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable A-REIT to meet any liabilities or to finance the acquisition of any property. However, the A-REIT Manager must not direct the A-REIT Trustee to incur a borrowing if to do so would mean that A-REIT's total borrowings and deferred payments (collectively, the "**Aggregate Leverage**") exceed 35.0% (or such other limit as may be stipulated by the MAS after the date of this Information Memorandum) of the Deposited Property immediately prior to the time the borrowing is incurred. A-REIT's Aggregate Leverage may exceed 35.0% of the Deposited Property (up to a maximum of 60.0%) only if a credit rating of A-REIT is obtained from Fitch, Moody's or S&P is obtained and disclosed to public. A-REIT should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the Deposited Property. In the absence of fraud, negligence, wilful default or breach of the A-REIT Trust Deed, the A-REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the A-REIT Trust Deed. In addition, the A-REIT Manager shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as A-REIT Manager to have recourse to the Deposited Property of any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, wilful default or breach of the A-REIT Trust Deed by the A-REIT Manager. The A-REIT Manager may, in managing A-REIT and in carrying out and performing its duties and obligation under the A-REIT Trust Deed, with the written approval of the A-REIT Trustee, appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the A-REIT Trust Deed, provided always that the A-REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

2. Removal and retirement of the A-REIT Manager

The A-REIT Manager shall have the power to retire in favour of any corporation approved by the A-REIT Trustee to act as the manager of A-REIT.

Also, the A-REIT Manager may be removed by notice in writing by the A-REIT Trustee if:

(1) the A-REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the A-REIT Trustee) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the A-REIT Manager;

(2) the A-REIT Manager ceases to carry on business;

(3) the A-REIT Manager fails or neglects after reasonable notice from the A-REIT Trustee to carry out or satisfy any obligations imposed on the A-REIT Manager by the A-REIT Trust Deed;

(4) the Unitholders by a resolution passed by a simple majority of Unitholders present and voting (with no Unitholder being disenfranchised) at a meeting of Unitholders duly convened and held in accordance with the provisions of the A-REIT Trust Deed shall so decide that the A-REIT Manager is to be removed; or

(5) for good and sufficient reason, the A-REIT Trustee is of the opinion, and so states in writing, that a change of manager of A-REIT is desirable in the interests of the Unitholders.

Where the A-REIT Manager is removed under sub-paragraph (5) above, the A-REIT Manager has a right under the A-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceeding is binding upon the A-REIT Manager, the A-REIT Trustee and all Unitholders.

3. A-REIT Manager's fees

The A-REIT Manager is entitled to the following management fees:

(1) a base fee ("**Base Fee**") which is 0.5% per annum of the Deposited Property. Deposited Property is defined in the A-REIT Trust Deed to mean all the assets of A-REIT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the A-REIT Trust Deed;

(2) an annual performance fee ("**Performance Fee**") of:

   (i) 0.1% of the Deposited Property, provided that the growth in distributions per A-REIT Unit in a given financial year (calculated before accounting for the Performance Fee in that financial year) exceeds 2.5%; and

   (ii) an additional 0.1% per annum of the Deposited Property, provided that the growth in distributions per A-REIT Unit in a given financial year (calculated before accounting for the Performance Fee in that financial year) exceeds 5.0%.

20.0% of the Base Fee will be in the form of A-REIT Units issued at the prevailing Market Price at the time of issue of the A-REIT Units. The cash component of the Base Fee will be paid monthly in arrears and the A-REIT Units component will be paid on a six-monthly basis in arrears. The Performance Fee will be paid within 60 days of the last day of every financial year. When paid in the form of A-REIT Units, the Manager shall be entitled to receive such number of A-REIT Units as may be purchased with the relevant amount of the management fee attributable to such period at an issue price equal to the Market Price. For this purpose, "**Market Price**" means the volume weighted average traded price for an A-REIT Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days preceding the last day of the relevant period in which the A-REIT Manager's management fees accrues or, if the A-REIT Manager believes that the foregoing calculation does not provide a fair reflection of the Market Price of an A-REIT Unit, means an amount as determined by the A-REIT Manager (after consultation with a Stockbroker approved by the A-REIT Trustee), and as approved by the A-REIT Trustee, as being the fair Market Price.

A-REIT Units issued to the A-REIT Manager in payment of the A-REIT Manager's management fees are equally entitled to distribution as with all other A-REIT Units. Subject to the A-REIT Manager's undertaking to the MAS not to deal in the A-REIT Units during certain specified periods, the A-REIT Manager may, at its option, sell any such A-REIT Units issued and is entitled to keep any gains made on such sale for its own account.

On 17 January 2014, the A-REIT Manager announced that it will be revising the basis of computation of the management fees in favour of Unitholders with effect from FY14/15.

(1) Base fee

The A-REIT Manager has decided to improve the computation of the Base Fee in favour of Unitholders by charging the Base Fee based on 0.5% per annum of the Deposited Property less such value of the Deposited Property attributable to derivative assets and properties under development (the "**Adjusted Deposited Property**").

(2) Performance fee

The A-REIT Manager will unilaterally waive part of its Performance Fee to ensure equitable distribution of the growth in Distributable Income in the manner described below.

The A-REIT Manager shall 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.

In addition, the Performance Fee payable will be based on 0.1% per annum, or as the case may be, 0.2% per annum of the Adjusted Deposited Property instead of the Deposited Property.

The changes to the Performance Fee are tabulated below for easy reference.

Performance Fee	DPU Growth	Management Fee Structure prescribed in the A-REIT Trust Deed	Revised Management Fee Structure after the Unilateral Waiver with effect from FY14/15
Tier 1	2.5% but less than 5%	0.1% of Deposited Property	0.1% of Adjusted Deposited Property, provided Performance Fee payable will be such that DPU growth to Unitholders will not be less than 2.5%
Tier 2	5% or more	0.2% of Deposited Property	0.2% of Adjusted Deposited Property, provided Performance Fee payable will be such that DPU growth to Unitholders will not be less than the amount they would have received if the DPU growth is at 5.0% after deducting Tier 1 Performance Fee

The above revised arrangement announced on 17 January 2014 regarding the Base Fee and the Performance Fee is a unilateral waiver of fees on the part of the A-REIT Manager and this waiver will not prejudice the interests of the Unitholders. Such arrangement shall continue until further notice by the A-REIT Manager.

The A-REIT Manager is also entitled to:

(1) an acquisition fee not exceeding a maximum of 1.0% of the acquisition price for any real estate purchased by A-REIT;

(2) a divestment fee not exceeding a maximum of 0.5% of the sale price (after deducting the interest of any co-owners or co-participants) of any real estate sold or divested by A-REIT; and

(3) a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by A-REIT.

In cases where the market pricing for comparable services is materially lower, the A-REIT Manager will reduce the development management fees to less than 3.0%. In addition, when the estimated total project cost is greater than S$100.0 million, the A-REIT Trustee and the A-REIT Manager's independent directors will first review and approve the quantum of the development management fee.

Any increase in the maximum permitted level of the acquisition fee, divestment fee or development management fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened under the provisions of the A-REIT Trust Deed.

Pursuant to the Lease Management Agreement dated 18 September 2012 made between the Issuer, as trustee of A-REIT, and the A-REIT Manager, as the manager of A-REIT, the A-REIT Manager also performs lease management services for the Properties located in Singapore (with effect from 1 October 2012) and China (with effect from 1 July 2012) which are held by the Issuer, and is entitled to certain fees to be borne out of the Deposited Property on the Properties as set out below:

(1) a lease management fee of 1.0% per annum of the adjusted gross revenue of each Property;

(2) a lease commission in relation to a tenancy which is renewed or in relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant, subject to a refund of 50.0% of the commission paid if the tenancy is prematurely terminated within six months of the commencement of the tenancy; and

(3) a fee for property tax services if as a result of the A-REIT Manager's objections to the tax authorities, the proposed annual value or taxable value (in the case of the Properties located in China) is reduced resulting in property tax savings for the Property, where such tax savings is defined as the annual value reduced from the proposed annual value or taxable value by the tax authorities.

Lease commissions payable to the A-REIT Manager depend on the length of tenancy renewed or secured while fees for property tax services payable to the A-REIT Manager depend on such reduction in annual value or taxable value by the tax authorities. For further details, please refer to A-REIT's Circular to Unitholders dated 13 June 2012.

4. Board of Directors of the A-REIT Manager

A-REIT is externally managed by the A-REIT Manager and accordingly, it has no employees. The A-REIT Manager appoints experienced and well-qualified managers to handle its day-to-day operations. All directors and employees of the A-REIT Manager are remunerated by the A-REIT Manager, not A-REIT.

The A-REIT Board is responsible for the overall management and corporate governance of the A-REIT Manager and A-REIT. The A-REIT Board is supported by A-REIT Board committees and appropriate delegation of authority and approval sub-limits are also provided at the management level to facilitate operational efficiency.

The members of the A-REIT Board are set out below:

Name	Designation
Mr Koh Soo Keong	Chairman and Independent Director
Mr Khiatani Manohar Ramesh	Vice Chairman and Non-Executive Director
Mr Henry Tan Song Kok	Independent Director
Mr Teo Eng Cheong	Independent Director
Mr Teo Choon Chye, Marc	Independent Director
Mr Chan Pengee Adrian	Independent Director
Mr Tan Ser Ping	Executive Director and Chief Executive Officer

The Board is responsible for the overall corporate governance of the A-REIT Manager including establishing goals for management and monitoring the achievement of these goals. It is also responsible for the strategic business direction and risk management of A-REIT. All Board members participate in matters relating to corporate governance, business operations and risks and financial performance. The Board has established a framework for the management of the A-REIT Manager and A-REIT, including a system of internal control and a business risk management process. The Board presently consists of seven members, five of whom are independent directors. The Chairman and Vice Chairman of the Board are Mr Koh Soo Keong and Mr Khiatani Manohar Ramesh respectively. The composition of the Board is determined using the following principles:

- the Board should comprise directors with a broad range of commercial experience in funds management and the property industry; and

- one-third, with a minimum of two, of the Board members should be independent directors.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Information on the business and working experience of each of the Directors on the Board is set out below:

Mr Koh Soo Keong

Chairman and Independent Director

Mr Koh has been a director with the board since 15 September 2009, and has been Chairman of the board since 1 August 2011. He was the President and Chief Executive Officer of SembCorp Logistics Ltd, a publicly listed company, for more than eight years, and retired in April 2007.

Mr Koh is the Chairman of Agri-Food and Veterinary Authority of Singapore. He also serves as a director at various other listed companies including Noel Gifts International Ltd and Northern Technologies International Corporation.

Mr Koh holds a Bachelor of Engineering (Honors), a Master of Business Administration and a Post-Graduate Diploma in Law from the National University of Singapore.

Mr Khiatani Manohar Ramesh

Vice Chairman and Non-Executive Director

Mr Khiatani joined the board on 10 June 2013. He is the President and Group Chief Executive Officer of the Ascendas Group. He was previously the Chief Executive Officer of JTC Corporation (JTC), the Singapore Government's lead agency to plan, promote and develop industrial infrastructure and facilities.

Prior to joining JTC, Mr Khiatani was the Deputy Managing Director at the Singapore Economic Development Board (EDB) where he played an instrumental role in the development and transformation of important sectors in Singapore's economy such as aerospace, marine and offshore, electronics, precision engineering, logistics, infocomms and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe.

Mr Khiatani is also a Board Member of Ascendas Pte Ltd, Ascendas Property Fund Trustee Pte Ltd, Ascendas Hospitality Fund Management Pte Ltd, Ascendas Hospitality Trust Management Pte Ltd and SIA Engineering Company Ltd.

Mr Khiatani holds a Master's Degree (Naval Architecture) from the University of Hamburg, Germany. He also attended the Advanced Management Program at the Harvard Business School in 2006.

Mr Henry Tan Song Kok

Independent Director

Mr Tan has been a director since 15 September 2009. He chairs the audit committee. Mr Tan is presently a Managing Director of Nexia TS Public Accounting Corporation. Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consultancy firms. He was the Asia Pacific Chairman and Director of Nexia International for more than 10 years. He has more than 15 years' experience in China market and been helping companies in Singapore to set up and expand their businesses in China.

Mr Tan also sits on the board of other listed companies including Raffles Education Corporation Limited, Chosen Holdings Limited, YHI International Limited and China New Town Development Co. Ltd. He is on the Dean Alumni Advisory Board of the Nanyang Business School.

Mr Tan holds a Bachelor of Accountancy (First Class Honours) from the National University of Singapore. He is a Member of the Institute of Singapore Chartered Accountants, the Institute of Chartered Accountants in Australia, Institute of Internal Auditors and Singapore Institute of Directors.

Mr Teo Eng Cheong

Independent Director

Mr Teo has been a member of the board since 10 August 2011. He is the Chief Executive Officer of International Enterprise Singapore, a government agency spearheading the overseas growth of Singapore-based companies and promoting international trade. He is also a board member of many various entities including International Enterprise Singapore Board, IE Singapore Holdings Pte Ltd, Agri-Food & Veterinary Authority, ASEAN Infrastructure Fund Limited and Council for Private Education. He is also the Deputy Chairman for Singapore Cooperation Enterprise.

Mr Teo holds a Bachelor of Science (Economics) from the National University of Singapore and a Master of Science (Economics) from the London School of Economics and Political Science.

Mr Teo Choon Chye, Marc

Independent Director

Mr Teo was appointed as a director on 18 September 2012. He has 29 years of experience in banking and finance business. He is currently the Senior Vice President and Head of Treasury at The Norinchukin Bank, Singapore Branch. Prior to this, he was the Head of Treasury at National Bank of Canada, Singapore from 1994 to 1998.

Mr Teo holds a Bachelor of Arts (Economics and Statistics) from the National University of Singapore and is a Member of ACI Singapore – The Financial Markets Association and an Associate Member of Singapore Institute of Directors.

Mr Chan Pengee Adrian

Independent Director

Mr Chan was appointed as a director on 1 December 2014. He is Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He serves as First Vice-Chairman of the Singapore Institute of Directors and is on the board of the Accounting and Corporate Regulatory Authority of Singapore.

Mr Chan is the Non-Executive Chairman of Nobel Design Holdings Ltd, the Lead Independent Director of Isetan (Singapore) Limited, Yoma Strategic Holdings Ltd and Biosensors International Group Ltd and is an independent director of AEM Holdings Ltd, Hong Fok Corporation Ltd and Global Investments Limited. He also serves on the Catalist Advisory Panel of the SGX. He is on the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce and the Corporate Practice Committee and Finance Committee of the Law Society of Singapore. He was appointed to the Audit Committee Guidance Committee, established by the MAS, ACRA and the SGX, and served on the Corporate Governance and Directors' Duties Working Group of the Steering Committee established by the Ministry of Finance to rewrite the Companies Act.

Mr Tan Ser Ping

Executive Director, Chief Executive Officer

Mr Tan was appointed to the Board on 22 April 2008. Mr Tan is responsible for the overall management and operations of A-REIT. He is also the Executive Director of the A-REIT Manager, working hand-in-hand with the rest of the Board to determine the business strategies and plans for the strategic development of A-REIT. He also works closely with the management team of A-REIT to ensure that the operations of A-REIT are in accordance with the stated business strategies.

Prior to joining the A-REIT Manager, Mr Tan was the Executive Vice President of Real Estate Development & Investment ("**REDI**") of Ascendas Pte Ltd. He was responsible for formulating REDI policies, strategies and plans across all country operations and developing new product offerings and markets for the Ascendas Group. He also headed the task force for the establishment of A-REIT prior to its initial public offering.

Before joining Ascendas Land Investment Pte Ltd in 2001, Mr Tan was senior general manager of the Singapore Suzhou Industrial Park Development Company Ltd, Residential & Commercial Business Group. He has over 20 years of working experience during which he held senior positions in various banks including the Bank of America, Standard Chartered Bank and UOB. Mr Tan graduated from the National University of Singapore with a Bachelor of Accountancy (Honours) degree. He obtained his Masters in Business Administration from the University of Leicester, United Kingdom.

5. Management Team of the A-REIT Manager

The profiles of the members of the management team of the A-REIT Manager are set out below:

Name	Designation
Mr Tan Ser Ping	Chief Executive Officer
Ms Karen Lee	Head, Singapore Portfolio Operations
Ms Chin Yean Cheng	General Manager, Portfolio Management (China)
Ms Patricia Goh	Head, Business Development, Investment & Leasing
Ms Koo Lee Sze	Head, Reporting Compliance and Corporate Services
Ms Chae Meng Kern	Head, Risk Management
Ms Yeow Kit Peng	Head, Capital Markets & Corporate Development
Mr Ang Boon Peng	Head, Development Services
Mr Sasidharan Nair	Head, Property Services

Mr Tan Ser Ping

Chief Executive Officer

Please refer to the section "4. Board of Directors of the A-REIT Manager".

Ms Karen Lee

Head, Singapore Portfolio Operations

Ms Lee oversees portfolio management in Singapore. She is responsible for the operational performance for A-REIT's properties in Singapore and executing its operational strategies in Singapore. In addition, she oversees ASPL in the delivery of customer care and services and has the responsibility of maximising customer retention, loyalty and satisfaction.

Prior to joining the A-REIT Manager, Ms Lee served as Head of Lease & Operations in JTC Corporation and Vice President in Trust Company Asia in charge of client services. She has over 14 years of experience in the real estate industry covering various areas of industrial lease and property management and marketing in Singapore and Vietnam. Ms Lee holds a Bachelor of Science (Economics) (Hons) degree and a Masters of Science (Real Estate) from the National University of Singapore.

Ms Chin Yean Cheng

General Manager, Portfolio Management (China)

Ms Chin oversees portfolio management and business development in China. She is responsible for the operational performance of the Properties in China and for executing A-REIT's investment strategy in China.

Prior to joining the Manager, she was Vice President, Asset & Investment Management in Ascendas India Trust where she was responsible for the operational performance of the trust's properties, and for executing the trust's investment strategy. Ms Chin has more than 15 years of real estate experience. Before joining Ascendas, she was with other real estate companies, where she handled asset management, property management, marketing and leasing functions. She has lived and worked in Malaysia and Thailand for over 5 years, as asset manager of prime office properties in Kuala Lumpur and Bangkok.

Ms Chin holds a Bachelor of Business Administration from the National University of Singapore.

Ms Patricia Goh

Head, Business Development, Investment & Leasing

Ms Goh is responsible for developing and executing A-REIT's business development, investment and leasing strategy in Singapore and development of new markets. The team of business development and investment managers, led by Ms Goh, generates and evaluates opportunities for acquisition and development, structuring and negotiating investment and major leasing transactions. Ms Goh also oversees ASPL in the marketing and leasing function and has the responsibility to maximise occupancy and gross revenue for the Properties.

Ms Goh has over 10 years of experience in business development and evaluation of investments in Singapore, China, Japan and Australia. She holds a Master of Science (Real Estate) and a Bachelor of Arts (Political Science and Sociology) from the National University of Singapore.

Ms Koo Lee Sze

Head, Reporting, Compliance and Corporate Services

As Head, Reporting and Corporate Services, Ms Koo is responsible for financial accounting and reporting, management accounting and analysis, taxation and corporate services.

Prior to joining the Manager, Ms Koo was the Director of Finance at Popular Holdings Limited where she oversaw the financial accounting and reporting of various aspects of the businesses including retail and distribution, publishing and e-Learning. She has over 20 years of experience which includes audit, budgeting, financial analysis, cashflow management, taxation, and management and statutory reporting.

Ms Koo holds a Bachelor of Accountancy degree from the National University of Singapore and is a Member of the Institute of Singapore Chartered Accountants.

Ms Chae Meng Kern

Head, Risk Management

Ms Chae oversees the overall adequacy of the risk management systems and procedures in A-REIT. She is responsible for the performance of the activities under the Enterprise Risk Management programme.

Prior to joining the Manager, Ms Chae was the Senior Finance Manager of Lend Lease Asia Holdings Pte Ltd where she was responsible for the financial reporting and analysis of Bovis Lend Lease (Asia). Ms Chae holds a Bachelor of Accountancy degree from the National University of Singapore and is a Member of the Institute of Singapore Chartered Accountants.

Ms Yeow Kit Peng

Head, Capital Markets & Corporate Development

Ms Yeow is responsible for the management of portfolio performance, capital structure, treasury, financial risks, transaction execution, investor relations and corporate development of AFM.

Ms Yeow has over 23 years of professional experience that spans the buy-side and sell-side sectors of capital markets, as well as in corporate strategies and development. Her exposure covers Asia Pacific ex-Japan. She was employed by Ascendas and worked in the Corporate Strategies and Development Department of Ascendas from April 2002 till December 2005. Following that, she was employed by Standard and Poor's as Associate Director of Equity Research. Ms Yeow's last appointment prior to re-joining Ascendas on 1 October 2013, was with Nomura Asset Management as Asian Property Analyst.

Ms Yeow holds a Bachelor of Science Degree in Business Administration (major in Finance), with Honours from West Virginia University, USA.

Mr Ang Boon Peng

Head, Development Services

Mr Ang is responsible for development management activities of A-REIT's businesses. He also oversees the lease operations of A-REIT's portfolio under its Light Industrial Cluster.

Prior to joining the Manager, Mr Ang served as Deputy Director of Leased Land Management in the HDB's Industrial Properties Group, overseeing the allocation and management of HDB's industrial leases, the announcement of Phase 1 for the redevelopment of Defu Industrial Estate and the Project Director for its maiden multi-storey stack-up development. He has over 20 years of experience in the real estate industry covering various areas of industrial tenancy, lease and property management.

Mr Ang holds a Bachelor of Science, Estate Management (Honours) degree and a Master of Science (Project Management) from the National University of Singapore.

Mr Sasidharan Nair

Head, Property Services

As Head of the Property Services (Systems, Processes & Quality Assurance), Mr Nair oversees the performance of ASPL and provides guidance to ensure systems and processes are in place for the delivery of the desired service levels of property management.

Mr Nair has extensive experience in estate management. He started his career with the Housing & Development Board and joined EM Services Pte Ltd in 1991 to manage Town Councils. He was stationed in Sembawang Town Council before assuming the position of General Manager at East Coast Town Council, concurrently holding the post of Council Secretary. During his tenure, he coordinated several projects and initiatives undertaken jointly at the Town Councils. In addition, he has also been involved in consultancy projects on township development and management in India and briefing foreign delegations.

Mr Nair holds a Bachelor of Science, Estate Management (Hons) degree from the University of Reading, UK.

ASCENDAS SERVICES PTE LTD

The property and facility management for A-REIT's properties located in Singapore[3] is outsourced to Ascendas Services Pte Ltd ("**ASPL**"), a wholly-owned subsidiary of the Ascendas Group.

ASPL has over 100 staff members providing marketing and leasing services, property management and related services to A-REIT's properties and tenants with the aim to best position the properties to maximise returns to Unitholders.

ASPL's scope of work includes marketing and leasing of space, property management and maintenance, coordinating customers' fitting out requirements, supervising the performance of contractors and ensuring building and safety regulations are complied with, and overseeing operational matters. ASPL is also responsible for the implementation of customer care programmes as well as the management of operating expenses.

More specifically, ASPL is tasked with the following responsibilities:

- **Marketing, leasing and customer care**: ASPL is responsible for the marketing and leasing of vacant space in A-REIT's portfolio of properties. Proactive prospecting for new tenants is conducted to enhance the portfolio occupancy and revenue. In addition, ASPL is also responsible for the implementation of customer care programmes, including bazaars, exhibitions and other tenant-related events.

- **Property management**: Working hand-in-hand with the A-REIT Manager's portfolio management team, ASPL ensures that the property specifications and service levels are commensurate with the intended market positioning of each property. ASPL is also responsible for managing site staff to ensure that the desired level of service and customer care is implemented at the respective Properties.

- **Expense management**: ASPL adopts a prudent operational strategy in line with the Manager's objective of maximising return without compromising its service standards. ASPL strives to continuously improve operating processes to improve productivity and enhance operational effectiveness so as to optimise operational cost. ASPL also conducts energy audits to identify, on a continual basis, buildings with potential for savings on energy consumption either through a more efficient management policy or capital expenditure plan.

- **Project management**: In addition, where required, ASPL provides expertise in the area of construction and project management for development projects undertaken by A-REIT. They liaise closely with the A-REIT Manager's Development Managers and external professionals such as architects to ensure each project is carried out in a timely and efficient manner.

ASPL is committed to providing optimal solutions and services to meet the needs of A-REIT's customers as well as enhancing the property value of A-REIT's portfolio.

[3] A-REIT's two properties located in China are managed by property managers other than ASPL under separate property management agreements.

HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED (A-REIT TRUSTEE)

The A-REIT Trustee is HSBC Institutional Trust Services (Singapore) Limited, a company incorporated in Singapore and registered as an approved trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee of REITs (a "**REIT Trustee**") for authorised collective investment schemes under the SFA. As at the Latest Practicable Date, HSBC Institutional Trust Services (Singapore) Limited has a paid-up capital of S$5,150,000. The registered address of HSBC Institutional Trust Services (Singapore) Limited is 21 Collyer Quay, #10-02 HSBC Building, Singapore 049320. It is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

1. Powers, duties and obligations of the A-REIT Trustee

The A-REIT Trustee's powers, duties and obligations are set out in the A-REIT Trust Deed. The powers and duties of the A-REIT Trustee include:

(1) acting as trustee of A-REIT and, therefore, safeguarding the rights and interests of the Unitholders;

(2) holding the assets of A-REIT on the trusts contained in the A-REIT Trust Deed for the benefit of the Unitholders; and

(3) exercising all the powers of a REIT Trustee and the powers that are incidental to the ownership of the assets of A-REIT. The A-REIT Trustee has covenanted in the A-REIT Trust Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of the Unitholders.

In the exercise of its powers, the A-REIT Trustee may (on the recommendation of the A-REIT Manager) and subject to the provisions of the A-REIT Trust Deed, acquire or dispose of any real or personal property, lend, borrow and encumber any asset.

The A-REIT Trustee may, subject to the provisions of the A-REIT Trust Deed, appoint and engage:

(1) a person or entity as may be necessary, usual or desirable for the purpose of exercising its powers and performing its obligations; and

(2) any real estate agents or managers, including a Related Party of the A-REIT Manager, in relation to the management, development, leasing, purchase or sale of any of the A-REIT Properties.

The A-REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the A-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the tax ruling dated 25 May 2002 issued by the Inland Revenue Authority of Singapore ("**IRAS**") on the taxation of A-REIT and Unitholders and all other relevant laws. It must retain A-REIT's assets, or cause A-REIT's assets to be retained in safe custody and cause A-REIT's accounts to be audited. It can appoint valuers to value the assets of A-REIT.

The A-REIT Trustee is not personally liable to a Unitholder in connection with the office as the REIT Trustee except in respect of its own fraud, negligence, wilful default, breach of the A-REIT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the A-REIT Trustee shall be limited to the assets of A-REIT over which the A-REIT Trustee has recourse, provided that the A-REIT Trustee has acted without fraud, negligence, wilful default, breach of the A-REIT Trust Deed or breach of trust. The A-REIT Trust Deed contains certain indemnities in favour of the A-REIT Trustee under which it will be indemnified out of the assets of A-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

2. Retirement and replacement of the A-REIT Trustee

As set out in the A-REIT Trust Deed, the A-REIT Trustee may retire or be replaced under the following circumstances:

(1) The A-REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the A-REIT Trust Deed).

(2) The A-REIT Trustee may be removed by notice in writing to the A-REIT Trustee by the A-REIT Manager:

(i) if the A-REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the A-REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the A-REIT Trustee;

(ii) if the A-REIT Trustee ceases to carry on business;

(iii) if the A-REIT Trustee fails or neglects after reasonable notice from the A-REIT Manager to carry out or satisfy any material obligation imposed on the A-REIT Trustee by the A-REIT Trust Deed; or

(iv) if the Unitholders by an Extraordinary Resolution, and of which at least 21 days' notice has been given to the A-REIT Trustee and the A-REIT Manager, shall so decide.

3. A-REIT Trustee's fee

The maximum fee payable to the A-REIT Trustee permitted under the A-REIT Trust Deed is 0.25% per annum of the Deposited Property. The actual fee payable will be determined between the A-REIT Trustee and the A-REIT Manager from time to time. Any increase in the maximum permitted amount or any change in the structure of the A-REIT Trustee's fees must be passed by an Extraordinary Resolution of Unitholders at a Unitholders' meeting convened under the provisions of the A-REIT Trust Deed.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer, A-REIT or the Group, or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer or A-REIT is currently unaware of may also impair the businesses, financial condition, performance or prospects.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, the A-REIT Manager, A-REIT or the Group, prior to making an investment or divestment decision in relation to the Notes. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the A-REIT Manager, any of the Dealers or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the A-REIT Manager, the subsidiaries or associated companies (if any) of A-REIT, any of the Dealers or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the A-REIT Manager, A-REIT, the subsidiaries and associated companies (if any) of A-REIT, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES

Limited liquidity of the Notes

There can be no assurance regarding the future development of the market for the Notes or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of market value of the Notes

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, A-REIT and/or the subsidiaries and/or associated companies (if any) of A-REIT, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, A-REIT, the subsidiaries and/or associated companies (if any) of A-REIT generally. Adverse economic developments, in Singapore, the PRC as well as countries in which the Issuer, A-REIT, the subsidiaries and/or associated companies (if any) of A-REIT operate or have business dealings, could have a material adverse effect on the Singapore economy, the PRC economy and the operating results and/or the financial condition of the Issuer, A-REIT, the subsidiaries and/or associated companies (if any) of A-REIT.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Currency risks associated with Notes denominated in foreign currencies

The majority of A-REIT's revenue is denominated in Singapore dollars and the majority of A-REIT's operating expenses are incurred in Singapore dollars as well. As the Notes can be denominated in currencies other than Singapore dollars, A-REIT may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Notes and there is no assurance that A-REIT may be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

Rating of the Notes

Any rating assigned by Fitch, Moody's or S&P to a particular Series or Tranche of Notes is based on the views of the relevant rating agency only. Future events may have a negative impact on the rating of such Notes and prospective investors should be aware that there is no assurance that ratings given will continue or that the ratings will not be reviewed, revised, suspended or withdrawn as a result of future events, unavailability of information or if, in the judgment of the relevant rating agency, circumstances so warrant. Any rating changes that may occur may have a negative impact on the market value of such Notes.

Singapore taxation risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

RISKS RELATING TO A-REIT'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS

The outbreak of an infectious disease or any other serious public health concerns in Singapore, the PRC and elsewhere could adversely impact A-REIT's business, results of operations and financial condition

The outbreak of an infectious disease such as the avian influenza and severe acute respiratory syndrome in Singapore, the PRC and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy, and business activities in Singapore and/or the PRC and could thereby adversely impact the revenues and results of operations of A-REIT. A future outbreak of an infectious disease or any other serious public health concern in Singapore and/or the PRC could seriously harm A-REIT's businesses.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of A-REIT

The development of terrorist activities, acts of violence or war and adverse political developments could materially and adversely affect international financial markets, the Singapore economy and the PRC economy and may adversely affect the operations, revenues and profitability of A-REIT. The consequences of any of these developments are unpredictable, and A-REIT may not be able to foresee events that could have an adverse effect on its businesses and results of operations.

A-REIT is exposed to general risks associated with the ownership and management of real estate

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits the ability of the A-REIT Manager to manage A-REIT's portfolio in response to changes in economic or other conditions. This could have an adverse effect on A-REIT's financial condition and results of operations, with a consequential adverse effect on A-REIT's ability to make expected returns. Moreover, A-REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

Property investment is subject to risks incidental to the ownership and management of commercial/industrial properties including, among other things, competition for tenants, changes in market rent, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in A-REIT's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond A-REIT's control. The activities of A-REIT may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

The A-REIT Manager may change A-REIT's investment strategy

A-REIT's policies with respect to certain activities, including investments, acquisitions and development, will be determined by the A-REIT Manager, subject to applicable laws and regulations. The A-REIT Manager has stated its intention to restrict investments to real estate which is used, or primarily used, for business spaces and industrial purposes. The A-REIT Trust Deed grants the A-REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

The A-REIT Manager may not be able to implement its investment strategy

The A-REIT Manager's investment strategy includes expanding A-REIT's portfolio of business spaces and industrial properties and providing regular and stable distributions to Unitholders. There can be no assurance that the A-REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand A-REIT's portfolio at all, or at any specified rate or to any specified size. The A-REIT Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame.

A-REIT will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all, particularly in light of current global market conditions mentioned above. Even if A-REIT were able to successfully make additional property investments, there can be no assurance that A-REIT will achieve its intended return on such investments. Since the amount of debt that A-REIT can incur to finance acquisitions and developments is limited by the Property Funds Appendix, such acquisitions and developments will largely be dependent on A-REIT's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including business space and industrial property development companies, private investment funds and other REITs for which the investment policy is also to invest in business space and industrial properties. There can be no assurance that A-REIT will be able to compete effectively against such entities.

A-REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its financial condition and results of operations

A-REIT's success depends, in part, upon the continued service and performance of members of the senior management team of the A-REIT Manager and certain key senior personnel. These key personnel may leave the A-REIT Manager in the future and compete with the A-REIT Manager and A-REIT. The loss of any of these key individuals could have a material adverse effect on A-REIT's financial condition and results of operations.

Future performance of A-REIT depends largely on A-REIT's ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on A-REIT's businesses, financial condition and results of operations.

A-REIT relies on third parties to provide various services

A-REIT engages or will engage third-party contractors to provide various services in connection with any commercial/industrial developments it may have and with the day-to-day operation of its properties and physical asset enhancement works, including construction, building and property fitting-out work, alterations and additions, interior decoration and installation of air-conditioning units and lifts. A-REIT is exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and A-REIT may have to bear such additional amounts in order to provide the contractor with sufficient incentives to complete the project. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to A-REIT. There can also be no assurance that the services rendered by such third parties will always be satisfactory or match A-REIT's targeted quality levels. All of these factors could adversely affect A-REIT's businesses, financial condition and results of operations.

A-REIT may be unable to refinance its indebtedness as it falls due

A-REIT has unutilised facilities and funds available for use, but there can be no assurance that A-REIT will be able to refinance its indebtedness as it becomes due on commercially reasonable terms or at all. Additionally, a portion of A-REIT's expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to A-REIT for use in its general business operations. Such indebtedness may also restrict A-REIT's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be vulnerable in the event of a general economic downturn.

A-REIT may experience limited availability of funds

A-REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to A-REIT. Factors that could affect A-REIT's ability to procure financing include the cyclicality of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. The global credit crunch also has an adverse impact on the availability and cost of funding and hence may also hinder A-REIT's ability to obtain additional financing.

The amount A-REIT may borrow is limited, which may affect the operations of A-REIT and the borrowing limit may be exceeded if there is a downward revaluation of assets

The Property Funds Appendix provides that the aggregate leverage of a REIT may reach a maximum of 60.0% of the value of its Deposited Property provided that a credit rating of the REIT from Fitch, Moody's or S&P is obtained and disclosed to the public. In addition, such credit rating should be maintained and disclosed so long as the aggregate leverage of the REIT exceeds 35.0% of the value of its Deposited Property. As at the date of this Information Memorandum, A-REIT is assigned an issuer rating and senior unsecured rating of "A3" by Moody's[4], and is hence permitted to borrow up to a maximum of 60.0% of the value of its Deposited Property. However, a decline in the value of A-REIT's Deposited Property may affect A-REIT's ability to borrow further.

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4 **Source**: Moody's. Moody's has not provided its consent, for purposes of Section 249 (read with Section 302) of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 (both read with Section 302) of the SFA. While the Issuer has taken reasonable actions to ensure that the information from the relevant report published by Moody's is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Issuer, the A-REIT Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to the Properties; and
- an inability to fund acquisitions and development of properties.

A-REIT is subject to interest rate fluctuations

A-REIT maintains part of its liabilities on a floating rate basis. As a result, its operations or financial condition could potentially be adversely affected by interest rate fluctuations.

As part of its active capital management strategies, A-REIT has entered into some hedging transactions to partially mitigate the risk of such interest rate fluctuations. However, its hedging policy may not adequately cover A-REIT's exposure to interest rate fluctuations.

A-REIT may be involved in legal and/or other proceedings arising from its operations from time to time

A-REIT may be involved from time to time in disputes with various parties involved in the development, operation, renovation and lease of the Properties such as contractors, sub-contractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal and/or other proceedings, and may cause A-REIT to incur additional costs and delays. In addition, A-REIT may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that would result in financial losses and cause delay to the construction or completion of its projects.

There may be potential conflicts of interest between A-REIT and the Ascendas Group

The A-REIT Manager and ASPL are wholly owned by the Ascendas Group. The Ascendas Group is also the single largest Unitholder of A-REIT.

The Ascendas Group is engaged in (or has interests in corporations which are engaged in), among other things, investments in, acquisitions of and the development and management of industrial properties and/or other real estate in Singapore and/or overseas markets (the "**Relevant Properties**"). There can be no assurance that the interests of A-REIT will not conflict with or be subordinated to those of the Ascendas Group in relation to competition for tenants in the Singapore market.

Accounting standards applicable to A-REIT are subject to change in the future

The financial statements of A-REIT may be affected by the introduction of new or revised accounting standards applicable to A-REIT, which includes Singapore Financial Reporting Standards, recommended accounting practices issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code. The extent and timing of changes in applicable accounting standards are currently unknown and subject to confirmation by relevant authorities. The A-REIT Manager has not qualified the effects of any proposed changes and there can be no assurance that any changes will not have a significant impact on the preparation of A-REIT's financial statements or on A-REIT's financial condition and results of operations.

RISKS ASSOCIATED WITH THE PROPERTIES OF A-REIT

Most of the Properties are located in Singapore and are therefore exposed to the economic and real estate conditions in Singapore (including increased competition in the real estate market)

Most of the Properties are situated in Singapore, which exposes A-REIT to the risk of a prolonged downturn in economic and real estate conditions in Singapore. A significant portion of A-REIT's gross revenue and results of operations depends on the performance of the Singapore economy. The value of the Properties and the rental revenue collected may also be adversely affected by a number of local real estate conditions, such as the attractiveness of competing business spaces and industrial properties or if there is an oversupply of business and industrial space. (Please see the paragraph titled "A-REIT may face competition from other existing and new properties" below for further details.)

A-REIT has Properties located in the PRC which are subject to economic conditions in the PRC as well as any changes in PRC laws and regulations

The Properties are situated in various cities across the PRC. As a result, A-REIT's rental revenue and results of operations depend, to a large extent, on the performance of the PRC economy and the industrial property market conditions in PRC as a whole. (Please see the paragraph titled "A-REIT may face competition from other existing and new properties" below for further details.) An economic downturn in the PRC could adversely affect A-REIT's business, financial condition, results of operations and future growth.

The PRC property market is volatile and may experience oversupply and property price fluctuations. The central and local governments in the PRC may adjust monetary policy and implement other austerity measures from time to time to prevent and curtail the overheating of the PRC and local economies. Such economic adjustments may affect the property market in the regions where the Properties are located, as well as other parts of the PRC.

The central and local governments in the PRC may also make policy adjustments and adopt new regulatory measures from time to time in a direct effort to discourage speculation in the property market, control property prices and curb the oversupply of the property market in the PRC. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the business, financial conditions and the results of operations of A-REIT.

A-REIT is subject to PRC laws, regulations and policies. The Properties are also subject to the laws, regulations and policies from time to time adopted by the respective local government authorities. Any change in the existing legal regime may adversely and directly affect the business, financial condition and results of operations of A-REIT.

A-REIT is exposed to risks associated with the operation of the Properties

The Properties owned by A-REIT comprise real estate used for business space and industrial purposes and their operations are subject to general and local economic conditions, competition, desirability of their locations and other factors relating to the operation of the Properties.

The successful operation of the Properties is dependent upon their ability to compete on the basis of accessibility, location and quality of tenants. Demand for business space and industrial real estate may be adversely affected by changes in the economy, governmental rules and policies (including changes in zoning and land use), potential environmental and other liabilities, inflation, price and wage controls, exchange control regulations, taxation, expropriation and other political, economic or diplomatic developments in or affecting Singapore and/or the PRC. A-REIT has no control over such conditions and developments, nor can it provide any assurance that such conditions and developments will not adversely affect the operations of A-REIT.

In particular, the revenue stream and value of the properties owned by A-REIT and accordingly, the availability of cash flow is subject to a number of factors including:

- vacancies following expiry or termination of leases that lead to reduced occupancy levels as this reduces rental income and the ability to recover certain operating costs such as service charges;

- A-REIT's ability to provide adequate management, maintenance or insurance;

- A-REIT's ability to collect rent on a timely basis or at all;

- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental payments, or which could hinder or delay the sale of a property, or which could result in the inability to collect rentals at all or the termination of the tenant's lease;

- tenants failing to comply with the terms of their leases or commitments to lease;

- a general downturn of the economy affecting tenant sales and the collection of turnover rent;

- the amount of rent and other terms by which lease renewals and new leases are executed, being less favourable than those under current leases;

- the local and international economic climates and real estate market conditions (such as oversupply of, or reduced demand for, commercial/industrial space, changes in market rental rates and operating expenses of the Properties);

- the amount and extent to which A-REIT is required to grant rebates on rental rates to tenants, due to market pressure;

- competition for tenants from other properties which may affect rental levels or occupancy levels of the Properties;

- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;

- legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment, which may affect or restrict rights related to the Properties; and

- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the control of A-REIT (such as the spread of severe acute respiratory syndrome, the avian influenza virus or other communicable diseases).

There are restrictions in leases relating to certain Properties

The Issuer, as trustee of A-REIT, holds some properties pursuant to leases which contain provisions requiring: (a) the lessee to surrender free of cost to the Singapore Government portions of the respective property that may be required in the future for certain public uses, such as roads and drainage; and (b) consent from the lessor before selling the lessee's interest in the Properties to any third party. There are provisions in some leases relating to the lessor's right to re-enter the property and terminate the lease (without compensation) in the event the lessee or its successors and assigns fail to observe or perform the terms and conditions of the lease.

The land leases under which some properties are held are subject to specific conditions on the purpose for which such property may be occupied. A replacement tenant with a proposed different use of the property to that which was originally approved for each property must be applied for with the lessor.

There are some properties which have leases with JTC that contain certain restrictions on subletting and resale, including the requirement for JTC's consent before such properties can be resold, demised or assigned. In addition, JTC's consent is required and the sublet tenants must meet certain subletting requirements set out by JTC before such property or any part thereof can be sublet. Some leases with JTC also contains a right of first refusal to JTC to purchase the properties at prevailing market rate based only on the building and excluding the value of the leasehold land. Such restrictions and terms could impair A-REIT's ability to secure tenants or to resell the property and could consequently affect its financial condition and results of operations.

If the A-REIT Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of A-REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of A-REIT will be adversely affected

The CMS Licence issued to the A-REIT Manager is subject to conditions and is valid unless otherwise cancelled or renewed. If the CMS Licence of the A-REIT Manager is cancelled by the MAS, the operations of A-REIT will be adversely affected if no suitable manager is found in a timely manner, as the A-REIT Manager would no longer be able to act as the manager of A-REIT.

A-REIT was, on 9 October 2002, declared an authorised unit trust scheme under the Trustees Act, Chapter 337 of Singapore, thus qualifying as an investment permitted to be made by trustees and certain other persons with similar investment powers in Singapore. A-REIT must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of A-REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

A-REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs

A-REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs generally and/or A-REIT specifically.

REITs, REIT trustees and REIT managers are regulated by various legislation, regulations, guidelines or directions of relevant authorities, such as MAS. In addition, certain tax and stamp duty concessions, exemptions or waivers are currently extended to REITs. Revisions of the CIS Code and/or the Property Funds Appendix, terminations of tax and stamp duty concessions, or introductions of new legislation, regulations, guidelines or directions by MAS, IRAS or any other relevant authorities that affect the REITs generally may adversely affect A-REIT's financial condition and results of operations.

Some properties in A-REIT's portfolio are leased from the relevant authorities, such as JTC, HDB or URA. These authorities set out certain legislation, regulations, guidelines or directions governing operations of these properties, such as anchor tenant requirements, subletting policy, land rent payment scheme, etc. Introductions of new or revised legislation, regulations, guidelines or directions by these relevant authorities that affect these properties may adversely affect A-REIT's financial condition and results of operations.

A-REIT may be affected by an increase in property and other operating expenses

The amount of cash flow available to make interest payments on the Notes could be adversely affected if operating and other expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and other operating expenses include any:

- increase in the amount of maintenance on the Properties;
- increase in agent commission expenses for procuring new tenants;
- increase in property tax assessment, the published land rent and other statutory charges;
- change in statutory laws, regulations or government policies which increases the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in the rate of inflation; and
- increase in insurance premiums.

The Properties may be revalued downwards

There can be no assurance that A-REIT will not be required to make downward revaluations of the Properties in the future. Any fall in the gross revenue or net property income earned from the Properties may result in downward revaluation of the Properties.

In addition, A-REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on A-REIT's financial results in the financial years where there is a significant decrease in the valuation of A-REIT's investment properties which will result in revaluation losses that will be charged to its statements of total return.

A-REIT may face competition from other existing and new properties

There is competition between the Properties and other existing and new business spaces and industrial properties for tenants. Whenever competing properties in the vicinity of a Property are developed or substantially upgraded and refurbished, the attractiveness of that Property may be affected. New business space and industrial property development projects are also expected to compete with the Properties for tenants.

Factors that affect the ability of commercial/industrial properties to attract or retain tenants include connectivity through proximity to road expressways. The income from, and market value of, the Properties will be largely dependent on the ability of the Properties to compete with other business spaces and industrial properties in the relevant localities in attracting and retaining tenants. Historical operating results of the Properties may not be indicative of future operating results and historical market values of the Properties may not be indicative of future market values of the Properties.

A-REIT could face the risks of declining rental rates

The amount of cash flow available to A-REIT will depend in part on its ability to continue to let the Properties on economically favourable terms. As most of A-REIT's income generated from the Properties is derived from rentals, the cash flow could be adversely affected by any significant decline in the rental rates at which it is able to lease the Properties and to renew existing leases or attract new tenants.

There can be no assurance that rental rates will not decline at some point during the period from each issue of the Notes until their redemption and that such decline will not have an adverse effect on the cash flow of A-REIT.

Loss of anchor tenants could directly and indirectly reduce the future cash flows of A-REIT

A-REIT's ability to sell the Properties and the value of the Properties could be adversely affected by the loss of an anchor tenant in the event that such anchor tenant files for bankruptcy or insolvency or experiences a downturn in its business, including the decision by any such tenants not to renew their leases.

A-REIT may suffer an uninsured loss

A-REIT maintains insurance policies covering its assets in line with general business practices in the real estate industry, with policy specifications and insured limits which A-REIT believes are adequate. Risks insured against include fire, business interruption, flooding, theft, vandalism and public liability. There are, however, certain types of risks (such as wars or acts of God) that are generally not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, A-REIT could be required to pay compensation and/or lose capital invested in the Property, as well as anticipated future revenue from that Property. A-REIT would also remain liable for any debt that is with recourse to A-REIT and may remain liable for any mortgage indebtedness or other financial obligations related to the relevant Property. Any such loss could adversely affect the results of operations and financial condition of A-REIT. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for A-REIT will be available in the future on commercially reasonable terms or at commercially reasonable rates.

The Properties or a part of them may be subject to compulsory acquisition by the Singapore Government

The Land Acquisition Act, Chapter 152 of Singapore, gives the Singapore Government the power to, among other things, acquire any land in Singapore:

- for any public purpose;

- where the acquisition is of public benefit or of public utility or in the public interest; or

- for any residential, commercial or industrial purpose.

The compensation to be awarded pursuant to any such compulsory acquisition would be based on, among other factors:

(i) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of purpose of such land is made by publication in the Government Gazette);

(ii) the market value of the property as at the date of publication in the Government Gazette of the declaration referred to above, where such declaration is made after six months from the notification; and

(iii) any increase in the value of any other land (such as contiguous or adjacent land) of the person interested likely to accrue from the use to which the land acquired will be put.

Accordingly, if the market value of a property or part thereof which is acquired is greater than market value as assessed by the factors referred to above, the compensation paid in respect of the acquired property will be less than its market value and this would have an adverse effect on the assets of A-REIT.

RISKS RELATED TO RMB-DENOMINATED NOTES

Notes denominated in RMB ("**RMB Notes**") may be issued under the MTN Programme. RMB Notes contain particular risks for potential investors.

RMB is not freely convertible; there are significant restrictions on remittance of RMB into and outside the PRC

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies. In 2011, the PRC government issued certain new rules imposing significant restrictions to the remittance of RMB into and out of the PRC, including, among other things, restrictions on the remittance of RMB into the PRC by way of direct investments or loans. On 25 February 2011, the Ministry of Commerce promulgated the Circular on Issues Concerning Foreign Investment Management under which prior written consent from the Ministry of Commerce (Foreign Investment Department) ("**MOC**") is required for certain circumstances relating to foreign investors making investments with RMB funds. On 3 June 2011, the People's Bank of China (the "**PBOC**") issued the Circular on Clarifications of Relevant Issues Concerning Cross-Border Renminbi Affairs under which approval from the PBOC is required in addition to approval from the MOC for certain circumstances relating to foreign investors making investments with RMB funds.

As these regulations and rules are relatively new, there is some uncertainty regarding their interpretation and enforcement. Moreover, there is no assurance that the PRC government will continue to gradually liberalise the control over cross-border remittances of RMB funds in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB funds into or out of the PRC. Each investor should consult its own advisors to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

There is only limited availability of RMB outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source RMB outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited and subject to certain deposit restrictions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC rules and regulations will not be promulgated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of RMB Notes. To the extent the Issuer is required to source RMB in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all. If RMB is not available in certain circumstances as described under the Notes, the Issuer can make payments under the Notes in a currency other than RMB.

Investment in RMB Notes is subject to exchange rate risks

The value of RMB against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and other factors. All payments of interest and principal will be made with respect to RMB Notes in RMB. If an investor measures its investment returns by reference to a currency other than RMB, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of RMB relative to the currency by reference to which an investor measures its investment returns. Depreciation of the RMB against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rates and could result in a loss when the return on the RMB Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Notes.

Payments in respect of RMB Notes will only be made to investors in the manner specified in such RMB Notes

All payments to investors in respect of RMB Notes will be made solely (i) when RMB Notes are represented by global certificates, by transfer to a RMB bank account maintained in Singapore in accordance with prevailing CDP rules, or (ii) when RMB Notes are in definitive form, by transfer to a RMB bank account maintained in Singapore in accordance with prevailing rules and regulations. In the event that a holder of RMB Notes fails to maintain a valid RMB account with a bank in Singapore and accordingly, payments are unsuccessful, it is possible that such amounts may be settled in a currency other than RMB. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes (after deducting issue expenses) will be used towards (a) financing or refinancing the acquisitions and/or investments of A-REIT and any development and asset enhancement works initiated by A-REIT or any trust, fund or entity in which A-REIT has an interest, (b) on-lending to any trust, fund or entity in which A-REIT has an interest, (c) financing the general working capital purposes of the Group and (d) refinancing the existing borrowings of the Group.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agents or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and

Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent (Non-CDP Notes), to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Notes are advised to consult their own professional advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 20.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties. Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for Singapore-resident individuals will be increased to 22.0% with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased to 22.0%.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole was arranged by Oversea-Chinese Banking Corporation Limited on 20 March 2009, which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, and is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) on and from 1 January 2014 to 31 December 2018, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, "**Qualifying Income**") from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the A-REIT Manager, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer or the A-REIT Manager, Qualifying Income derived from such Relevant Notes by:

(I) any related party(ies) of the Issuer or the A-REIT Manager; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer or the A-REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:–

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even though a particular tranche of Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer or the A-REIT Manager, Qualifying Income from such Relevant Notes derived by:

(i) any related party(ies) of the Issuer or the A-REIT Manager; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer or the A-REIT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus

Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

General

The selling restrictions below may be modified or supplemented from time to time by the agreement of the Issuer and the Relevant Dealer(s). Any such modification or supplement will be set out in a Pricing Supplement or in a supplement to this Information Memorandum.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum, any other document relating to the Notes or the Programme or any Pricing Supplement.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the MTN Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

PRC

Each Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC and approved by the competent PRC authorities.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

AUTHORISATIONS

1. The establishment of the MTN Programme, the increase in Programme Limit and the issue of the Notes have been duly authorised by resolutions of the Board of the A-REIT Manager dated 27 February 2009 and 27 January 2015. The Issuer has obtained all consents, approvals and authorisations in Singapore required in connection with the establishment of the MTN Programme, the increase in Programme Limit and the issue of the Notes.

INFORMATION ON DIRECTORS OF A-REIT MANAGER

2. The name and designation of each of the Directors of the A-REIT Manager are set out below:

Name	Designation
Mr Koh Soo Keong	Chairman and Independent Director
Mr Khiatani Manohar Ramesh	Vice Chairman and Non-Executive Director
Mr Henry Tan Song Kok	Independent Director
Mr Teo Eng Cheong	Independent Director
Mr Teo Choon Chye, Marc	Independent Director
Mr Chan Pengee Adrian	Independent Director
Mr Tan Ser Ping	Executive Director and Chief Executive Officer

ISSUED UNITS

3. As at the date of this Information Memorandum, there is only one class of Units. The rights and privileges attached to the Units are stated in the A-REIT Trust Deed.

4. As at the date of this Information Memorandum, there are 2,405,706,572 Units issued and outstanding.

BORROWINGS

5. As at 31 December 2014, all the borrowings or indebtedness in the nature of borrowings of the Group are as disclosed in Appendix IV to this Information Memorandum.

WORKING CAPITAL

6. After taking into account the present banking facilities and the net proceeds of the issue of the Notes, A-REIT will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

7. There has been no significant change in the accounting policies of A-REIT or the Group since its audited financial accounts for the financial year ended 31 March 2014. The Group adopted the new and revised Financial Reporting Standards (including its consequential amendments) which became effective for financial periods beginning on or after 1 April 2014. Please refer to page IV-23 of Appendix IV to this Information Memorandum.

LITIGATION

8. There are no legal or arbitration proceedings pending or threatened against the Issuer or A-REIT the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, A-REIT or the Group.

MATERIAL ADVERSE CHANGE

9. There has been no material adverse change in the financial condition, business, results of operations, assets or properties of the Issuer, A-REIT or the Group since 31 March 2014.

CONSENT

10. The Auditors have given and have not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which it appears in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered office of the A-REIT Manager at 61 Science Park Road, #02-18 The GALEN, Singapore Science Park II, Singapore 117525 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the A-REIT Manager;

    (b) the A-REIT Trust Deed;

    (c) the Principal Trust Deed; and

    (d) the audited accounts of A-REIT for the financial year ended 31 March 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Principal Trust Deed.

AUDITED ACCOUNTS OF ASCENDAS REAL ESTATE INVESTMENT TRUST FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The information in this Appendix II has been reproduced from the annual report of Ascendas Real Estate Investment Trust for the financial year ended 31 March 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Ascendas Funds Management (S) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 October 2002 (as amended and restated) between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 114 to 188, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Antony Wade Lewis
Director

Singapore
31 May 2013

Statement by the Manager

In the opinion of the directors of Ascendas Funds Management (S) Limited, the accompanying financial statements set out on pages 114 to 188 comprising the Balance Sheets, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, Investment Properties Portfolio Statement and Statement of Cash Flows of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 March 2013, the total return, distributable income, movements in Unitholders' Funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore* and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Ascendas Funds Management (S) Limited

Chong Siak Ching
Director

Singapore
31 May 2013

Independent Auditors' Report

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a trust deed dated 9 October 2002 (as amended and restated) in the Republic of Singapore)

We have audited the accompanying financial statements of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Balance Sheets of the Group and the Trust and Investment Properties Portfolio Statement of the Group as at 31 March 2013, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of the Group and of the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 114 to 188.

Manager's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the Balance Sheet, Statement of Total Return, Distribution Statement and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 March 2013 and the total return, distributable income, movements in Unitholders' Funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
31 May 2013

Balance Sheets
As at 31 March 2013

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Non-current assets					
Investment properties	4	**6,447,054**	6,170,295	**6,378,190**	6,108,574
Investment properties under development	5	**151,916**	121,400	**151,916**	121,400
Investment in debt securities	6	**145,535**	103,250	**145,535**	103,250
Plant and equipment	7	**992**	1,760	**990**	1,757
Finance lease receivable	8	**63,370**	65,271	**63,370**	65,271
Interest in a subsidiary	9	**–**	–	**48,918**	46,352
Other assets	10	**33,070**	33,424	**33,070**	33,424
Derivative assets	15	**12,259**	9,231	**12,259**	9,231
		6,854,196	6,504,631	**6,834,248**	6,489,259
Current assets					
Finance lease receivable	8	**1,901**	1,772	**1,901**	1,772
Trade and other receivables	11	**47,301**	38,382	**46,653**	37,704
Other assets	10	**36,040**	–	**36,040**	–
Derivative assets	15	**64**	–	**64**	–
Cash and cash equivalents	12	**19,525**	19,589	**12,544**	10,232
		104,831	59,743	**97,202**	49,708
Current liabilities					
Trade and other payables	13	**134,647**	114,151	**132,981**	112,163
Security deposits	14	**69,667**	58,709	**68,394**	57,508
Derivative liabilities	15	**885**	2,915	**885**	2,915
Short term borrowings	16	**109,710**	575,490	**109,710**	554,430
Medium term notes	16	**124,965**	–	**124,965**	–
Provision for taxation		**759**	377	**478**	103
		440,633	751,642	**437,413**	727,119
Non-current liabilities					
Security deposits	14	**4,617**	2,865	**4,617**	2,865
Derivative liabilities	15	**105,879**	67,508	**105,879**	67,508
Medium term notes	16	**456,202**	470,600	**456,202**	470,600
Term loans	16	**928,671**	1,044,470	**914,920**	1,044,470
Collateral loan	17	**359,517**	307,608	**359,517**	307,608
Deferred tax liabilities	18	**2,359**	2,225	**–**	1,794
		1,857,245	1,895,276	**1,841,135**	1,894,845
Net assets		**4,661,149**	3,917,456	**4,652,902**	3,917,003
Represented by:					
Unitholders' funds		**4,661,149**	3,917,456	**4,652,902**	3,917,003
Units in issue ('000)	19	**2,398,946**	2,085,077	**2,398,946**	2,085,077
Net asset value per unit ($)		**1.94**	1.88	**1.94**	1.88

The accompanying notes form an integral part of these financial statements.

Statements of Total Return

Year ended 31 March 2013

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Gross revenue	20	**575,837**	503,304	**570,184**	500,463
Property operating expenses	21	**(167,027)**	(134,967)	**(165,522)**	(134,133)
Net property income		**408,810**	368,337	**404,662**	366,330
Management fee	22	**(33,246)**	(29,142)	**(33,246)**	(29,142)
Performance fee		**(6,959)**	–	**(6,959)**	–
Trust expenses	23	**(4,859)**	(4,970)	**(4,591)**	(4,884)
Finance income	24	**24,899**	5,437	**24,743**	5,307
Finance costs	24	**(123,573)**	(64,202)	**(122,452)**	(63,732)
Foreign exchange gain/(loss)		**42,274**	(932)	**42,265**	(863)
Net income		**307,346**	274,528	**304,422**	273,016
Net change in fair value of financial derivatives		**(42,979)**	(4,196)	**(42,979)**	(4,196)
Net appreciation on revaluation of investment properties and investment properties under development		**72,779**	224,452	**65,510**	224,162
Total return for the year before income tax expense		**337,146**	494,784	**326,953**	492,982
Income tax (expense)/credit	25	**(860)**	(1,616)	**1,419**	(920)
Total return for the year		**336,286**	493,168	**328,372**	492,062
Net effect of non-tax deductible expenses and other adjustments		**41,066**	9,034	**41,711**	9,850
Net appreciation on revaluation of investment properties and investment properties under development		**(72,779)**	(224,452)	**(65,510)**	(224,162)
Income available for distribution		**304,573**	277,750	**304,573**	277,750
Distribution from capital		**984**	3,993	**984**	3,993
Total amount available for distribution		**305,557**	281,743	**305,557**	281,743
Earnings per unit (cents)					
– Basic	26	**15.11**	23.74	**14.75**	23.69
– Diluted	26	**15.11**	22.61	**14.75**	22.56
Distribution per unit (cents)	26	**13.74**	13.56	**13.74**	13.56

The accompanying notes form an integral part of these financial statements.

Distribution Statements

Year ended 31 March 2013

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Total amount available for distribution to Unitholders at beginning of the year	**73,322**	61,671	**73,322**	61,671
Total return for the year	**336,286**	493,168	**328,372**	492,062
Distribution adjustments (Note A)	**(31,713)**	(215,418)	**(23,799)**	(214,312)
Income available for distribution to Unitholders	**377,895**	339,421	**377,895**	339,421
Distribution from capital	**984**	3,993	**984**	3,993
Total amount available for distribution to Unitholders	**378,879**	343,414	**378,879**	343,414
Distribution of 3.62 cents per unit for the period from 01/10/12 to 31/12/12	**(81,050)**	–	**(81,050)**	–
Distribution of 3.53 cents per unit for the period from 01/07/12 to 30/09/12	**(78,985)**	–	**(78,985)**	–
Distribution of 1.80 cents per unit for the period from 14/05/12 to 30/06/12	**(40,276)**	–	**(40,276)**	–
Distribution of 1.73 cents per unit for the period from 01/04/12 to 13/05/12	**(36,087)**	–	**(36,087)**	–
Distribution of 3.50 cents per unit for the period from 01/01/12 to 31/03/12	**(72,978)**	–	**(72,978)**	–
Distribution of 3.48 cents per unit for the period from 01/10/11 to 31/12/11	**–**	(72,561)	**–**	(72,561)
Distribution of 3.38 cents per unit for the period from 01/07/11 to 30/09/11	**–**	(70,416)	**–**	(70,416)
Distribution of 2.81 cents per unit for the period from 11/04/11 to 30/06/11	**–**	(58,516)	**–**	(58,516)
Distribution of 0.39 cents per unit for the period from 01/04/11 to 10/04/11	**–**	(7,310)	**–**	(7,310)
Distribution of 3.27 cents per unit for the period from 01/01/11 to 31/03/11	**–**	(61,289)	**–**	(61,289)
	(309,376)	(270,092)	**(309,376)**	(270,092)
Total amount available for distribution to Unitholders at end of the year	**69,503**	73,322	**69,503**	73,322

Note A - Distribution adjustments comprise:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Net change in fair value of financial derivatives	**42,979**	4,196	**42,979**	4,196
Net appreciation on revaluation of investment properties and investment properties under development	**(72,779)**	(224,452)	**(65,510)**	(224,162)
Change in fair value of collateral loan	**51,909**	1,140	**51,909**	1,140
Change in fair value of debt securities	**(15,285)**	–	**(15,285)**	–
Unrealised foreign exchange (gain)/loss	**(42,274)**	932	**(42,265)**	863
Management fee paid/payable in units	**6,648**	5,828	**6,648**	5,828
Trustee's fee	**2,000**	1,752	**2,000**	1,752
Distributable income from a subsidiary not yet received, not distributed	**(2,326)**	(1,238)	**–**	–
Deferred tax expense/(credit)	**24**	1,249	**(1,794)**	818
Transfer to general reserves	**(128)**	(78)	**–**	–
Others	**(2,481)**	(4,747)	**(2,481)**	(4,747)
Total distribution adjustments	**(31,713)**	(215,418)	**(23,799)**	(214,312)

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds
Year ended 31 March 2013

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
At beginning of the year		**3,917,456**	3,293,349	**3,917,003**	3,293,349
Operations					
Net income		**307,346**	274,528	**304,422**	273,016
Net change in fair value of financial derivatives		**(42,979)**	(4,196)	**(42,979)**	(4,196)
Net appreciation on revaluation of investment properties and investment properties under development		**72,779**	224,452	**65,510**	224,162
Income tax (expense)/credit		**(860)**	(1,616)	**1,419**	(920)
Net increase in net assets resulting from operations		**336,286**	493,168	**328,372**	492,062
Hedging transactions					
Effective portion of changes in fair value of financial derivatives		**11,063**	(6,413)	**11,063**	(6,413)
Changes in fair value of financial derivatives transferred to the Statement of Total Return		**(1,333)**	4,694	**(1,333)**	4,694
Net increase/(decrease) in net assets resulting from hedging transactions		**9,730**	(1,719)	**9,730**	(1,719)
Movement in foreign currency translation reserve		**(120)**	(653)	**–**	–
Unitholders' transactions					
New units issued		**704,900**	400,001	**704,900**	400,001
Acquisition fee (IPT* acquisition) paid/payable in units		**3,090**	1,874	**3,090**	1,874
Development fee (IPT*) paid in units		**–**	1,853	**–**	1,853
Management fee paid/payable in units		**6,648**	5,828	**6,648**	5,828
Issue expenses	27	**(7,465)**	(6,153)	**(7,465)**	(6,153)
Distributions to Unitholders		**(309,376)**	(270,092)	**(309,376)**	(270,092)
Net increase in net assets resulting from Unitholders' transactions		**397,797**	133,311	**397,797**	133,311
At end of the year		**4,661,149**	3,917,456	**4,652,902**	3,917,003

* IPT denotes interested party transaction

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement

As at 31 March 2013

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000	Percentage of Net Assets 2013 %	Percentage of Net Assets 2012 %
	Business & Science Parks											
	The Alpha	19 Nov 2002	Leasehold	60 years	18 Nov 2062	10 Science Park Road	116,000	31 Mar 2013	**116,000**	111,700	**2.49**	2.85
@	The Aries	19 Nov 2002	Leasehold	60 years	18 Nov 2062	51 Science Park Road	65,500	31 Mar 2013	**65,500**	64,600	**1.41**	1.65
	The Capricorn	19 Nov 2002	Leasehold	60 years	18 Nov 2062	1 Science Park Road	116,000	31 Mar 2013	**116,000**	116,000	**2.49**	2.96
@	The Gemini	19 Nov 2002	Leasehold	60 years	18 Nov 2062	41 Science Park Road	128,000	31 Mar 2013	**128,000**	127,000	**2.75**	3.24
	Honeywell Building	19 Nov 2002	Leasehold	60 years [c]	15 Dec 2058 [c]	17 Changi Business Park Central 1	69,500	31 Mar 2013	**69,500**	69,000	**1.49**	1.76
@	1 Changi Business Park Avenue 1	30 Oct 2003	Leasehold	60 years [c]	31 Jan 2061 [c]	1 Changi Business Park Avenue 1	41,000	31 Mar 2013	**41,000**	41,000	**0.88**	1.05
@	Techquest	05 Oct 2005	Leasehold	60 years	15 Jun 2055	7 International Business Park	25,000	31 Mar 2013	**25,000**	25,000	**0.54**	0.64
@	PSB Science Park Building	18 Nov 2005	Leasehold	95.5 years	30 Jun 2080	1 Science Park Drive	76,500	31 Mar 2013	**76,500**	75,000	**1.64**	1.92
	13 International Business Park	10 Oct 2006	Leasehold	60 years [c]	15 Jul 2064 [c]	13 International Business Park	29,000	31 Mar 2013	**29,000**	28,400	**0.62**	0.73
@	iQuest @ IBP	12 Jan 2007	Leasehold	60 years [c]	30 Nov 2055 [c]	27 International Business Park	37,000	31 Mar 2013	**37,000**	37,000	**0.79**	0.94
	Hansapoint @ CBP	22 Jan 2008	Leasehold	60 years [c]	31 Oct 2066 [c]	10 Changi Business Park Central 2	84,500	31 Mar 2013	**84,500**	83,500	**1.81**	2.13
	Acer Building	19 Mar 2008	Leasehold	60 years [c]	30 Apr 2066 [c]	29 International Business Park	91,000	31 Mar 2013	**91,000**	88,600	**1.95**	2.26
	The Rutherford & Science Hub	26 Mar 2008	Leasehold	60 years	25 Mar 2068	87 & 89 Science Park Drive	88,000	31 Mar 2013	**88,000**	86,000	**1.89**	2.20
	31 International Business Park	26 Jun 2008	Leasehold	60 years [c]	15 Dec 2054 [c]	31 International Business Park	222,000	31 Mar 2013	**222,000**	218,000	**4.76**	5.56
	Balance carried forward – (Business & Science Parks)						1,189,000		**1,189,000**	1,170,800	**25.51**	29.89

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement

As at 31 March 2013

Group

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000	Percentage of Net Assets 2013 %	Percentage of Net Assets 2012 %
Business & Science Parks											
Balance brought forward - (Business & Science Parks)						1,189,000		**1,189,000**	1,170,800	**25.51**	29.89
1, 3 & 5 Changi Business Park Crescent	16 Feb 2009, 25 Sep 2009 & 31 Dec 2010	Leasehold	60 years [c]	30 Sep 2067 [c]	1, 3 & 5 Changi Business Park Crescent	316,500	31 Mar 2013	**316,500**	304,400	**6.79**	7.77
DBS Asia Hub	31 Mar 2010	Leasehold	60 years [c]	30 Sep 2067 [c]	2 Changi Business Park Crescent	141,900	31 Mar 2013	**141,900**	141,900	**3.04**	3.62
Neuros & Immunos	31 Mar 2011	Leasehold	60 years [c]	31 Jan 2065 [c]	8/8A Biomedical Grove	129,400	31 Mar 2013	**129,400**	127,500	**2.78**	3.25
Nordic European Centre	08 July 2011	Leasehold	60 years [c]	31 Mar 2057 [c]	3 International Business Park	122,200	31 Mar 2013	**122,200**	122,000	**2.62**	3.12
& Ascendas Z- Link [k]	03 Oct 2011	Leasehold	50 years	27 Aug 2054	17 Zhongguancun Software Park, 8 Dongbeiwang West Road, Haidian District, Beijing 100094, China	68,864	31 Mar 2013	**68,864**	61,720	**1.48**	1.58
AkzoNobel House	08 Dec 2011	Leasehold	60 years [c]	28 Feb 2061 [c]	3 Changi Business Park Vista	80,000	31 Mar 2013	**80,000**	80,000	**1.72**	2.04
Cintech I [b]	29 Mar 2012	Leasehold	56 years	25 Mar 2068	73 Science Park Drive	51,000	31 Mar 2013	**51,000**	47,685	**1.09**	1.22
Cintech II [b]	29 Mar 2012	Leasehold	56 years	25 Mar 2068	75 Science Park Drive	38,700	31 Mar 2013	**38,700**	35,815	**0.83**	0.91
Cintech III & IV [b]	29 Mar 2012	Leasehold	56 years	25 Mar 2068	77 & 79 Science Park Drive	103,500	31 Mar 2013	**103,500**	101,980	**2.22**	2.60
The Galen [b]	25 Mar 2013	Leasehold	66 years	24 Mar 2079	61 Science Park Road	127,460	31 Dec 2012	**127,460**	–	**2.73**	–
Total (Business & Science Parks)						2,368,524		**2,368,524**	2,193,800	**50.81**	56.00

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement

As at 31 March 2013

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[(a)] $'000	Valuation Date	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000	Percentage of Net Assets 2013 %	Percentage of Net Assets 2012 %
	*Hi-Specs Industrial Properties**											
	Techlink	19 Nov 2002	Leasehold	60 years	24 Sep 2053	31 Kaki Bukit Road 3	112,200	31 Mar 2013	**112,200**	112,200	**2.41**	2.86
	Siemens Centre	12 Mar 2004	Leasehold	60 years [(c)]	15 Dec 2061 [(c)]	60 MacPherson Road	101,200	31 Mar 2013	**101,200**	101,100	**2.17**	2.58
#	Infineon Building	01 Dec 2004	Leasehold	47 years [(e)]	30 Jun 2050 [(e)]	8 Kallang Sector	72,400	31 Mar 2013	**72,400**	71,300	**1.55**	1.82
#	Techpoint	01 Dec 2004	Leasehold	65 years	31 Mar 2052	10 Ang Mo Kio Street 65	136,000	31 Mar 2013	**136,000**	134,000	**2.92**	3.42
#	Wisma Gulab	01 Dec 2004	Freehold	Freehold	–	190 MacPherson Road	68,300	31 Mar 2013	**68,300**	66,810	**1.46**	1.71
#	KA Centre	02 Mar 2005	Leasehold	99 years	31 May 2058	150 Kampong Ampat	39,000	31 Mar 2013	**39,000**	36,000	**0.84**	0.92
#	KA Place	02 Mar 2005	Leasehold	99 years	31 May 2058	159 Kampong Ampat	17,900	31 Mar 2013	**17,900**	16,800	**0.38**	0.43
#	Kim Chuan Telecommuni-cations Complex	02 Mar 2005	Leasehold	99 years	30 Mar 2091	38 Kim Chuan Road	136,100	31 Mar 2013	**136,100**	134,690	**2.92**	3.44
@	Pacific Tech Centre	01 Jul 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang Timor	86,000	31 Mar 2013	**86,000**	81,300	**1.85**	2.08
	Techview	05 Oct 2005	Leasehold	60 years	08 Jul 2056	1 Kaki Bukit View	114,000	31 Mar 2013	**114,000**	110,000	**2.45**	2.81
@	1 Jalan Kilang	27 Oct 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang	25,200	31 Mar 2013	**25,200**	24,800	**0.54**	0.63
	30 Tampines Industrial Avenue 3	15 Nov 2005	Leasehold	60 years [(c)]	31 Dec 2063 [(c)]	30 Tampines Industrial Avenue 3	31,000	31 Mar 2013	**31,000**	30,220	**0.67**	0.77
@	50 Kallang Avenue	27 Feb 2006	Leasehold	60 years [(c)]	15 Nov 2055 [(c)]	50 Kallang Avenue	41,000	31 Mar 2013	**41,000**	39,600	**0.88**	1.01
@	138 Depot Road	15 Mar 2006	Leasehold	60 years [(c)]	30 Nov 2064 [(c)]	138 Depot Road	66,100	31 Mar 2013	**66,100**	65,070	**1.42**	1.66
@	2 Changi South Lane	01 Feb 2007	Leasehold	60 years [(c)]	15 Oct 2057 [(c)]	2 Changi South Lane	35,500	31 Mar 2013	**35,500**	33,770	**0.76**	0.86
	CGG Veritas Hub	25 Mar 2008	Leasehold	60 years [(c)]	31 Dec 2066 [(c)]	9 Serangoon North Avenue 5	21,300	31 Mar 2013	**21,300**	20,960	**0.46**	0.54
	38A Kim Chuan Road	11 Dec 2009	Leasehold	99 years	30 Mar 2091	38A Kim Chuan Road	118,390	31 Mar 2013	**118,390**	113,080	**2.54**	2.89
+@	Corporation Place	08 Dec 2011	Leasehold	60 years	30 Sep 2050	2 Corporation Road	100,000	31 Mar 2013	**100,000**	110,000	**2.14**	2.80
#	Telepark	02 Mar 2005	Leasehold	99 years	01 Apr 2091	5 Tampines Central 6	261,600	31 Mar 2013	**261,600**	250,000	**5.61**	6.38
	Total (Hi-Specs Industrial Properties)						1,583,190		**1,583,190**	1,551,700	**33.97**	39.61

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement
As at 31 March 2013

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000	Percentage of Net Assets 2013 %	Percentage of Net Assets 2012 %
	Light Industrial Properties											
@	Techplace I	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 4008-4012 Ang Mo Kio Avenue 10	134,300	31 Mar 2013	**134,300**	126,440	**2.88**	3.23
+	Techplace II	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 5000-5014 Ang Mo Kio Avenue 5	190,460	31 Mar 2013	**190,460**	162,220	**4.09**	4.14
	OSIM Headquarters	20 Jun 2003	Leasehold	60 years	09 Mar 2057	65 Ubi Avenue 1	40,980	31 Mar 2013	**40,980**	40,810	**0.88**	1.04
@	Ghim Li Building	13 Oct 2003	Leasehold	60 years [c]	28 Feb 2055 [c]	41 Changi South Avenue 2	12,700	31 Mar 2013	**12,700**	15,250	**0.27**	0.39
#	Progen Building	29 Jul 2004	Leasehold	60 years [c]	15 Jan 2056 [c]	12 Woodlands Loop	25,610	31 Mar 2013	**25,610**	24,200	**0.55**	0.62
#	SB Building	26 Nov 2004	Leasehold	60 years [c]	30 Sep 2057 [c]	25 Changi South Street 1	23,470	31 Mar 2013	**23,470**	22,610	**0.50**	0.58
#	247 Alexandra Road	01 Dec 2004	Leasehold	99 years	25 Sep 2051	247 Alexandra Road	64,700	31 Mar 2013	**64,700**	60,500	**1.39**	1.54
+@	5 Tai Seng Drive	01 Dec 2004	Leasehold	60 years	30 Nov 2049	5 Tai Seng Drive	18,760	31 Mar 2013	**18,760**	16,980	**0.40**	0.43
#	Volex Building	01 Dec 2004	Leasehold	60 years [c]	31 Jan 2052 [c]	35 Tampines Street 92	13,010	31 Mar 2013	**13,010**	12,570	**0.28**	0.32
#	53 Serangoon North Avenue 4	27 Dec 2004	Leasehold	60 years [c]	30 Nov 2055 [c]	53 Serangoon North Avenue 4	12,700	31 Mar 2013	**12,700**	11,400	**0.27**	0.29
	3 Tai Seng Drive	01 Apr 2005	Leasehold	60 years	30 Nov 2049	3 Tai Seng Drive	18,960	31 Mar 2013	**18,960**	18,500	**0.41**	0.47
#	27 Ubi Road 4	01 Apr 2005	Leasehold	60 years [c]	31 Oct 2055 [c]	27 Ubi Road 4	11,850	31 Mar 2013	**11,850**	11,830	**0.25**	0.30
#	52 Serangoon North Avenue 4	04 Apr 2005	Leasehold	60 years [c]	15 Sep 2055 [c]	52 Serangoon North Avenue 4	22,800	31 Mar 2013	**22,800**	21,700	**0.49**	0.55
#	Hyflux Building	04 Apr 2005	Leasehold	60 years	15 Jan 2041	202 Kallang Bahru	22,500	31 Mar 2013	**22,500**	22,225	**0.48**	0.57
	Weltech Building	16 May 2005	Leasehold	60 years [c]	29 Feb 2056 [c]	25 Ubi Road 4	11,380	31 Mar 2013	**11,380**	11,000	**0.24**	0.28
@	BBR Building	21 Jun 2005	Leasehold	60 years [c]	15 Sep 2057 [c]	50 Changi South Street 1	10,490	31 Mar 2013	**10,490**	10,160	**0.23**	0.26
@	Tampines Biz-Hub	05 Oct 2005	Leasehold	60 years [c]	30 Nov 2049 [c]	11 Tampines Street 92	18,900	31 Mar 2013	**18,900**	19,000	**0.41**	0.49
@	84 Genting Lane	05 Oct 2005	Leasehold	43 years [h]	30 Nov 2039 [h]	84 Genting Lane	14,700	31 Mar 2013	**14,700**	13,360	**0.32**	0.34
@	Hoya Building	05 Oct 2005	Leasehold	30 years	15 May 2033	455A Jalan Ahmad Ibrahim	7,910	31 Mar 2013	**7,910**	7,370	**0.17**	0.19
@	NNB Industrial Building	05 Oct 2005	Leasehold	60 years [c]	15 Jan 2056 [c]	10 Woodlands Link	16,560	31 Mar 2013	**16,560**	15,820	**0.35**	0.40
@	37A Tampines Street 92	01 Dec 2005	Leasehold	60 years [c]	30 Jun 2054 [c]	37A Tampines Street 92	16,100	31 Mar 2013	**16,100**	14,840	**0.35**	0.38
	Hamilton Sundstrand Building	09 Dec 2005	Leasehold	60 years [c]	28 Feb 2065 [c]	11 Changi North Rise	38,310	31 Mar 2013	**38,310**	37,075	**0.82**	0.95
@	Thales Building (I&II)	03 Jan 2006 & 20 Mar 2008	Leasehold	42 years [i]	30 Jun 2047 [i]	21 Changi North Rise	9,290	31 Mar 2013	**9,290**	9,020	**0.20**	0.23
	Balance carried forward – (Light Industrial Properties)						756,440		**756,440**	704,880	**16.23**	17.99

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement

As at 31 March 2013

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a]	Valuation Date	Carrying Amount 2013	Carrying Amount 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
							$'000		$'000	$'000	%	%
	Light Industrial Properties											
	Balance brought forward - (Light Industrial Properties)						756,440		**756,440**	704,880	**16.23**	17.99
@	31 Ubi Road 1	21 Feb 2006	Leasehold	60 years [c]	28 Feb 2050 [c]	31 Ubi Road 1	32,170	31 Mar 2013	**32,170**	25,340	**0.69**	0.65
@	Ubi Biz-Hub	27 Mar 2006	Leasehold	60 years [c]	30 Jun 2056 [c]	150 Ubi Avenue 4	16,540	31 Mar 2013	**16,540**	15,650	**0.34**	0.40
@	26 Senoko Way	08 Jan 2007	Leasehold	60 years [c]	15 Sep 2051 [c]	26 Senoko Way	17,100	31 Mar 2013	**17,100**	15,960	**0.37**	0.41
@	2 Senoko South Road	08 Jan 2007	Leasehold	60 years [c]	31 May 2056 [c]	2 Senoko South Road	35,770	31 Mar 2013	**35,770**	33,960	**0.77**	0.87
@	1 Kallang Place	01 Feb 2007	Leasehold	30 years	30 Nov 2024	1 Kallang Place	10,960	31 Mar 2013	**10,960**	11,375	**0.24**	0.29
@	18 Woodlands Loop	01 Feb 2007	Leasehold	60 years [c]	15 Feb 2057 [c]	18 Woodlands Loop	24,850	31 Mar 2013	**24,850**	23,810	**0.53**	0.61
@	9 Woodlands Terrace	01 Feb 2007	Leasehold	60 years [c]	31 Dec 2054 [c]	9 Woodlands Terrace	3,100	31 Mar 2013	**3,100**	2,900	**0.07**	0.07
@	11 Woodlands Terrace	01 Feb 2007	Leasehold	60 years [c]	15 Jan 2056 [c]	11 Woodlands Terrace	2,960	31 Mar 2013	**2,960**	2,540	**0.06**	0.06
	FoodAxis @ Senoko [l]	15 May 2007	Leasehold	60 years [c]	15 Nov 2044 [c]	1 Senoko Avenue	73,000	31 Mar 2013	**73,000**	72,060	**1.57**	1.84
	8 Loyang Way 1	05 May 2008	Leasehold	30 years [j]	15 Jul 2052 [j]	8 Loyang Way 1	24,250	31 Mar 2013	**24,250**	23,580	**0.52**	0.60
	31 Joo Koon Circle	30 Mar 2010	Leasehold	60 years [c]	15 Aug 2055 [c]	31 Joo Koon Circle	18,530	31 Mar 2013	**18,530**	16,740	**0.40**	0.43
	Total (Light Industrial Properties)						1,015,670		**1,015,670**	948,795	**21.79**	24.22

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement

As at 31 March 2013

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a]	Valuation Date	Carrying Amount 2013	Carrying Amount 2012	Percentage of Net Assets 2013	Percentage of Net Assets 2012
							$'000		$'000	$'000	%	%
	Logistics & Distribution Centres											
	IDS Logistics Corporate HQ	19 Feb 2004	Leasehold	58 years [d]	31 Aug 2056 [d]	279 Jalan Ahmad Ibrahim	40,600	31 Mar 2013	**40,600**	45,000	**0.87**	1.15
	LogisTech	04 Mar 2004	Leasehold	60 years	15 Nov 2056	3 Changi North Street 2	45,200	31 Mar 2013	**45,200**	44,000	**0.97**	1.12
@	10 Toh Guan Road	05 Mar 2004	Leasehold	60 years [c]	15 Oct 2055 [c]	10 Toh Guan Road	125,600	31 Mar 2013	**125,600**	132,600	**2.69**	3.38
	Changi Logistics Centre	09 Mar 2004	Leasehold	60 years [c]	15 Oct 2050 [c]	19 Loyang Way	73,900	31 Mar 2013	**73,900**	67,400	**1.58**	1.72
+@	Nan Wah Building	31 May 2004	Leasehold	60 years [c]	15 Oct 2057 [c]	4 Changi South Lane	30,200	31 Mar 2013	**30,200**	29,900	**0.65**	0.76
	C & P Logistics Hub	21 Jul 2004	Leasehold	48 years [f]	31 Dec 2049 [f]	40 Penjuru Lane	257,400	31 Mar 2013	**257,400**	258,000	**5.52**	6.59
#	Xilin Districentre Building A&B	02 Dec 2004	Leasehold	60 years [c]	31 May 2054 [c]	3 Changi South Street 2	35,300	31 Mar 2013	**35,300**	35,200	**0.76**	0.90
#	MacDermid Building	02 Dec 2004	Leasehold	60 years [c]	15 Jul 2050 [c]	20 Tuas Avenue 6	7,170	31 Mar 2013	**7,170**	7,000	**0.15**	0.18
	Xilin Districentre Building D	09 Dec 2004	Leasehold	60 years [c]	31 Oct 2055 [c]	6 Changi South Street 2	23,400	31 Mar 2013	**23,400**	23,900	**0.50**	0.61
#	9 Changi South Street 3	28 Dec 2004	Leasehold	60 years [c]	30 Apr 2055 [c]	9 Changi South Street 3	39,700	31 Mar 2013	**39,700**	34,700	**0.85**	0.89
#	5 Toh Guan Road East	28 Dec 2004	Leasehold	60 years [c]	15 Dec 2049 [c]	5 Toh Guan Road East	31,000	31 Mar 2013	**31,000**	37,000	**0.67**	0.94
@	Xilin Districentre Building C	05 May 2005	Leasehold	60 years [c]	30 Sep 2054 [c]	7 Changi South Street 2	25,600	31 Mar 2013	**25,600**	27,400	**0.55**	0.70
	Senkee Logistics Hub (Phase I and II)	23 Sep 2005 & 01 Feb 2008	Leasehold	45 years [g]	31 Jan 2049 [g]	19 & 21 Pandan Avenue	120,400	31 Mar 2013	**120,400**	116,100	**2.58**	2.96
@	1 Changi South Lane	05 Oct 2005	Leasehold	60 years	31 Aug 2058	1 Changi South Lane	43,500	31 Mar 2013	**43,500**	43,700	**0.93**	1.12
@	LogisHub @ Clementi	05 Oct 2005	Leasehold	60 years [c]	15 May 2053 [c]	2 Clementi Loop	32,100	31 Mar 2013	**32,100**	30,900	**0.69**	0.79
@	GSH Centre	18 Nov 2005	Leasehold	60 years [c]	15 Nov 2063 [c]	11 Changi North Way	16,500	31 Mar 2013	**16,500**	16,000	**0.35**	0.41
@	21 Jalan Buroh	14 Jun 2006	Leasehold	58 years [c]	30 Sep 2055 [c]	21 Jalan Buroh	67,600	31 Mar 2013	**67,600**	67,500	**1.45**	1.72
@	Sembawang Kimtrans Logistics Centre	14 Jun 2006	Leasehold	60 years [c]	15 Feb 2057 [c]	30 Old Toh Tuck Road	23,700	31 Mar 2013	**23,700**	23,700	**0.51**	0.60
	6 Pioneer Walk	05 Dec 2007	Leasehold	30 years	30 Apr 2036	6 Pioneer Walk	24,600	31 Mar 2013	**24,600**	24,000	**0.53**	0.61
	Sim Siang Choon Building	19 Mar 2008	Leasehold	60 years [c]	30 Sep 2054 [c]	21 Changi South Avenue 2	28,000	31 Mar 2013	**28,000**	27,500	**0.60**	0.70
	15 Changi North Way	29 Jul 2008	Leasehold	60 years [c]	31 Dec 2066 [c]	15 Changi North Way	47,500	31 Mar 2013	**47,500**	46,500	**1.02**	1.19
	Pioneer Hub	12 Aug 2008	Leasehold	30 years	30 Nov 2036	15 Pioneer Walk	108,900	31 Mar 2013	**108,900**	107,500	**2.34**	2.75
	71 Alps Avenue	02 Sep 2009	Leasehold	60 years [c]	14 Aug 2068 [c]	71 Alps Avenue	29,200	31 Mar 2013	**29,200**	29,000	**0.63**	0.74
	90 Alps Avenue	20 Jan 2012	Leasehold	60 years [c]	22 Oct 2070 [c]	90 Alps Avenue	49,200	31 Mar 2013	**49,200**	48,500	**1.06**	1.24
	Total (Logistics & Distribution Centres)						1,326,270		1,326,270	1,323,000	28.45	33.77

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement
As at 31 March 2013

Group

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000	Percentage of Net Assets 2013 %	Percentage of Net Assets 2012 %
Warehouse Retail Facilities											
Courts Megastore	30 Nov 2006	Leasehold	30 years	31 Dec 2035	50 Tampines North Drive 2	65,900	31 Mar 2013	**65,900**	65,000	**1.41**	1.66
Giant Hypermart	06 Feb 2007	Leasehold	30 years	31 Dec 2035	21 Tampines North Drive 2	87,500	31 Mar 2013	**87,500**	88,000	**1.88**	2.25
Total (Warehouse Retail Facilities)						153,400		**153,400**	153,000	**3.29**	3.91
Total Investment Properties						6,447,054		**6,447,054**	6,170,295	**138.31**	157.51
Investment property under development						151,916		**151,916**	121,400	**3.26**	3.10
Other assets and liabilities (net)								**(1,937,821)**	(2,374,239)	**(41.57)**	(60.61)
Net assets								**4,661,149**	3,917,456	**100.00**	100.00

The accompanying notes form an integral part of these financial statements.

Investment Properties Portfolio Statement
As at 31 March 2013

Investment properties comprise a diverse portfolio of industrial properties that are leased to customers. Most of the leases for multi-tenanted buildings contain an initial non-cancellable period ranging from one to three years. Subsequent renewals are negotiated with the respective lessees.

(a) In March 2013, independent valuations for 102 (2012: 99) properties were undertaken by CBRE Pte. Ltd., CBRE HK Limited, DTZ Debenham Tie Leung (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Cushman & Wakefield VHS Pte Ltd and Knight Frank Pte Ltd. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flow analysis. The valuations adopted amounted to $6,319.6 million (2012: $5,984.8 million). The net increase in valuation of $72.8 million (2012: $224.5 million) has been recognised in the Statement of Total Return. The investment property under development was valued by management at $151.9 million (2012: $121.4 million) as at 31 March 2013.

(b) The Galen was acquired from a related party of the Manager, Singapore Science Park Ltd, in March 2013 and was recorded at the costs incurred upon acquisition as at 31 March 2013. Cintech I, Cintech II and Cintech III & IV were acquired in March 2012 and were recorded at the costs incurred upon acquisition.

(c) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.

(d) Includes an option for the Trust to renew the land lease for a further term of 28 years upon expiry.

(e) Includes an option for the Trust to renew the land lease for a further term of 17 years upon expiry.

(f) Includes an option for the Trust to renew the land lease for a further term of 24.4 years upon expiry.

(g) Includes an option for the Trust to renew the land lease for a further term of 15 years upon expiry.

(h) Includes an option for the Trust to renew the land lease for a further term of 13 years upon expiry.

(i) Includes an option for the Trust to renew the land lease for a further term of 12 years upon expiry.

(j) At the end of the 30-year lease, the Trust has the option to renew the land lease for Building A for a further term of 26 years and to renew the land lease for Building B for a further term of 16 years, 4 months and 16 days.

(k) Ascendas Z-Link ("Z-Link") was acquired from a related party of the Manager, Ascendas China Industrial and Business Parks Fund (acting through its trustee, Ascendas China Trustee Pte. Ltd.), in the previous financial year. This property was acquired via the acquisition of shares in Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark"). AZPark owns all the paid in capital in Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC"), which in turn owns the investment property, Z-Link in the People's Republic of China ("PRC") (see Note 9).

(l) FoodAxis @ Senoko was first acquired on 15 May 2007 and was subsequently redeveloped to maximise the allowable plot ratio. The development was completed on 16 February 2012 and transferred from investment properties under development to investment properties.

@ Portfolio 3 – Properties pledged as securities for the credit facility granted by Emerald Assets Limited in relation to the term loan of $395.0 million (see Note 16).

+ Techplace II was released from Portfolio 3 and substituted with Corporation Place, 5 Tai Seng Drive and Nan Wah Building during the current financial year.

Portfolio CL – Properties pledged as securities for the credit facility granted by Ruby Assets Pte. Ltd. in relation to the collateral loan of $300.0 million (see Note 17).

& In the previous financial year, Z-Link was pledged as security for a credit facility granted by United Overseas Bank Limited, Shanghai Branch.

* The property segment "Hi-Specs Industrial Properties" was formerly known as "Hi-Tech Industrial Properties"

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2013

	Note	Group 2013 $'000	Group 2012 $'000
Cash flows from operating activities			
Net income		**307,346**	274,528
Adjustments for:			
Allowance for impairment loss on doubtful receivables	11	**379**	6
Management fees paid/payable in units	22	**6,648**	5,828
Depreciation of plant and equipment	7	**768**	1,125
Finance income	24	**(24,899)**	(5,437)
Finance costs	24	**123,573**	64,202
Foreign exchange (gain)/loss		**(42,274)**	932
Operating income before working capital changes		**371,541**	341,184
Changes in working capital:			
Trade and other receivables		**(4,878)**	(6,805)
Trade and other payables		**9,125**	(5,423)
Cash generated from operating activities		**375,788**	328,956
Income tax paid		**(454)**	(137)
Net cash from operating activities		**375,334**	328,819
Cash flows from investing activities			
Purchase of investment properties	A	**(122,727)**	(474,187)
Payment for investment properties and other assets under development		**(54,135)**	(196,526)
Purchase of plant and equipment		**(7)**	(63)
Payment for capital expenditure on investment properties		**(59,779)**	(37,496)
Payment for deferred settlements		**–**	(7,200)
Acquisition of subsidiary, net of cash acquired	B	**–**	(36,916)
Investment in debt securities		**(27,000)**	(103,250)
Interest received		**7,037**	5,158
Net cash used in investing activities		**(256,611)**	(850,480)
Cash flows from financing activities			
Equity issue expenses paid		**(7,328)**	(6,177)
Proceeds from issue of units		**704,900**	400,001
Distributions paid to Unitholders		**(309,376)**	(270,092)
Finance costs paid		**(75,633)**	(65,461)
Transaction costs paid in respect of borrowings		**(1,177)**	(4,148)
Proceeds from borrowings		**423,066**	1,732,800
Repayment of borrowings		**(853,206)**	(1,253,500)
Net cash (used in)/generated from financing activities		**(118,754)**	533,423
Net (decrease)/increase in cash and cash equivalents		**(31)**	11,762
Cash and cash equivalents at beginning of financial year		**19,589**	8,067
Effect of exchange rate changes on cash balances		**(33)**	(240)
Cash and cash equivalents at end of financial year		**19,525**	19,589

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2013

Notes:

(A) Net cash outflow on purchase of investment properties (including acquisition costs)

Net cash outflow on purchase of investment properties (including acquisition costs) is set out below:

	Group 2013 $'000	Group 2012 $'000
Investment properties (including acquisition costs) (1)	**127,460**	491,097
Cash	**2,420**	11,540
Trade and other payables	**(3,473)**	(15,080)
Net identifiable assets acquired	**126,407**	487,557
Total consideration	**126,407**	487,557
Acquisition costs payable in the form of units	**(1,260)**	(1,830)
Cash acquired	**(2,420)**	(11,540)
Net cash outflow	**122,727**	474,187

(1) For the financial year ended 31 March 2013, cash consideration was paid for the acquisition of The Galen (2012: Nordic European Centre, Corporation Place, AkzoNobel House, Cintech I, Cintech II and Cintech III & IV).

(B) Net cash outflow on acquisition of subsidiary

Net cash outflow on acquisition of subsidiary is set out below:

	Group 2012 $'000
Investment property	61,770
Cash	8,681
Other assets	725
Other liabilities	(41,044)
Net identifiable assets acquired/cash consideration paid	30,132
Cash acquired	(8,681)
Assumption of shareholder's loan	15,465
Net cash outflow	36,916

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2013

(C) Significant non-cash transactions

Year ended 31 March 2013

During the year, there were the following significant non-cash transactions:

- 2,970,649 units amounting to $6,492,000 were issued at issue prices ranging from $2.0121 to $2.3812 per unit as payment for 20% of the base management fee relating to the period from 1 December 2011 to 30 November 2012.

- 898,247 units amounting to $1,830,000 were issued at an issue price of $2.0373 per unit as payment for the acquisition fee to the Manager in relation to the acquisition of Cintech I, Cintech II and Cintech III & IV.

Year ended 31 March 2012

- 2,757,226 units amounting to $5,436,000 were issued at issue prices ranging from $1.9547 to $1.9903 per unit as payment of 20% of the base management fee relating to the period from 1 December 2010 to 30 November 2011.

- 629,794 units amounting to $1,256,000 were issued at an issue price of $1.9943 per unit as payment for acquisition fee to the Manager in relation to the acquisition of Neuros & Immunos.

- 308,526 units amounting to $618,000 were issued at an issue price of $2.0021 per unit as payment for acquisition fee to the Manager in relation to the acquisition of Z-Link.

- 902,713 units amounting to $1,853,000 were issued at an issue price of $2.0527 as payment for development management fee to the Manager for the purchase of a development site at Fusionopolis.

The issue prices of the units were determined based on the volume weighted average traded price for all trades done on Singapore Exchange Securities Trading Limited ("SGX-ST") in the ordinary course of trading for 10 business days immediately preceding the respective date of issue of the new units.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 31 May 2013.

1 General

Ascendas Real Estate Investment Trust (the "Trust") is a Singapore-domiciled real estate investment trust constituted pursuant to the trust deed dated 9 October 2002 between Ascendas Funds Management (S) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), as supplemented and amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006 and as sanctioned by Extraordinary Resolutions obtained at a meeting of Unitholders duly convened and held on 28 June 2007 and as restated by the First Amending and Restating Deed dated 11 June 2008, as amended by the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010 and the Eleventh Supplemental Deed dated 14 October 2011 ("Trust Deed").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 2002 and was included under the Central Provident Fund ("CPF") Investment Scheme on 15 October 2002.

The principal activity of the Trust is to invest in a diverse portfolio of properties and property related assets with the primary objective of achieving an attractive level of return and long-term capital growth. The principal activities of the subsidiaries are set out in Note 9.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group").

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. As approved by the Unitholders of the Trust during the Extraordinary General Meeting held on 28 June 2012, the Trust has entered into a new property management agreement ("PMA2012") for the properties located in Singapore with effect from 1 October 2012, a China property management agreement ("CPMA2012") for properties located in the PRC with effect from 1 July 2012 and a lease management agreement for all properties with effect from 1 July 2012 ("LMA2012").

The previous property management agreement ("PMA2002") for properties located in Singapore which was entered into with Ascendas Services Pte Ltd ("ASPL") on 10 October 2002 had expired on 18 November 2012.

The fees structures of these services are as follows:

(a) Trustee's fee

Trustee's fee shall not exceed 0.25% per annum of the value of all the gross assets of the Group ("Deposited Property") (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. Based on the current agreement between the Manager and the Trustee, the Trustee charges 0.03% per annum of the Deposited Property. The Trustee's fee is payable out of the Deposited Property of the Group monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Notes to the Financial Statements
Year ended 31 March 2013

1 General (continued)

(b) Management fees

The Manager is entitled to receive the following remuneration:

(i) a base management fee of 0.5% per annum of the Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) an annual performance fee of:

- 0.1% per annum of the Deposited Property, provided that the annual growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 2.5%; and

- an additional 0.1% per annum of the Deposited Property, provided that the growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 5.0%.

(iii) an acquisition fee of 1.0% of the purchase price of investment property acquired by the Trustee on behalf of the Trust.

(iv) a divestment fee of 0.5% of the sale price of investment property sold or divested by the Trustee on behalf of the Trust.

(v) a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Trust. In cases where the market pricing for comparables services is materially lower, the Manager will reduce the development management fees to less than 3.0%. In addition, when the estimated total project cost is greater than $100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee.

With effect from 19 November 2007, the Manager has elected to receive 20.0% of the base management fee in units and 80.0% in cash for all properties.

With effect from 17 November 2004, the Manager may elect to receive performance fee in cash and/or units, in such proportion as may be determined by the Manager. The Manager has elected to receive 100% of the performance fee in the form of cash for the financial year ended 31 March 2013. No performance fee was payable for the financial year ended 31 March 2012.

The cash component of the base management fee will be paid monthly in arrears and the units component will be paid on a six-monthly basis in arrears. The performance fee will be paid within 60 days of the last day of every financial year.

1 **General (continued)**

(c) Fees under the property management agreements

(i) Property management services

For property management services pursuant to PMA2012 and CPMA2012, the Group will pay ASPL and Ascendas China Pte Ltd ("ACPL") (jointly the "Property Managers"), for each Fiscal Year (as defined in the PMA2012 and CPMA2012), a fee of 2.0% per annum of the adjusted gross revenue (as defined in the PMA2012 and CPMA2012) of each property, managed by the Property Managers, and in the event that the Property Managers only manage such property for less than one calendar year, such amount to be pro-rated based on the number of days which the Property Managers manage such property divided by the number of days in such year.

For property management services incurred prior to PMA2012, the Trust will pay ASPL, for each Fiscal Year (as defined in PMA2002), a fee of 2.0% per annum of the gross revenue of each property, managed by ASPL.

(ii) Marketing services

For marketing services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers the following commissions, subject to a refund of 50.0% of the commission paid to the Property Managers if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Trust for the pre-termination (taking into account the loss of income and related expenses), the Property Managers need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Property Managers would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years with the terms of the lease subject to the prior approval of the Manager, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge;
- if a third party agent secures a tenancy, the Property Managers shall pay to the third party agent the same fees as stated above. Prior approval of the Manager is required for the Property Managers to pay a third party agent a commission that is less than as set out above. For the avoidance of doubt, there will not be double charging of commission payable to the third party agents and the Property Managers as the commissions payable to such third party agents shall be paid out of the Property Managers' fee; and
- an administrative charge of 20.0% of the commission is payable to the Manager or the Property Managers in the case of a new lease take-up which involves a third party agent for the marketing support and administrative services to be rendered either by the Manager or the Property Managers.

Notes to the Financial Statements
Year ended 31 March 2013

1 **General (continued)**

(c) Fees under the property management agreements (continued)

(ii) Marketing services (continued)

For marketing services incurred prior to PMA2012, the Trust will pay ASPL the following commissions:

- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years or less;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years;
- if a third party agent secures a tenancy, ASPL will be responsible for all commissions payable to such third party agent and ASPL will be entitled to a commission of:
  - 1.2 months' gross rent inclusive of service charge for securing a tenancy of three years or less; and
  - 2.4 months' gross rent inclusive of service charge for securing a tenancy of more than three years;
- 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of three years or less; and
- 1.0 month's gross rent inclusive of service charge for securing a renewal of tenancy of more than three years.

(iii) Project management services

For project management services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers the following fees for the (i) development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), refurbishment, retrofitting and renovation works to a property where submission to the relevant authorities for the approval of such works is required or (ii) routine maintenance where the expenses for the routine maintenance of the property results in such expenses being classified as capital expenditure under the Singapore Financial Reporting Standards ("FRS"):

- a fee of 3.00% of the construction costs, where the construction costs are $2.0 million or less in Singapore, or RMB2.0 million or less in the PRC;
- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million in Singapore, or exceed RMB2.0 million but do not exceed RMB12.0 million in the PRC;
- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million in Singapore, or exceed RMB12.0 million but do not exceed RMB40.0 million in the PRC;

1 **General (continued)**

(c) Fees under the property management agreements (continued)

(iii) Project management services (continued)

- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million in Singapore, or exceed RMB40.0 million but do not exceed RMB70.0 million in the PRC;

- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million in Singapore, or exceed RMB70.0 million but do not exceed RMB100.0 million in the PRC; and

- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million in Singapore, or exceed RMB100.0 million in the PRC.

For purpose of calculating the fees payable to the Property Managers, construction costs means all construction costs and expenditure valued by the quantity surveyor engaged by the Group for the project, but excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

For project management services incurred prior to PMA2012, the Trust will pay ASPL the following fees for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore) the refurbishment, retrofitting and renovation works on a property:

- a fee of 3.0% of the construction costs, where the construction costs are $2.0 million or less;

- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million;

- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million;

- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million;

- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million; and

- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million.

Notes to the Financial Statements

Year ended 31 March 2013

1 General (continued)

(c) Fees under the property management agreements (continued)

(iv) Energy audit services

For energy audit services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in a property located in Singapore (being the base energy audit fee) and RMB10,000 per chiller in a property located in the PRC. In addition to these fees, the Trust will pay ASPL 40.0% of the cost savings achieved in each property during the first three years after the completion of the works in such property, subject to a maximum of $40,000 per property for properties located in Singapore (such amount shall be inclusive of the base energy audit fee and the fees based on the savings achieved).

For energy audit services incurred prior to PMA2012, the Trust will pay ASPL $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in the property. In addition to these fees, the Trust will share with ASPL 40% of the cost savings achieved in each property subject to a maximum of $40,000 per property within a period of 3 years.

(v) Car park management services

For car park management services, the Trust will pay ASPL the following fees in relation to properties located in Singapore with effect from 1 July 2012:

- in relation to the car parks located at certain 33 properties as set out in the PMA2012 ("Managed Car Parks"), a management fee of $2.16 million per annum ("Base Car Park Fee") and 40% of hourly parking collections for such car parks (excluding goods and services tax). For the avoidance of doubt, any hourly car park rebates given to car park users will not be included in the hourly car park collections for the computation of fees.
- in the event that additional car parks are added or subsequently removed from the Managed Car Parks, the Base Car Park Fee shall be adjusted as follows:
  - in relation to a property which has up to 100 car park lots – the Base Car Park Fee shall be increased or decreased by $35 per car park lot per month multiplied by the number of car park lots in such property.
  - in relation to a property which has more than 100 car park lots – the Base Car Park Fee shall be increased or decreased by $25 per car park lot per month multiplied by the number of car park lots in such property.

Under CPMA2012, ACPL is not required to provide any car park management services.

1 **General (continued)**

(d) Fees under the lease management agreement

(i) Lease management services

For lease management services pursuant to LMA2012, the Group will pay the Manager or its nominees (as the Manager may direct), for each Fiscal Year (as defined in the LMA2012), a fee of 1.0% per annum of the adjusted gross revenue (as defined in the LMA2012) of each property. In addition to the above fee, the Group will pay the Manager or its nominees the following fees, subject to a refund of 50.0% of the commission paid to the Manager or its nominees if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Group for the pre-termination (taking into account the loss of income and related expenses), the Manager or its nominees need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Manager or its nominees would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid:

In relation to a tenancy which is renewed, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 0.5 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than one year;
- 0.5 month's gross rent inclusive of service charge for securing a tenancy of one year or more but less than or equivalent to three years;
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to one and a half months' gross rent inclusive of service charge.

In relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant, the Trust will pay the Manager or its nominees, the following fees:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge.

For lease management services incurred prior to LMA2012, the Trust will pay ASPL pursuant to PMA2002, for each Fiscal Year (as defined in the LMA2012) a fee of 1.0% per annum of the gross revenue of each property.

Notes to the Financial Statements

Year ended 31 March 2013

1 General (continued)

(d) Fees under the lease management agreement (continued)

(ii) Property tax services

For property tax services pursuant to LMA2012, the Manager or its nominees (as the Manager may direct) are entitled to the following fees if as a result of the Manager's or the nominees' objections to the tax authorities, the proposed annual value is reduced resulting in property tax savings for the property:

- a fee of 7.5% of the property tax savings, where the proposed reduction in annual value is $1.0 million or less in Singapore, or RMB1.0 million or less in the PRC;
- a fee of 5.5% of the property tax savings, where the proposed reduction in annual value is more than $1.0 million but does not exceed $5.0 million in Singapore, or more than RMB1.0 million but does not exceed RMB5.0 million in the PRC; and
- a fee of 5.0% of the property tax savings, where the proposed reduction in annual value is more than $5.0 million in Singapore, or more than RMB5.0 million in the PRC.

The above mentioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period less the expenses incurred to obtain the property tax savings and is not payable to the Manager if the Manager's objections are not successful or if the reduction in annual value results from an appeal to the valuation review board.

For property tax services incurred prior to LMA2012 in relation to properties located in Singapore, the fees payable to ASPL were identical to the fees payable to the Manager as defined under the LMA2012, except that the scope of property tax services has been increased in LMA2012.

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2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

(b) Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(c) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties and investment properties under development, and certain financial assets and financial liabilities which are stated at fair value as described in Note 3.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

In particular, information about signficant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 (i) – Estimates of current and deferred taxes;
- Note 4 – Valuation of investment properties;
- Note 5 – Valuation of investment properties under development; and
- Note 32 – Valuation of financial instruments

Notes to the Financial Statements
Year ended 31 March 2013

2 Basis of preparation (continued)

(e) Change in accounting policy

Deferred tax on investment properties and investment properties under development measured at fair value

From 1 April 2012, the Group has applied the Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* (the "Amendments"). Specifically, for investment properties and investment properties under development measured at fair value under FRS 40 *Investment Property*, the Amendments provide an exception that the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group had determined that its investment property in the PRC held through its subsidiaries is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended FRS 12 is rebutted in this regard. As a result, the Group continues to measure the deferred tax relating to its investment property in the PRC using the tax rate that would apply as a result of recovering its value through use. There is no impact on the Group's financial statements on adoption of the Amendments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except as explained in Note 2(e), which addresses the change in accounting policies.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for Subsidiaries in the separate financial statements

Interest in a subsidiary is stated in the Trust's Balance Sheet at cost less accumulated impairment losses.

3 **Significant accounting policies (continued)**

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the Statement of Total Return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve ("translation reserve") in Unitholders' funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the Statement of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

Notes to the Financial Statements
Year ended 31 March 2013

3 Significant accounting policies (continued)

(c) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business. Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

(i) in such manner and frequency required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of the investment properties.

Subsequent expenditure on investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For income tax purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

(d) Investment properties under development

Investment properties under development are properties constructed or developed for future use as investment properties. Investment properties under development are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Upon completion of the development, the carrying amounts are reclassified to investment properties.

3 **Significant accounting policies (continued)**

(e) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefit in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is provided on the straight-line basis over the estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and fixtures	5 – 7 years
Equipment	8 – 10 years
Computers and office equipment	1 – 5 years

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Total Return on the date of retirement or disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

(f) **Finance leases**

Leases which the Group has substantially transferred all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised as finance lease receivable on the Balance Sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned interest income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned interest income. The interest income is recognised in the Statement of Total Teturn on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Notes to the Financial Statements

Year ended 31 March 2013

3 Significant accounting policies (continued)

(g) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in the Statement of Total Return as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Total Return.

Financial assets designated at fair value through profit or loss comprise investment in debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, cash and cash equivalents, finance lease receivable and other financial assets.

Cash and cash equivalents comprise cash at bank and fixed deposits.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

3 **Significant accounting policies (continued)**

(g) **Financial instruments (continued)**

(ii) ***Non-derivative financial liabilities (continued)***

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss

Upon initial recognition, financial liabilities are measured at fair value and attributable transaction costs are recognised in the Statement of Total Return as incurred. Subsequent to initial recognition, the financial liabilities are measured at fair value, with changes recognised in the Statement of Total Return as finance income or finance costs.

Financial liabilities at fair value through profit or loss comprise the collateral loan.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables, security deposits, medium term notes, term loans and short term borrowings.

(iii) ***Derivative financial instruments and hedging activities***

The Group holds derivative financial instruments to hedge its interest rate exposure. Derivative financial instruments are recognised initially at fair value and attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Cash flow hedges

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised directly in Unitholders' funds to the extent that the hedge is effective. The effective portion of the change in fair value of the derivative is taken to the hedging reserve in Unitholders' funds. The amount recognised in the hedging reserve in Unitholders' funds is removed and included in Statement of Total Return in the same period as the hedged cash flows affect Statement of Total Return under the same line item in the Statement of Total Return as the hedged item. Any ineffective portions of changes in fair value are recognised in the Statement of Total Return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in Unitholders' funds remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in the Unitholders' funds is transferred to the carrying amount of the asset when it is recognised. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is recognised immediately in the Statement of Total Return. In other cases, the amount recognised in Unitholders' funds is transferred to the Statement of Total Return in the same period that the hedged item affects the Statement of Total Return.

3 Significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Derivative financial instruments and hedging activities (continued)

Other derivative financial instruments

Changes in the fair value of derivative financial instruments that are not designated as hedging instruments in qualifying cash flow hedges are recognised in the Statement of Total Return.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return.

3 **Significant accounting policies (continued)**

(h) Impairment (continued)

(ii) *Non-financial assets*

The carrying amounts of Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in the Statement of Total Return if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Statement of Total Return, unless it reverses a previous revaluation credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Taxation

Taxation on the returns for the year comprises current and deferred tax. Current and deferred tax are recognised in the Statement of Total Return, except to the extent that they relate to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements
Year ended 31 March 2013

3 Significant accounting policies (continued)

(i) Taxation (continued)

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its public listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling, the Trustee will not be assessed to tax on the taxable income of the Trust distributed in the same financial year. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate of 17.0% from the distributions made to Unitholders that are made out of the taxable income of the Trust in that financial year.

However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to the extent that the beneficial Unitholders are:

(i) Individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a Singapore partnership);

(ii) Companies incorporated and tax resident in Singapore;

(iii) Singapore branches of foreign companies which have presented a letter of approval from the IRAS granting waiver from tax deducted at source in respect of distributions from the Trust;

(iv) Non-corporate Singapore constituted or registered entities (e.g. town councils, statutory boards, charitable organisations, management corporations, clubs and trade and industry associations constituted, incorporated, registered or organised in Singapore);

(v) Central Provident Fund ("CPF") members who use their CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts; and

(vi) Individuals who use their Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts.

3 Significant accounting policies (continued)

(i) Taxation (continued)

The Trustee and the Manager will deduct tax at the reduced concessionary rate of 10.0% from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to beneficial Unitholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and:

(i) Who does not have a permanent establishment in Singapore; or

(ii) Who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the units in the Trust are not obtained from that operation.

The reduced concessionary tax rate of 10.0% will expire for distributions made after 31 March 2015 unless this concession is extended.

(j) Distribution policy

The Trust's distribution policy is to distribute 100% of its distributable income to Unitholders, other than gains on the sale of properties that are determined by IRAS to be trading gains and unrealised surplus on revaluation of investment properties and investment properties under development. Distributions are usually made on a quarterly basis at the discretion of the Manager. However, in the case of its overseas subsidiaries, income from these subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax payable, at the discretion of the Manager.

(k) Issue expenses

Issue expenses represent expenses incurred in the issuance and placement of additional units in the Trust. The expenses are deducted directly against Unitholders' funds, as stipulated in the Trust Deed.

(l) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of total rental income over the term of the lease.

Dividend

Dividend income is recognised on the date that the Group's right to receive payment is established.

Other income

Other income comprises interest income received from finance lease receivable, car park charges, utilities income and sundry income. Interest income received from finance lease receivable is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Except for interest income received from finance lease receivable, other income is recognised when the right to receive payment is established, after services have been rendered.

Notes to the Financial Statements

Year ended 31 March 2013

3 Significant accounting policies (continued)

(m) Expenses

(i) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are fees incurred under the Property Management Agreements and Lease Management Agreement which are based on the applicable formula stipulated in Note 1(c) and Note 1(d) respectively.

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Total Return on a straight-line basis over the term of leases.

(ii) Management fees

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee's fees which are based on the applicable formula stipulated in Note 1(a).

(n) Finance income and finance costs

Finance income comprises interest income from financial institutions and investment in debt securities and fair value gains on financial instruments measured at fair value through profit or loss. Interest income is recognised as it accrues in the Statement of Total Return, using the effective interest method.

Finance costs comprise interest expense on borrowings, transaction costs directly attributable to financial liabilities measured at fair value through profit or loss, changes in fair value losses on financial instruments measured at fair value through profit or loss, and accretion adjustments on borrowings related transaction costs and security deposits.

Interest expense on borrowings and accretion adjustments on borrowing-related transaction costs and security deposits are recognised in the Statement of Total Return using the effective interest method over the period of borrowings, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(o) Earnings per unit

The Group presents basic and diluted earnings per unit data for its ordinary units. Basic earnings per unit is calculated by dividing the total return for the year after tax attributable to Unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of units outstanding, for the effects of all dilutive potential units, arising from the collateral loan.

3 Significant accounting policies (continued)

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards, amendments to standards, interpretations and revised recommended accounting practices that have been issued as of the reporting date but are not yet effective for the financial year ended 31 March 2013 have not been applied in preparing these financial statements. Those new standards, amendments to standards, interpretations and revised recommended accounting practices that are expected to be applicable to the Group, and which the Group does not plan to early adopt, are set out below.

Applicable for the Group's financial statements for the year ending 31 March 2014

- FRS 113 *Fair Value Measurement* replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements. The adoption of this standard will require the Group to re-assess the bases used for determining the fair values computed for both measurement and disclosures purposes and would result in more extensive disclosures on fair value measurements. In accordance with the transitional provisions, the Group will apply FRS 113 prospectively as of 1 April 2013.

- The revised *Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* would result in additional disclosures being made in the Group's financial statements and is not expected to have a significant effect on the financial statements of the Group.

Applicable for the Group's financial statements for the year ending 31 March 2015

- FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control. The Group is presently assessing the impact of the adoption of FRS 110 on the Group's financial statements.

- FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities. As FRS 112 is primarily a disclosure standard, there will be no financial impact on the Group's financial statements.

Notes to the Financial Statements

Year ended 31 March 2013

4 Investment properties

	Note	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
At 1 April		**6,170,295**	5,254,556	**6,108,574**	5,254,556
Acquisition of investment properties		**127,460**	552,621	**127,460**	490,095
Transfer from investment properties under development	5	**–**	101,383	**–**	101,383
Capital expenditure incurred		**76,710**	40,509	**76,646**	40,509
Effects of movement in exchange rates		**(190)**	(1,095)	**–**	–
		6,374,275	5,947,974	**6,312,680**	5,886,543
Net appreciation on revaluation		**72,779**	222,321	**65,510**	222,031
At 31 March		**6,447,054**	6,170,295	**6,378,190**	6,108,574

Investment properties are stated at fair values based on valuations performed by independent professional valuers as at 31 March 2013 and 31 March 2012, except for the investment property acquired in March 2013, The Galen, which was valued by independent valuers in December 2012 (2012: Cintech I, Cintech II and Cintech III & IV, which were acquired in March 2012 and valued by independent valuers in January 2012). The fair value of these properties approximated their carrying amounts at the reporting date. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return.

As at the reporting date, investment properties with an aggregate carrying amount of $1,494,760,000 (2012: $1,480,955,000) and $1,041,110,000 (2012: $1,010,535,000) have been pledged as securities for credit facilities granted by Emerald Assets Limited and Ruby Assets Pte. Ltd. respectively, to the Group. In the previous financial year, investment property with an aggregate carrying amount of $61,720,000 has been pledged as security for a credit facility granted by United Overseas Bank Limited, Shanghai Branch (refer to Note 16 and 17).

5 Investment properties under development

	Note	Group and Trust 2013 $'000	Group and Trust 2012 $'000
At 1 April		**121,400**	26,078
Costs incurred during the financial year		**30,516**	194,574
Transfer to investment properties	4	**–**	(101,383)
		151,916	119,269
Net appreciation on revaluation		**–**	2,131
At 31 March		**151,916**	121,400

Investment properties under development are stated at fair value based on management's internal valuation as at reporting date using the income and residual method of valuation. The key assumptions used include market-corroborated capitalisation yield, prevailing market costs of construction and cost of finance.

6 Investment in debt securities

Investment in debt securities relates to an investment in convertible bonds (the "CB") due in June 2015 issued by PLC 8 Development Pte Ltd (the "Issuer"). The Issuer is the developer of an integrated industrial mixed use property on a 60-year leasehold land parcel at Kallang Avenue, Singapore (the "Property").

The CB carries a coupon rate of 2.00% per annum and is secured over the assets of the Issuer but ranked after the security given by the Issuer to secure bank financing for the development of the Property. A conversion option was granted to the Trust to convert the CB to shares in the Issuer at a conversion price of $1.00 at any time upon issuance of Temporary Occupation Permit ("TOP") of the Property. The CB are accounted for as financial assets designated at fair value through profit or loss.

Notes to the Financial Statements

Year ended 31 March 2013

7 Plant and equipment

	Furniture and fixtures $'000	Equipment $'000	Computers and office equipment $'000	Total $'000
Group				
Cost				
At 1 April 2011	2,852	5,795	171	8,818
Additions	1	–	74	75
At 31 March 2012	2,853	5,795	245	8,893
At 1 April 2012 and 31 March 2013	2,853	5,795	245	8,893
Accumulated depreciation				
At 1 April 2011	2,402	3,435	171	6,008
Depreciation charge for the year	414	687	24	1,125
At 31 March 2012	2,816	4,122	195	7,133
At 1 April 2012	2,816	4,122	195	7,133
Depreciation charge for the year	36	683	49	768
At 31 March 2013	2,852	4,805	244	7,901
Carrying amount				
At 1 April 2011	450	2,360	–	2,810
At 31 March 2012	37	1,673	50	1,760
At 31 March 2013	1	990	1	992
Trust				
Cost				
At 1 April 2011	2,852	5,795	171	8,818
Additions	–	–	71	71
At 31 March 2012	2,852	5,795	242	8,889
At 1 April 2012 and 31 March 2013	2,852	5,795	242	8,889
Accumulated depreciation				
At 1 April 2011	2,402	3,435	171	6,008
Depreciation charge for the year	414	687	23	1,124
At 31 March 2012	2,816	4,122	194	7,132
At 1 April 2012	2,816	4,122	194	7,132
Depreciation charge for the year	36	683	48	767
At 31 March 2013	2,852	4,805	242	7,899
Carrying amount				
At 1 April 2011	450	2,360	–	2,810
At 31 March 2012	36	1,673	48	1,757
At 31 March 2013	–	990	–	990

8 Finance lease receivable

	2013 Carrying amount $'000	2013 Face value $'000	2012 Carrying amount $'000	2012 Face value $'000
Group and Trust				
Finance lease receivable				
– Current	**1,901**	**6,463**	1,772	6,467
– Non-current	**63,370**	**109,578**	65,271	116,041
	65,271	**116,041**	67,043	122,508

Finance lease receivable is receivable from the lessee as follows:

Group and Trust	Gross receivable 2013 $'000	Unearned interest income 2013 $'000	Net receivable 2013 $'000	Gross receivable 2012 $'000	Unearned interest income 2012 $'000	Net receivable 2012 $'000
Within 1 year	**6,463**	**4,562**	**1,901**	6,467	4,695	1,772
After 1 year but within 5 years	**24,652**	**16,910**	**7,742**	24,987	17,447	7,540
After 5 years	**84,926**	**29,298**	**55,628**	91,054	33,323	57,731
	116,041	**50,770**	**65,271**	122,508	55,465	67,043

The Group has a credit policy in place to monitor the credit rating of the lessee on an ongoing basis. The lessee would be required to provide a security deposit if the credit rating falls below the agreed terms. The Manager believes that no impairment allowance is necessary in respect of the finance lease receivable.

Notes to the Financial Statements
Year ended 31 March 2013

9 Interest in a subsidiary

	Trust 2013 $'000	Trust 2012 $'000
Equity investment, at cost	**30,953**	30,887
Loan to subsidiary	**17,965**	15,465
	48,918	46,352

Details of interest in a subsidiary:

Name of subsidiary	Country of incorporation	Effective equity held by the Trust 2013 %	Effective equity held by the Trust 2012 %
(i) Direct subsidiary			
Ascendas ZPark (Singapore) Pte. Ltd.	Singapore	**100**	100
(ii) Indirect subsidiary			
Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC")	PRC	**100**	100

On 3 October 2011, the Trust acquired 100% of the equity interest in AZPark. The principal activity of AZPark is that of an investment holding company. AZPark owns all the paid in capital in AHTDBC, which in turn, owns the investment property, Z-Link.

The loan to subsidiary is interest-free and unsecured. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Trust's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

10 Other assets

As at 31 March 2013, other assets comprise interest receivables on the investment in debt scurities of $2,465,000 (2012: $539,000), refundable deposits of $36,040,000 (2012: $28,619,000) paid for the forward purchase contract of a business space property located in Jinqiao Economic and Technological Zone in Shanghai, PRC and payments made on the development of a built-to-suit investment property of $30,605,000 (2012: $4,266,000). The built-to-suit investment property will be leased out to a tenant upon completion of the development and the costs incurred would be transferred to finance lease receivable upon commencement of the lease.

11 Trade and other receivables

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables, gross	**3,131**	2,817	**2,878**	2,817
Impairment losses	**(391)**	(12)	**(391)**	(12)
Trade receivables, net	**2,740**	2,805	**2,487**	2,805
Deposits	**2,188**	2,146	**2,188**	2,003
Other receivables	**7,633**	4,986	**7,354**	4,839
Loans and receivables	**12,561**	9,937	**12,029**	9,647
Lease incentives	**16,704**	15,863	**16,681**	15,829
Prepayments	**18,036**	12,582	**17,943**	12,228
	47,301	38,382	**46,653**	37,704

The Group's primary exposure to credit risk arises through its trade receivables and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The maximum exposure to credit risk for trade receivables at reporting date, by operating segments is as follows:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Business & Science Parks	**1,508**	840	**1,255**	840
Hi-Specs Industrial Properties	**296**	321	**296**	321
Light Industrial Properties	**442**	375	**442**	375
Logistics & Distribution Centres	**494**	1,269	**494**	1,269
	2,740	2,805	**2,487**	2,805

The amounts represented in the table above are fully secured by way of bankers' guarantee, insurance bonds or cash security deposits held by the Group, except for trade receivable balances which are impaired.

Included in the trade receivables balance of the Group and the Trust is an amount of $273,000 (2012: $727,100) due from one tenant as at the reporting date.

Notes to the Financial Statements
Year ended 31 March 2013

11 Trade and other receivables (continued)

During the financial year, $2,085,000 (2012: $17,000) was drawn down from bankers' guarantees and $526,000 (2012: $818,000) of cash security deposits were forfeited as a result of the default rental by tenants.

The ageing of trade receivables at the reporting date was:

	2013		2012	
	Gross	Impairment Loss	Gross	Impairment Loss
Group	$'000	$'000	$'000	$'000
Not past due	397	–	184	–
Past due 1 – 90 days	2,337	333	2,465	12
Over 90 days	397	58	168	–
	3,131	391	2,817	12
Trust				
Not past due	342	–	184	–
Past due 1 – 90 days	2,262	333	2,465	12
Over 90 days	274	58	168	–
	2,878	391	2,817	12

Impairment losses

The change in allowance for impairment loss in respect of trade receivables during the year is as follows:

	2013	2012
Group and Trust	$'000	$'000
At 1 April	12	6
Net allowance for impairment loss made during the year	379	6
At 31 March	391	12

The Manager believes that no impairment loss is necessary in respect of the remaining trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees, insurance bonds or cash security deposits.

12 Cash and cash equivalents

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Cash at bank	**16,575**	12,173	**12,544**	10,232
Fixed deposits	**2,950**	7,416	**–**	–
	19,525	19,589	**12,544**	10,232

13 Trade and other payables

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Trade payables	**31,191**	13,487	**31,147**	13,388
Trade amounts due to:				
– the Manager	**9,535**	2,327	**9,535**	2,327
– the Property Manager	**2,422**	1,982	**2,422**	1,982
– the Trustee	**516**	315	**516**	315
– other related parties	**738**	142	**738**	142
Accruals	**43,746**	37,324	**43,603**	37,254
Other payables	**14,105**	11,554	**13,594**	10,740
Interest payable	**9,457**	7,949	**9,199**	7,944
Rental received in advance	**22,937**	39,071	**22,227**	38,071
	134,647	114,151	**132,981**	112,163

14 Security deposits

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Security deposits	**80,377**	65,965	**79,036**	64,619
Less: Unamortised discount	**(6,093)**	(4,391)	**(6,025)**	(4,246)
Security deposits at amortised cost	**74,284**	61,574	**73,011**	60,373
Current security deposits	**69,667**	58,709	**68,394**	57,508
Non-current security deposits	**4,617**	2,865	**4,617**	2,865
Total security deposits	**74,284**	61,574	**73,011**	60,373

Notes to the Financial Statements

Year ended 31 March 2013

15 Derivative financial instruments

	Group and Trust	
	2013	2012
	$'000	$'000
Current derivative liabilities	885	2,915
Non-current derivative liabilities	105,879	67,508
Total derivative liabilities	106,764	70,423
Current derivative assets	(64)	–
Non-current derivative assets	(12,259)	(9,231)
Total derivative assets	(12,323)	(9,231)
Total derivative financial instruments	94,441	61,192
Derivative financial instruments as a percentage of net assets	2.03%	1.56%

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans and short term borrowings by swapping the interest expense on these term loans and short term borrowings from floating rates to fixed rates.

Interest rate swaps with a total notional amount of $1,262.9 million (2012: $1,262.9 million) have been entered into to provide fixed rate funding for terms of less than 1 year to 7 years (2012: 1 to 6 years) at weighted average interest rate of 2.85% (2012: 2.90%) per annum.

Where the interest rate swaps are designated as hedging instruments in qualifying cash flow hedges, the changes in fair value of the interest rate swaps relating to the effective portion are recorded in Unitholders' funds. For the financial year ended 31 March 2013, a net change in fair value of $11.1 million (2012: $6.4 million) relating to the effective portion of cash flow hedges were recognised in Unitholders' funds. Fair value changes relating to the ineffective portion are recognised in the Statement of Total Return.

During the financial year, following the repayment of certain floating rate term loans, hedge accounting was discontinued in respect of interest rate swaps with a total notional amount of $567.9 million (2012: $436.0 million). In addition, hedge accounting was discontinued in respect of interest rate swaps worth a total notional amount of $126.0 million (2012: $50.0 million), which expired during the financial year. The changes in the fair value of these interest rate swaps, amounting to a gain of $1.3 million (2012: loss of $4.7 million), were reclassified from Unitholders' funds to the Statement of Total Return.

The Group had also entered into offsetting interest rate swaps (receive fixed, pay floating), with an aggregate notional amount of $567.7 million (2012: $567.7 million) to mainly mitigate the effects arising from the unmatched floating for fixed interest rate swaps. These offsetting interest rate swaps have terms of less than 1 year to 9 years (2012: 1 to 10 years) at weighted average interest rate of 1.61% (2012: 1.61%) per annum.

As at 31 March 2013 and 31 March 2012, the Group had entered into cross currency swaps ("CCS") with notional amounts of JPY19.6 billion to manage its foreign currency risk arising from its foreign currency borrowings. The Group is required to make semi-annual interest payments calculated at fixed interest rates between 4.07% to 4.09% per annum and at a margin of 1.53% above six-month Swap Offer Rate ("SOR") on its JPY10.0 billion and JPY9.6 billion CCS respectively. On maturity, an aggregate of $302.1 million payable will be swapped into JPY19.6 billion for the repayment of the underlying foreign currency borrowings.

16 Loans and borrowings

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current				
Short term bank borrowings	110,000	575,860	110,000	554,800
Less: Unamortised transaction costs	(290)	(370)	(290)	(370)
	109,710	575,490	109,710	554,430
Medium term notes	125,000	–	125,000	–
Less: Unamortised transaction costs	(35)	–	(35)	–
	124,965	–	124,965	–
Total current loans and borrowings	234,675	575,490	234,675	554,430
Non-current				
Term loans	933,752	1,051,900	920,000	1,051,900
Less: Unamortised transaction costs	(5,081)	(7,430)	(5,080)	(7,430)
	928,671	1,044,470	914,920	1,044,470
Medium term notes	458,328	471,880	458,328	471,880
Less: Unamortised transaction costs	(2,126)	(1,280)	(2,126)	(1,280)
	456,202	470,600	456,202	470,600
Total non-current loans and borrowings	1,384,873	1,515,070	1,371,122	1,515,070
Total loans and borrowings	1,619,548	2,090,560	1,605,797	2,069,500

Maturity of gross loans and borrowings:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within 1 year	235,000	575,860	235,000	554,800
After 1 year but within 5 years	1,060,280	1,176,900	1,046,528	1,176,900
After 5 years	331,800	346,880	331,800	346,880
	1,627,080	2,099,640	1,613,328	2,078,580

Notes to the Financial Statements
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16 Loans and borrowings (continued)

Short term bank borrowings and term loans

The Group has the following credit facilities:

- Loan facility granted by a special purpose vehicle, Emerald Assets Limited ("Emerald Assets")

  A term loan of $395.0 million was granted by Emerald Assets to the Trust on 14 May 2007, at an interest rate of 0.20% above the Singapore SOR which will mature on 14 May 2014. As security for this credit facility granted by Emerald Assets, the Trustee has granted in favour of Emerald Assets the following:

  (i) a mortgage over the properties making up "Portfolio 3". Portfolio 3 includes 38 properties (2012: 36 properties) with a total carrying amount of $1,494,760,000 (2012: $1,480,955,000) as at the reporting date;

  (ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio 3 properties;

  (iii) an assignment of the insurance policies relating to the Portfolio 3 properties; and

  (iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio 3 properties.

  During the financial year, Techplace II had been released from Portfolio 3 for the credit facility granted by Emerald Assets. The Trustee and the trustee of the Notes issued by Emerald Assets had agreed to the substitution of 3 buildings (being Corporation Place, 5 Tai Seng Drive and Nan Wah Building) into Portfolio 3.

  Emerald Assets entered into an arrangement for a $5.0 billion Medium Term Note Programme ("MTN Programme") where it may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue fixed or floating interest rate notes (the "Notes"). The maximum aggregate principal amount of the Notes to be issued shall be $5.0 billion. The Notes will be secured by debentures creating fixed and floating charges over properties and assets owned by the Trust. To fund the $395.0 million floating rate term loan granted to the Trust, Emerald Assets has issued Euro 197.5 million of Medium Term Note for a period of seven years to 14 May 2014.

- Credit facilites granted by financial institutions

  As at the reporting date, the Group has in place various bilateral banking credit facilities and a transferable loan facility totalling $1,788.8 million (2012: $1,618.0 million), of which $648.8 million (2012: $1,232.8 million) has been utilised at the reporting date. Included in that amount of $1,788.8 million (2012: $1,618.0 million) is a sub-limit of $95.0 million (2012: $70.0 million) facility for the issuance of letters of guarantee.

16 **Loans and borrowings (continued)**

Medium Term Notes

In March 2009, the Trust established a $1.0 billion Multicurrency Medium Term Note ("MTN 2009") Programme. Under the MTN 2009 Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in one or more tranches, on the same or different issue dates, in Singapore dollars or any other currency.

Each tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating, or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN 2009 Programme.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Trust ranking *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Trust.

The maximum aggregate principal amount of the Notes outstanding at any time shall be $1.0 billion, or such higher amount as may be determined pursuant to the MTN 2009 Programme.

The total facility drawn down by the Trust as at 31 March 2013, which still remains outstanding, is $325.0 million (2012: $325.0 million) and $258.3 million (JPY19.6 billion) (2012: $146.9 million [JPY9.6 billion]), consisting of:

(i) $125.0 million (2012: $125.0 million) MTN 2. The $125.0 million MTN 2009 Note will mature on 22 July 2013 and bears an interest rate of 5.00% per annum, payable semi-annually in arrears.

(ii) $126.5 million (JPY9.6 billion) (2012: $146.9 million [JPY9.6 billion]) MTN 3. The JPY9.6 billion MTN 2009 Note will mature on 24 February 2018 and bears an interest rate of 2.11% per annum, payable semi-annually in arrears.

(iii) $200.0 million (2012: $200.0 million) MTN 4. The $200.0 million MTN 2009 Note will mature on 3 February 2022 and bears an interest rate of 4.00% per annum, payable semi-annually in arrears.

(iv) $131.8 million (JPY10.0 billion) (2012: Nil) MTN 5. The JPY10.0 billion MTN 5 2009 Note will mature on 23 April 2024 and bears an interest rate of 2.55% per annum, payable semi-annually in arrears.

An amount of $15.0 million which bore interest rate of 4.75% per annum had been fully repaid upon maturity in April 2011.

The Group's weighted average all-in cost of borrowings, including margins charged on the loans and amortised annual costs of loans and borrowings as at 31 March 2013 is 3.32% (2012: 2.83%) per annum. Total borrowings have a weighted average term remaining of 3.9 years (2012: 3.4 years).

Notes to the Financial Statements
Year ended 31 March 2013

16 Loans and borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2013				
Short term bank borrowings	SOR + margin	2016	110,000	109,710
Term loans	SOR + margin/ COF^ + 1.70	2014 to 2017	933,752	928,671
Medium term notes	2.11 – 4.09	2013 to 2024	583,328	581,167
			1,627,080	1,619,548
2012				
Short term bank borrowings	SOR + margin/ 90% of PBOC* base rate	2012 to 2016	575,860	575,490
Term loans	SOR + margin	2013 to 2017	1,051,900	1,044,470
Medium term notes	2.11 - 4.09	2013 to 2022	471,880	470,600
			2,099,640	2,090,560
Trust				
2013				
Short term bank borrowings	SOR + margin	2016	110,000	109,710
Term loans	SOR + margin	2014 to 2017	920,000	914,920
Medium term notes	2.11 – 4.09	2013 to 2024	583,328	581,167
			1,613,328	1,605,797
2012				
Short term bank borrowings	SOR + margin	2012 to 2016	554,800	554,430
Term loans	SOR + margin	2013 to 2017	1,051,900	1,044,470
Medium term notes	2.11 - 4.09	2013 to 2022	471,880	470,600
			2,078,580	2,069,500

^ COF denotes lender's cost of funds
* PBOC denotes People's Bank of China

17 Collateral loan

	Group and Trust	
	2013	2012
	$'000	$'000
At 1 April	**307,608**	306,468
Change in fair value during the year	**51,909**	1,140
At 31 March	**359,517**	307,608

In March 2010, a collateral loan of $300.0 million was granted by a special purpose vehicle, Ruby Assets Pte. Ltd. ("Ruby Assets"), to the Trust. The maturity date of the collateral loan is 1 February 2017 and it bears a fixed interest rate of 1.60% per annum. The collateral loan may be repaid in whole or in part, at the option of Ruby Assets, on 1 February 2015 at the early repayment amount. The collateral loan may also be repaid in whole but not in part, at the option of the Trust, on or at any time after 1 February 2015, but not less than 7 business days prior to 1 February 2017. The early repayment amount represents the principal amount of the collateral loan, together with any accrued but unpaid interest up to but excluding the date of repayment.

The collateral loan is convertible by Ruby Assets into the Units at the adjusted conversion price of $2.2392 (2012: $2.3094), at any time on and after 6 May 2010 up to the close of business on 23 January 2017, or if the collateral loan has been called for redemption before 1 February 2017, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption thereof. The Trustee has the option to pay cash in lieu of delivering the Units.

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

(i) a mortgage over the properties making up "Portfolio CL". Portfolio CL includes 19 properties (2012: 19 properties) with a total carrying amount of $1,041,110,000 (2012: $1,010,535,000) as at the reporting date;

(ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio CL properties;

(iii) an assignment of the insurance policies relating to the Portfolio CL properties; and

(iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio CL properties.

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

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

The ECS are exchangeable by ECS Holders into the Units at the adjusted exchange price of $2.2392 (2012: $2.3094), at any time on and after 6 May 2010 up to the close of business on 23 January 2017, or if such ECS has been called for redemption before 1 February 2017, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption thereof. Ruby Assets has the option to pay cash in lieu of the Units.

Notes to the Financial Statements
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18 Deferred tax (assets)/liabilities

The movements in the deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 April 2011 $'000	Recognised in Statement of Total Return $'000	At 31 March 2012 $'000	Recognised in Statement of Total Return $'000	Exchange differences $'000	At 31 March 2013 $'000
Group						
Deferred tax assets						
Unutilised capital allowances	(3,182)	(2,648)	(5,830)	5,830	–	–
Deferred tax liabilities						
Finance lease receivable	4,158	3,466	7,624	(7,624)	–	–
Investment property	–	431	431	1,818	110	2,359
	4,158	3,897	8,055	(5,806)	110	2,359
Trust						
Deferred tax assets						
Unutilised capital allowances	(3,182)	(2,648)	(5,830)	5,830	–	–
Deferred tax liabilities						
Finance lease receivable	4,158	3,466	7,624	(7,624)	–	–

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown on the Balance Sheets:

	2013 $'000	2012 $'000
Group		
Deferred tax liabilities	2,359	2,225
Trust		
Deferred tax liabilities	–	1,794

19 Units in issue and to be issued

	2013 ('000)	2012 ('000)
Group and Trust		
Units issued:		
At the beginning of the financial year	**2,085,077**	1,874,293
Issue of new units:		
– as payment of base management fee	**2,971**	2,757
– as payment of acquisition fee	**898**	938
– as payment of development management fee	**–**	903
– pursuant to private placement	**310,000**	206,186
At the end of the financial year	**2,398,946**	2,085,077
Units to be issued:		
Management fee payable in units	**871**	1,039
Acquisition fee payable in units	**492**	–
	1,363	1,039
Total units issued and to be issued at the end of the financial year	**2,400,309**	2,086,116

During the year ended 31 March 2013, the following were issued:

- 2,970,649 (2012: 2,757,226) new units amounting to $6,492,000 (2012: $5,436,000) were issued at issue prices ranging from $2.0121 to $2.3812 (2012: $1.9547 to $1.9903) per unit, in respect of the payment of the base management fee to the Manager in units.

- 898,247 (2012: 938,320) new units amounting to $1,830,000 (2012: $1,874,000) were issued at an issue price of $2.0373 (2012: $1.9943 and $2.0021) per unit as payment of the acquisition fee for Cintech I, Cintech II and Cintech III & IV (2012: Neuros & Immunos and Z-Link).

- 150,000,000 new units were issued on 14 May 2012 at an issue price of $1.9900 per unit. Unitholders on the register with The Central Depository (Pte) Limited ("CDP") on 11 May 2012 received an advance distribution on 15 June 2012, of 1.73 cents per unit for the period from 1 April 2012 to 13 May 2012. Thereafter, the 150,000,000 new units rank *pari passu* in all respects with the units in issue prior to 14 May 2012, including the entitlement to all future distributions.

- 160,000,000 new units were issued on 19 March 2013 at an issue price of $2.5400 per unit. Unitholders on the register with CDP on 18 March 2013 received an advance distribution on 25 April 2013, of 2.69 cents per unit for the period from 1 January 2013 to 18 March 2013. Thereafter, the 160,000,000 new units rank *pari passu* in all respects with the units in issue prior to 19 March 2013, including the entitlement to all future distributions.

During the previous financial year, 902,713 new units amounting to $1,853,000 were also issued at an issue price of $2.0527 per unit for the partial payment of development management fee in relation to the purchase of development site at Fusionopolis awarded by JTC. In addition, 206,186,000 new units wereissued on 11 April 2011 at an issue price of $1.9400 per unit. Unitholders on the register with CDP on 10 April 2011 received an advance distribution on 9 May 2011, of 0.39 cents per unit for the period from 1 April 2011 to 10 April 2011.

Notes to the Financial Statements
Year ended 31 March 2013

19 Units in issue and to be issued (continued)

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of the Trust;
- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the issued units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- One vote per unit at a Unitholders' meeting.

The restrictions to a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request for redemption of their units while the units are listed on SGX-ST.

20 Gross revenue

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Property rental income	**521,897**	461,183	**516,276**	458,352
Other income	**53,940**	42,121	**53,908**	42,111
	575,837	503,304	**570,184**	500,463

21 Property operating expenses

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Land rent	**24,058**	20,147	**24,058**	20,147
Maintenance and conservancy	**21,933**	15,087	**21,508**	14,864
Property service fees	**18,774**	17,695	**18,681**	17,513
Property tax	**40,377**	30,658	**40,038**	30,487
Utilities	**48,675**	39,980	**48,636**	40,022
Depreciation of plant and equipment	**719**	1,101	**719**	1,101
Other operating expenses	**12,491**	10,299	**11,882**	9,999
	167,027	134,967	**165,522**	134,133

22 Management fee

Management fee relates to base management fee of $33,246,000 (2012: $29,142,000). Included in management fee is an aggregate of 2,803,524 (2012: 2,950,265) units amounting to approximately $6,648,000 (2012: $5,828,000) that were issued or will be issued to the Manager as satisfaction of the management fee payable in units at unit prices ranging from $2.0121 to $2.5622 (2012: $1.9547 to $1.9946) per unit.

23 Trust expenses

	Group 2013 $'000	Group 2012 $'000	Trust 2013 $'000	Trust 2012 $'000
Auditors' remuneration				
– audit fees	**243**	232	**208**	200
– non-audit fees	**88**	63	**88**	61
Professional fees	**701**	1,288	**509**	1,261
Trustee's fee	**2,000**	1,752	**2,000**	1,752
Other expenses*	**1,827**	1,635	**1,786**	1,610
	4,859	4,970	**4,591**	4,884

* Other expenses for the Group and Trust include depreciation of plant and equipment of $49,000 (2012: $24,000) and $48,000 (2012: $23,000), respectively.

Notes to the Financial Statements

Year ended 31 March 2013

24 Finance income and finance costs

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest income	**9,614**	5,437	**9,458**	5,307
Change in fair value of debt securities	**15,285**	–	**15,285**	–
Finance income	**24,899**	5,437	**24,743**	5,307
Interest expense	**73,369**	63,534	**72,321**	62,919
Net accretion adjustments for security deposits	**(1,705)**	(472)	**(1,778)**	(327)
Change in fair value of collateral loan	**51,909**	1,140	**51,909**	1,140
Finance costs	**123,573**	64,202	**122,452**	63,732

25 Income tax expense/(credit)

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current tax expense				
Current year	**836**	367	**375**	102
Deferred tax expense				
Origination and reversal of temporary differences	**1818**	1,249	**–**	818
Overprovision in prior periods	**(1,794)**	–	**(1,794)**	–
	24	1,249	**(1,794)**	818
Income tax expense/(credit)	**860**	1,616	**(1,419)**	920
Reconciliation of effective tax rate				
Total return for the year before income tax	**337,146**	494,784	**326,953**	492,982
Tax calculated using Singapore tax rate of 17% (2012: 17%)	**57,315**	84,113	**55,582**	83,807
Effect of different tax rate in foreign jurisdiction	**792**	151	**–**	–
Non-tax deductible items, net	**17,913**	2,438	**17,913**	2,438
Income not subject to tax	**(21,589)**	(37,868)	**(21,343)**	(38,107)
Overprovision in prior periods	**(1,794)**	–	**(1,794)**	–
Tax transparency	**(51,777)**	(47,218)	**(51,777)**	(47,218)
	860	1,616	**(1,419)**	920

26 Earnings per unit and distribution per unit

(a) Basic earnings per unit

The calculation of basic earnings per unit is based on the total return for the year and weighted average number of units during the year:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Total return for the year after income tax expense	**336,286**	493,168	**328,372**	492,062

	Group and Trust Number of Units	
	2013	2012
	('000)	('000)
Weighted average number of units		
– outstanding during the year	**2,225,593**	2,077,463
– to be issued as payment for management fee for payable in units	**4**	3
At 31 March	**2,225,597**	2,077,466

	Group		Trust	
	2013	2012	2013	2012
Basic earnings per unit (cents)	**15.11**	23.74	**14.75**	23.69

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26 Earnings per unit and distribution per unit (continued)

(b) Diluted earnings per unit

In calculating diluted earnings per unit, the total return for the year and weighted average number of units during the year are adjusted for the effects of all dilutive potential units:

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Total return for the year	**336,286**	493,168	**328,372**	492,062
Interest expense on collateral loan	**–**	4,813	**–**	4,813
Change in fair value of collateral loan	**–**	1,140	**–**	1,140
	336,286	499,121	**328,372**	498,015

	Group and Trust Number of Units	
	2013 ('000)	2012 ('000)
Weighted average number of units		
Weighted average number of units used in calculation of basic earnings per unit	**2,225,597**	2,077,466
Effect of conversion of collateral loan	**–**	129,903
Weighted average number of units (diluted)	**2,225,597**	2,207,369

	Group		Trust	
	2013	2012	2013	2012
Diluted earnings per unit (cents)	**15.11**	22.61	**14.75**	22.56

The conversion option embedded in the collateral loan could potentially dilute basic earnings per unit in the future. Based on the adjusted conversion price of $2.2392 (2012: $2.3094), the collateral loan is convertible into approximately 133,976,420 (2012: 129,903,871) Units, representing 5.6% (2012: 6.2%) of the total number of Units in issue as at 31 March 2013. The diluted earnings per unit is computed on the basis that the collateral loan was converted at the beginning of the year.

For the current financial year, the impact of the conversion of the collateral loan was anti-dilutive and was excluded from the calculation of diluted earnings per unit.

26 Earnings per unit and distribution per unit (continued)

(c) Distribution per unit

The calculation of distribution per unit for the financial year is based on:

	2013 $'000	2012 $'000
Group and Trust		
Total amount available for distribution	**305,557**	281,743

	2013	2012
Group and Trust		
Distribution per unit (cents)	**13.74**	13.56

27 Issue expenses

The issue expenses of $7,465,000 (2012: $6,153,000) in relation to equity fund raising have been deducted directly against Unitholders' funds during the financial year.

28 Commitments

(a) The Trust is required to pay JTC Corporation ("JTC") and the Housing Development Board ("HDB") annual land rent (including licence fee payable for development projects) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. The land rent paid/payable to JTC and HDB amounted to $34,847,000 (2012: $29,953,000) and $2,486,000 (2012: $2,278,000), respectively, in relation to 75 (2012: 76) properties for the financial year ended 31 March 2013 (including amounts that have been directly recharged to tenants).

(b) The Group and Trust lease out their investment properties under operating lease agreements. Non-cancellable operating lease rental receivables are as follows:

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within 1 year	**488,774**	485,976	**484,959**	480,327
After 1 year but within 5 years	**990,082**	996,743	**988,351**	991,729
After 5 years	**645,493**	677,854	**645,493**	677,854
	2,124,349	2,160,573	**2,118,803**	2,149,910

c) As at 31 March 2013, both the Group and the Trust had $161.1 million (2012: $130.5 million) of capital expenditure commitments that had been contracted for but not provided for in the financial statements.

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Year ended 31 March 2013

29 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and Property Manager are indirect wholly-owned subsidiaries of a significant Unitholder of the Trust.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the financial year, in addition to those disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Property service fees, service charge and reimbursements paid/payable to ASPL	23,026	24,094	23,026	24,094
Property service fees, service charge and reimbursements paid/payable to related parties of the Manager	4,384	3,950	4,215	3,839
Management fee paid/payable to the Manager	33,246	29,142	33,246	29,142
Performance fee payable to the Manager	6,959	–	6,959	–
Acquisition fee paid/payable to the Manager	1,260	5,453	1,260	5,453
Development management fee paid/payable to the Manager	1,110	4,852	1,110	4,852
Acquisition of properties from related parties of the Manager	126,000	228,597	126,000	228,597
Land premium paid to a related party of the Manager	4,100	136,422	4,100	136,422
Reimbursements paid/payable to the Manager	12	123	12	123
Lease service fees paid/payable to the Manager	4,152	–	4,152	–
Car park management fee paid/payable to ASPL	2,652	–	2,652	–
Car park income received/receivable from ASPL	(1,187)	(3,496)	(1,187)	(3,496)
Lease rental and deposits received/receivable from the Manager	(117)	–	(117)	–
Lease rental, car park income and deposits received/receivable from a related party of the Manager	(832)	–	(832)	–
Rental of meeting rooms, compensation of loss of rental and recovery of expenses paid on behalf of related parties of the Manager	(247)	(305)	(247)	(305)
Recovery of expenses paid on behalf of the Manager	(8)	(66)	(8)	(66)
Incentive payment received from a related party of the Manager	(935)	(467)	(935)	(467)

30 Financial ratios

	Group	
	2013	2012
	%	%
Ratio of expenses to weighted average net asset value (1)	**0.92**	0.96
Ratio of expenses to weighted average net asset value (2)	**1.09**	0.96
Portfolio turnover rate (3)	**–**	–

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, borrowing costs and performance component of management fees.

(2) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation are the same as in (1) above except that performance fee has been included.

(3) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31 Financial risk management

Capital management

The Group's and the Trust's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt and equity instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest service coverage and other ratios within approved limits.

The Board of Directors of the Manager (the "Board") reviews the Group's and the Trust's debt and capital management as well as financing policy regularly so as to optimise the Group's and the Trust's funding structure. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the Deposited Property. The Aggregate Leverage of a property fund may exceed 35.0% of the Deposited Property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the Deposited Property. The Trust currently has an issuer rating of A3 by Moody's (2012: A3). The Group and the Trust have complied with the Aggregate Leverage limit of 60.0% during the financial year.

As at the reporting date, the gross amounts of the Group's loans and borrowings (including collateral loan) as a percentage of net assets of the Group is 42.3% (2012: 61.3%).

There was no change in the Group's and the Trust's approach to capital management during the current financial year.

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31 Financial risk management (continued)

Overview of risk management

Risk management is integral to the whole business of the Group. The Manager of the Trust has a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee's oversight role is assisted by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Manager before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees, insurance bonds or cash security deposits are obtained prior to the commencement of the lease.

The Manager establishes an allowance account for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

The allowance account is used to provide for impairment losses. Subsequently when the Group is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

Cash at bank and fixed deposits are placed with financial institutions which are regulated.

As at the reporting date, except as disclosed in Note 11, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset, including derivative financial instruments, on the Balance Sheet.

31 **Financial risk management (continued)**

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Group strives to maintain available banking facilities at a reasonable level to meet its investment opportunities. The Group has in place various bilateral banking credit facilities and transferable loan facilities totalling $$1,788.8 million (2012: $1,618.0 million), of which $648.8 million (2012: $1,232.8 million) has been utilised as at 31 March 2013. In addition, the Trust has in place a $1.0 billion Multicurrency Medium Term Note Programme which was established in March 2009 to diversify sources of funds for the Trust. As at 31 March 2013, medium term notes amounting to $325.0 million (2012: $325.0 million) and $258.3 million [JPY19.6 billion] (2012: $146.9 million [JPY9.6 billion]) which were issued under this programme are still outstanding. In the previous financial year, medium term notes amounting to $150.0 million which were issued under this programme had been repaid upon maturity in April 2011.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount $'000	Total contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: After 1 year but within 5 years $'000	Cash flows: After 5 years $'000
Group					
2013					
Non-derivative financial liabilities					
Loans and borrowings	**1,619,548**	**1,842,506**	**264,759**	**1,169,462**	**408,285**
Collateral loan	**359,517**	**308,837**	**4,800**	**304,037**	**–**
Trade and other payables (1)	**111,710**	**111,710**	**111,710**	**–**	**–**
Security deposits	**74,284**	**80,377**	**75,385**	**4,456**	**536**
	2,165,059	**2,343,430**	**456,654**	**1,477,955**	**408,821**
Derivative financial liabilities					
Interest rate swaps (net-settled)	**63,617**	**67,191**	**25,648**	**42,878**	**(1,335)**
Cross currency swaps (net-settled)	**43,147**	**47,080**	**2,915**	**29,614**	**14,551**
	106,764	**114,271**	**28,563**	**72,492**	**13,216**
	2,271,823	**2,457,701**	**485,217**	**1,550,447**	**422,037**
2012					
Non-derivative financial liabilities					
Loans and borrowings	2,090,560	2,261,041	610,313	1,260,781	389,947
Collateral loan	307,608	313,637	4,800	308,837	–
Trade and other payables (1)	75,080	75,080	75,080	–	–
Security deposits	61,574	65,965	62,861	3,073	31
	2,534,822	2,715,723	753,054	1,572,691	389,978
Derivative financial liabilities					
Interest rate swaps (net-settled)	69,263	80,969	28,579	43,200	9,190
Cross currency swaps (net-settled)	1,160	(1,090)	(605)	7,480	(7,965)
	70,423	79,879	27,974	50,680	1,225
	2,605,245	2,795,602	781,028	1,623,371	391,203

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Year ended 31 March 2013

31 Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount $'000	Total contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: After 1 year but within 5 years $'000	Cash flows: After 5 years $'000
Trust					
2013					
Non-derivative financial liabilities					
Loans and borrowings	**1,605,797**	**1,827,124**	**264,085**	**1,154,754**	**408,285**
Collateral loan	**359,517**	**308,837**	**4,800**	**304,037**	**–**
Trade and other payables (1)	**110,754**	**110,754**	**110,754**	**–**	**–**
Security deposits	**73,011**	**79,036**	**74,044**	**4,456**	**536**
	2,149,079	**2,325,751**	**453,683**	**1,463,247**	**408,821**
Derivative financial liabilities					
Interest rate swaps (net-settled)	**63,617**	**67,191**	**25,648**	**42,878**	**(1,335)**
Cross currency swaps (net-settled)	**43,147**	**47,080**	**2,915**	**29,614**	**14,551**
	106,764	**114,271**	**28,563**	**72,492**	**13,216**
	2,255,843	**2,440,022**	**482,246**	**1,535,739**	**422,037**
2012					
Non-derivative financial liabilities					
Loans and borrowings	2,069,500	2,239,611	588,883	1,260,781	389,947
Collateral loan	307,608	313,637	4,800	308,837	–
Trade and other payables (1)	74,092	74,092	74,092	–	–
Security deposits	60,373	64,619	61,515	3,073	31
	2,511,573	2,691,959	729,290	1,572,691	389,978
Derivative financial liabilities					
Interest rate swaps (net-settled)	69,263	80,969	28,579	43,200	9,190
Cross currency swaps (net-settled)	1,160	(1,090)	(605)	7,480	(7,965)
	70,423	79,879	27,974	50,680	1,225
	2,581,996	2,771,838	757,264	1,623,371	391,203

(1) Excludes rental received in advance

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group's exposure to fluctuations in foreign currency rates relates primarily to its JPY19.6 billion MTN 3 and MTN 5. The Group uses CCS to manage its foreign currency risk. In relation to foreign currency risk arising from MTN 3 and MTN 5, the Group had concurrently entered into CCS of notional amount JPY19.6 billion, whereby $302.1 million payable will be swapped into JPY19.6 billion payable at maturity of the CCS.

31 Financial risk management (continued)

Exposure to currency risk

As at 31 March 2013, the Group's Singapore dollars equivalent exposure to foreign currency risk arising from Japanese Yen are as follows:

	Carrying amount $'000
Group and Trust	
2013	
Medium term notes	**257,184**
Cross currency swaps	**43,147**
	300,331
2012	
Medium term notes	146,844
Cross currency swap	(233)
	146,611

Sensitivity analysis

A 1% strengthening of Singapore dollars against Japanese yen at reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2012.

	Impact on Statement of Total Return $'000
Group and Trust	
2013	
Medium term notes	**2,583**
Cross currency swaps	**(4,721)**
	(2,138)
2012	
Medium term notes	1,468
Cross currency swap	(2,039)
	(571)

A 1% weakening of Singapore dollars against Japanese Yen would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements
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31 **Financial risk management (continued)**

Interest rate risk

The Group's exposure to fluctuations in interest rates relates primarily to loans and borrowings. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

As at 31 March 2013, the Group has interest rate swaps and offsetting interest rate swaps with total notional contract amount of $1,262.9 million (2012: $1,262.9 million) and $567.7 million (2012: $567.7 million) respectively, whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between the floating rate pegged to the Singapore dollar SOR and fixed rate interest amounts calculated by reference to the agreed notional amounts of the loans and borrowings. $695.0 million (2012: $826.9 million) of the interest rate swaps have been used to hedge the exposure to changes in the variability of interest rate fluctuations of its loans and borrowings. The Group classifies these interest rate swaps as hedging instruments in qualifying cash flow hedges.

The Group had entered into CCS with notional amounts of JPY19.6 billion whereby the Group is required to make semi-annual interest payments calculated at fixed interest rates between 4.07% to 4.09% per annum and at a margin of 1.53% above six-month SOR on its JPY10.0 billion and JPY9.6 billion CCS respectively.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Trust	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fixed rate instrument at fair value through profit or loss				
Investment in debt securities	**145,535**	103,250	**145,535**	103,250
Variable rate instruments				
Loans and borrowings	**(1,043,752)**	(1,627,760)	**(1,030,000)**	(1,606,700)
Interest rate swaps	**(695,200)**	(695,200)	**(695,200)**	(695,200)
Cross currency swap	**(148,368)**	(148,368)	**(148,368)**	(148,368)
	(1,887,320)	(2,471,328)	**(1,873,568)**	(2,450,268)

31 **Financial risk management (continued)**

Sensitivity analysis

A 100 basis points ("bp") movement in interest rates at the reporting date would increase/(decrease) total return and Unitholders' funds (before any tax effects) as shown in the table below. This analysis has not taken into account the effects of qualifying borrowing costs which are capitalised as part of investment properties under development and assumes that all other variables remain constant. The analysis was performed on the same basis for 2012.

	Statement of Total Return		Unitholders' Funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
2013				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
– Change in fair value of debt securities	**140**	**(140)**	**–**	**–**
Variable rate instruments				
Loans and borrowings				
– Finance costs	**(10,438)**	**10,438**	**–**	**–**
Interest rate swaps				
– Finance costs	**6,952**	**(6,952)**	**–**	**–**
– Change in fair value of financial derivatives	**1,649**	**(1,649)**	**15,676**	**(15,676)**
Cross currency swap				
– Change in fair value of financial derivative	**(7,502)**	**7,502**	**–**	**–**
	(9,199)	**9,199**	**15,676**	**(15,676)**
2012				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
– Change in fair value of debt securities	435	(441)	–	–
Variable rate instruments				
Loans and borrowings				
– Finance costs	(16,278)	16,278	–	–
Interest rate swaps				
– Finance costs	6,952	(6,952)	–	–
– Change in fair value of financial derivatives	(7,863)	7,863	23,711	(23,711)
Cross currency swap				
– Change in fair value of financial derivative	(8,616)	8,616	–	–
	(25,370)	25,364	23,711	(23,711)

Notes to the Financial Statements

Year ended 31 March 2013

31 Financial risk management (continued)

	Statement of Total Return		Unitholders' Funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Trust				
2013				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
– Change in fair value of debt securities	**140**	**(140)**	**–**	**–**
Variable rate instruments				
Loans and borrowings				
– Finance costs	**(10,300)**	**10,300**	**–**	**–**
Interest rate swaps				
– Finance costs	**6,952**	**(6,952)**	**–**	**–**
– Change in fair value of financial derivatives	**1,649**	**(1,649)**	**15,676**	**(15,676)**
Cross currency swap				
– Change in fair value of financial derivative	**(7,502)**	**7,502**	**–**	**–**
	(9,061)	**9,061**	**15,676**	**(15,676)**
2012				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
– Change in fair value of debt securities	435	(441)	–	–
Variable rate instruments				
Loans and borrowings				
– Finance costs	(16,067)	16,067	–	–
Interest rate swaps				
– Finance costs	6,952	(6,952)	–	–
– Change in fair value of financial derivatives	(7,863)	7,863	23,711	(23,711)
Cross currency swap				
– Change in fair value of financial derivative	(8,616)	8,616	–	–
	(25,159)	25,153	23,711	(23,711)

Market price risk

Market price risk arises from the Group's collateral loan which was accounted for as a financial liability at fair value through profit or loss. The fair value of the collateral loan is determined based on the method described in Note 32. Changes in the market price of the ECS will result in changes in the fair value of the collateral loan. As at the reporting date, a 1% increase in the ECS market price will result in a decrease on the Statement of Total Return of $3,595,000 (2012: decrease of $3,076,000) in relation to the change in fair value of the collateral loan. A 1% decrease in the ECS market price would have an equal but opposite effect on the Statement of Total Return. The analysis was performed on the same basis for 2012 and assumes that all other variables remain the same.

32 Classification and fair value of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown on the Balance Sheet, are as follows:

	Note	Fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
2013						
Cash and cash equivalents	12	–	19,525	–	19,525	19,525
Loans and receivables	11	–	12,561	–	12,561	12,561
Finance lease receivable	8	–	65,271	–	65,271	95,971
Other assets [(1)]	10	–	38,505	–	38,505	38,505
Derivative assets	15	12,323	–	–	12,323	12,323
Investment in debt securities	6	145,535	–	–	145,535	145,535
		157,858	135,862	–	293,720	324,420
Trade and other payables [(2)]	13	–	–	(111,710)	(111,710)	(111,710)
Security deposits	14	–	–	(74,284)	(74,284)	(78,306)
Derivative liabilities	15	(106,764)	–	–	(106,764)	(106,764)
Term loans and short term bank borrowings	16	–	–	(1,038,381)	(1,038,381)	(1,038,381)
Medium term notes	16	–	–	(581,167)	(581,167)	(599,641)
Collateral loan	17	(359,517)	–	–	(359,517)	(359,517)
		(466,281)	–	(1,805,542)	(2,271,823)	(2,294,319)
2012						
Cash and cash equivalents	12	–	19,589	–	19,589	19,589
Loans and receivables	11	–	9,937	–	9,937	9,937
Finance lease receivable	8	–	67,043	–	67,043	97,391
Other assets [(1)]	10	–	29,158	–	29,158	29,158
Derivative assets	15	9,231	–	–	9,231	9,231
Investment in debt securities	6	103,250	–	–	103,250	103,250
		112,481	125,727	–	238,208	268,556
Trade and other payables [(2)]	13	–	–	(75,080)	(75,080)	(75,080)
Security deposits	14	–	–	(61,574)	(61,574)	(63,532)
Derivative liabilities	15	(70,423)	–	–	(70,423)	(70,423)
Term loans and short term bank borrowings	16	–	–	(1,619,960)	(1,619,960)	(1,619,960)
Medium term notes	16	–	–	(470,600)	(470,600)	(475,098)
Collateral loan	17	(307,608)	–	–	(307,608)	(307,608)
		(378,031)	–	(2,227,214)	(2,605,245)	(2,611,701)

Notes to the Financial Statements

Year ended 31 March 2013

32 Classification and fair value of financial instruments (continued)

	Note	Fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Trust						
2013						
Cash and cash equivalents	12	**–**	**12,544**	**–**	**12,544**	**12,544**
Loans and receivables	11	**–**	**12,029**	**–**	**12,029**	**12,029**
Finance lease receivable	8	**–**	**65,271**	**–**	**65,271**	**95,971**
Other assets [1]	10	**–**	**38,505**	**–**	**38,505**	**38,505**
Derivative assets	15	**12,323**	**–**	**–**	**12,323**	**12,323**
Investment in debt securities	6	**145,535**	**–**	**–**	**145,535**	**145,535**
		157,858	**128,349**	**–**	**286,207**	**316,907**
Trade and other payables [2]	13	**–**	**–**	**(110,754)**	**(110,754)**	**(110,754)**
Security deposits	14	**–**	**–**	**(73,011)**	**(73,011)**	**(76,979)**
Derivative liabilities	15	**(106,764)**	**–**	**–**	**(106,764)**	**(106,764)**
Term loans and short term bank borrowings	16	**–**	**–**	**(1,024,629)**	**(1,024,629)**	**(1,024,629)**
Medium term notes	16	**–**	**–**	**(581,167)**	**(581,167)**	**(599,641)**
Collateral loan	17	**(359,517)**	**–**	**–**	**(359,517)**	**(359,517)**
		(466,281)	**–**	**(1,789,561)**	**(2,255,842)**	**(2,278,284)**
2012						
Cash and cash equivalents	12	–	10,232	–	10,232	10,232
Loans and receivables	11	–	9,647	–	9,647	9,647
Finance lease receivable	8	–	67,043	–	67,043	97,391
Other assets [1]	10	–	29,158	–	29,158	29,158
Derivative assets	15	9,231	–	–	9,231	9,231
Investment in debt securities	6	103,250	–	–	103,250	103,250
		112,481	116,080	–	228,561	258,909
Trade and other payables [2]	13	–	–	(74,092)	(74,092)	(74,092)
Security deposits	14	–	–	(60,373)	(60,373)	(62,226)
Derivative liabilities	15	(70,423)	–	–	(70,423)	(70,423)
Term loans and short term bank borrowings	16	–	–	(1,598,900)	(1,598,900)	(1,598,900)
Medium term notes	16	–	–	(470,600)	(470,600)	(475,098)
Collateral loan	17	(307,608)	–	–	(307,608)	(307,608)
		(378,031)	–	(2,203,965)	(2,581,996)	(2,588,347)

(1) Excludes payment made on development of a built-to-suit investment property of $30,605,000 (2012: $4,266,000) (see Note 10)
(2) Excludes rental received in advance

32 Classification and fair value of financial instruments (continued)

Interest rates used in determining fair values

The interest rates used to discount the estimated cash flows were as follows:

	Group and Trust	
	2013	2012
	%	%
Finance lease receivable	**2.19**	2.50
Security deposits	**1.07**	1.53
Medium term notes	**1.06 – 3.74**	1.58 – 3.98

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group:

Derivative financial instruments

The fair value of interest rate swaps and cross currency swaps are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Finance lease receivable

Fair value, which is determined for disclosure purposes for finance lease receivable, is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate for instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Investment in debt securities

The fair value of debt securities is determined using a option pricing valuation technique which involves mainly the use of market-based equity and debt discount rates and other assumptions at the reporting date.

Security deposits

The fair values of security deposits are calculated based on the present value of future cash outflows, discounted at the market interest rate at the reporting date.

Term loans and short term borrowings

The carrying amounts of interest-bearing borrowings which are repriced within 3 months from the reporting date approximate the corresponding fair values.

32 Classification and fair value of financial instruments (continued)

Medium term notes

The fair values of the medium term notes relating to the $125.0 million MTN 2, $200.0 million MTN 4 and JPY 10.0 billion MTN 5 were obtained from market quotes.

The fair value of JPY9.6 billion MTN 3 is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Collateral loan

The fair value of the collateral loan approximates the fair value of the ECS issued by Ruby Assets, which is used as a proxy for the purpose of determining the fair value of the collateral loan as the key features of the two instruments are identical. Valuation adjustments, if significant, are made to account for the differences in features between the collateral loan and the ECS. The fair value of the ECS was obtained from market quotes.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities approximate their fair values as at reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Trust				
2013				
Investment in debt securities	–	–	145,535	145,535
Derivative assets	–	12,323	–	12,323
Derivative liabilities	–	(106,764)	–	(106,764)
Collateral loan	–	(359,517)	–	(359,517)
	–	(453,958)	145,535	(308,423)

32 Classification and fair value of financial instruments (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Trust				
2012				
Investment in debt securities	–	–	103,250	103,250
Derivative assets	–	9,231	–	9,231
Derivative liabilities	–	(70,423)	–	(70,423)
Collateral loan	–	(307,608)	–	(307,608)
	–	(368,800)	103,250	(265,550)

During the financial year ended 31 March 2013 and 31 March 2012, there were no transfers from Level 1, Level 2 or Level 3, or vice versa.

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurement in Level 3 of the fair value hierarchy:

	Investment in debt securities $'000
Group and Trust	
2013	
Balance as at 1 April 2012	**103,250**
Purchases	**27,000**
Change in fair value recognised in Statement of Total Return	**15,285**
Balance as at 31 March 2013	**145,535**
2012	
Balance as at 1 April 2011	–
Purchases	103,250
Change in fair value recognised in Statement of Total Return	–
Balance as at 31 March 2012	103,250

33 Operating segments

For the purpose of making resource allocation decisions and the assessment of segment performance, the Group's CODM reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODM for the purpose of assessment of segment performance. In addition, the CODM monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, performance fee, trust expenses, finance income, finance costs and related assets and liabilities.

Notes to the Financial Statements
Year ended 31 March 2013

33 Operating segments (continued)

Information regarding the Group's reportable segments is presented in the tables below.

Operating segments

Property income and expenses

	Business & Science Parks		Hi-Specs Industrial Properties		Light Industrial Properties		Logistics & Distribution Centres		Warehouse Retail Facilities		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Group												
Gross rental income	**174,933**	160,544	**131,791**	100,600	**86,594**	80,064	**113,587**	106,597	**14,992**	13,378	**521,897**	461,183
Other income	**21,018**	16,228	**23,079**	18,469	**2,856**	1,608	**6,984**	5,816	**3**	–	**53,940**	42,121
Gross revenue	**195,951**	176,772	**154,870**	119,069	**89,450**	81,672	**120,571**	112,413	**14,995**	13,378	**575,837**	503,304
Property operating expenses	**(64,276)**	(53,013)	**(49,338)**	(36,350)	**(22,073)**	(18,808)	**(28,937)**	(24,865)	**(2,403)**	(1,931)	**(167,027)**	(134,967)
Segment net property income	**131,675**	123,759	**105,532**	82,719	**67,377**	62,864	**91,634**	87,548	**12,592**	11,447	**408,810**	368,337
Finance income											**24,899**	5,437
Finance costs											**(123,573)**	(64,202)
Unallocated net expenses											**(2,790)**	(35,044)
Net income											**307,346**	274,528
Net change in fair value of financial derivatives											**(42,979)**	(4,196)
Net appreciation/(depreciation) on revaluation of investment properties and investment properties under development	**46,459**	36,152	**21,660**	83,515	**35,458**	52,538	**(31,198)**	48,264	**400**	3,983	**72,779**	224,452
Total return for the year before income tax											**337,146**	494,784
Income tax (expense)/credit	**(2,278)**	(431)	**1,794**	(818)	**–**	–	**–**	–	**–**	–	**(484)**	(1,249)
Unallocated income tax expense											**(376)**	(367)
Total return for the year											**336,286**	493,168
Non-tax deductible expenses											**41,066**	9,034
Net appreciation on valuation of investment properties and investment properties under development											**(72,779)**	(224,452)
Income available for distribution											**304,573**	277,750
Distribution from Capital											**984**	3,993
Total amount available for distribution											**305,557**	281,743

33 Operating segments (continued)

Operating segments

	Business & Science Parks $'000	Hi-Specs Industrial Properties $'000	Light Industrial Properties $'000	Logistics & Distribution Centres $'000	Warehouse Retail Facilities $'000	Total $'000
Group						
31 March 2013						
Assets and liabilities						
Segment assets	2,566,278	1,658,028	1,023,049	1,338,362	153,610	6,739,327
Unallocated assets						219,700
Total assets						6,959,027
Segment liabilities	91,415	32,592	34,913	27,801	662	187,383
Unallocated liabilities:						
– loans and borrowings (including collateral loan)						1,979,065
– others						131,430
Total liabilities						2,297,878
Other segmental information						
Capital expenditure						
– investment properties +	128,455	9,830	31,417	34,468	–	204,170
– investment properties under development	30,516	–	–	–	–	30,516
Depreciation	32	–	687	–	–	719
Impairment loss on trade receivables, net	5	192	–	194	–	391
31 March 2012						
Assets and liabilities						
Segment assets	2,583,678	1,377,358	954,072	1,333,605	153,271	6,401,984
Unallocated assets						162,390
Total assets						6,564,374
Segment liabilities	84,769	31,598	21,912	20,409	377	159,065
Unallocated liabilities:						
– loans and borrowings (including collateral loan)						2,398,168
– others						89,685
Total liabilities						2,646,918
Other segmental information						
Capital expenditure						
– investment properties +	457,587	103,385	65,807	65,586	17	692,382
– investment properties under development	121,400	–	–	–	–	121,400
Depreciation	414	–	687	–	–	1,101
Impairment loss on trade receivables, net	–	–	–	12	–	12

+ Includes costs incurred on acquisition of investment properties, transfer from investment properties under development and capital expenditure incurred during the year.

Notes to the Financial Statements

Year ended 31 March 2013

33 Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of tenants. Segment assets are based on the geographical location of the assets. Information regarding the Group's geographical segments is presented in the tables below.

	Singapore		China		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
External revenue	**570,184**	500,463	**5,653**	2,841	**575,837**	503,304
Non-current assets	**6,785,330**	6,442,907	**68,866**	61,724	**6,854,196**	6,504,631

34 Subsequent events

On 23 April 2013, the Trust issued 462,860 new units at an issue price of $2.7222 per unit as payment for acquisition fee to the Manager in relation to the acquisition of The Galen. The issue price was determined based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the date of issue of the new units.

On 23 April 2013, the development of the built-to-suit investment property, Unilever Four Acres Singapore, was completed and the temporary occupation permit was obtained.

On 17 May 2013, the Trust entered into a conditional sale and purchase agreement for the sale of 6 Pioneer Walk (Goldin Logistics Hub) for $32.0 million. The estimated gain on disposal (excluding estimated disposal costs) is $7.4 million, based on the carrying amount of $24.6 million as at 31 March 2013.

AUDITED ACCOUNTS OF ASCENDAS REAL ESTATE INVESTMENT TRUST FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The information in this Appendix III has been reproduced from the annual report of Ascendas Real Estate Investment Trust for the financial year ended 31 March 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Ascendas Funds Management (S) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 October 2002 (as amended and restated) between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 125 to 206, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Antony Wade Lewis
Director

2 June 2014

STATEMENT BY THE MANAGER

In the opinion of the directors of Ascendas Funds Management (S) Limited, the accompanying financial statements set out on pages 125 to 206 comprising the Balance Sheets, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, Investment Properties Portfolio Statement and Statement of Cash Flows of the Group and a summary of significant accounting policies and other explanatory information, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 March 2014, the total return, distributable income, movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Ascendas Funds Management (S) Limited

Khiatani Manohar Ramesh
Director

2 June 2014

INDEPENDENT AUDITORS' REPORT

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a Trust Deed dated 9 October 2002 (as amended and restated) in the Republic of Singapore)

We have audited the accompanying financial statements of Ascendas Real Estate Investment Trust and its subsidiaries (the "Group"), which comprise the Balance Sheets of the Group and the Trust and Investment Properties Portfolio Statement of the Group as at 31 March 2014, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of the Group and of the Trust and the Statement of Cash Flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 125 to 206.

Manager's responsibility for the financial statements

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position of the Group and the Trust as at 31 March 2014 and the total return, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
2 June 2014

BALANCE SHEETS

As at 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Non-current assets					
Investment properties	4	**6,922,966**	6,447,054	**6,651,419**	6,378,190
Investment property under development	5	**–**	151,916	**–**	151,916
Investment in debt securities	6	**194,574**	145,535	**194,574**	145,535
Plant and equipment	7	**418**	992	**303**	990
Finance lease receivables	8	**93,844**	63,370	**93,844**	63,370
Interest in subsidiaries	9	**–**	–	**170,027**	48,918
Other assets	10	**–**	33,070	**–**	33,070
Derivative assets	15	**1,348**	12,259	**1,348**	12,259
		7,213,150	6,854,196	**7,111,515**	6,834,248
Current assets					
Finance lease receivables	8	**1,031**	1,901	**1,031**	1,901
Trade and other receivables	11	**65,539**	47,301	**61,894**	46,653
Other assets	10	**–**	36,040	**–**	36,040
Derivative assets	15	**1,345**	64	**1,345**	64
Property held for sale	4	**10,500**	–	**10,500**	–
Cash and cash equivalents	12	**65,928**	19,525	**57,952**	12,544
		144,343	104,831	**132,722**	97,202
Current liabilities					
Trade and other payables	13	**127,423**	134,647	**120,755**	132,981
Security deposits	14	**28,527**	69,667	**26,827**	68,394
Derivative liabilities	15	**2,658**	885	**2,658**	885
Short term borrowings	16	**209,790**	109,710	**209,790**	109,710
Term loans	16	**394,986**	–	**394,986**	–
Medium term notes	16	**–**	124,965	**–**	124,965
Collateral loan	17	**341,091**	–	**341,091**	–
Provision for taxation		**2,068**	759	**2,064**	478
		1,106,543	440,633	**1,098,171**	437,413
Non-current liabilities					
Security deposits	14	**57,435**	4,617	**56,982**	4,617
Derivative liabilities	15	**90,185**	105,879	**90,185**	105,879
Term loans	16	**731,932**	928,671	**717,649**	914,920
Medium term notes	16	**499,157**	456,202	**499,157**	456,202
Collateral loan	17	**–**	359,517	**–**	359,517
Deferred tax liabilities	18	**23,675**	2,359	**–**	–
		1,402,384	1,857,245	**1,363,973**	1,841,135
Net assets		**4,848,566**	4,661,149	**4,782,093**	4,652,902
Represented by:					
Unitholders' funds		**4,848,566**	4,661,149	**4,782,093**	4,652,902
Units in issue ('000)	19	**2,402,522**	2,398,946	**2,402,522**	2,398,946
Net asset value per unit ($)		**2.02**	1.94	**1.99**	1.94

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 March 2014

		Group		Trust	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Gross revenue	20	**613,592**	575,837	**605,692**	570,184
Property operating expenses	21	**(177,619)**	(167,027)	**(174,418)**	(165,522)
Net property income		**435,973**	408,810	**431,274**	404,662
Management fee	22	**(35,594)**	(33,246)	**(35,594)**	(33,246)
Performance fee		**–**	(6,959)	**–**	(6,959)
Trust expenses	23	**(5,171)**	(4,859)	**(4,885)**	(4,591)
Finance income	24	**30,445**	24,899	**30,353**	24,743
Finance costs	24	**(66,407)**	(123,573)	**(65,734)**	(122,452)
Net foreign exchange gain		**19,730**	42,274	**19,556**	42,265
Gain on disposal of investment properties		**12,057**	–	**12,057**	–
Net income		**391,033**	307,346	**387,027**	304,422
Net change in fair value of financial derivatives		**(16,934)**	(42,979)	**(16,934)**	(42,979)
Net appreciation on revaluation of investment properties		**131,113**	72,779	**58,272**	65,510
Total return for the year before tax		**505,212**	337,146	**428,365**	326,953
Tax (expense)/credit	25	**(23,244)**	(860)	**(1,703)**	1,419
Total return for the year		**481,968**	336,286	**426,662**	328,372
Net effect of non (taxable income)/tax deductible expenses and other adjustments		**(11,499)**	42,050	**(29,034)**	42,695
Net appreciation on revaluation of investment properties		**(131,113)**	(72,779)	**(58,272)**	(65,510)
Income available for distribution		**339,356**	305,557	**339,356**	305,557
Tax-exempt income (prior periods)		**1,245**	–	**1,245**	–
Distribution from capital (prior periods)		**1,404**	–	**1,404**	–
Total amount available for distribution		**342,005**	305,557	**342,005**	305,557
Earnings per unit (cents)					
- Basic	26	**20.07**	15.11	**17.77**	14.75
- Diluted	26	**18.45**	15.11	**16.27**	14.75
Distribution per unit (cents)	26	**14.24**	13.74	**14.24**	13.74

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 March 2014

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total amount available for distribution to Unitholders at beginning of the year	**69,503**	73,322	**69,503**	73,322
Total return for the year	**481,968**	336,286	**426,662**	328,372
Distribution adjustments (Note A)	**(142,612)**	(30,729)	**(87,306)**	(22,815)
	339,356 [(1)]	305,557 [(1)]	**339,356** [(1)]	305,557 [(1)]
Income available for distribution to Unitholders	**408,859**	378,879	**408,859**	378,879
Tax-exempt income (prior periods)	**1,245**	–	**1,245**	–
Distribution from capital (prior periods)	**1,404**	–	**1,404**	–
Total amount available for distribution to Unitholders	**411,508**	378,879	**411,508**	378,879
Distribution of 3.54 cents per unit for the period from 01/10/13 to 31/12/13	**(85,049)**	–	**(85,049)**	–
Distribution of 3.60 cents per unit for the period from 01/07/13 to 30/09/13	**(86,431)**	–	**(86,431)**	–
Distribution of 3.55 cents per unit for the period from 01/04/13 to 30/06/13	**(85,231)**	–	**(85,231)**	–
Distribution of 0.37 cents per unit for the period from 19/03/13 to 31/03/13	**(8,876)**	–	**(8,876)**	–
Distribution of 2.69 cents per unit for the period from 01/01/13 to 18/03/13	**(60,228)**	–	**(60,228)**	–
Distribution of 3.62 cents per unit for the period from 01/10/12 to 31/12/12	**–**	(81,050)	**–**	(81,050)
Distribution of 3.53 cents per unit for the period from 01/07/12 to 30/09/12	**–**	(78,985)	**–**	(78,985)
Distribution of 1.80 cents per unit for the period from 14/05/12 to 30/06/12	**–**	(40,276)	**–**	(40,276)
Distribution of 1.73 cents per unit for the period from 01/04/12 to 13/05/12	**–**	(36,087)	**–**	(36,087)
Distribution of 3.50 cents per unit for the period from 01/01/12 to 31/03/12	**–**	(72,978)	**–**	(72,978)
	(325,815)	(309,376)	**(325,815)**	(309,376)
Total amount available for distribution to Unitholders at end of the year	**85,693**	69,503	**85,693**	69,503

[(1)] Comprises:				
- Taxable income	**336,907**	304,573	**336,907**	304,573
- Tax-exempt income	**2,449**	–	**2,449**	–
- Distribution from capital	**–**	984	**–**	984
	339,356	305,557	**339,356**	305,557

Note A - Distribution adjustments comprise:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net change in fair value of financial derivatives	**16,934**	42,979	**16,934**	42,979
Net appreciation on revaluation of investment properties	**(131,113)**	(72,779)	**(58,272)**	(65,510)
Change in fair value of collateral loan	**(18,426)**	51,909	**(18,426)**	51,909
Change in fair value of debt securities	**(1,288)**	(15,285)	**(1,288)**	(15,285)
Unrealised foreign exchange gain	**(19,730)**	(42,274)	**(19,556)**	(42,265)
Management fee paid/payable in units	**7,118**	6,648	**7,118**	6,648
Trustee's fee	**2,146**	2,000	**2,146**	2,000
Loss/(income) of subsidiaries	**17,816**	(2,326)	**–**	–
Transfer to general reserves	**(107)**	(128)	**–**	–
Gain on disposal of investment properties	**(12,057)**	–	**(12,057)**	–
Others	**(3,905)**	(1,473)	**(3,905)**	(3,291)
Total distribution adjustments	**(142,612)**	(30,729)	**(87,306)**	(22,815)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
At beginning of the year		**4,661,149**	3,917,456	**4,652,902**	3,917,003
Operations					
Net income		**391,033**	307,346	**387,027**	304,422
Net change in fair value of financial derivatives		**(16,934)**	(42,979)	**(16,934)**	(42,979)
Net appreciation on revaluation of investment properties		**131,113**	72,779	**58,272**	65,510
Tax (expense)/credit		**(23,244)**	(860)	**(1,703)**	1,419
Net increase in net assets resulting from operations		**481,968**	336,286	**426,662**	328,372
Hedging transactions					
Effective portion of changes in fair value of financial derivatives		**17,255**	11,063	**17,255**	11,063
Fair value reserve of financial derivatives transferred to the Statements of Total Return		**3,971**	(1,333)	**3,971**	(1,333)
Net increase in net assets resulting from hedging transactions		**21,226**	9,730	**21,226**	9,730
Movement in foreign currency translation reserve		**2,920**	(120)	**–**	–
Unitholders' transactions					
New units issued		**–**	704,900	**–**	704,900
Acquisition fee (IPT* acquisition) paid in units		**–**	3,090	**–**	3,090
Management fee paid/payable in units		**7,118**	6,648	**7,118**	6,648
Issue expenses	27	**–**	(7,465)	**–**	(7,465)
Distributions to Unitholders		**(325,815)**	(309,376)	**(325,815)**	(309,376)
Net (decrease)/increase in net assets resulting from Unitholders' transactions		**(318,697)**	397,797	**(318,697)**	397,797
At end of the year		**4,848,566**	4,661,149	**4,782,093**	4,652,902

* IPT denotes Interested Person Transaction.

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

Group

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a]	Valuation Date	Carrying Amount 2014	Carrying Amount 2013	Percentage of Net Assets 2014	Percentage of Net Assets 2013
							$'000		$'000	$'000	%	%
	Business & Science Park											
	The Alpha	19 Nov 2002	Leasehold	60 years	18 Nov 2062	10 Science Park Road	110,600	31 Mar 2014	**110,600**	116,000	**2.28**	2.49
@	The Aries	19 Nov 2002	Leasehold	60 years	18 Nov 2062	51 Science Park Road	66,200	31 Mar 2014	**66,200**	65,500	**1.37**	1.41
	The Capricorn	19 Nov 2002	Leasehold	60 years	18 Nov 2062	1 Science Park Road	120,500	31 Mar 2014	**120,500**	116,000	**2.49**	2.49
@	The Gemini	19 Nov 2002	Leasehold	60 years	18 Nov 2062	41 Science Park Road	128,400	31 Mar 2014	**128,400**	128,000	**2.65**	2.75
	Honeywell Building	19 Nov 2002	Leasehold	60 years[d]	15 Dec 2058[d]	17 Changi Business Park Central 1	70,300	31 Mar 2014	**70,300**	69,500	**1.45**	1.49
@	1 Changi Business Park Avenue 1	30 Oct 2003	Leasehold	60 years[d]	31 Jan 2061[d]	1 Changi Business Park Avenue 1	51,200	31 Mar 2014	**51,200**	41,000	**1.06**	0.88
@	Techquest	05 Oct 2005	Leasehold	60 years	15 Jun 2055	7 International Business Park	23,600	31 Mar 2014	**23,600**	25,000	**0.49**	0.54
@	PSB Science Park Building	18 Nov 2005	Leasehold	95.5 years	30 Jun 2080	1 Science Park Drive	79,400	31 Mar 2014	**79,400**	76,500	**1.64**	1.64
	13 International Business Park	10 Oct 2006	Leasehold	60 years[d]	15 Jul 2064[d]	13 International Business Park	27,700	31 Mar 2014	**27,700**	29,000	**0.57**	0.62
@	iQuest @ IBP	12 Jan 2007	Leasehold	60 years[d]	30 Nov 2055[d]	27 International Business Park	37,100	31 Mar 2014	**37,100**	37,000	**0.77**	0.79
	Hansapoint @ CBP	22 Jan 2008	Leasehold	60 years[d]	31 Oct 2066[d]	10 Changi Business Park Central 2	86,100	31 Mar 2014	**86,100**	84,500	**1.78**	1.81
	Acer Building	19 Mar 2008	Leasehold	60 years[d]	30 Apr 2066[d]	29 International Business Park	83,400	31 Mar 2014	**83,400**	91,000	**1.72**	1.95
	The Rutherford & Science Hub	26 Mar 2008	Leasehold	60 years	25 Mar 2068	87 & 89 Science Park Drive	81,700	31 Mar 2014	**81,700**	88,000	**1.69**	1.89
	31 International Business Park	26 Jun 2008	Leasehold	60 years[d]	15 Dec 2054[d]	31 International Business Park	215,200	31 Mar 2014	**215,200**	222,000	**4.44**	4.76
	Balance carried forward - (Business & Science Park)						1,181,400		**1,181,400**	1,189,000	**24.40**	25.51

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a]	Valuation Date	Carrying Amount 2014	Carrying Amount 2013	Percentage of Net Assets 2014	Percentage of Net Assets 2013
						$'000		$'000	$'000	%	%
Business & Science Park											
Balance brought forward - (Business & Science Park)						1,181,400		**1,181,400**	1,189,000	**24.40**	25.51
1, 3 & 5 Changi Business Park Crescent	16 Feb 2009, 25 Sep 2009 & 31 Dec 2010	Leasehold	60 years[d]	30 Sep 2067[d]	1, 3 & 5 Changi Business Park Crescent	316,700	31 Mar 2014	**316,700**	316,500	**6.53**	6.79
DBS Asia Hub	31 Mar 2010	Leasehold	60 years[d]	30 Sep 2067[d]	2 Changi Business Park Crescent	143,300	31 Mar 2014	**143,300**	141,900	**2.96**	3.04
Neuros & Immunos	31 Mar 2011	Leasehold	60 years[d]	31 Jan 2065[d]	8/8A Biomedical Grove	130,400	31 Mar 2014	**130,400**	129,400	**2.69**	2.78
Nordic European Centre	08 Jul 2011	Leasehold	60 years[d]	31 Mar 2057[d]	3 International Business Park	116,000	31 Mar 2014	**116,000**	122,200	**2.39**	2.62
Ascendas Z-Link	03 Oct 2011	Leasehold	50 years	27 Aug 2054	17 Zhongguancun Software Park, 8 Dongbeiwang West Road, Haidian District, Beijing 100094, China	89,593	31 Mar 2014	**89,593**	68,864	**1.85**	1.48
AkzoNobel House	08 Dec 2011	Leasehold	60 years[d]	28 Feb 2061[d]	3 Changi Business Park Vista	71,600	31 Mar 2014	**71,600**	80,000	**1.48**	1.72
Cintech I	29 Mar 2012	Leasehold	56 years	25 Mar 2068	73 Science Park Drive	51,000	31 Mar 2014	**51,000**	51,000	**1.05**	1.09
Cintech II	29 Mar 2012	Leasehold	56 years	25 Mar 2068	75 Science Park Drive	42,600	31 Mar 2014	**42,600**	38,700	**0.88**	0.83
Cintech III & IV	29 Mar 2012	Leasehold	56 years	25 Mar 2068	77 & 79 Science Park Drive	110,600	31 Mar 2014	**110,600**	103,500	**2.28**	2.22
The Galen[l]	25 Mar 2013	Leasehold	66 years	24 Mar 2079	61 Science Park Road	128,200	31 Mar 2014	**128,200**	127,460	**2.64**	2.73
A-REIT City@ Jinqiao[b]	12 Jul 2013	Leasehold	35.6 years	04 Aug 2046	No. 200 Jinsu Road, Jinqiao Economic and Technological Zone, Pudong New District, Shanghai, China	181,953	31 Mar 2014	**181,953**	–	**3.75**	–
Nexus@one-north[c]	04 Sep 2013	Leasehold	60 years	07 Jun 2071	1 & 3 Fusionopolis Link	186,350	31 Mar 2014	**186,350**	–	**3.84**	–
Total (Business & Science Park)						2,749,696		**2,749,696**	2,368,524	**56.74**	50.81

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000	Percentage of Net Assets 2014 %	Percentage of Net Assets 2013 %
	Hi-Specifications Industrial Properties											
	Techlink	19 Nov 2002	Leasehold	60 years	24 Sep 2053	31 Kaki Bukit Road 3	112,200	31 Mar 2014	**112,200**	112,200	**2.31**	2.41
	Siemens Centre	12 Mar 2004	Leasehold	60 years[d]	15 Dec 2061[d]	60 MacPherson Road	102,400	31 Mar 2014	**102,400**	101,200	**2.11**	2.17
#	Infineon Building	01 Dec 2004	Leasehold	47 years[f]	30 Jun 2050[f]	8 Kallang Sector	81,000	31 Mar 2014	**81,000**	72,400	**1.67**	1.55
#	Techpoint	01 Dec 2004	Leasehold	65 years	31 Mar 2052	10 Ang Mo Kio Street 65	148,700	31 Mar 2014	**148,700**	136,000	**3.07**	2.92
#	Wisma Gulab	01 Dec 2004	Freehold	Freehold	–	190 MacPherson Road	77,000	31 Mar 2014	**77,000**	68,300	**1.59**	1.46
#	KA Centre	02 Mar 2005	Leasehold	99 years	31 May 2058	150 Kampong Ampat	43,300	31 Mar 2014	**43,300**	39,000	**0.89**	0.84
#	KA Place	02 Mar 2005	Leasehold	99 years	31 May 2058	159 Kampong Ampat	19,200	31 Mar 2014	**19,200**	17,900	**0.40**	0.38
#	Kim Chuan Telecom-munications Complex	02 Mar 2005	Leasehold	99 years	30 Mar 2091	38 Kim Chuan Road	139,400	31 Mar 2014	**139,400**	136,100	**2.88**	2.92
@	Pacific Tech Centre	01 Jul 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang Timor	90,000	31 Mar 2014	**90,000**	86,000	**1.86**	1.85
	Techview	05 Oct 2005	Leasehold	60 years	08 Jul 2056	1 Kaki Bukit View	128,000	31 Mar 2014	**128,000**	114,000	**2.64**	2.45
@	1 Jalan Kilang	27 Oct 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang	28,150	31 Mar 2014	**28,150**	25,200	**0.58**	0.54
	30 Tampines Industrial Avenue 3	15 Nov 2005	Leasehold	60 years[d]	31 Dec 2063[d]	30 Tampines Industrial Avenue 3	34,650	31 Mar 2014	**34,650**	31,000	**0.71**	0.67
@	50 Kallang Avenue	27 Feb 2006	Leasehold	60 years[d]	15 Nov 2055[d]	50 Kallang Avenue	42,100	31 Mar 2014	**42,100**	41,000	**0.87**	0.88
@	138 Depot Road	15 Mar 2006	Leasehold	60 years[d]	30 Nov 2064[d]	138 Depot Road	69,300	31 Mar 2014	**69,300**	66,100	**1.43**	1.42
@	2 Changi South Lane	01 Feb 2007	Leasehold	60 years[d]	15 Oct 2057[d]	2 Changi South Lane	36,500	31 Mar 2014	**36,500**	35,500	**0.75**	0.76
	CGG Veritas Hub	25 Mar 2008	Leasehold	60 years[d]	31 Dec 2066[d]	9 Serangoon North Avenue 5	22,300	31 Mar 2014	**22,300**	21,300	**0.46**	0.46
	38A Kim Chuan Road	11 Dec 2009	Leasehold	99 years	30 Mar 2091	38A Kim Chuan Road	122,700	31 Mar 2014	**122,700**	118,390	**2.53**	2.54
+@	Corporation Place	08 Dec 2011	Leasehold	60 years	30 Sep 2050	2 Corporation Road	110,000	31 Mar 2014	**110,000**	100,000	**2.27**	2.14
#	Telepark	02 Mar 2005	Leasehold	99 years	01 Apr 2091	5 Tampines Central 6	265,700	31 Mar 2014	**265,700**	261,600	**5.48**	5.61
&	31 Ubi Road 1	21 Feb 2006	Leasehold	60 years[d]	28 Feb 2050[d]	31 Ubi Road 1	34,100	31 Mar 2014	**34,100**	32,170	**0.70**	0.69
	Total (Hi-Specifications Industrial Properties)						1,706,700		**1,706,700**	1,615,360	**35.20**	34.66

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000	Percentage of Net Assets 2014 %	Percentage of Net Assets 2013 %
	Light Industrial Properties											
@	Techplace I	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 4008-4012 Ang Mo Kio Avenue 10	136,300	31 Mar 2014	**136,300**	134,300	**2.81**	2.88
+	Techplace II	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 5000-5004, 5008-5014 Ang Mo Kio Avenue 5	184,300	31 Mar 2014	**184,300**	190,460	**3.80**	4.09
	OSIM Headquarters	20 Jun 2003	Leasehold	60 years	09 Mar 2057	65 Ubi Avenue 1	41,000	31 Mar 2014	**41,000**	40,980	**0.85**	0.88
@	41 Changi South Avenue 2	13 Oct 2003	Leasehold	60 years[d]	28 Feb 2055[d]	41 Changi South Avenue 2	12,200	31 Mar 2014	**12,200**	12,700	**0.25**	0.27
#	Progen Building	29 Jul 2004	Leasehold	60 years[d]	15 Jan 2056[d]	12 Woodlands Loop	26,700	31 Mar 2014	**26,700**	25,610	**0.55**	0.55
#	SB Building	26 Nov 2004	Leasehold	60 years[d]	30 Sep 2057[d]	25 Changi South Street 1	23,800	31 Mar 2014	**23,800**	23,470	**0.49**	0.50
#	247 Alexandra Road	01 Dec 2004	Leasehold	99 years	25 Sep 2051	247 Alexandra Road	64,800	31 Mar 2014	**64,800**	64,700	**1.34**	1.39
+@	5 Tai Seng Drive	01 Dec 2004	Leasehold	60 years	30 Nov 2049	5 Tai Seng Drive	19,000	31 Mar 2014	**19,000**	18,760	**0.39**	0.40
#	Volex Building	01 Dec 2004	Leasehold	60 years[d]	31 Jan 2052[d]	35 Tampines Street 92	13,040	31 Mar 2014	**13,040**	13,010	**0.27**	0.28
#	53 Serangoon North Avenue 4	27 Dec 2004	Leasehold	60 years[d]	30 Nov 2055[d]	53 Serangoon North Avenue 4	13,200	31 Mar 2014	**13,200**	12,700	**0.27**	0.27
	3 Tai Seng Drive	01 Apr 2005	Leasehold	60 years	30 Nov 2049	3 Tai Seng Drive	19,300	31 Mar 2014	**19,300**	18,960	**0.40**	0.41
#	27 Ubi Road 4	01 Apr 2005	Leasehold	60 years[d]	31 Oct 2055[d]	27 Ubi Road 4	12,200	31 Mar 2014	**12,200**	11,850	**0.25**	0.25
#	52 Serangoon North Avenue 4	04 Apr 2005	Leasehold	60 years[d]	15 Sep 2055[d]	52 Serangoon North Avenue 4	22,500	31 Mar 2014	**22,500**	22,800	**0.46**	0.49
#	Hyflux Building	04 Apr 2005	Leasehold	60 years	15 Jan 2041	202 Kallang Bahru	22,500	31 Mar 2014	**22,500**	22,500	**0.46**	0.48
	25 Ubi Road 4	16 May 2005	Leasehold	60 years[d]	29 Feb 2056[d]	25 Ubi Road 4	11,800	31 Mar 2014	**11,800**	11,380	**0.24**	0.24
@	BBR Building	21 Jun 2005	Leasehold	60 years[d]	15 Sep 2057[d]	50 Changi South Street 1	10,100	31 Mar 2014	**10,100**	10,490	**0.21**	0.23
@	Tampines Biz-Hub	05 Oct 2005	Leasehold	60 years[d]	30 Nov 2049[d]	11 Tampines Street 92	19,900	31 Mar 2014	**19,900**	18,900	**0.41**	0.41
@	84 Genting Lane	05 Oct 2005	Leasehold	43 years[j]	30 Nov 2039[j]	84 Genting Lane	14,700	31 Mar 2014	**14,700**	14,700	**0.30**	0.32
@	Hoya Building	05 Oct 2005	Leasehold	30 years	15 May 2033	455A Jalan Ahmad Ibrahim	7,920	31 Mar 2014	**7,920**	7,910	**0.16**	0.17
@	NNB Industrial Building	05 Oct 2005	Leasehold	60 years[d]	15 Jan 2056[d]	10 Woodlands Link	16,600	31 Mar 2014	**16,600**	16,560	**0.34**	0.35
@	37A Tampines Street 92	01 Dec 2005	Leasehold	60 years[d]	30 Jun 2054[d]	37A Tampines Street 92	16,900	31 Mar 2014	**16,900**	16,100	**0.35**	0.35
	Hamilton Sundstrand Building	09 Dec 2005	Leasehold	60 years[d]	28 Feb 2065[d]	11 Changi North Rise	38,500	31 Mar 2014	**38,500**	38,310	**0.79**	0.82
@	Thales Building (I&II)	03 Jan 2006 & 20 Mar 2008	Leasehold	42 years[j]	30 Jun 2047[j]	21 Changi North Rise	9,400	31 Mar 2014	**9,400**	9,290	**0.19**	0.20
	Balance carried forward - (Light Industrial Properties)						756,660		**756,660**	756,440	**15.58**	16.23

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000	Percentage of Net Assets 2014 %	Percentage of Net Assets 2013 %
	Light Industrial Properties											
	Balance brought forward - (Light Industrial Properties)						756,660		**756,660**	756,440	**15.58**	16.23
@	Ubi Biz-Hub	27 Mar 2006	Leasehold	60 years[d]	30 Jun 2056[d]	150 Ubi Avenue 4	17,000	31 Mar 2014	**17,000**	16,540	**0.35**	0.34
@	26 Senoko Way	08 Jan 2007	Leasehold	60 years[d]	15 Sep 2051[d]	26 Senoko Way	16,500	31 Mar 2014	**16,500**	17,100	**0.34**	0.37
@	2 Senoko South Road	08 Jan 2007	Leasehold	60 years[d]	31 May 2056[d]	2 Senoko South Road	36,500	31 Mar 2014	**36,500**	35,770	**0.75**	0.77
*@	1 Kallang Place	01 Feb 2007	Leasehold	60 years	30 Nov 2024	1 Kallang Place	–	31 Mar 2014	**–**	10,960	**–**	0.24
@	18 Woodlands Loop	01 Feb 2007	Leasehold	60 years[d]	15 Feb 2057[d]	18 Woodlands Loop	26,200	31 Mar 2014	**26,200**	24,850	**0.54**	0.53
@	9 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[d]	31 Dec 2054[d]	9 Woodlands Terrace	3,100	31 Mar 2014	**3,100**	3,100	**0.06**	0.07
@	11 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[d]	15 Jan 2056[d]	11 Woodlands Terrace	3,920	31 Mar 2014	**3,920**	2,960	**0.08**	0.06
	FoodAxis @ Senoko	15 May 2007	Leasehold	60 years[d]	15 Nov 2044[d]	1 Senoko Avenue	78,100	31 Mar 2014	**78,100**	73,000	**1.61**	1.57
	8 Loyang Way 1	05 May 2008	Leasehold	30 years[k]	15 Jul 2052[k]	8 Loyang Way 1	24,300	31 Mar 2014	**24,300**	24,250	**0.50**	0.52
	31 Joo Koon Circle	30 Mar 2010	Leasehold	60 years[d]	15 Aug 2055[d]	31 Joo Koon Circle	18,930	31 Mar 2014	**18,930**	18,530	**0.39**	0.40
	Total (Light Industrial Properties)						981,210		**981,210**	983,500	**20.20**	21.10

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

	Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a] $'000	Valuation Date	Carrying Amount 2014 $'000	Carrying Amount 2013 $'000	Percentage of Net Assets 2014 %	Percentage of Net Assets 2013 %
	Logistics & Distribution Centres											
	IDS Logistics Corporate HQ	19 Feb 2004	Leasehold	58 years[e]	31 Aug 2056[e]	279 Jalan Ahmad Ibrahim	41,100	31 Mar 2014	**41,100**	40,600	**0.85**	0.87
	LogisTech	04 Mar 2004	Leasehold	60 years	15 Nov 2056	3 Changi North Street 2	46,910	31 Mar 2014	**46,910**	45,200	**0.97**	0.97
@	10 Toh Guan Road	05 Mar 2004	Leasehold	60 years[d]	15 Oct 2055[d]	10 Toh Guan Road	122,600	31 Mar 2014	**122,600**	125,600	**2.53**	2.69
	Changi Logistics Centre	09 Mar 2004	Leasehold	60 years[d]	15 Oct 2050[d]	19 Loyang Way	80,570	31 Mar 2014	**80,570**	73,900	**1.66**	1.58
+@	Nan Wah Building	31 May 2004	Leasehold	60 years[d]	15 Oct 2057[d]	4 Changi South Lane	30,900	31 Mar 2014	**30,900**	30,200	**0.64**	0.65
	C & P Logistics Hub	21 Jul 2004	Leasehold	48 years[g]	31 Dec 2049[g]	40 Penjuru Lane	265,660	31 Mar 2014	**265,660**	257,400	**5.48**	5.52
#	Xilin Districentre Building A&B	02 Dec 2004	Leasehold	60 years[d]	31 May 2054[d]	3 Changi South Street 2	35,500	31 Mar 2014	**35,500**	35,300	**0.73**	0.76
#	MacDermid Building	02 Dec 2004	Leasehold	60 years[d]	15 Jul 2050[d]	20 Tuas Avenue 6	7,300	31 Mar 2014	**7,300**	7,170	**0.15**	0.15
	Xilin Districentre Building D	09 Dec 2004	Leasehold	60 years[d]	31 Oct 2055[d]	6 Changi South Street 2	25,480	31 Mar 2014	**25,480**	23,400	**0.53**	0.50
#	9 Changi South Street 3	28 Dec 2004	Leasehold	60 years[d]	30 Apr 2055[d]	9 Changi South Street 3	40,850	31 Mar 2014	**40,850**	39,700	**0.84**	0.85
#	5 Toh Guan Road East	28 Dec 2004	Leasehold	60 years[d]	15 Dec 2049[d]	5 Toh Guan Road East	32,070	31 Mar 2014	**32,070**	31,000	**0.66**	0.67
@	Xilin Districentre Building C	05 May 2005	Leasehold	60 years[d]	30 Sep 2054[d]	7 Changi South Street 2	25,960	31 Mar 2014	**25,960**	25,600	**0.54**	0.55
	Senkee Logistics Hub (Phase I and II)	23 Sep 2005 & 01 Feb 2008	Leasehold	45 years[h]	31 Jan 2049[h]	19 & 21 Pandan Avenue	121,300	31 Mar 2014	**121,300**	120,400	**2.50**	2.58
@	1 Changi South Lane	05 Oct 2005	Leasehold	60 years	31 Aug 2058	1 Changi South Lane	43,680	31 Mar 2014	**43,680**	43,500	**0.90**	0.93
@	LogisHub @ Clementi	05 Oct 2005	Leasehold	60 years[d]	15 May 2053[d]	2 Clementi Loop	32,300	31 Mar 2014	**32,300**	32,100	**0.67**	0.69
@	GSH Centre	18 Nov 2005	Leasehold	60 years[d]	15 Nov 2063[d]	11 Changi North Way	16,600	31 Mar 2014	**16,600**	16,500	**0.34**	0.35
@	21 Jalan Buroh	14 Jun 2006	Leasehold	58 years[d]	30 Sep 2055[d]	21 Jalan Buroh	66,700	31 Mar 2014	**66,700**	67,600	**1.38**	1.45
@	Sembawang Kimtrans Logistics Centre	14 Jun 2006	Leasehold	60 years[d]	15 Feb 2057[d]	30 Old Toh Tuck Road	24,080	31 Mar 2014	**24,080**	23,700	**0.50**	0.51
^	6 Pioneer Walk	05 Dec 2007	Leasehold	30 years	-	6 Pioneer Walk	–	31 Mar 2013	**–**	24,600	**–**	0.53
	Sim Siang Choon Building	19 Mar 2008	Leasehold	60 years[d]	30 Sep 2054[d]	21 Changi South Avenue 2	29,000	31 Mar 2014	**29,000**	28,000	**0.60**	0.60
	15 Changi North Way	29 Jul 2008	Leasehold	60 years[d]	31 Dec 2066[d]	15 Changi North Way	48,400	31 Mar 2014	**48,400**	47,500	**1.00**	1.02
	Pioneer Hub	12 Aug 2008	Leasehold	30 years	30 Nov 2036	15 Pioneer Walk	115,000	31 Mar 2014	**115,000**	108,900	**2.37**	2.34
	71 Alps Avenue	02 Sep 2009	Leasehold	60 years[d]	14 Aug 2068[d]	71 Alps Avenue	30,500	31 Mar 2014	**30,500**	29,200	**0.63**	0.63
	90 Alps Avenue	20 Jan 2012	Leasehold	60 years[d]	22 Oct 2070[d]	90 Alps Avenue	49,700	31 Mar 2014	**49,700**	49,200	**1.03**	1.06
	Total (Logistics & Distribution Centres)						1,332,160		**1,332,160**	1,326,270	**27.50**	28.45

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation[a]	Valuation Date	Carrying Amount 2014	Carrying Amount 2013	Percentage of Net Assets 2014	Percentage of Net Assets 2013
						$'000		$'000	$'000	%	%
Warehouse Retail Facilities											
Courts Megastore	30 Nov 2006	Leasehold	30 years	31 Dec 2035	50 Tampines North Drive 2	65,900	31 Mar 2014	**65,900**	65,900	**1.36**	1.41
Giant Hypermart	06 Feb 2007	Leasehold	30 years	31 Dec 2035	21 Tampines North Drive 2	87,300	31 Mar 2014	**87,300**	87,500	**1.80**	1.88
Total (Warehouse Retail Facilities)						153,200		**153,200**	153,400	**3.16**	3.29
Total investment properties						6,922,966		**6,922,966**	6,447,054	**142.80**	138.31
Investment property under development						–		**–**	151,916	**–**	3.26
Property held for sale								**10,500**	–	**0.22**	–
Other assets and liabilities (net)								**(2,084,900)**	(1,937,821)	**(43.02)**	(41.57)
Net assets								**4,848,566**	4,661,149	**100.00**	100.00

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

Investment properties comprise a diverse portfolio of industrial properties that are leased to customers. Most of the leases for multi-tenanted buildings contain an initial non-cancellable period ranging from one to three years. Subsequent renewals are negotiated with the respective lessees.

(a) Independent valuations for 104 (2013: 102) properties were undertaken by the following valuers on the dates stated below:

Valuers	2014 Valuation date	2013 Valuation date
DTZ Debenham Tie Leung (SEA) Pte Ltd	31 March 2014	31 March 2013
CBRE Pte. Ltd.	31 March 2014	31 March 2013
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 March 2014	31 March 2013
Cushman & Wakefield VHS Pte Ltd	31 March 2014	31 March 2013
Knight Frank Pte Ltd	31 March 2014	31 March 2013
Jones Lang LaSalle Property Consultants Pte Ltd	31 March 2014	31 March 2013
Cushman & Wakefield Valuation Advisory Services (HK) Ltd	31 March 2014	–
CBRE HK Limited	–	31 March 2013

These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flow analysis. As at 31 March 2014, the valuations adopted for investment properties and property held for sale amounted to $6,923.0 million (2013: $6,319.6 million) and $10.5 million (2013: $Nil) respectively. The net increase in valuation of $131.1 million (2013: $72.8 million) has been recognised in the Statements of Total Return. In the previous financial year, the investment property under development was valued by the Manager at $151.9 million as at 31 March 2013.

(b) A-REIT City@Jinqiao ("Jinqiao") was acquired in July 2013 through the acquisition of shares in Shanghai (JQ) Investment Holdings Pte. Ltd. ("SHJQ"). SHJQ owns all the paid in capital in A-REIT Shanghai Realty Co., Limited ("ASRC"), which in turn owns the investment property, Jinqiao, in the People's Republic of China ("PRC") (see Note 9).

(c) Nexus@one-north obtained its Temporary Occupation Permit on 4 September 2013 and was transferred from investment property under development to investment properties during the current financial year.

(d) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.

(e) Includes an option for the Trust to renew the land lease for a further term of 28 years upon expiry.

(f) Includes an option for the Trust to renew the land lease for a further term of 17 years upon expiry.

(g) Includes an option for the Trust to renew the land lease for a further term of 24.4 years upon expiry.

(h) Includes an option for the Trust to renew the land lease for a further term of 15 years upon expiry.

(i) Includes an option for the Trust to renew the land lease for a further term of 13 years upon expiry.

(j) Includes an option for the Trust to renew the land lease for a further term of 12 years upon expiry.

(k) At the end of the 30-year lease, the Trust has the option to renew the land lease for Building A for a further term of 26 years and to renew the land lease for Building B for a further term of 16 years, 4 months and 16 days.

(l) In the previous financial year, The Galen was acquired from a related party of the Manager, Singapore Science Park Ltd, and was recorded at the cost incurred upon acquisition as at 31 March 2013.

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

As at 31 March 2014

@ Portfolio 3 - Properties pledged as securities for the credit facility granted by Emerald Assets Limited in relation to the term loan of $395.0 million (see Note 16).

Portfolio CL - Properties pledged as securities for the credit facility granted by Ruby Assets Pte. Ltd. in relation to the collateral loan of $300.0 million (see Note 17).

+ Block 5006 Techplace II was divested to Venture Corporation Limited for $38.0 million on 31 March 2014. In 2013, Techplace II was released from Portfolio 3 and substituted with Corporation Place, 5 Tai Seng and Nan Wah Building.

& 31 Ubi Road 1 was reclassified from the “Light Industrial Properties” segment to the “Hi-Specifications Industrial Properties” segment with effect from April 2013 to be consistent with its location and building specifications.

^ 6 Pioneer Walk was divested to GKE Private Limited for $32.0 million on 21 June 2013.

* 1 Kallang Place was transferred to property held for sale, following the proposed divestment of the property.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Note	Group 2014 $'000	Group 2013 $'000
Cash flows from operating activities			
Net income		**391,033**	307,346
Adjustments for:			
Impairment loss on doubtful receivables	11	**172**	379
Management fees paid/payable in units	22	**7,118**	6,648
Depreciation of plant and equipment	7	**695**	768
Finance income	24	**(30,445)**	(24,899)
Finance costs	24	**66,407**	123,573
Net foreign exchange gain		**(19,730)**	(42,274)
Gain on disposal of investment properties		**(12,057)**	–
Operating income before working capital changes		**403,193**	371,541
Changes in working capital:			
Trade and other receivables		**(12,554)**	(4,878)
Trade and other payables		**17,153**	9,125
Cash generated from operating activities		**407,792**	375,788
Income tax paid		**(757)**	(454)
Net cash from operating activities		**407,035**	375,334
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	A	**(11,117)**	–
Purchase of investment properties	B	**–**	(122,727)
Payment for investment properties and other assets under development		**(50,873)**	(54,135)
Payment for capital expenditure on investment properties		**(102,272)**	(59,779)
Purchase of plant and equipment		**(436)**	(7)
Proceeds from sale of investment properties		**70,000**	–
Investment in debt securities		**(47,750)**	(27,000)
Interest received		**7,505**	7,037
Net cash used in investing activities		**(134,943)**	(256,611)
Cash flows from financing activities			
Issue expenses paid		**(130)**	(7,328)
Proceeds from issue of units		**–**	704,900
Distributions paid to Unitholders		**(325,815)**	(309,376)
Finance costs paid		**(66,988)**	(75,633)
Transaction costs paid in respect of borrowings		**(3,025)**	(1,177)
Proceeds from borrowings		**783,410**	423,066
Repayment of borrowings		**(613,429)**	(853,206)
Net cash used in financing activities		**(225,977)**	(118,754)
Net increase/(decrease) in cash and cash equivalents		**46,115**	(31)
Cash and cash equivalents at beginning of financial year		**19,525**	19,589
Effect of exchange rate changes on cash balances		**288**	(33)
Cash and cash equivalents at end of financial year		**65,928**	19,525

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

Notes:

(A) Net cash outflow on acquisition of subsidiary

Net cash outflow on acquisition of subsidiary in 2014 is set out below:

	Group 2014 $'000
Investment property	**123,611**
Cash	**1,869**
Other assets	**56**
Other liabilities	**(77,644)**
Net identifiable assets acquired	**47,892**
Total consideration	**47,892**
Add: Shareholder's loan assumed	**1,134**
Cash paid through deposits in previous financial years (see Note 10)	**(36,040)**
Cash acquired	**(1,869)**
Net cash outflow	**11,117**

Details of the subsidiary acquired during the year are set out in Note 9.

(B) Net cash outflow on purchase of investment properties (including acquisition costs)

Net cash outflow on purchase of investment properties (including acquisition costs) in 2013 is set out below:

	Group 2013 $'000
Investment properties (including acquisition costs)	127,460
Cash	2,420
Trade and other payables	(3,473)
Net identifiable assets acquired	126,407
Total consideration	126,407
Acquisition costs payable in the form of units	(1,260)
Cash acquired	(2,420)
Net cash outflow	122,727

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

(C) Significant non-cash transactions

Year ended 31 March 2014

During the year, there were the following significant non-cash transactions:

- 3,112,708 units amounting to $6,964,000 were issued at issue prices ranging from $2.1621 to $2.3219 per unit as payment for 20% of the base management fee relating to the period from 1 December 2012 to 30 November 2013.

- 462,860 units amounting to $1,260,000 were issued at an issue price of $2.7222 per unit as payment for the acquisition fee to the Manager in relation to the acquisition of The Galen.

Year ended 31 March 2013

- 2,970,649 units amounting to $6,492,000 were issued at issue prices ranging from $2.0121 to $2.3812 per unit as payment for 20% of the base management fee relating to the period from 1 December 2011 to 30 November 2012.

- 898,247 units amounting to $1,830,000 were issued at an issue price of $2.0373 per unit as payment for the acquisition fee to the Manager in relation to the acquisition of Cintech I, Cintech II and Cintech III & IV.

The issue prices of the units were determined based on the volume weighted average traded price for all trades done on Singapore Exchange Securities Trading Limited ("SGX-ST") in the ordinary course of trading for 10 business days immediately preceding the respective date of issue of the new units.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 2 June 2014.

1 GENERAL

Ascendas Real Estate Investment Trust (the "Trust") is a Singapore-domiciled real estate investment trust constituted pursuant to the trust deed dated 9 October 2002 between Ascendas Funds Management (S) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), as supplemented and amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006 and as sanctioned by Extraordinary Resolutions obtained at a meeting of Unitholders duly convened and held on 28 June 2007 and as restated by the First Amending and Restating Deed dated 11 June 2008, as amended by the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010 and the Eleventh Supplemental Deed dated 14 October 2011 ("Trust Deed").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 2002 and was included under the Central Provident Fund ("CPF") Investment Scheme on 15 October 2002.

The principal activity of the Trust is to invest in a diverse portfolio of properties and property related assets with the primary objective of achieving an attractive level of return and long-term capital growth. The principal activities of the subsidiaries are set out in Note 9.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group").

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. As approved by the Unitholders of the Trust during the Extraordinary General Meeting held on 28 June 2012, the Trust has entered into a new property management agreement ("PMA2012") for the properties located in Singapore with effect from 1 October 2012, a China property management agreement ("CPMA2012") for properties located in the PRC with effect from 1 July 2012 and a lease management agreement for all properties with effect from 1 July 2012 ("LMA2012").

The previous property management agreement ("PMA2002") for properties located in Singapore which was entered into with Ascendas Services Pte Ltd ("ASPL") on 10 October 2002 had expired on 18 November 2012.

The fees structures of these services are as follows:

(a) Trustee's fee

Trustee's fee shall not exceed 0.25% per annum of the value of all the gross assets of the Group ("Deposited Property") (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. Based on the current agreement between the Manager and the Trustee, the Trustee charges 0.03% per annum of the Deposited Property. The Trustee's fee is payable out of the Deposited Property of the Group monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 GENERAL (continued)

(b) Management fees

The Manager is entitled to receive the following remuneration:

(i) a base management fee of 0.5% per annum of the Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) an annual performance fee of:

- 0.1% per annum of the Deposited Property, provided that the annual growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 2.5%; and

- an additional 0.1% per annum of the Deposited Property, provided that the growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 5.0%.

(iii) an acquisition fee of 1.0% of the purchase price of investment property acquired by the Trustee on behalf of the Trust.

(iv) a divestment fee of 0.5% of the sale price of investment property sold or divested by the Trustee on behalf of the Trust.

(v) a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Trust. In cases where the market pricing for comparables services is materially lower, the Manager will reduce the development management fees to less than 3.0%. In addition, when the estimated total project cost is greater than $100.0 million, the Trustee and the Manager's independent directors will review and approve the quantum of the development management fee.

With effect from 19 November 2007, the Manager has elected to receive 20.0% of the base management fee in units and 80.0% in cash for all properties.

With effect from 17 November 2004, the Manager may elect to receive performance fee in cash and/or units, in such proportion as may be determined by the Manager. The Manager had elected to receive 100% of the performance fee in the form of cash for the financial year ended 31 March 2013. No performance fee was payable for the financial year ended 31 March 2014.

The cash component of the base management fees will be paid monthly in arrears and the units component will be paid on a six-monthly basis in arrears. The performance fee will be paid within 60 days from the last day of every financial year.

(c) Fees under the property management agreements

(i) Property management services

For property management services pursuant to PMA2012 and CPMA2012, the Group will pay ASPL and Ascendas China Pte Ltd ("ACPL") (jointly the "Property Managers"), for each Fiscal Year (as defined in the PMA2012 and CPMA2012), a fee of 2.0% per annum of the adjusted gross revenue (as defined in the PMA2012 and CPMA2012) of each property, managed by the Property Managers, and in the event that the Property Managers only manage such property for less than one calendar year, such amount to be pro-rated based on the number of days which the Property Managers manage such property divided by the number of days in such year.

For property management services incurred prior to PMA2012, the Trust would pay ASPL, for each Fiscal Year (as defined in PMA2002), a fee of 2.0% per annum of the gross revenue of each property, managed by ASPL.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 GENERAL (continued)

(c) Fees under the property management agreements (continued)

(ii) Marketing services

For marketing services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers the following commissions, subject to a refund of 50.0% of the commission paid to the Property Managers if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Trust for the pre-termination (taking into account the loss of income and related expenses), the Property Managers need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Property Managers would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years with the terms of the lease subject to the prior approval of the Manager, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge;
- if a third party agent secures a tenancy, the Property Managers shall pay to the third party agent the same fees as stated above. Prior approval of the Manager is required for the Property Managers to pay a third party agent a commission that is less than as set out above. For the avoidance of doubt, there will not be double charging of commission payable to the third party agents and the Property Managers as the commissions payable to such third party agents shall be paid out of the Property Managers' fee; and
- an administrative charge of 20.0% of the commission is payable to the Manager or the Property Managers in the case of a new lease take-up which involves a third party agent for the marketing support and administrative services to be rendered either by the Manager or the Property Managers.

For marketing services incurred prior to PMA2012, the Trust will pay ASPL the following commissions:

- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years or less;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years;
- if a third party agent secures a tenancy, ASPL will be responsible for all commissions payable to such third party agent and ASPL will be entitled to a commission of:
  - 1.2 months' gross rent inclusive of service charge for securing a tenancy of three years or less; and
  - 2.4 months' gross rent inclusive of service charge for securing a tenancy of more than three years;
- 0.5 month's gross rent inclusive of service charge for securing a renewal of tenancy of three years or less; and
- 1.0 month's gross rent inclusive of service charge for securing a renewal of tenancy of more than three years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 GENERAL (continued)

(c) Fees under the property management agreements (continued)

(iii) Project management services

For project management services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers the following fees for the (i) development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), refurbishment, retrofitting and renovation works to a property where submission to the relevant authorities for the approval of such works is required or (ii) routine maintenance where the expenses for the routine maintenance of the property results in such expenses being classified as capital expenditure under the Singapore Financial Reporting Standards ("FRS"):

- a fee of 3.00% of the construction costs, where the construction costs are $2.0 million or less in Singapore, or RMB2.0 million or less in the PRC;
- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million in Singapore, or exceed RMB2.0 million but do not exceed RMB12.0 million in the PRC;
- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million in Singapore, or exceed RMB12.0 million but do not exceed RMB40.0 million in the PRC;
- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million in Singapore, or exceed RMB40.0 million but do not exceed RMB70.0 million in the PRC;
- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million in Singapore, or exceed RMB70.0 million but do not exceed RMB100.0 million in the PRC; and
- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million in Singapore, or exceed RMB100.0 million in the PRC.

For purpose of calculating the fees payable to the Property Managers, construction costs means all construction costs and expenditure valued by the quantity surveyor engaged by the Group for the project, but excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

For project management services incurred prior to PMA2012, the Trust will pay ASPL the following fees for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore) the refurbishment, retrofitting and renovation works on a property:

- a fee of 3.0% of the construction costs, where the construction costs are $2.0 million or less;
- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million;
- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million;
- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million;
- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million; and
- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 GENERAL (continued)

(c) Fees under the property management agreements (continued)

(iv) Energy audit services

For energy audit services pursuant to PMA2012 and CPMA2012, the Group will pay the Property Managers $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in a property located in Singapore (being the base energy audit fee) and RMB10,000 per chiller in a property located in the PRC. In addition to these fees, the Trust will pay ASPL 40.0% of the cost savings achieved in each property during the first three years after the completion of the works in such property, subject to a maximum of $40,000 per property for properties located in Singapore (such amount shall be inclusive of the base energy audit fee and the fees based on the savings achieved).

For energy audit services incurred prior to PMA2012, the Trust will pay ASPL $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in the property. In addition to these fees, the Trust will share with ASPL 40.0% of the cost savings achieved in each property subject to a maximum of $40,000 per property within a period of 3 years.

(v) Car park management services

For car park management services, the Trust will pay ASPL the following fees in relation to properties located in Singapore with effect from 1 July 2012:

- in relation to the car parks located at certain 33 properties as set out in the PMA2012 ("Managed Car Parks"), a management fee of $2.16 million per annum ("Base Car Park Fee") and 40.0% of hourly parking collections for such car parks (excluding goods and services tax). For the avoidance of doubt, any hourly car park rebates given to car park users will not be included in the hourly car park collections for the computation of fees.

- in the event that additional car parks are added or subsequently removed from the Managed Car Parks, the Base Car Park Fee shall be adjusted as follows:

  - in relation to a property which has up to 100 car park lots – the Base Car Park Fee shall be increased or decreased by $35 per car park lot per month multiplied by the number of car park lots in such property.

  - in relation to a property which has more than 100 car park lots – the Base Car Park Fee shall be increased or decreased by $25 per car park lot per month multiplied by the number of car park lots in such property.

Under CPMA2012, ACPL is not required to provide any car park management services.

In the current financial year, 9 properties were added to the Managed Car Parks and the Base Car Park Fee was adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 GENERAL (continued)

(d) Fees under the lease management agreement

(i) Lease management services

For lease management services pursuant to LMA2012, the Group will pay the Manager or its nominees (as the Manager may direct), for each Fiscal Year (as defined in the LMA2012), a fee of 1.0% per annum of the adjusted gross revenue (as defined in the LMA2012) of each property. In addition to the above fee, the Group will pay the Manager or its nominees the following fees, subject to a refund of 50.0% of the commission paid to the Manager or its nominees if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Group for the pre-termination (taking into account the loss of income and related expenses), the Manager or its nominees need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Manager or its nominees would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid.

In relation to a tenancy which is renewed, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 0.5 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than one year;
- 0.5 month's gross rent inclusive of service charge for securing a tenancy of one year or more but less than or equivalent to three years;
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to one and a half months' gross rent inclusive of service charge.

In relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge.

For lease management services incurred prior to LMA2012, the Trust will pay ASPL pursuant to PMA2002, for each Fiscal Year (as defined in PMA2002), a fee of 1.0% per annum of the gross revenue of each property.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1 **GENERAL (continued)**

(d) **Fees under the lease management agreement (continued)**

(ii) Property tax services

For property tax services pursuant to LMA2012, the Manager or its nominees (as the Manager may direct) are entitled to the following fees if as a result of the Manager's or the nominees' objections to the tax authorities, the proposed annual value is reduced resulting in property tax savings for the property:

- a fee of 7.5% of the property tax savings, where the proposed reduction in annual value is $1.0 million or less in Singapore, or RMB1.0 million or less in the PRC;
- a fee of 5.5% of the property tax savings, where the proposed reduction in annual value is more than $1.0 million but does not exceed $5.0 million in Singapore, or more than RMB1.0 million but does not exceed RMB5.0 million in the PRC; and
- a fee of 5.0% of the property tax savings, where the proposed reduction in annual value is more than $5.0 million in Singapore, or more than RMB5.0 million in the PRC.

The above mentioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period less the expenses incurred to obtain the property tax savings and is not payable to the Manager if the Manager's objections are not successful or if the reduction in annual value results from an appeal to the valuation review board.

For property tax services incurred prior to LMA2012, in relation to properties located in Singapore, the fees payable to ASPL were identical to the fees payable to the Manager as defined under the LMA2012 except that the scope of property tax services has been increased in LMA2012.

2 **BASIS OF PREPARATION**

(a) **Statement of compliance**

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. Under RAP 7, accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

(b) **Functional and presentation currency**

The financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(c) **Basis of measurement**

The financial statements are prepared on the historical cost basis, except for investment properties and investment properties under development, and certain financial assets and financial liabilities which are stated at fair value as described in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

2 **BASIS OF PREPARATION (continued)**

(d) **Use of estimates and judgements**

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(j) – Estimates of current and deferred taxes;
- Note 4 – Valuation of investment properties;
- Note 5 – Valuation of investment properties under development; and
- Note 32 – Valuation of financial instruments

(e) **Changes in accounting policies**

RAP 7 (2012)

From 1 April 2013, the Group and the Trust have adopted the revised RAP 7 issued by the Institute of Singapore Chartered Accountants in June 2012.

The adoption of RAP 7 (2012) affects only the disclosures made in the financial statements. There is no financial effect on the financial position, total return or distributable income of the Group and the Trust for the current and previous financial years. Accordingly, the adoption of RAP 7 (2012) has no impact on earnings and distributions per unit.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 April 2013, in accordance with the transitional provisions of FRS 113, the Group and the Trust have applied the new fair value measurement guidance prospectively and have not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the assets and liabilities of the Group and the Trust. The additional disclosures necessary as a result of the adoption of this standard have been included in Notes 32 and 33. The change had no significant impact on the measurements of the Group's and the Trust's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2(e), which addresses changes in accounting policies.

(a) **Basis of consolidation**

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

Interest in a subsidiary is stated in the Trust's Balance Sheet at cost less accumulated impairment losses.

(b) **Foreign currency**

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the Statement of Total Return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

***Foreign operations* (continued)**

Foreign currency differences are recognised in the foreign currency translation reserve ("translation reserve") in Unitholders' funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the Statement of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

(c) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business. Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

(i) in such manner and frequency required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of the investment properties.

Subsequent expenditure on investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For income tax purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

(d) Investment properties under development

Investment properties under development are properties constructed or developed for future use as investment properties. Investment properties under development are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Upon completion of the development, the carrying amounts are reclassified to investment properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Non-current assets held for sale**

Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets and liabilities are measured in accordance with applicable FRSs. Thereafter, the assets or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell except for non-current assets that are accounted for in accordance with the fair value model in FRS 40 *Investment Property.*

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Statement of Total Return. Gains are not recognised in excess of any cumulative impairment loss.

Non-current assets held for sale comprise property held for sale.

(f) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefit in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is provided on the straight-line basis over the estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and fixtures	5 - 7 years
Equipment	5 - 10 years
Computers and office equipment	1 - 5 years

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Total Return on the date of retirement or disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

(g) **Finance leases**

Leases which the Group has substantially transferred all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised as finance lease receivable on the Balance Sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned interest income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned interest income. The interest income is recognised in the Statement of Total Return on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in the Statement of Total Return as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Total Return.

Financial assets designated at fair value through profit or loss comprise investment in debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, cash and cash equivalents, finance lease receivables and other financial assets.

Cash and cash equivalents comprise cash at bank and fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss

Upon initial recognition, financial liabilities are measured at fair value and attributable transaction costs are recognised in the Statement of Total Return as incurred. Subsequent to initial recognition, the financial liabilities are measured at fair value, with changes recognised in the Statement of Total Return as finance income or finance costs.

Financial liabilities at fair value through profit or loss comprise the collateral loan.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables, security deposits, medium term notes, term loans and short term borrowings.

(iii) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) ***Derivative financial instruments and hedging activities*** (continued)

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in fair value of the derivative is taken to the hedging reserve in Unitholders' funds. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the Statement of Total Return.

When the hedged item is a non-financial asset, the amount accumulated in the Unitholders' funds is reclassified to the Statement of Total Return in the same period or periods during which the non-financial item affects total return. In other cases as well, the amount accumulated in the Unitholders' funds is reclassified to the Statement of Total Return in the same period that the hedged item affects total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is reclassified to the Statement of Total Return.

Other derivative financial instruments

Changes in the fair value of derivative financial instruments that are not designated in a hedge relationship that qualifies for hedge accounting are recognised immediately in the Statement of Total Return.

(i) Impairment

(i) ***Non-derivative financial assets***

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return.

(ii) ***Non-financial assets***

The carrying amounts of Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in the Statement of Total Return if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Statement of Total Return, unless it reverses a previous revaluation credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Taxation

Taxation on the returns for the year comprises current and deferred tax. Current and deferred tax are recognised in the Statement of Total Return, except to the extent that they relate to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties and investment properties under development that are measured at fair value in Singapore, the presumption that the carrying amounts will be recovered through sale has not been rebutted. This presumption is rebutted for investment properties in the PRC held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its public listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling, the Trustee will not be assessed to tax on the taxable income of the Trust distributed in the same financial year. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate of 17.0% from the distributions made to Unitholders that are made out of the taxable income of the Trust in that financial year.

However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to the extent that the beneficial Unitholders are:

(i) Individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a Singapore partnership);

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Taxation (continued)

(ii) Companies incorporated and tax resident in Singapore;

(iii) Singapore branches of foreign companies which have presented a letter of approval from the IRAS granting waiver from tax deducted at source in respect of distributions from the Trust;

(iv) Non-corporate Singapore constituted or registered entities (e.g. town councils, statutory boards, charitable organisations, management corporations, clubs and trade and industry associations constituted, incorporated, registered or organised in Singapore);

(v) Central Provident Fund ("CPF") members who use their CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts; and

(vi) Individuals who use their Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts.

The Trustee and the Manager will deduct tax at the reduced concessionary rate of 10.0% from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to beneficial Unitholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and:

(i) Who does not have a permanent establishment in Singapore; or

(ii) Who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the units in the Trust are not obtained from that operation.

The reduced concessionary tax rate of 10.0% will expire for distributions made after 31 March 2015 unless this concession is extended.

(k) Distribution policy

The Trust's distribution policy is to distribute 100% of its distributable income to Unitholders, other than gains on the sale of properties that are determined by IRAS to be trading gains and unrealised surplus on revaluation of investment properties and investment properties under development. Distributions are usually made on a quarterly basis at the discretion of the Manager. However, in the case of its overseas subsidiaries, income from these subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax payable, at the discretion of the Manager.

(l) Issue expenses

Issue expenses represent expenses incurred in the issuance and placement of additional units in the Trust. The expenses are deducted directly against Unitholders' funds, as stipulated in the Trust Deed.

(m) Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of total rental income over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue recognition (continued)

Dividend

Dividend income is recognised on the date that the Group's right to receive payment is established.

Other income

Other income comprises interest income received from finance lease receivable, car park charges, utilities income and sundry income. Interest income received from finance lease receivable is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Except for interest income received from finance lease receivable, other income is recognised when the right to receive payment is established, after services have been rendered.

(n) Expenses

Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are fees incurred under the Property Management Agreements and Lease Management Agreement which are based on the applicable formula stipulated in Note 1(c) and Note 1(d) respectively.

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Total Return on a straight-line basis over the term of leases.

Management fees

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(b).

Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee's fee which is based on the applicable formula stipulated in Note 1(a).

(o) Finance income and finance costs

Finance income comprises interest income from financial institutions and investment in debt securities, fair value gains on financial instruments measured at fair value through profit or loss and accretion adjustments on security deposits. Interest income is recognised as it accrues in the Statement of Total Return, using the effective interest method.

Finance costs comprise interest expense on borrowings, amortisation of borrowing-related transaction costs, transaction costs directly attributable to financial liabilities measured at fair value through profit or loss, fair value losses on financial instruments measured at fair value through profit or loss, and accretion adjustments on security deposits.

Interest expense on borrowings, amortisation of borrowing-related transaction costs and accretion adjustments on security deposits are recognised in the Statement of Total Return using the effective interest method over the period of borrowings, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return for the year attributable to Unitholders of the Trust by the weighted average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of units outstanding, for the effects of all dilutive potential units arising from the collateral loan.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards, amendments to standards and interpretations that have been issued as of the reporting date but are not yet effective for the financial year ended 31 March 2014 have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group in future financial periods, and which the Group does not plan to early adopt, are set out below.

Applicable for the Group's financial statements for the year ending 31 March 2015

- FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

  The Group has re-evaluated its involvement with Ruby Assets Pte. Ltd. ("Ruby Assets") and Emerald Assets Limited ("Emerald Assets") (see Note 16 and 17) under the new control model. Although the Group does not own any equity interests in Ruby Assets and Emerald Assets, the Manager has determined that the Group has *de facto* control over both entities. As a consequence, the Group will consolidate both entities with effect from 1 April 2014.

  These changes will be applied retrospectively and prior periods in the Group's FY2014/2015 financial statements will be restated. Based on 31 March 2014's financial information, the estimated effect of the application of FRS 110 on the Group's financial statements is an increase in net assets of $35,000 and non-controlling interests of $35,000, as well as a decrease in net income and an increase in fair value of financial derivatives and total return of $17,326,000, $17,358,000 and $32,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

4 INVESTMENT PROPERTIES

	Note	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
At 1 April		**6,447,054**	6,170,295	**6,378,190**	6,108,574
Acquisition of investment properties		**–**	127,460	**–**	127,460
Acquisition of a subsidiary	9	**123,611**	–	–	–
Transfer from investment property under development	5	**181,313**	–	**181,313**	–
Transfer to property held for sale		**(10,500)**	–	**(10,500)**	–
Capital expenditure incurred		**102,933**	76,710	**101,244**	76,646
Disposals		**(57,100)**	–	**(57,100)**	–
Effects of movement in exchange rates		**4,542**	(190)	**–**	–
		6,791,853	6,374,275	**6,593,147**	6,312,680
Net appreciation on revaluation		**131,113**	72,779	**58,272**	65,510
At 31 March		**6,922,966**	6,447,054	**6,651,419**	6,378,190

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 March 2014. As at 31 March 2013, the investment properties are stated at fair value based on valuations performed by independent valuers as of that date except for The Galen, which was acquired in March 2013 and valued by independent valuers in December 2012.

During the year, Nexus@one-north was transferred from investment properties under development to investment properties, upon completion of the development. In addition, 1 Kallang Place was transferred from investment properties to property held for sale, following the proposed divestment of the property. There is no cumulative income or expense recognised in the Statement of Total Return relating to the property held for sale.

As at the reporting date, investment properties with an aggregate carrying amount of $1,525,110,000 (2013: $1,494,760,000) and $1,088,760,000 (2013: $1,041,110,000) have been pledged as securities for credit facilities granted by Emerald Assets Limited and Ruby Assets Pte. Ltd. respectively, to the Trust (refer to Note 16 and 17).

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

	Note	Group and Trust 2014 $'000	Group and Trust 2013 $'000
At 1 April		**151,916**	121,400
Costs incurred during the financial year		**29,397**	30,516
Transfer to investment properties	4	**(181,313)**	–
At 31 March		**–**	151,916

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

6 INVESTMENT IN DEBT SECURITIES

Investment in debt securities relates to an investment in convertible bonds (the "CB") due in June 2015 issued by PLC 8 Development Pte Ltd (the "Issuer"). The Issuer is the developer of an integrated industrial mixed use property on a 60-year leasehold land parcel at Kallang Avenue, Singapore (the "Property").

The CB carries a coupon rate of 2.00% per annum and are secured on the assets of the Issuer but ranked after the security given by the Issuer to secure bank financing for the development of the Property. A conversion option was granted to the Trust to convert the CB to shares in the Issuer at a conversion price of $1.00 at any time upon issuance of Temporary Occupation Permit ("TOP") of the Property. The TOP of the Property is expected to be received in the first half of FY2014/2015. The CB are accounted for as financial assets designated at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

7 PLANT AND EQUIPMENT

	Furniture and fixtures $'000	Equipment $'000	Computers and office equipment $'000	Total $'000
Group				
Cost				
At 1 April 2012 and 31 March 2013	2,853	5,795	245	8,893
Additions	9	70	43	122
Effects of movement in exchange rates	2	–	6	8
At 31 March 2014	**2,864**	**5,865**	**294**	**9,023**
Accumulated depreciation				
At 1 April 2012	2,816	4,122	195	7,133
Depreciation charge for the year	36	683	49	768
At 31 March 2013	2,852	4,805	244	7,901
At 1 April 2013	2,852	4,805	244	7,901
Depreciation charge for the year	1	690	4	695
Effects of movement in exchange rates	2	–	7	9
At 31 March 2014	**2,855**	**5,495**	**255**	**8,605**
Carrying amount				
At 1 April 2012	37	1,673	50	1,760
At 31 March 2013	1	990	1	992
At 31 March 2014	**9**	**370**	**39**	**418**
Trust				
Cost				
At 1 April 2012, 31 March 2013 and 31 March 2014	2,852	5,795	242	8,889
Accumulated depreciation				
At 1 April 2012	2,816	4,122	194	7,132
Depreciation charge for the year	36	683	48	767
At 31 March 2013	2,852	4,805	242	7,899
At 1 April 2013	2,852	4,805	242	7,899
Depreciation charge for the year	–	687	–	687
At 31 March 2014	**2,852**	**5,492**	**242**	**8,586**
Carrying amount				
At 1 April 2012	36	1,673	48	1,757
At 31 March 2013	–	990	–	990
At 31 March 2014	**–**	**303**	**–**	**303**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

8 FINANCE LEASE RECEIVABLES

	2014		2013	
	Carrying amount	Face value	Carrying amount	Face value
Group and Trust	$'000	$'000	$'000	$'000
Finance lease receivables				
- Current	**1,031**	**9,625**	1,901	6,463
- Non-current	**93,844**	**259,980**	63,370	109,578
	94,875	**269,605**	65,271	116,041

Finance leases receivables are receivable from the lessees as follows:

	Gross receivable 2014	Unearned interest income 2014	Net receivable 2014	Gross receivable 2013	Unearned interest income 2013	Net receivable 2013
Group and Trust	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	**9,625**	**8,594**	**1,031**	6,463	4,562	1,901
After 1 year but within 5 years	**40,874**	**33,730**	**7,144**	24,652	16,910	7,742
After 5 years	**219,106**	**132,406**	**86,700**	84,926	29,298	55,628
	269,605	**174,730**	**94,875**	116,041	50,770	65,271

For one of the lessees, the Group has a credit policy in place to monitor its credit rating on an ongoing basis. The lessee would be required to provide a security deposit if the credit rating falls below the agreed terms. For the other lessee, the Group had obtained sufficient security deposits to mitigate credit risk. The Manager believes that no impairment allowance is necessary in respect of the finance lease receivables.

9 INTEREST IN SUBSIDIARIES

	Trust	
	2014	2013
	$'000	$'000
Equity investment, at cost	**43,607**	30,953
Loans to subsidiaries	**126,420**	17,965
	170,027	48,918

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

9 INTEREST IN SUBSIDIARIES (continued)

Details of interest in subsidiaries:

Name of subsidiary	Country of incorporation	Effective equity held by the Trust	
		2014	2013
		%	%
(i) Direct subsidiaries			
Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark")	Singapore	**100**	100
Shanghai (JQ) Investment Holdings Pte Ltd ("SHJQ")	Singapore	**100**	–
(ii) Indirect subsidiaries			
Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC")	PRC	**100**	100
A-REIT (Shanghai) Realty Co., Ltd ("ASRC")	PRC	**100**	–

The principal activity of AZPark is that of an investment holding company. AZPark owns all the paid in capital of AHTDBC, which in turn, owns the investment property, Z-Link.

On 12 July 2013, the Trust acquired 100% equity interest in SHJQ. The principal activity of SHJQ is that of an investment holding company. SHJQ owns all the paid in capital of ASRC, which in turn, owns the investment property, Jinqiao.

The loans to subsidiaries are interest-free and unsecured. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Trust's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses.

10 OTHER ASSETS

In the previous financial year, other assets comprise interest receivable on the investment in debt securities of $2,465,000, refundable deposits of $36,040,000 paid for the forward purchase contract of a business space property located in Jinqiao Economic and Technological Zone in Shanghai, PRC and payments made on the development of a built-to-suit investment property of $30,605,000.

The refundable deposits of $36,040,000 have been taken against the total consideration paid for the Trust's acquisition of SHJQ in July 2013.

The built-to-suit investment property was leased out to a tenant upon completion of the development in April 2013 and the costs incurred had been transferred to finance lease receivable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

11 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables, gross	**3,548**	3,131	**3,545**	2,878
Impairment losses	**(654)**	(391)	**(654)**	(391)
Trade receivables, net	**2,894**	2,740	**2,891**	2,487
Deposits	**2,337**	2,188	**2,286**	2,188
Interest receivables	**6,646**	902	**6,646**	902
Other receivables	**5,951**	6,731	**5,381**	6,452
	17,828	12,561	**17,204**	12,029
Lease incentives	**22,359**	16,704	**20,938**	16,681
Prepayments	**25,352**	18,036	**23,752**	17,943
	65,539	47,301	**61,894**	46,653

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The maximum exposure to credit risk for trade receivables at reporting date, by operating segments, is as follows:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Business & Science Park	**1,283**	1,508	**1,280**	1,255
Hi-Specifications Industrial Properties	**333**	304	**333**	304
Light Industrial Properties	**432**	434	**432**	434
Logistics & Distribution Centres	**846**	494	**846**	494
	2,894	2,740	**2,891**	2,487

The amounts represented in the table above are fully secured by way of bankers' guarantees, insurance bonds or cash security deposits held by the Group, except for trade receivable balance which are impaired.

Included in the trade receivables balance of the Group and the Trust is an amount of $363,000 (2013: $273,000) due from one tenant as at the reporting date.

During the financial year, $512,000 (2013: $2,085,000) was drawn down from bankers' guarantees and $167,000 (2013: $526,000) of cash security deposits were forfeited as a result of the default in rental by tenants.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

11 TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment loss	Gross	Impairment loss
Group	$'000	$'000	$'000	$'000
Not past due	**276**	**–**	397	–
Past due 1 – 90 days	**2,324**	**107**	2,337	333
Past due over 90 days	**948**	**547**	397	58
	3,548	**654**	3,131	391
Trust				
Not past due	**273**	**–**	342	–
Past due 1 – 90 days	**2,324**	**107**	2,262	333
Past due over 90 days	**948**	**547**	274	58
	3,545	**654**	2,878	391

Impairment losses

The movements in impairment losses recognised in respect of trade receivables during the year are as follows:

	2014	2013
Group and Trust	$'000	$'000
At 1 April	**391**	12
Impairment losses recognised during the year	**263**	379
At 31 March	**654**	391

The Manager believes that no impairment loss is necessary in respect of the remaining trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees, insurance bonds or cash security deposits.

12 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at bank	**65,928**	16,575	**57,952**	12,544
Fixed deposits	**–**	2,950	**–**	–
	65,928	19,525	**57,952**	12,544

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	**11,228**	31,191	**9,856**	31,147
Trade amounts due to:				
- the Manager	**8,796**	9,535	**8,164**	9,535
- the Property Manager	**9,591**	2,422	**9,591**	2,422
- the Trustee	**552**	516	**552**	516
- other related parties	**407**	738	**407**	738
Accruals	**45,974**	43,746	**45,242**	43,603
Other payables	**17,670**	14,105	**15,348**	13,594
Interest payable	**8,383**	9,457	**8,266**	9,199
Rental received in advance	**24,822**	22,937	**23,329**	22,227
	127,423	134,647	**120,755**	132,981

Other payables relate mainly to GST payables.

14 SECURITY DEPOSITS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Security deposits	**91,622**	80,377	**89,237**	79,036
Less: Unamortised discount	**(5,660)**	(6,093)	**(5,428)**	(6,025)
Security deposits at amortised cost	**85,962**	74,284	**83,809**	73,011
Current security deposits	**28,527**	69,667	**26,827**	68,394
Non-current security deposits	**57,435**	4,617	**56,982**	4,617
Total security deposits	**85,962**	74,284	**83,809**	73,011

15 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust	
	2014	2013
	$'000	$'000
Current derivative liabilities	**2,658**	885
Non-current derivative liabilities	**90,185**	105,879
Total derivative liabilities	**92,843**	106,764
Current derivative assets	**(1,345)**	(64)
Non-current derivative assets	**(1,348)**	(12,259)
Total derivative assets	**(2,693)**	(12,323)
Total derivative financial instruments	**90,150**	94,441

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

15 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2014	2013
Group		
Derivative financial instruments as a percentage of net assets	**1.86%**	2.03%
Trust		
Derivative financial instruments as a percentage of net assets	**1.89%**	2.03%

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans and short term borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

Interest rate swaps with a total notional amount of $1,245.2 million (2013: $1,262.9 million) have been entered into to provide fixed rate funding for terms of less than 1 year to 6 years (2013: 1 to 7 years) at a weighted average interest rate of 2.40% (2013: 2.85%) per annum.

Where the interest rate swaps are designated as hedging instruments in qualifying cash flow hedges, the changes in fair value of the interest rate swaps relating to the effective portion are recorded in Unitholders' funds. For the financial year ended 31 March 2014, a net change in fair value of $17.3 million (2013: $11.1 million) relating to the effective portion of cash flow hedges were recognised in Unitholders' funds. Fair value changes relating to the ineffective portion are recognised in the Statement of Total Return.

During the financial year, following the repayment of certain floating rate term loans, hedge accounting was discontinued in respect of interest rate swaps with a total notional amount of $130.0 million (2013: $567.9 million). In addition, hedge accounting was discontinued in respect of interest rate swaps with a total notional amount of $328.4 million (2013: $126.0 million), which expired during the financial year. The changes in the fair value of these interest rate swaps, amounting to a loss of $4.0 million (2013: gain of $1.3 million), were reclassified from Unitholders' funds to the Statement of Total Return.

The Group had also entered into offsetting interest rate swaps (receive fixed, pay floating), with an aggregate notional amount of $457.0 million (2013: $567.7 million) to mainly mitigate the effects arising from the unmatched floating for fixed interest rate swaps. These offsetting interest rate swaps have terms of less than 1 year to 8 years (2013: 1 to 9 years) at a weighted average interest rate of 1.89% (2013: 1.61%) per annum.

As at 31 March 2014 and 31 March 2013, the Group had entered into cross currency swaps ("CCS") with notional amounts of JPY24.6 billion (2013: JPY19.6 billion) to manage its foreign currency risk arising from its foreign currency borrowings. The Group is required to make semi-annual interest payments calculated at fixed interest rates of between 4.07% to 4.09% per annum and at a margin of 1.53% above six-month Swap Offer Rate ("SOR") on its JPY10.0 billion and JPY9.6 billion CCS respectively. The Group is also required to make quarterly interest payments calculated at a margin of 0.97% above three-month SOR on its JPY5.0 billion CCS. On maturity, an aggregate of $364.4 million (2013: $302.1 million) payable will be swapped into JPY24.6 billion (2013: JPY19.6 billion) for the repayment of the underlying foreign currency borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

15 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include derivative assets and derivative liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Balance Sheet.

The Group entered into International Swaps and Derivatives Association (ISDA) Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances, following the occurrence of a termination event as set out in the ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only a single net amount is due or payable in settlement of all transactions.

In accordance with accounting standards, the swaps presented below are not offset in the Balance Sheet as the right of set–off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/ assets offset in the Balance Sheet	Net amounts of financial assets/ liabilities presented in the Balance Sheet	Related amounts not offset in the Balance Sheet Financial instruments	Net amount
Group and Trust	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2014					
Types of financial assets					
Derivative assets	**2,643**	**–**	**2,643**	**(2,643)**	**–**
Types of financial liabilities					
Derivative liabilities	**58,501**	**–**	**58,501**	**(2,643)**	**55,858**
2013					
Types of financial assets					
Derivative assets	12,323	–	12,323	(12,323)	–
Types of financial liabilities					
Derivative liabilities	75,950	–	75,950	(12,323)	63,627

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the Balance Sheets at their fair values.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

15 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

***Offsetting financial assets and financial liabilities* (continued)**

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in the Balance Sheet', as set out above, to the line items presented in the Balance Sheets.

Types of financial assets	Net amounts	Line item in Balance Sheet	Carrying amount in Balance Sheet	Financial assets not in scope of offsetting disclosures
	$'000		$'000	$'000
2014				
Derivative assets	**2,643**	Derivative assets	**2,693**	**50**
2013				
Derivative assets	12,323	Derivative assets	12,323	–

Types of financial liabilities	Net amounts	Line item in Balance Sheet	Carrying amount in Balance Sheet	Financial liabilities not in scope of offsetting disclosures
	$'000		$'000	$'000
2014				
Derivative liabilities	**58,501**	Derivative liabilities	**92,843**	**34,342**
2013				
Derivative liabilities	75,950	Derivative liabilities	106,764	30,814

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

16 LOANS AND BORROWINGS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Short term bank borrowings	**210,000**	110,000	**210,000**	110,000
Less: Unamortised transaction costs	**(210)**	(290)	**(210)**	(290)
	209,790	109,710	**209,790**	109,710
Term loans	**395,000**	–	**395,000**	–
Less: Unamortised transaction costs	**(14)**	–	**(14)**	–
	394,986	–	**394,986**	–
Medium term notes	**–**	125,000	**–**	125,000
Less: Unamortised transaction costs	**–**	(35)	**–**	(35)
	–	124,965	**–**	124,965
Total current loans and borrowings	**604,776**	234,675	**604,776**	234,675
Non-current				
Term loans	**739,283**	933,752	**725,000**	920,000
Less: Unamortised transaction costs	**(7,351)**	(5,081)	**(7,351)**	(5,080)
	731,932	928,671	**717,649**	914,920
Medium term notes	**501,104**	458,328	**501,104**	458,328
Less: Unamortised transaction costs	**(1,947)**	(2,126)	**(1,947)**	(2,126)
	499,157	456,202	**499,157**	456,202
Total non-current loans and borrowings	**1,231,089**	1,384,873	**1,216,806**	1,371,122
Total loans and borrowings	**1,835,865**	1,619,548	**1,821,582**	1,605,797

Maturity of gross loans and borrowings:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Within 1 year	**605,000**	235,000	**605,000**	235,000
After 1 year but within 5 years	**856,787**	1,060,280	**842,504**	1,046,528
After 5 years	**383,600**	331,800	**383,600**	331,800
	1,845,387	1,627,080	**1,831,104**	1,613,328

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

16 LOANS AND BORROWINGS (continued)

Short term bank borrowings and term loans

The Group has the following credit facilities:

- Loan facility granted by a special purpose vehicle, Emerald Assets.

  A term loan of $395.0 million was granted by Emerald Assets to the Trust on 14 May 2007, at an interest rate of 0.20% above the Singapore SOR which will mature on 14 May 2014. As security for this credit facility granted by Emerald Assets, the Trustee has granted in favour of Emerald Assets the following:

  (i) a mortgage over the properties making up "Portfolio 3". Portfolio 3 includes 38 (2013: 38) properties with a total carrying amount of $1,525,110,000 (2013: $1,494,760,000) as at the reporting date;

  (ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio 3 properties;

  (iii) an assignment of the insurance policies relating to the Portfolio 3 properties; and

  (iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio 3 properties.

  Emerald Assets established a $5.0 billion Medium Term Note Programme ("MTN Programme") where it may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue fixed or floating interest rate notes (the "Notes"). The maximum aggregate principal amount of the Notes to be issued shall be $5.0 billion. The Notes will be secured by debentures creating fixed and floating charges over certain properties and related assets owned by the Trust. To fund the $395.0 million floating rate term loan granted to the Trust, Emerald Assets has issued Euro 197.5 million of Medium Term Note for a period of seven years to 14 May 2014.

- Credit facilities granted by financial institutions

  As at the reporting date, the Group has in place various bilateral banking credit facilities totalling $2,039.3 million (2013: $1,788.8 million), of which $959.0 million (2013: $648.8 million) has been utilised at the reporting date. Included in the amount of $2,039.3 million (2013: $1,788.8 million) is a sub-limit of $95.0 million (2013: $95.0 million) facility for the issuance of letters of guarantee.

Medium Term Notes

In March 2009, the Trust established a $1.0 billion Multicurrency Medium Term Note ("MTN 2009") Programme. Under the MTN 2009 Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue notes in one or more series, on the same or different issue dates, in Singapore dollars or any other currency.

Each series of notes may be issued in various amounts and tenors, and may bear fixed, floating, or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN 2009 Programme.

The notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Trust ranking *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Trust.

The maximum aggregate principal amount of the notes outstanding at any time shall be $1.0 billion, or such higher amount as may be determined pursuant to the MTN 2009 Programme.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

16 LOANS AND BORROWINGS (continued)

Medium Term Notes **(continued)**

The aggregate principal amount of the notes outstanding as at 31 March 2014, is $200.0 million (2013: $325.0 million) and $301.1 million (JPY24.6 billion) (2013: $258.3 million (JPY19.6 billion)), consisting of:

(i) $117.5 million (JPY9.6 billion) (2013: $126.5 million (JPY9.6 billion)) Series 003 Notes (formerly known as MTN 3). The Series 003 Notes will mature on 24 February 2018 and bear an interest rate of 2.11% per annum, payable semi-annually in arrear.

(ii) $200.0 million (2013: $200.0 million) Series 004 Notes (formerly known as MTN 4). The Series 004 Notes will mature on 3 February 2022 and bear an interest rate of 4.00% per annum, payable semi-annually in arrear.

(iii) $122.4 million (JPY10.0 billion) (2013: $131.8 million (JPY10.0 billion)) Series 005 Notes (formerly known as MTN 5). The Series 005 Notes will mature on 23 April 2024 and bear an interest rate of 2.55% per annum, payable semi-annually in arrear.

(iv) $61.2 million (JPY5.0 billion) (2013: $Nil) Series 006 Notes. The Series 006 Notes will mature on 29 March 2021 and bear an interest rate of 3-month JPY LIBOR plus 0.50% per annum, payable quarterly in arrear.

$125.0 million Series 002 Notes (formerly known as MTN 2) which bore an interest rate of 5.00% per annum had been repaid upon maturity in July 2013.

The Group's weighted average all-in cost of borrowings, including margins charged on the loans and amortised annual costs of loans and borrowings as at 31 March 2014 is 2.75% (2013: 3.32%) per annum. Total borrowings have a weighted average term remaining of 3.3 years (2013: 3.9 years).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

16 LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
2014				
Short term bank borrowings	SOR / COF^ + margin	2014 to 2016	**210,000**	**209,790**
Term loans	SOR / COF^ + margin	2014 to 2018	**1,134,283**	**1,126,918**
Medium term notes	2.11 – 4.00 / JPY LIBOR + 0.5%	2018 to 2024	**501,104**	**499,157**
			1,845,387	**1,835,865**
2013				
Short term bank borrowings	SOR + margin	2016	110,000	109,710
Term loans	SOR / COF^ + margin	2014 to 2017	933,752	928,671
Medium term notes	2.11 – 5.00	2013 to 2024	583,328	581,167
			1,627,080	1,619,548
Trust				
2014				
Short term bank borrowings	SOR / COF^ + margin	2014 to 2016	**210,000**	**209,790**
Term loans	SOR + margin	2014 to 2018	**1,120,000**	**1,112,635**
Medium term notes	2.11 – 4.00 / JPY LIBOR + 0.5%	2018 to 2024	**501,104**	**499,157**
			1,831,104	**1,821,582**
2013				
Short term bank borrowings	SOR + margin	2016	110,000	109,710
Term loans	SOR + margin	2014 to 2017	920,000	914,920
Medium term notes	2.11 – 5.00	2013 to 2024	583,328	581,167
			1,613,328	1,605,797

^ COF denotes lender's cost of funds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

17 COLLATERAL LOAN

	Group and Trust	
	2014	**2013**
	$'000	**$'000**
At 1 April	**359,517**	307,608
Change in fair value during the year	**(18,426)**	51,909
At 31 March	**341,091**	359,517

In March 2010, a collateral loan of $300.0 million was granted by a special purpose vehicle, Ruby Assets, to the Trust. The maturity date of the collateral loan is 1 February 2017 and it bears a fixed interest rate of 1.60% per annum. The collateral loan may be called in whole or in part, at the option of Ruby Assets, on 1 February 2015 at the early repayment amount. The collateral loan may also be repaid in whole but not in part, at the option of the Trust, on or at any time after 1 February 2015, but not less than 7 business days prior to 1 February 2017 at the early repayment amount (subject to the satisfaction of certain conditions). The early repayment amount represents the principal amount of the collateral loan, together with any accrued but unpaid interest up to but excluding the date of repayment.

The collateral loan is convertible by Ruby Assets into the Units at the adjusted conversion price of $2.1770 (2013: $2.2392), at any time on and after 6 May 2010 up to the close of business on 23 January 2017, or if the collateral loan has been called for redemption before 1 February 2017, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption thereof. The Trustee has the option to pay cash in lieu of delivering the Units.

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

(i) a mortgage over the properties making up "Portfolio CL". Portfolio CL includes 19 (2013: 19) properties with a total carrying amount of $1,088,760,000 (2013: $1,041,110,000) as at the reporting date;

(ii) an assignment and charge of the rental proceeds and tenancy agreements in the Portfolio CL properties;

(iii) an assignment of the insurance policies relating to the Portfolio CL properties; and

(iv) a fixed and floating charge over certain assets of the Trust relating to the Portfolio CL properties.

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

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

The ECS are exchangeable by ECS Holders into the Units at the adjusted exchange price of $2.1770 (2013: $2.2392), at any time on and after 6 May 2010 up to the close of business on 23 January 2017, or if such ECS has been called for redemption before 1 February 2017, then up to the close of business on a date no later than 7 business days prior to the date fixed for redemption thereof. Ruby Assets has the option to pay cash in lieu of delivering the Units.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

18 DEFERRED TAX LIABILITIES

The movements in the deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 April 2012	Recognised in Statement of Total Return (Note 25)	Exchange differences	At 31 March 2013	Recognised in Statement of Total Return (Note 25)	Exchange differences	At 31 March 2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Unutilised capital allowances	(5,830)	5,830	–	–	–	–	**–**
Deferred tax liabilities							
Finance lease receivable	7,624	(7,624)	–	–	–	–	**–**
Investment property	431	1,818	110	2,359	21,188	128	**23,675**
	8,055	(5,806)	110	2,359	21,188	128	**23,675**
Trust							
Deferred tax assets							
Unutilised capital allowances	(5,830)	5,830	–	–	–	–	**–**
Deferred tax liabilities							
Finance lease receivable	7,624	(7,624)	–	–	–	–	**–**

As at 31 March 2014, deferred tax liabilities amounting to $764,000 (2013: $417,000) for temporary differences of $7,640,000 (2013: $4,170,000) relating to the unremitted earnings of overseas subsidiaries were not recognised for taxes as the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown on the Balance Sheets:

	2014	2013
	$'000	$'000
Group		
Deferred tax liabilities	**23,675**	2,359
Trust		
Deferred tax liabilities	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

19 UNITS IN ISSUE AND TO BE ISSUED

	2014 ('000)	2013 ('000)
Group and Trust		
Units issued:		
At the beginning of the financial year	**2,398,946**	2,085,077
Issue of new units:		
- as payment of base management fee	**3,113**	2,971
- as payment of acquisition fee	**463**	898
- pursuant to private placements	**–**	310,000
At the end of the financial year	**2,402,522**	2,398,946
Units to be issued:		
Management fee payable in units	**1,085**	871
Acquisition fee payable in units	**–**	492
	1,085	1,363
Total units issued and to be issued at the end of the financial year	**2,403,607**	2,400,309

During the year, the following were issued:

- 3,112,708 (2013: 2,970,649) new units amounting to $6,964,000 (2013: $6,492,000) were issued at issue prices ranging from $2.1621 to $2.3219 (2013: $2.0121 to $2.3812) per unit, in respect of the payment of the base management fee to the Manager in units.

- 462,860 (2013: 898,247) new units amounting to $1,260,000 (2013: $1,830,000) were issued at an issue price of $2.7222 (2013: $2.0373) per unit as payment of the acquisition fee for The Galen (2013: Cintech I, Cintech II and Cintech III & IV).

In addition, during the previous year ended 31 March 2013, the following were issued pursuant to private placements:

- 160,000,000 new units were issued on 19 March 2013 at an issue price of $2.5400 per unit. Unitholders on the register with The Central Depository (Pte) Limited ("CDP") on 18 March 2013 received an advance distribution on 25 April 2013, of 2.69 cents per unit for the period from 1 January 2013 to 18 March 2013. Thereafter, the 160,000,000 new units rank *pari passu* in all respects with the units in issue prior to 19 March 2013, including the entitlements to all future distributions.

- 150,000,000 new units were issued on 14 May 2012 at an issue price of $1.9900 per unit. Unitholders on the register with CDP on 11 May 2012 received an advance distribution on 15 June 2012, of 1.73 cents per unit for the period from 1 April 2012 to 13 May 2012. Thereafter, the 150,000,000 new units rank *pari passu* in all respects with the units in issue prior to 14 May 2012, including the entitlements to all future distributions.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of the Trust;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

19 UNITS IN ISSUE AND TO BE ISSUED (continued)

- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the issued units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and

- One vote per unit at a Unitholders' meeting.

The restrictions to a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

- A Unitholder has no right to request for redemption of their units while the units are listed on SGX-ST.

20 GROSS REVENUE

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Property rental income	**545,992**	521,897	**538,163**	516,276
Other income	**67,600**	53,940	**67,529**	53,908
	613,592	575,837	**605,692**	570,184

21 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Land rent	**26,050**	24,058	**26,050**	24,058
Maintenance and conservancy	**25,579**	21,933	**24,653**	21,508
Property service fees	**20,986**	18,774	**20,763**	18,681
Property tax	**42,878**	40,377	**42,525**	40,038
Utilities	**46,871**	48,675	**46,499**	48,636
Depreciation of plant and equipment	**687**	719	**687**	719
Other operating expenses	**14,568**	12,491	**13,241**	11,882
	177,619	167,027	**174,418**	165,522

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

22 MANAGEMENT FEE

Management fee relates to base management fee of $35,594,000 (2013: $33,246,000). Included in management fee is an aggregate of 3,236,380 (2013: 2,803,524) units amounting to approximately $7,118,000 (2013: $6,648,000) that were issued or will be issued to the Manager as satisfaction of the management fee payable in units at unit prices ranging from $2.1621 to $2.3219 (2013: $2.0121 to $2.5622) per unit.

23 TRUST EXPENSES

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Auditors' remuneration				
- audit fees	**294**	243	**218**	208
- non-audit fees	**97**	88	**97**	88
Professional fees	**606**	701	**458**	509
Trustee's fee	**2,146**	2,000	**2,146**	2,000
Other expenses*	**2,028**	1,827	**1,966**	1,786
	5,171	4,859	**4,885**	4,591

* Other expenses for the Group and Trust include depreciation of plant and equipment of $8,000 (2013: $49,000) and $Nil (2013: $48,000), respectively.

24 FINANCE INCOME AND FINANCE COSTS

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Interest income	**10,730**	9,614	**10,638**	9,458
Change in fair value of debt securities	**1,289**	15,285	**1,289**	15,285
Change in fair value of collateral loan	**18,426**	–	**18,426**	–
Finance income	**30,445**	24,899	**30,353**	24,743
Interest expense	**65,970**	73,369	**65,137**	72,321
Net accretion adjustments for security deposits	**437**	(1,705)	**597**	(1,778)
Change in fair value of collateral loan	**–**	51,909	**–**	51,909
Finance costs	**66,407**	123,573	**65,734**	122,452

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

25 TAX EXPENSE/(CREDIT)

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current tax expense				
Current year	**2,056**	836	**1,703**	375
Deferred tax expense				
Origination and reversal of temporary differences	**21,188**	1,818	**–**	–
Overprovision in prior periods	**–**	(1,794)	**–**	(1,794)
	21,188	24	**–**	(1,794)
Tax expense/(credit)	**23,244**	860	**1,703**	(1,419)
Reconciliation of effective tax rate				
Total return for the year before tax	**505,212**	337,146	**428,365**	326,953
Tax calculated using Singapore tax rate of 17% (2013: 17%)	**85,886**	57,315	**72,822**	55,582
Effect of different tax rate in foreign jurisdiction	**7,071**	792	**–**	–
Non-tax deductible items, net	**4,786**	17,913	**4,786**	17,913
Income not subject to tax	**(17,225)**	(21,589)	**(18,631)**	(21,343)
Overprovision in prior periods	**–**	(1,794)	**–**	(1,794)
Tax transparency	**(57,274)**	(51,777)	**(57,274)**	(51,777)
	23,244	860	**1,703**	(1,419)

26 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(a) Basic earnings per unit

The calculation of basic earnings per unit is based on the total return for the year and weighted average number of units during the year:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total return for the year	**481,968**	336,286	**426,662**	328,372

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

26 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT (continued)

(a) **Basic earnings per unit (continued)**

	Group and Trust Number of Units	
	2014 ('000)	2013 ('000)
Weighted average number of units:		
- outstanding during the year	**2,401,014**	2,225,593
- to be issued as payment for management fee payable in units	**3**	4
	2,401,017	2,225,597

	Group		Trust	
	2014	2013	2014	2013
Basic earnings per unit (cents)	**20.07**	15.11	**17.77**	14.75

(b) **Diluted earnings per unit**

In calculating diluted earnings per unit, the total return for the year and weighted average number of units during the year are adjusted for the effects of all dilutive potential units:

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Total return for the year	**481,968**	336,286	**426,662**	328,372
Interest expense on collateral loan	**4,800**	–	**4,800**	–
Change in fair value of collateral loan	**(18,426)**	–	**(18,426)**	–
	468,342	336,286	**413,036**	328,372

	Group and Trust Number of Units	
	2014 ('000)	2013 ('000)
Weighted average number of units		
Weighted average number of units used in calculation of basic earnings per unit	**2,401,017**	2,225,597
Effect of conversion of collateral loan	**137,804**	–
Weighted average number of units (diluted)	**2,538,821**	2,225,597

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

26 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT (continued)

(b) Diluted earnings per unit (continued)

	Group		Trust	
	2014	**2013**	**2014**	**2013**
Diluted earnings per unit (cents)	**18.45**	15.11	**16.27**	14.75

The conversion option embedded in the collateral loan could potentially dilute basic earnings per unit in the future. Based on the adjusted conversion price of $2.1770 (2013: $2.2392), the collateral loan is convertible into approximately 137,804,317 (2013: 133,976,420) Units, representing 5.7% (2013: 5.6%) of the total number of Units in issue as at 31 March 2014.

For the current financial year, the diluted earnings per unit is computed on the basis that the collateral loan was converted at the beginning of the year. In the previous financial year, the impact of the conversion of the collateral loan was anti-dilutive and was excluded from the calculation of diluted earnings per unit.

(c) Distribution per unit

The calculation of distribution per unit for the financial year is based on:

	2014	2013
	$'000	$'000
Group and Trust		
Total amount available for distribution	**342,005**	305,557

	2014	2013
Group and Trust		
Distribution per unit (cents)	**14.24**	13.74

27 ISSUE EXPENSES

In the previous financial year, issue expenses of $7,465,000 in relation to equity fund raising had been deducted directly against Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

28 COMMITMENTS

(a) The Trust is required to pay JTC Corporation ("JTC") and the Housing Development Board ("HDB") annual land rent (including licence fee payable for development projects) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. The land rent paid/payable to JTC and HDB amounted to $35,263,000 (2013: $34,847,000) and $3,103,000 (2013: $2,486,000), respectively, in relation to 76 (2013: 75) properties for the financial year ended 31 March 2014 (including amounts that have been directly recharged to tenants).

(b) The Group and the Trust lease out their investment properties under operating lease agreements. Non-cancellable operating lease rental receivables are as follows:

	Group		**Trust**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**540,927**	488,774	**531,176**	484,959
After 1 year but within 5 years	**1,141,220**	990,082	**1,117,622**	988,351
After 5 years	**821,049**	645,493	**809,298**	645,493
	2,503,196	2,124,349	**2,458,096**	2,118,803

(c) As at 31 March 2014, the Group and the Trust had $92.0 million (2013: $161.1 million) and $91.2 million (2013: $161.1 million) of capital expenditure commitments that had been contracted for but not provided for in the financial statements, respectively.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of a significant Unitholder of the Trust.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the financial year, in addition to those disclosed elsewhere in the financial statements, there were the following significant related party transactions:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Acquisition fee paid/payable to the Manager	1,223	1,260	1,223	1,260
Acquisition of properties from related parties of the Manager	–	126,000	–	126,000
Car park income received/receivable from ASPL	(297)	(1,187)	(297)	(1,187)
Car park management fee paid/payable to ASPL	4,001	2,652	4,001	2,652
Development management fee paid/payable to the Manager	336	1,110	336	1,110
Divestment fee paid to the Manager	350	–	350	–
Incentive payment received/receivable from a related party of the Manager	(1,098)	(935)	(1,098)	(935)
Land premium paid to a related party of the Manager	–	4,100	–	4,100
Lease rental, utilities income, car park income and deposits received/receivable from :				
- the Manager	(436)	(117)	(391)	(117)
- a related party of the Manager	(2,722)	(832)	(2,722)	(832)
Lease rental and deposits received/receivable from ASPL	(47)	–	(47)	–
Lease service fees paid/payable to the Manager	13,001	4,152	12,055	4,152
Management fee paid/payable to the Manager	35,594	33,246	35,594	33,246
Performance fee paid/payable to the Manager	–	6,959	–	6,959
Property service fees, service charge and reimbursements paid/payable to :				
- ASPL	18,839	23,026	18,839	23,026
- related parties of the Manager	4,069	4,384	3,895	4,215
Recovery of expenses paid on behalf of the Manager	(826)	(8)	(826)	(8)
Reimbursements paid/payable to the Manager	20	12	20	12
Rental of meeting rooms, compensation of loss of rental and recovery of expenses paid on behalf of related parties of the Manager	(294)	(247)	(294)	(247)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

30 FINANCIAL RATIOS

	Group	
	2014	2013
	%	%
Ratio of expenses to weighted average net asset value (1)	**1.35**	0.92
Ratio of expenses to weighted average net asset value (2)	**1.35**	1.09
Portfolio turnover rate (3)	**1.48**	–

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, borrowing costs and performance component of management fees.

(2) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation are the same as in (1) above except that performance fee has been included.

(3) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31 FINANCIAL RISK MANAGEMENT

Capital management

The Group's and the Trust's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt and equity instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest service coverage and other ratios within approved limits.

The Board of Directors of the Manager (the "Board") reviews the Group's and the Trust's debt and capital management as well as financing policy regularly so as to optimise the Group's and the Trust's funding structure. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of the Deposited Property. The Aggregate Leverage of a property fund may exceed 35.0% of the Deposited Property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of the Deposited Property. The Trust currently has an issuer rating of A3 by Moody's (2013: A3). The Group and the Trust have complied with the Aggregate Leverage limit of 60.0% during the financial year.

As at the reporting date, the gross amounts of the Group's loans and borrowings (including collateral loan) as a percentage of net assets of the Group is 45.1% (2013: 42.3%).

There was no change in the Group's and the Trust's approach to capital management during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Overview of risk management

Risk management is integral to the whole business of the Group. The Manager of the Trust has a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee's oversight role is assisted by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Manager before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees, insurance bonds or cash security deposits are obtained prior to the commencement of the lease.

The Manager establishes an allowance account for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

The allowance account is used to provide for impairment losses. Subsequently when the Group is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

Cash at bank and fixed deposits are placed with financial institutions which are regulated.

As at the reporting date, except as disclosed in Note 11, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset, including derivative financial instruments, on the Balance Sheet.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Group strives to maintain available banking facilities at a reasonable level to meet its investment opportunities. The Group has in place various bilateral banking credit facilities totalling $2,039.3 million (2013: $1,788.8 million), of which $959.0 million (2013: $648.8 million) has been utilised as at 31 March 2014. In addition, the Trust has in place a $1.0 billion Multicurrency Medium Term Note Programme which was established in March 2009 to diversify sources of funds for the Trust. As at 31 March 2014, medium term notes amounting to $200.0 million (2013: $325.0 million) and $301.1 million (JPY24.6 billion) (2013: $258.3 million (JPY19.6 billion)) which were issued under this programme are still outstanding.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Total contractual cash flows	Cash flows: Within 1 year	Cash flows: After 1 year but within 5 years	Cash flows: After 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2014					
Non-derivative financial liabilities					
Loans and borrowings	1,835,865	2,167,528	637,562	1,062,682	467,284
Collateral loan	341,091	304,037	304,037	–	–
Trade and other payables [(1)]	102,601	102,601	102,601	–	–
Security deposits	85,962	91,622	28,812	53,593	9,217
	2,365,519	2,665,788	1,073,012	1,116,275	476,501
Derivative financial liabilities					
Interest rate swaps designated as cash flow hedges (net-settled)	8,548	9,365	7,085	2,280	–
Other interest rate swaps (net-settled)	26,680	29,437	7,867	12,150	9,420
Cross currency swaps (net-settled)	57,615	62,313	4,305	46,858	11,150
	92,843	101,115	19,257	61,288	20,570
	2,458,362	2,766,903	1,092,269	1,177,563	497,071
2013					
Non-derivative financial liabilities					
Loans and borrowings	1,619,548	1,842,506	264,759	1,169,462	408,285
Collateral loan	359,517	308,837	4,800	304,037	–
Trade and other payables [(1)]	111,710	111,710	111,710	–	–
Security deposits	74,284	80,377	75,385	4,456	536
	2,165,059	2,343,430	456,654	1,477,955	408,821
Derivative financial liabilities					
Interest rate swaps designated as cash flow hedges (net-settled)	30,255	32,283	14,266	18,410	(393)
Other interest rate swaps (net-settled)	33,362	34,908	11,382	24,468	(942)
Cross currency swaps (net-settled)	43,147	47,080	2,915	29,614	14,551
	106,764	114,271	28,563	72,492	13,216
	2,271,823	2,457,701	485,217	1,550,447	422,037

(1) Excludes rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

	Carrying amount	Total contractual cash flows	Within 1 year (Cash flows)	After 1 year but within 5 years (Cash flows)	After 5 years (Cash flows)
	$'000	$'000	$'000	$'000	$'000
Trust					
2014					
Non-derivative financial liabilities					
Loans and borrowings	**1,821,582**	**2,019,308**	**631,819**	**920,205**	**467,284**
Collateral loan	**341,091**	**304,037**	**304,037**	**–**	**–**
Trade and other payables [1]	**97,426**	**97,426**	**97,426**	**–**	**–**
Security deposits	**83,809**	**89,237**	**27,075**	**53,150**	**9,012**
	2,343,908	**2,510,008**	**1,060,357**	**973,355**	**476,296**
Derivative financial liabilities					
Interest rate swaps designated as cash flow hedges (net-settled)	**8,548**	**9,365**	**7,085**	**2,280**	**–**
Other interest rate swaps (net-settled)	**26,680**	**29,437**	**7,867**	**12,150**	**9,420**
Cross currency swaps (net-settled)	**57,615**	**62,313**	**4,305**	**46,858**	**11,150**
	92,843	**101,115**	**19,257**	**61,288**	**20,570**
	2,436,751	**2,611,123**	**1,079,614**	**1,034,643**	**496,866**
2013					
Non-derivative financial liabilities					
Loans and borrowings	1,605,797	1,827,124	264,085	1,154,754	408,285
Collateral loan	359,517	308,837	4,800	304,037	–
Trade and other payables [1]	110,754	110,754	110,754	–	–
Security deposits	73,011	79,036	74,044	4,456	536
	2,149,079	2,325,751	453,683	1,463,247	408,821
Derivative financial liabilities					
Interest rate swaps designated as cash flow hedges (net-settled)	30,255	32,283	14,266	18,410	(393)
Other interest rate swaps (net-settled)	33,362	34,908	11,382	24,468	(942)
Cross currency swaps (net-settled)	43,147	47,080	2,915	29,614	14,551
	106,764	114,271	28,563	72,492	13,216
	2,255,843	2,440,022	482,246	1,535,739	422,037

[1] Excludes rental received in advance.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Currency risk

As at 31 March 2014, the Group's exposure to fluctuations in foreign currency rates relates primarily to its JPY24.6 billion Series 003 Notes, Series 005 Notes and Series 006 Notes (2013: JPY19.6 billion Series 003 Notes and Series 005 Notes). The Group uses CCS to manage its foreign currency risk. In relation to foreign currency risk arising from Series 003 Notes, Series 005 Notes and Series 006 Notes (2013: Series 003 Notes and Series 005 Notes), the Group had concurrently entered into CCS of notional amount JPY24.6 billion (2013: JPY19.6 billion), whereby $364.4 million (2013: $302.1 million) payable will be swapped into JPY24.6 billion (2013: JPY19.6 billion) payable at maturity of the CCS.

Exposure to currency risk

As at 31 March 2014, the Group's Singapore dollars equivalent exposure to foreign currency risk arising from Japanese Yen are as follows:

Group and Trust	Carrying amount $'000
2014	
Medium term notes	**300,027**
Cross currency swaps	**57,615**
	357,642
2013	
Medium term notes	257,184
Cross currency swaps	43,147
	300,331

Sensitivity analysis

A 5% (2013: 1%) strengthening of Singapore dollars against Japanese Yen at reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group and Trust	Increase/ (decrease) in total return $'000
2014	
Medium term notes	**15,055**
Cross currency swaps	**(17,226)**
	(2,171)
2013	
Medium term notes	2,583
Cross currency swaps	(4,721)
	(2,138)

A 5% (2013: 1%) weakening of Singapore dollars against Japanese Yen would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group's exposure to fluctuations in interest rates relates primarily to loans and borrowings. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

As at 31 March 2014, the Group has interest rate swaps and offsetting interest rate swaps with total notional amount of $1,245.2 million (2013: $1,262.9 million) and $457.0 million (2013: $567.7 million) respectively, whereby the Group has agreed with counterparties to exchange, at specified intervals, the difference between the floating rate pegged to the Singapore dollar SOR and fixed rate interest amounts calculated by reference to the agreed notional amounts of the loans and borrowings. $407.0 million (2013: $695.0 million) of the interest rate swaps have been used to hedge the exposure to changes in the variability of interest rate fluctuations of its loans and borrowings. The Group classifies these interest rate swaps as hedging instruments in qualifying cash flow hedges.

The Group had entered into CCS with notional amounts of JPY24.6 billion whereby the Group is required to make semi-annual interest payments calculated at fixed interest rates between 4.07% to 4.09% per annum and at a margin of 1.53% above six-month SOR on its JPY10.0 billion and JPY9.6 billion respectively. The Group is also required to make quarterly interest payments at a margin of 0.97% above three-month SOR on its JPY5.0 billion CCS.

At the reporting date, the interest rate profile of the interest-bearing financial instruments that are subject to interest rate risk was:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed rate instrument at fair value through profit or loss				
Investment in debt securities	**194,574**	145,535	**194,574**	145,535
Variable rate instruments				
Loans and borrowings	**(1,405,483)**	(1,043,752)	**(1,391,200)**	(1,030,000)
Interest rate swaps	**(788,200)**	(695,200)	**(788,200)**	(695,200)
Cross currency swaps	**(210,678)**	(148,368)	**(210,678)**	(148,368)
	(2,404,361)	(1,887,320)	**(2,390,078)**	(1,873,568)

Sensitivity analysis

A 100 basis points ("bp") movement in interest rates at the reporting date would increase/(decrease) total return and Unitholders' funds (before any tax effects) as shown in the table below. This analysis has not taken into account the effects of qualifying borrowing costs which are capitalised as part of investment property under development and assumes that all other variables remain constant. The analysis was performed on the same basis for 2013.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis (continued)

	Statement of Total Return		Unitholders' Funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
2014				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
- Change in fair value of debt securities	7	(7)	–	–
Variable rate instruments				
Loans and borrowings				
- Finance costs	(14,055)	14,055	–	–
Interest rate swaps				
- Finance costs	7,882	(7,882)	–	–
- Change in fair value of financial derivatives	11,517	(11,517)	5,651	(5,651)
Cross currency swaps				
- Change in fair value of financial derivatives	(5,564)	5,564	–	–
	(213)	213	5,651	(5,651)
2013				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
- Change in fair value of debt securities	140	(140)	–	–
Variable rate instruments				
Loans and borrowings				
- Finance costs	(10,438)	10,438	–	–
Interest rate swaps				
- Finance costs	6,952	(6,952)	–	–
- Change in fair value of financial derivatives	1,649	(1,649)	15,676	(15,676)
Cross currency swap				
- Change in fair value of financial derivative	(7,502)	7,502	–	–
	(9,199)	9,199	15,676	(15,676)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis (continued)

	Statement of Total Return		Unitholders' Funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Trust				
2014				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
- Change in fair value of debt securities	**7**	**(7)**	**–**	**–**
Variable rate instruments				
Loans and borrowings				
- Finance costs	**(13,912)**	**13,912**	**–**	**–**
Interest rate swaps				
- Finance costs	**7,882**	**(7,882)**	**–**	**–**
- Change in fair value of financial derivatives	**11,517**	**(11,517)**	**5,651**	**(5,651)**
Cross currency swaps				
- Change in fair value of financial derivatives	**(5,564)**	**5,564**	**–**	**–**
	(70)	**70**	**5,651**	**(5,651)**
2013				
Fixed rate instruments at fair value through profit or loss				
Investment in debt securities				
- Change in fair value of debt securities	140	(140)	–	–
Variable rate instruments				
Loans and borrowings				
- Finance costs	(10,300)	10,300	–	–
Interest rate swaps				
- Finance costs	6,952	(6,952)	–	–
- Change in fair value of financial derivatives	1,649	(1,649)	15,676	(15,676)
Cross currency swap				
- Change in fair value of financial derivative	(7,502)	7,502	–	–
	(9,061)	9,061	15,676	(15,676)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

31 FINANCIAL RISK MANAGEMENT (continued)

Market price risk

Market price risk arises from the Group's collateral loan which was accounted for as a financial liability at fair value through profit or loss. The fair value of the collateral loan is determined based on the method described in Note 33. Changes in the market price of the ECS will result in changes in the fair value of the collateral loan. As at the reporting date, a 1% increase in the ECS market price will result in a decrease on the Statement of Total Return of $3,411,000 (2013: $3,595,000) in relation to the change in fair value of the collateral loan. A 1% decrease in the ECS market price would have an equal but opposite effect on the Statement of Total Return. The analysis was performed on the same basis for 2013 and assumes that all other variables remain the same.

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown on the Balance Sheets, are as follows:

	Note	Fair value through profit or loss	Loans and receivables	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000
Group						
2014						
Investment in debt securities	6	194,574	–	–	194,574	194,574
Finance lease receivables	8	–	94,875	–	94,875	149,441
Trade and other receivables	11	–	17,828	–	17,828	17,828
Cash and cash equivalents	12	–	65,928	–	65,928	65,928
Derivative assets	15	2,693	–	–	2,693	2,693
		197,267	178,631	–	375,898	430,464
Trade and other payables [1]	13	–	–	(102,601)	(102,601)	(102,601)
Security deposits	14	–	–	(85,962)	(85,962)	(88,062)
Derivative liabilities	15	(92,843)	–	–	(92,843)	(92,843)
Term loans and short term bank borrowings	16	–	–	(1,336,708)	(1,336,708)	(1,336,708)
Medium term notes	16	–	–	(499,157)	(499,157)	(532,139)
Collateral loan	17	(341,091)	–	–	(341,091)	(341,091)
		(433,934)	–	(2,024,428)	(2,458,362)	(2,493,444)

[1] Excludes rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Note	Fair value through profit or loss $'000	Loans and receivables $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group						
2013						
Investment in debt securities	6	145,535	–	–	145,535	145,535
Finance lease receivable	8	–	65,271	–	65,271	95,971
Other assets [(1)]	10	–	38,505	–	38,505	38,505
Trade and other receivables	11	–	12,561	–	12,561	12,561
Cash and cash equivalents	12	–	19,525	–	19,525	19,525
Derivative assets	15	12,323	–	–	12,323	12,323
		157,858	135,862	–	293,720	324,420
Trade and other payables [(2)]	13	–	–	(111,710)	(111,710)	(111,710)
Security deposits	14	–	–	(74,284)	(74,284)	(78,306)
Derivative liabilities	15	(106,764)	–	–	(106,764)	(106,764)
Term loans and short term bank borrowings	16	–	–	(1,038,381)	(1,038,381)	(1,038,381)
Medium term notes	16	–	–	(581,167)	(581,167)	(599,641)
Collateral loan	17	(359,517)	–	–	(359,517)	(359,517)
		(466,281)	–	(1,805,542)	(2,271,823)	(2,294,319)

(1) Excludes payment made on development of a built–to–suit investment property of $30,605,000 (see Note 10).

(2) Excludes rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Note	Fair value through profit or loss	Loans and receivables	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000
Trust						
2014						
Investment in debt securities	6	194,574	–	–	194,574	194,574
Finance lease receivables	8	–	94,875	–	94,875	149,441
Trade and other receivables	11	–	17,204	–	17,204	17,204
Cash and cash equivalents	12	–	57,952	–	57,952	57,952
Derivative assets	15	2,693	–	–	2,693	2,693
		197,267	170,031	–	367,298	421,864
Trade and other payables [1]	13	–	–	(97,426)	(97,426)	(97,426)
Security deposits	14	–	–	(83,809)	(83,809)	(85,785)
Derivative liabilities	15	(92,843)	–	–	(92,843)	(92,843)
Term loans and short term bank borrowings	16	–	–	(1,322,425)	(1,322,425)	(1,322,425)
Medium term notes	16	–	–	(499,157)	(499,157)	(532,139)
Collateral loan	17	(341,091)	–	–	(341,091)	(341,091)
		(433,934)	–	(2,002,817)	(2,436,751)	(2,471,709)

(1) Excludes rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Note	Fair value through profit or loss	Loans and receivables	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000
Trust						
2013						
Investment in debt securities	6	145,535	–	–	145,535	145,535
Finance lease receivable	8	–	65,271	–	65,271	95,971
Other assets [1]	10	–	38,505	–	38,505	38,505
Trade and other receivables	11	–	12,029	–	12,029	12,029
Cash and cash equivalents	12	–	12,544	–	12,544	12,544
Derivative assets	15	12,323	–	–	12,323	12,323
		157,858	128,349	–	286,207	316,907
Trade and other payables [2]	13	–	–	(110,754)	(110,754)	(110,754)
Security deposits	14	–	–	(73,011)	(73,011)	(76,979)
Derivative liabilities	15	(106,764)	–	–	(106,764)	(106,764)
Term loans and short term bank borrowings	16	–	–	(1,024,630)	(1,024,630)	(1,024,630)
Medium term notes	16	–	–	(581,167)	(581,167)	(599,641)
Collateral loan	17	(359,517)	–	–	(359,517)	(359,517)
		(466,281)	–	(1,789,562)	(2,255,843)	(2,278,285)

[1] Excludes payment made on development of a built–to–suit investment property of $30,605,000 (see Note 10).

[2] Excludes rental received in advance.

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, pricing services or external valuations, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Interest rates used in determining fair values

The interest rates used to discount the estimated cash flows were as follows:

	Group and Trust	
	2014	2013
	%	%
Finance lease receivables	**2.65**	2.19
Security deposits	**1.67**	1.07
Medium term notes	**1.00 – 3.52**	1.06 – 3.74

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities carried at fair value, financial assets and financial liabilities not carried at fair value but for which fair values are disclosed, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: unobservable inputs for the asset or liability.

Financial assets and financial liabilities carried at fair value

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group and Trust				
2014				
Investment in debt securities	**–**	**–**	**194,574**	**194,574**
Derivative assets	**–**	**2,693**	**–**	**2,693**
Derivative liabilities	**–**	**(92,843)**	**–**	**(92,843)**
Collateral loan	**–**	**(341,091)**	**–**	**(341,091)**
	–	**(431,241)**	**194,574**	**(236,667)**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy **(continued)**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Trust				
2013				
Investment in debt securities	–	–	145,535	145,535
Derivative assets	–	12,323	–	12,323
Derivative liabilities	–	(106,764)	–	(106,764)
Collateral loan	–	(359,517)	–	(359,517)
	–	(453,958)	145,535	(308,423)

During the financial year ended 31 March 2014 and 31 March 2013, there were no transfers from Level 1, Level 2 or Level 3, or vice versa.

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Finance lease receivables	**–**	**–**	**149,441**	**149,441**
Security deposits	**–**	**(88,062)**	**–**	**(88,062)**
Medium term notes	**–**	**(532,139)**	**–**	**(532,139)**
	–	**(620,201)**	**149,441**	**(470,760)**
Trust				
2014				
Finance lease receivables	**–**	**–**	**149,441**	**149,441**
Security deposits	**–**	**(85,785)**	**–**	**(85,785)**
Medium term notes	**–**	**(532,139)**	**–**	**(532,139)**
	–	**(617,924)**	**149,441**	**(468,483)**

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

32 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 fair values

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurement in Level 3 of the fair value hierarchy:

	Investment in debt securities $'000
Group and Trust	
2014	
At 1 April 2013	**145,535**
Additions	**47,750**
Change in fair value recognised in Statement of Total Return	**1,289**
At 31 March 2014	**194,574**
2013	
At 1 April 2012	103,250
Additions	27,000
Change in fair value recognised in Statement of Total Return	15,285
At 31 March 2013	145,535

Type	Key unobservable inputs	Inter–relationship between key unobservable inputs and fair value measurements
Group and Trust		
Investment in debt securities	Discount rate (17.1%)	The lower the discount rate, the estimated fair value will increase.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

33 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non–financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment properties and property held for sale

Investment properties and property held for sale are stated at fair values based on valuations by independent professional valuers. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return.

(ii) Investment property under development

Investment property under development as at 31 March 2013 was stated at fair value based on the Manager's internal valuation as at reporting date using the income and residual method of valuation. The key assumptions used included market-corroborated capitalisation yield, prevailing market costs of construction and cost of finance.

(iii) Derivative financial instruments

The fair value of interest rate swaps and cross currency swaps are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(iv) Finance lease receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate for instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

(v) Investment in debt securities

The fair value of debt securities is determined using an option pricing valuation technique which involves mainly the use of market–based equity and debt discount rates and other assumptions at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

33 DETERMINATION OF FAIR VALUES (continued)

(vi) Security deposits

The fair values of security deposits are calculated based on the present value of future cash outflows, discounted at the market interest rate at the reporting date.

(vii) Term loans and short term borrowings

The carrying amounts of interest–bearing borrowings which are repriced within 3 months from the reporting date approximate the corresponding fair values.

(viii) Medium term notes

The fair values of the medium term notes relating to the $200.0 million Series 004 Notes and JPY10.0 billion Series 005 Notes were obtained from market quotes.

The fair value of JPY9.6 billion Series 003 Notes and JPY5.0 billion Series 006 Notes are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

(ix) Collateral loan

The fair value of the collateral loan approximates the fair value of the ECS issued by Ruby Assets, which is used as a proxy for the purpose of determining the fair value of the collateral loan as the key features of the two instruments are identical. Valuation adjustments, if significant, are made to account for the differences in features between the collateral loan and the ECS. The fair value of the ECS was obtained from market quotes.

(x) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities approximate their fair values as at reporting date.

Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in Note 32.

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

33 DETERMINATION OF FAIR VALUES (continued)

***Fair value hierarchy* (continued)**

Non-financial assets carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Investment properties	–	–	6,922,966	6,922,966
Property held for sale	–	–	10,500	10,500
	–	–	6,933,466	6,933,466

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust				
2014				
Investment properties	–	–	6,651,419	6,651,419
Property held for sale	–	–	10,500	10,500
	–	–	6,661,919	6,661,919

During the financial year ended 31 March 2014, there were no transfers from Level 1, Level 2 or Level 3, or vice versa.

The reconciliation from the beginning balance to the ending balance for fair value measurement in Level 3 of the fair value hierarchy is set out in Note 4.

The following table shows the key unobservable inputs used in the valuation models:

Type	Key unobservable inputs	Inter–relationship between key unobservable inputs and fair value measurements
Investment properties and property held for sale	**Group** • Capitalisation rates (5.25% to 8.00%) • Discount rates (7.50% to 10.43%) **Trust** • Capitalisation rates (5.50% to 8.00%) • Discount rates (7.50% to 8.75%)	The lower the capitalisation rate and discount rate, the estimated fair value will increase.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

34 OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the Group's CODM reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODM for the purpose of assessment of segment performance. In addition, the CODM monitors the non–financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, performance fee trust expenses, finance income, finance costs and related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

34 OPERATING SEGMENTS (continued)

Information regarding the Group's reportable segments is presented in the tables below.

Operating segments

Property income and expenses

	Business & Science Park		Hi–Specifications Industrial Properties		Light Industrial Properties		Logistics & Distribution Centres		Warehouse Retail Facilities		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group												
Gross rental income	**186,886**	174,933	**135,300**	131,791	**90,521**	86,594	**118,296**	113,587	**14,989**	14,992	**545,992**	521,897
Other income	**32,595**	21,018	**23,967**	23,079	**3,339**	2,856	**7,698**	6,984	**1**	3	**67,600**	53,940
Gross revenue	**219,481**	195,951	**159,267**	154,870	**93,860**	89,450	**125,994**	120,571	**14,990**	14,995	**613,592**	575,837
Property operating expenses	**(75,889)**	(64,276)	**(45,761)**	(49,338)	**(22,985)**	(22,073)	**(31,214)**	(28,937)	**(1,770)**	(2,403)	**(177,619)**	(167,027)
Segment net property income	**143,592**	131,675	**113,506**	105,532	**70,875**	67,377	**94,780**	91,634	**13,220**	12,592	**435,973**	408,810
Gain on disposal of investment properties	**–**	–	**–**	–	**4,852**	–	**7,205**	–	**–**	–	**12,057**	–
Finance income											**30,445**	24,899
Finance costs											**(66,407)**	(123,573)
Unallocated net expenses											**(21,035)**	(2,790)
Net income											**391,033**	307,346
Net change in fair value of financial derivatives											**(16,934)**	(42,979)
Net appreciation/ (depreciation) on revaluation of investment properties	**34,170**	46,459	**65,651**	21,660	**15,873**	35,458	**15,682**	(31,198)	**(263)**	400	**131,113**	72,779
Total return for the year before tax											**505,212**	337,146
Tax (expense)/credit	**(23,244)**	(2,278)	**–**	1,794	**–**	–	**–**	–	**–**	–	**(23,244)**	(484)
Unallocated tax expense											**–**	(376)
Total return for the year											**481,968**	336,286

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

34 **OPERATING SEGMENTS (continued)**

Operating segments

	Business & Science Park $'000	Hi–Specifications Industrial Properties $'000	Light Industrial Properties $'000	Logistics & Distribution Centres $'000	Warehouse Retail Facilities $'000	Total $'000
Group						
31 March 2014						
Assets and liabilities						
Segment assets	**2,813,164**	**1,779,491**	**1,001,158**	**1,346,680**	**152,899**	**7,093,392**
Unallocated assets						**264,101**
Total assets						**7,357,493**
Segment liabilities	**137,274**	**29,358**	**28,035**	**31,699**	**71**	**226,437**
Unallocated liabilities:						
– loans and borrowings (including collateral loan)						**2,176,956**
– others						**105,534**
Total liabilities						**2,508,927**
Other segmental information						
Capital expenditure						
– investment properties	**37,536**	**25,689**	**24,837**	**14,808**	**63**	**102,933**
– investment property under development	**29,397**	**–**	**–**	**–**	**–**	**29,397**
Depreciation	**–**	**–**	**687**	**–**	**–**	**687**
Impairment loss on trade receivables	**83**	**–**	**–**	**89**	**–**	**172**
31 March 2013						
Assets and liabilities						
Segment assets	2,566,278	1,658,028	1,023,049	1,338,362	153,610	6,739,327
Unallocated assets						219,700
Total assets						6,959,027
Segment liabilities	91,415	32,592	34,913	27,801	662	187,383
Unallocated liabilities:						
– loans and borrowings (including collateral loan)						1,979,065
– others						131,430
Total liabilities						2,297,878
Other segmental information						
Capital expenditure						
– investment properties	995	9,830	31,417	34,468	–	76,710
– investment property under development	30,516	–	–	–	–	30,516
Depreciation	32	–	687	–	–	719
Impairment loss on trade receivables	5	192	–	182	–	379

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

34 OPERATING SEGMENTS (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of tenants. Segment assets are based on the geographical location of the assets. Information regarding the Group's geographical segments is presented in the tables below.

	Singapore		China		Total	
	2014	2013	2014	2013	2014	2013
Group	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	**605,692**	570,184	**7,900**	5,653	**613,592**	575,837
Non–current assets [1]	**6,651,722**	6,561,701	**271,662**	68,866	**6,923,384**	6,630,567

[1] Exclude financial assets.

35 SUBSEQUENT EVENTS

On 14 May 2014, the Group repaid the $395.0 million term loan granted by Emerald Assets. Concurrently, Emerald Assets redeemed the Euro 197.5 million Medium Term Notes issued under the $5.0 billion Medium Term Note Programme. Following the redemption, the assignments, charges and mortgage over the properties making up "Portfolio 3" that the Trust granted to Emerald Assets were discharged (see Note 16).

On 16 May 2014 and 21 May 2014, the Group issued a total of $95.0 million Series 007 Notes under the MTN 2009 Programme. The notes will mature on 16 May 2019 and will bear a fixed interest rate of 2.50% per annum, payable semi-annually in arrear.

On 21 May 2014, the Group completed the divestment of the property located at 1 Kallang Place for $12.6 million. The estimated gain on disposal (excluding disposal costs) is $2.1 million, based on the carrying amount of $10.5 million as at 31 March 2014.

UNAUDITED FINANCIAL STATEMENTS OF ASCENDAS REAL ESTATE INVESTMENT TRUST FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

The information in this Appendix IV has been reproduced from the unaudited financial statements of Ascendas Real Estate Investment Trust for the nine months ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

Ascendas Real Estate Investment Trust (A-REIT) is a real estate investment trust constituted by the Trust Deed entered into on 9 October 2002 between Ascendas Funds Management (S) Limited as the Manager of A-REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of A-REIT, as amended and restated.

Units in A-REIT were allotted in November 2002 based on a prospectus dated 5 November 2002. These units were subsequently listed on the Singapore Exchange Securities Trading Limited on 19 November 2002.

A-REIT and its subsidiaries (the "Group") have a diversified portfolio of 104 properties in Singapore and 2 properties in China, with a tenant base of around 1,390 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres and Integrated Development Amenities & Retail (previously known as Warehouse Retail Facilities).

The Group results include the consolidation of wholly owned subsidiaries and special purpose companies set up to grant loans to the Trust. The commentaries below are based on the Group results unless otherwise stated.

SUMMARY OF A-REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Group		
	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000 (Restated) (Note a)	Increase %
Gross revenue	**499,693**	**457,053**	**9.3%**
Net property income	**345,538**	**323,666**	**6.8%**
Total amount available for distribution:	**261,892**	**256,734**	**2.0%**
- from operations	258,061	253,566	1.8%
- tax-exempt income (Note b)	3,101	2,466	25.8%
- from capital (Note b)	730	702	4.0%
	Cents per Unit		
Distribution per Unit ("DPU") (Note d and e)	FY14/15	FY13/14	Increase %
For the quarter from 1 October to 31 December	**3.59**	**3.54**	**1.4%**
- from operations	3.56	3.52	1.1%
- tax-exempt income (Note c)	0.03	0.02	50.0%

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 which resulted in the Group consolidating Ruby Assets Pte. Ltd. ("Ruby Assets") and Emerald Assets Limited ("Emerald Assets") since 1Q FY14/15. The comparative figures for YTD 3Q FY13/14 and 3Q FY13/14 have been restated on similar basis for comparison. Please refer to Para 4 on page 22.

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

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

(d) With effect from 1 April 2014, A-REIT makes distribution semi-annually for every six-month period ending 30 September and 31 March.

(e) As at 31 December 2014, none of the S$300 million Exchangeable Collateralised Securities ("ECS") with maturity date on 1 February 2017 is converted into A-REIT Units ("Units"). Accordingly, the actual quantum of DPU may differ if any of the ECS is converted into Units. For more details on the ECS, please refer to Para 1(b)(i)(I) on Page 15 and 16 and Para 1(d)(ii) on Page 21.

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

1(a)(i) Statement of total return (YTD 3Q FY14/15 vs YTD 3Q FY13/14)

	Group			Trust		
	01/04/14 to 31/12/14 (Note a) S$'000	01/04/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000	Increase / (Decrease) %
Gross revenue	499,693	457,053	9.3%	486,973	451,185	7.9%
Property services fees	(18,531)	(15,219)	21.8%	(17,932)	(15,089)	18.8%
Property tax	(41,325)	(33,131)	24.7%	(40,341)	(32,869)	22.7%
Other property operating expenses	(94,299)	(85,037)	10.9%	(90,980)	(83,266)	9.3%
Property operating expenses	(154,155)	(133,387)	15.6%	(149,253)	(131,224)	13.7%
Net property income	345,538	323,666	6.8%	337,720	319,961	5.6%
Management fees (Note b)	(28,483)	(26,704)	6.7%	(28,483)	(26,704)	6.7%
Trust expenses	(3,606)	(4,182)	(13.8%)	(2,812)	(3,833)	(26.6%)
Finance income (Note c)	7,185	61,746	(88.4%)	7,240	61,658	(88.3%)
Finance costs (Note d)	(75,774)	(50,628)	49.7%	(75,205)	(50,100)	50.1%
Foreign exchange (loss)/gain (Note e)	(32,074)	(7,720)	nm	18,172	22,367	(18.8%)
Gain on disposal of investment properties (Note f)	2,023	7,205	(71.9%)	2,023	7,205	(71.9%)
Net non property expenses	(130,729)	(20,283)	nm	(79,065)	10,593	nm
Net income (*)	214,809	303,383	(29.2%)	258,655	330,554	(21.8%)
Net change in fair value of financial derivatives (Note g)	51,338	8,773	nm	(1,220)	(21,383)	(94.3%)
Net appreciation on revaluation of investment property (Note h)	28,112	-	nm	-	-	-
Total return for the period before tax	294,259	312,156	(5.7%)	257,435	309,171	(16.7%)
Tax expense (Note i)	(3,119)	(1,230)	153.6%	(2,086)	(901)	131.5%
Total return for the period	291,140	310,926	(6.4%)	255,349	308,270	(17.2%)
Attributable to:						
Unitholders	291,109	311,179	(6.4%)	255,349	308,270	(17.2%)
Non-controlling interests	31	(253)	nm	-	-	-
	291,140	310,926	(6.4%)	255,349	308,270	(17.2%)

Note: nm denotes "not meaningful"

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income of the Group would have been $267.3 million and $333.8 million for YTD 3Q FY14/15 and YTD 3Q FY13/14 respectively.

1(a)(i) Statement of total return (YTD 3Q FY14/15 vs YTD 3Q FY13/14) (cont'd)

	Group			Trust		
	01/04/14 to 31/12/14 (Note a) S$'000	01/04/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000	Increase / (Decrease) %
Statement of distribution						
Total return for the period attributable to Unitholders	291,109	311,179	(6.4%)	255,349	308,270	(17.2%)
Net effect of non (taxable income) /tax deductible expenses and other adjustments (Note j)	(2,918)	(55,769)	(94.8%)	4,730	(52,860)	(108.9%)
Net appreciation on revaluation of investment property (Note h)	(28,112)	-	nm	-	-	-
Income available for distribution	260,079	255,410	1.8%	260,079	255,410	1.8%
Comprising:						
- Taxable income	258,061	253,566	1.8%	258,061	253,566	1.8%
- Tax-exempt income (Note k)	2,018	1,844	9.4%	2,018	1,844	9.4%
Income available for distribution	260,079	255,410	1.8%	260,079	255,410	1.8%
Tax-exempt income (prior periods) (Note l)	1,083	622	74.1%	1,083	622	74.1%
Distribution from capital (prior periods) (Note m)	730	702	4.0%	730	702	4.0%
Total amount available for distribution	261,892	256,734	2.0%	261,892	256,734	2.0%

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

	01/04/14 to 31/12/14 (Note a) S$'000	01/04/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000	Increase / (Decrease) %
Gross rental income	440,963	407,612	8.2%	428,677	401,775	6.7%
Other income (Note n)	58,730	49,441	18.8%	58,296	49,410	18.0%
Allowance for impairment loss on doubtful receivables (Note o)	(558)	(289)	93.1%	(558)	(289)	93.1%
Depreciation of plant and equipment (Note p)	(133)	(521)	(74.5%)	(114)	(515)	(77.9%)

Note: nm denotes "not meaningful

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014, which resulted in the Group consolidating Ruby Assets and Emerald Assets since 1Q FY14/15. The comparative figures for YTD 3Q FY13/14 have been restated on similar basis for comparison.

The Group had 106 properties and 105 properties as at 31 December 2014 and 31 December 2013 respectively. Since January 2014, the Group completed (i) the acquisition of Aperia through acquiring the share capital of PLC 8 Holdings Ptd. Ltd. ("PLC8H") in August 2014 (ii) the acquisition of Hyflux Innovation Centre ("HIC") in June 2014 and (iii) the divestment of the investment property located at 1 Kallang Place in May 2014.

(b) With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fees in units and the other 80% in cash; and with effect from 1 April 2014, the Manager has improved the basis of determination of management fees by excluding derivative assets and investment properties under development from the computation of Deposited Property. This has resulted in a lower management fees than it would have been under the previous computation method. Overall, management fees for the period increased in line with higher Deposited Property value contributed mainly by the acquisition of HIC and Aperia in 1Q and 2Q FY14/15 respectively, fair value gain on revaluation of investment properties, completion of Nexus@one-north and acquisition of A-REIT City@Jinqiao in FY13/14.

(c) Finance income comprises interest income from interest rate swaps, convertible bonds, bank deposits and accretion adjustments for refundable security deposits. Finance income in YTD 3Q FY13/14 was higher as it included a fair value gain on ECS of $25.9 million and a fair value gain on convertible bonds of $27.9 million (YTD 3Q FY14/15: loss of $5.5 million and $16.6 million respectively, recognised in finance costs (see note (d) below)).

(d) Finance costs comprise interest expenses on loans, interest rate swaps, amortised costs of establishing debt facilities (including the Medium Term Notes ("MTN"), Transferrable Loan Facilities and Committed Revolving Credit Facilities). The higher finance costs was mainly due to the fair value loss on convertible bonds of $16.6 million and the fair value loss on ECS of $5.5 million (YTD 3Q FY13/14: gain of $27.9 million and $25.9 million respectively, recognised in finance income (see note (c) above)). The fair value loss on convertible bonds recognised in YTD 3Q FY14/15 was attributed to the reversal of fair value gain recognised in prior periods upon acquisition of PLC8H Group. The convertible bonds and ECS (with embedded derivatives) have been designated at fair value through profit or loss in accordance with FRS 39, where changes in fair value therein are recognised in the Statement of Total Return as finance income or finance costs.

(e) Foreign exchange loss in YTD 3Q FY14/15 at Group level was mainly due to the realisation of exchange loss from the repayment of Emerald Assets's EURO-denominated MTN and from the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN, offset by the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN. YTD 3Q FY13/14 Group level foreign exchange loss mainly arose from the translation of EURO-denominated MTN by Emerald Assets, offset by foreign exchange gain which arose from the translation of JPY-denominated MTN by the Trust. Cross currency swaps relating to the JPY-denominated MTN and HKD-denominated MTN were entered into to hedge used against the foreign exchange exposure. Emerald Assets' cross currency interest rate swap to hedge against the EURO-denominated MTN had matured in May 2014, resulting in an offsetting fair value gain in YTD 3Q FY14/15 (see note (g) below).

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

(g) Net change in fair value of financial derivatives in YTD 3Q FY14/15 was made up of a $11.8 million fair value gain on interest rate swaps (YTD 3Q FY13/14: loss of $5.6 million) offset by a $13.0 million fair value loss on cross currency swaps (YTD 3Q FY13/14: $15.7 million) at Trust level and a reversal of fair value loss amounting to $52.5 million on cross currency interest rate swap from Emerald Assets upon maturity of the swap. The fair value loss on cross currency swaps for both financial periods was mainly due to the weakening of JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps and in addition, the loss in YTD 3Q FY14/15 was partially offset by the fair value gain due to the strengthening of the HKD forward exchange rates against SGD relating to the HKD/SGD cross currency swaps. YTD 3Q FY13/14 recorded a fair value gain on the cross currency interest rate swap from Emerald Assets. For further details, please refer to Note (l) on Pages 15 to 16.

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

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

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

	Group			Trust		
	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000 (Restated)	Increase / (Decrease) %	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000	Increase / (Decrease) %
Management fees paid/payable in units	5,697	5,341	6.7%	5,697	5,341	6.7%
Trustee fee	1,730	1,606	7.7%	1,730	1,606	7.7%
Net change in fair value of financial derivatives	1,220	21,383	(94.3%)	1,220	21,383	(94.3%)
Other net non tax deductible expenses/ (taxable income) and other adjustments (Note A)	14,255	(58,823)	nm	14,255	(58,823)	nm
Transfer to general reserve	(234)	(106)	120.8%	-	-	-
Foreign exchange gain	(20,461)	(22,695)	(9.8%)	(18,172)	(22,367)	(18.8%)
Income from subsidiaries (Note B)	(5,125)	(2,475)	107.1%	-	-	-
Net effect of non (taxable income)/tax deductible expenses and other adjustments	(2,918)	(55,769)	(94.8%)	4,730	(52,860)	nm

Note: nm denotes "not meaningful"

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, net change in fair value of ECS and convertible bonds, accretion adjustments for refundable security deposits, gain arising from the divestment of investment properties and incentive payment 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 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 31 December 2014. The net income from subsidiaries, where available, will be distributed after relevant adjustments such as withholding tax payable.

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

(l) This relates to the 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.

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

(n) Other income includes revenue from utilities charges, interest income from finance lease receivable, car park revenue, income support and claims on liquidated damages. Other income is higher in YTD 3Q FY14/15 mainly due to income support relating to HIC and incentive payment received as income support in relation to A-REIT City@Jinqiao and higher car park income.

(o) Increase in allowance for doubtful debts due to specific provision on outstanding debts in excess of security deposits.

(p) Lower depreciation in YTD 3Q FY14/15 mainly due to certain fixed assets being fully depreciated.

Gross revenue increased by 9.3% mainly due to the recognition of rental income earned from Nexus@one-north, A-REIT City@Jinqiao, HIC and Aperia. Positive rental reversion from certain properties, income support relating to HIC and incentive payment received as income support in relation to A-REIT City@Jinqiao also contributed to the increase in gross revenue.

The increase in property operating expenses by 15.6% are mainly contributed from Nexus@one-north, A-REIT City@Jinqiao, HIC and Aperia and changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted.

The increase in property tax of 24.7% was mainly contributed by changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted and revision of annual value by IRAS at certain properties, in particular the property located at 38A Kim Chuan Road. Nexus@one-north, HIC and Aperia which were acquired in September 2013, June 2014 and August 2014 also contributed to the higher property tax in YTD 3Q FY14/15. YTD 3Q FY14/15, property tax expense also included vacancy refund of $1.0 million (or DPU contribution of 0.04 cents) (YTD 3Q FY13/14: $1.5 million, DPU impact of 0.06 cents). Following IRAS's announcement on the removal of the property tax refund concession on unoccupied spaces with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims. The vacancy refund received in YTD 3Q FY14/15 was related to unoccupied space area during the period prior to 1 January 2014.

The differences between net non property expenses in YTD 3Q FY14/15 and YTD 3Q FY13/14 are as follows:

(i) higher net finance costs which included a fair value loss on convertible bonds of $16.6 million arising from reversal of fair value gain on convertible bonds upon acquisition of PLC8H Group (YTD 3Q FY13/14: gain of $27.9 million) and a fair value loss on ECS of $5.5 million (YTD 3Q FY13/14: gain of $25.9 million);
(ii) higher management fees in YTD 3Q FY14/15 (see Note (b) on Page 5);
(iii) higher foreign exchange loss of $32.1 million (YTD 3Q FY13/14: $7.7 million) (see Note (e) on Page 5).
(iv) lower gain on divestment of an investment property located at 1 Kallang Place of $2.0 million (YTD 3Q FY13/14: $7.2 million gain on divestment of an investment property located at Pioneer Walk);
offset by:
(v) lower trust expenses in YTD 3Q FY14/15 due to write back of accruals of prior year expenses no longer required.

1 (a)(ii) Statement of total return (3Q FY14/15 vs 3Q FY13/14)

	Group			Trust		
	01/10/14 to 31/12/14 (Note a) S$'000	01/10/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000	Increase / (Decrease) %
Gross revenue	171,734	154,436	11.2%	166,886	151,798	9.9%
Property services fees	(6,471)	(5,346)	21.0%	(6,284)	(5,253)	19.6%
Property tax	(17,284)	(11,536)	49.8%	(16,677)	(11,449)	45.7%
Other property operating expenses	(33,380)	(28,981)	15.2%	(32,090)	(28,173)	13.9%
Property operating expenses	(57,135)	(45,863)	24.6%	(55,051)	(44,875)	22.7%
Net property income	114,599	108,573	5.6%	111,835	106,923	4.6%
Management fees (Note b)	(9,814)	(9,038)	8.6%	(9,814)	(9,038)	8.6%
Trust expenses	(514)	(1,467)	(65.0%)	(199)	(1,220)	(83.7%)
Finance income (Note c)	1,282	24,359	(94.7%)	1,250	24,249	(94.8%)
Finance costs (Note d)	(26,929)	(16,801)	60.3%	(26,793)	(16,607)	61.3%
Foreign exchange gain (Note e)	9,320	7,319	27.3%	6,946	15,680	(55.7%)
Net non property (expenses)/income	(26,655)	4,372	nm	(28,610)	13,064	nm
Net income (*)	87,944	112,945	(22.1%)	83,225	119,987	(30.6%)
Net change in fair value of financial derivatives (Note f)	5,167	(7,453)	nm	5,167	(16,667)	(131.0%)
Total return for the period before tax	93,111	105,492	(11.7%)	88,392	103,320	(14.4%)
Tax expense (Note g)	(945)	(412)	129.4%	(498)	(322)	54.7%
Total return for the period	92,166	105,080	(12.3%)	87,894	102,998	(14.7%)
Attributable to:						
Unitholders	92,165	105,144	(12.3%)	87,894	102,998	(14.7%)
Non-controlling interests	1	(64)	nm	-	-	-
	92,166	105,080	(12.3%)	87,894	102,998	(14.7%)

Note: nm denotes "not meaningful"

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income of the Group would have been $87.9 million and $122.2 million for 3Q FY14/15 and 3Q FY13/14 respectively.

1 (a)(ii) Statement of total return (3Q FY14/15 vs 3Q FY13/14) (cont'd)

	Group			Trust		
	01/10/14 to 31/12/14 (Note a) S$'000	01/10/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000	Increase / (Decrease) %
Statement of distribution						
Total return for the period attributable to Unitholders	92,165	105,144	(12.3%)	87,894	102,998	(14.7%)
Net effect of non taxable income and other adjustments (Note h)	(5,726)	(20,042)	(71.4%)	(1,455)	(17,896)	(91.9%)
Income available for distribution	86,439	85,102	1.6%	86,439	85,102	1.6%
Comprising:						
- Taxable income	85,766	84,494	1.5%	85,766	84,494	1.5%
- Tax-exempt income (Note i)	673	608	10.7%	673	608	10.7%
Total amount available for distribution	86,439	85,102	1.6%	86,439	85,102	1.6%

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

	01/10/14 to 31/12/14 (Note a) S$'000	01/10/13 to 31/12/13 (Note a) S$'000 (Restated)	Increase / (Decrease) %	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000	Increase / (Decrease) %
Gross rental income	152,424	137,796	10.6%	147,881	135,167	9.4%
Other income (Note j)	19,310	16,640	16.0%	19,005	16,631	14.3%
Allowance for impairment loss on doubtful receivables (Note k)	(80)	(214)	(62.6%)	(80)	(214)	(62.6%)
Depreciation of plant and equipment (Note l)	(46)	(176)	(73.9%)	(38)	(172)	(77.9%)

Note: nm denotes "not meaningful"

Footnotes

(a) The Group adopted FRS 110 *Consolidated Financial Statements* with effect from 1 April 2014 and resulted in the Group consolidating Ruby Assets and Emerald Assets since 1Q FY14/15. The comparative figures for 3Q FY13/14 have been restated on similar basis for comparison.

The Group had 106 properties and 105 properties as at 31 December 2014 and 31 December 2013 respectively. Since January 2014, the Group completed (i) the acquisition of Aperia through acquiring the share capital of PLC8H in August 2014 (ii) the acquisition of HIC in June 2014 and (iii) the divestment of the investment property located at 1 Kallang Place in May 2014.

(b) With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fees in units and the other 80% in cash; and with effect from 1 April 2014, the Manager has improved the basis of determination of management fees by excluding derivative assets and investment properties under development from the computation of Deposited Property. This has resulted in a lower management fees than it would have been under the previous computation method. Overall, management fees for the period increased in line with higher Deposited Property value contributed mainly by the acquisition of HIC and Aperia in 1Q and 2Q FY14/15 respectively and fair value gain on revaluation of investment properties.

(c) Finance income comprises interest income from interest rate swaps, convertible bonds, bank deposits and accretion adjustments for refundable security deposits. Finance income in 3Q FY13/14 was higher as it included a fair value gain on ECS of $12.7 million (3Q FY14/15: loss of $8.3 million included in finance costs (see note (d) below)) and a fair value gain on convertible bonds of $8.5 million (3Q FY14/15: Nil). The convertible bonds and ECS (with embedded derivatives) have been designated at fair value through profit or loss in accordance with FRS 39, where changes in fair value therein are recognised in the Statement of Total Return as finance income or finance costs.

(d) Finance costs comprise interest expenses on loans, interest rate swaps, amortised costs of establishing debt facilities (including MTN, Transferrable Loan Facilities, Committed Revolving Credit Facilities). The higher finance costs was mainly due to fair value loss on ECS of $8.3 million (3Q FY13/14: gain of $12.7 million included in finance income (see note (c) above)).

(e) Foreign exchange gain in 3Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by the foreign exchange loss due to the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN. Foreign exchange gain in 3Q FY13/14 mainly arose from the translation of JPY-denominated MTN by the Trust, offset by loss on the translation of EURO-denominated MTN by Emerald Assets. Cross currency swaps relating to the JPY-denominated MTN and the HKD-denominated MTN were entered into to hedge against the foreign exchange exposure. Emerald Assets' cross currency interest rate swap to hedge against the EURO-denominated MTN had matured in May 2014, resulting in an offsetting fair value gain in 1Q FY14/15.

(f) Net change in fair value of financial derivatives in 3Q FY14/15 was made up of a fair value gain on interest rate swaps of $5.3 million (3Q FY13/14: loss of $0.6 million) offset by a loss on cross currency swaps of $0.1 million (3Q FY13/14: $16.0 million). The fair value loss on cross currency swaps in both financial periods was mainly due to the weakening of JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps and in addition in 3Q FY14/15, the loss was partially offset by the fair value gain due to the strengthening of HKD forward exchange rates against SGD relating to the HKD/SGD cross currency swaps. 3Q FY13/14 Group level included a fair value gain on the cross currency interest rate swap from Emerald Assets. For further details, please refer to Note (l) on Pages 15 to 16.

(g) Tax expense includes income tax expense relating to a China subsidiary, income tax provided on interest income earned from investment in convertible bonds, finance lease interest income received from a tenant and income support relating to HIC. 3Q FY14/15 included taxes provided on incentive payment received as income support in relation to A-REIT City@Jinqiao while 3Q FY13/14 included taxes provided on incentive payment received as income support in relation to Ascendas Z-Link. The last tranche of income payment received as income support in relation to Ascendas Z-Link had been fully recognised in September 2014.

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

	Group			Trust		
	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000 (Restated)	Increase / (Decrease) %	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000	Increase / (Decrease) %
Management fees paid/payable in units	1,963	1,808	8.6%	1,963	1,808	8.6%
Trustee fee	597	543	9.9%	597	543	9.9%
Net change in fair value of financial derivatives	(5,167)	16,667	nm	(5,167)	16,667	nm
Other net non tax deductible expenses/(taxable income) and other adjustments (Note A)	8,098	(21,234)	nm	8,098	(21,234)	nm
Transfer to general reserve	(105)	(26)	nm	-	-	-
Foreign exchange gain	(9,320)	(16,602)	(43.9%)	(6,946)	(15,680)	(55.7%)
Income from subsidiaries (Note B)	(1,792)	(1,198)	49.6%	-	-	-
Net effect of non taxable income and other adjustments	(5,726)	(20,042)	(71.4%)	(1,455)	(17,896)	(91.9%)

Note: nm denotes “not meaningful

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, net change in fair value of ECS and convertible bonds, accretion adjustments for refundable security deposits and incentive payment received as income support relating to A-REIT City@Jinqiao and HIC. The rental support from 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 income from AHTDBC, ASRC and PLC8H, which has yet to be received by A-REIT as at 31 December 2014. The net income from the subsidiaries, where available, will be distributed after relevant adjustments such as withholding tax payable.

(i) 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.

(j) Other income includes revenue from utilities charges, interest income from finance lease receivable, car park revenue, income support and claims on liquidated damages. Other income is higher in 3Q FY14/15 mainly due to income support relating to HIC and incentive payment received as income support in relation to A-REIT City@Jinqiao and higher car park income.

(k) Lower allowance for doubtful debts mainly due to lesser specific provision on outstanding debts in excess of security deposits in 3Q FY14/15.

(l) Lower depreciation in 3Q FY14/15 mainly due to certain fixed assets being fully depreciated.

Gross revenue increased by 11.2% mainly due to the recognition of rental income earned from, HIC and Aperia and increase in occupancy at A-REIT City@Jinqiao which was acquired in July 2013 and Nexus@one-north which was completed in September 2013. Positive rental reversion in certain properties and incentive payment received as income support in relation to A-REIT City@Jinqiao and income support from HIC also contributed to the increase in gross revenue.

The increase in property operating expenses by 24.6% was mainly due to the newly acquired properties by the Group - HIC and Aperia and higher expenses due to increase in occupancy at A-REIT City@Jinqiao and at Nexus@one-north. The changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted had also resulted in higher property operating expenses in 3Q FY14/15.

The increase in property tax of 49.8% was mainly due to the revision of annual value by IRAS at certain properties, in particular the property at 38A Kim Chuan Road. The changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted, acquisition of HIC and Aperia also contributed to the increase in property tax in 3Q FY14/15. In 3Q FY14/15, property tax expense also included vacancy refund of $0.2 million (or DPU contribution of 0.01 cents) (3Q FY13/14: $0.4 million, DPU impact of 0.02 cents). Following IRAS's announcement on the removal of the property tax refund concession on unoccupied spaces with effect from 1 January 2014, buildings with vacant periods starting from 1 January 2014 would not be able to make property vacancy claims. The vacancy refund received in 3Q FY14/15 was related to unoccupied space area during the period prior to 1 January 2014.

The difference between net non property expenses in 3Q FY14/15 and 3Q FY13/14 was as follows:

(i) higher finance costs in 3Q FY14/15 which included fair value loss on ECS of $8.3 million (3Q FY13/14: gain of $12.7 million);
(ii) higher finance income in 3Q FY13/14 as it included a fair value gain on ECS of $12.7 million (3Q FY14/15: loss of $8.3 million) and a fair value gain on convertible bonds of $8.5 million (3Q FY14/15: Nil);
(iii) higher management fees in 3Q FY14/15 (see Note (b) on Page 9);
offset by:
(iv) higher net foreign exchange gain of $9.3 million (3Q FY13/14: $7.3 million) (see Note (e) on Page 10);
(v) lower trust expenses in 3Q FY14/15 due to write back of accruals of prior year expenses, no longer required.

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

	Group		Trust	
	31/12/14 S$'000	31/03/14 S$'000 (Restated) (Note a)	31/12/14 S$'000	31/03/14 S$'000
Non-current assets				
Investment properties (Note b)	7,703,490	6,922,966	7,425,930	6,651,419
Investment in debt securities (Note c)	-	194,574	-	194,574
Plant and equipment (Note d)	1,640	418	190	303
Finance lease receivables	93,040	93,844	93,040	93,844
Interest in subsidiaries (Note e)	-	-	171,651	170,027
Derivative assets (Note f)	15,925	1,348	15,925	1,348
	7,814,095	**7,213,150**	**7,706,736**	**7,111,515**
Current assets				
Finance lease receivables	1,067	1,031	1,067	1,031
Trade and other receivables (Note g)	83,249	65,139	76,944	61,894
Derivative assets (Note f)	-	1,345	-	1,345
Cash and cash equivalents	33,712	67,328	10,679	57,952
Property held for sale (Note h)	-	10,500	-	10,500
	118,028	**145,343**	**88,690**	**132,722**
Current liabilities				
Trade and other payables (Note i)	180,661	128,366	151,337	120,755
Security deposits (Note j)	28,531	28,527	28,496	26,827
Derivative liabilities (Note k)	1,621	55,216	1,621	2,658
Short term borrowings	200,000	209,790	200,000	209,790
Term loans (Note l)	14,807	342,451	-	394,986
Collateral loan (Note l)	-	-	346,623	341,091
Exchangeable Collateralised Securities (Note l)	346,623	341,091	-	-
Provision for taxation (Note m)	3,290	2,068	2,955	2,064
	775,533	**1,107,509**	**731,032**	**1,098,171**
Non-current liabilities				
Other payables	2,175	-	2,175	-
Security deposits (Note j)	76,166	57,435	72,967	56,982
Derivative liabilities (Note k)	103,737	90,185	103,737	90,185
Amount due to a subsidiary	-	-	44,523	-
Medium term notes (Note l)	778,385	499,157	778,385	499,157
Term loans and borrowings (Note l)	1,278,316	731,932	1,278,316	717,649
Deferred tax liabilities	24,540	23,675	-	-
	2,263,319	**1,402,384**	**2,280,103**	**1,363,973**
Net assets	**4,893,271**	**4,848,600**	**4,784,291**	**4,782,093**
Represented by:				
Unitholders' funds	4,893,207	4,848,566	4,784,291	4,782,093
Non-controlling interests	64	34	**-**	**-**
	4,893,271	**4,848,600**	**4,784,291**	**4,782,093**

	31/12/14 S$'000	31/03/14 S$'000 (Restated)	31/12/14 S$'000	31/03/14 S$'000
Gross borrowings				
Secured borrowings				
Amount repayable within one year	346,623	683,556	346,623	736,091
Unsecured borrowings				
Amount repayable after one year	2,067,784	1,240,387	2,067,784	1,226,104
Amount repayable within one year	214,807	210,000	200,000	210,000
	2,629,214	2,133,943	2,614,407	2,172,195

Footnotes

(a) The Group's comparative balance sheet as at 31 March 2014 had been restated to take into account the retrospective adjustments relating to FRS 110 (please refer to Para 4 of page 22).

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

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

(d) Higher fixed assets at Group level due to purchases of new fixed assets at the China subsidiaries. Lower fixed assets at Trust level due to certain fixed assets being fully depreciated.

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

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

(g) The increase in trade and other receivables was in tandem with higher gross revenue in YTD 3Q FY14/15 and higher prepaid expenses.

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

(i) Increase in trade and other payables was mainly due to accrual of costs on asset enhancement works and additional provision for property tax on upward adjustments of annual values for certain properties.

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

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

(l) **Details of borrowings**

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

Collateral loan and Exchangeable Collateralised Securities
In March 2010, a collateral loan of S$300 million ("Collateral Loan") was granted by a special purpose company, 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 the 19 properties in the Trust portfolio;

(ii) an assignment and charge of the rental proceeds and tenancy agreements of the above mentioned properties;

(iii) an assignment of the insurance policies relating to the above mentioned properties; and

(iv) a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

In order to fund the Collateral Loan to the Trust, Ruby Assets issued $300.0 million Exchangeable Collateralised Securities ("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 of A-REIT ("Units") at the adjusted exchange price of $2.1394 (3Q FY13/14: $2.2167) 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 or in part, at the option of the ECS Holders, on 1 February 2015 at the early redemption amount of the ECS. The ECS may also be redeemed, in whole but not in part, at the option of Ruby Assets on or any time after 1 February 2015 but not less than 7 business days prior to 1 February 2017 at the early redemption amount if the Volume Weighted Average Price of the A-REIT 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 Medium Term Note Programme in March 2009 ("MTN2009").

The $125.0 million notes had been fully repaid upon maturity in July 2013. On 27 March 2014, A-REIT issued JPY5.0 billion floating rates notes, which will mature in March 2021. The notes bear a floating interest rate of 3-month JPY LIBOR + 0.50% per annum payable quarterly in arrear. On 16 May 2014 and 21 May 2014, A-REIT issued a total of S$95.0 million 2.50% fixed rate notes, which will mature in May 2019. On 26 August 2014, A-REIT issued HKD620.0 million, 1.67% fixed rate notes which will mature in February 2018. On 4 September 2014, A-REIT issued HKD640.0 million, 3.64% fixed rate notes, which will mature in September 2029.

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

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

As at 31 December 2014, 66.1% of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.3 years remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings as at 31 December 2014 was 2.7% (31 March 2014: 2.7%) (including amortised costs of borrowings). The Group adopts cash flow hedge accounting for some of its borrowings. The effective hedge portion of changes in the fair value of interest rate swaps is recognised in the Statement of Movement in Unitholders' Funds. The fair value changes of the remaining interest rate swaps, changes in fair value of the ECS and cross currency swaps are recognised in the Statement of Total Return in accordance with FRS 39.

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

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

1 (c)(i) Cash flow statement (YTD 3Q FY14/15 vs YTD 3Q FY13/14)

	Group	
	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000 (Restated)
Cash flows from operating activities		
Net income	214,809	303,383
<u>**Adjustments for**</u>		
Allowance for impairment loss on doubtful receivables	558	289
Management fees paid/payable in units	5,697	5,341
Depreciation of plant and equipment	133	521
Finance income	(7,185)	(61,746)
Finance costs	75,774	50,628
Foreign exchange gain	32,074	7,720
Gain on disposal of investment properties	(2,023)	(7,205)
Operating income before working capital changes	319,837	298,931
<u>**Changes in working capital**</u>		
Trade and other receivables	(20,202)	(11,192)
Trade and other payables	22,662	14,193
Cash generated from operating activities	322,297	301,932
Income tax paid	(1,905)	(610)
Net cash generated from operating activities	320,392	301,322
Cash flows from investing activities		
Purchase of investment properties	(191,384)	-
Payment for investment properties and other assets under development	(2,202)	(48,392)
Payment for capital improvement on investment properties	(69,029)	(76,160)
Purchase of plant and equipment	(1,351)	(377)
Proceeds from sale of investment properties	12,600	32,000
Acquisition of subsidiary, net of cash acquired	(251,895)	(11,117)
Investment in debt securities	-	(47,750)
Interest received	3,669	4,764
Net cash used in investing activities	(499,592)	(147,032)
Cash flows from financing activities		
Equity issue costs paid	-	(130)
Distributions paid to Unitholders	(260,786)	(240,766)
Finance costs paid	(48,102)	(48,221)
Transaction costs paid in respect of borrowings	(674)	-
Proceeds from borrowings	1,445,860	557,100
Repayment of borrowings	(991,000)	(419,429)
Net cash generated from/(used in) financing activities	145,298	(151,446)
Net (decrease)/increase in cash and cash equivalents	(33,902)	2,844
Cash and cash equivalents at beginning of the financial period	67,328	27,766
Effect of exchange rate changes on cash balances	286	301
Cash and cash equivalents at end of the financial period	33,712	30,911

1 (c)(ii) Cash flow statement (3Q FY14/15 vs 3Q FY13/14)

	Group	
	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000 (Restated)
Cash flows from operating activities		
Net income	87,944	112,945
Adjustments for		
Allowance for impairment loss on doubtful receivables	80	214
Management fees paid/payable in units	1,963	1,808
Depreciation of plant and equipment	46	176
Finance income	(1,282)	(24,359)
Finance costs	26,929	16,801
Foreign exchange gain	(9,320)	(7,319)
Operating income before working capital changes	106,360	100,266
Changes in working capital		
Trade and other receivables	(8,959)	(8,769)
Trade and other payables	17,595	2,252
Cash generated from operating activities	114,996	93,749
Income tax paid	(838)	(204)
Net cash generated from operating activities	114,158	93,545
Cash flows from investing activities		
Payment for investment properties and other assets under development	(247)	(12,237)
Payment for capital improvement on investment properties	(30,806)	(22,559)
Purchase of plant and equipment	(1,052)	(327)
Investment in debt securities	-	(6,000)
Interest received	420	1,024
Net cash used in investing activities	(31,685)	(40,099)
Cash flows from financing activities		
Distributions paid to Unitholders	(175,496)	(86,431)
Finance costs paid	(15,720)	(13,638)
Transaction costs paid in respect of borrowings	(74)	-
Proceeds from borrowings	314,000	149,100
Repayment of borrowings	(212,000)	(106,100)
Net cash used in financing activities	(89,290)	(57,069)
Net decrease in cash and cash equivalents	(6,817)	(3,623)
Cash and cash equivalents at beginning of the period	40,224	34,377
Effect of exchange rate changes on cash balances	305	157
Cash and cash equivalents at end of the financial period	33,712	30,911

1 (d)(i) Statement of movement in unitholders' funds (YTD 3Q FY14/15 vs YTD 3Q FY13/14)

	Group		Trust	
	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000 (Restated)	01/04/14 to 31/12/14 S$'000	01/04/13 to 31/12/13 S$'000
Balance at beginning of the financial period	4,848,566	4,661,149	4,782,093	4,652,902
Operations				
Total return for the period attributable to Unitholders of the Trust (Note a)	291,109	311,179	255,349	308,270
Hedging transactions				
Effective portion of changes in fair value of financial derivatives (Note b)	4,213	14,675	4,213	14,675
Changes in fair value of financial derivatives transferred to the Statement of Total Return (Note c)	(2,275)	3,971	(2,275)	3,971
Net increase in net assets from hedging transactions	1,938	18,646	1,938	18,646
Movement in foreign currency translation reserve (Note d)	6,683	2,965	-	-
Unitholders' transactions				
Management fees paid/payable in units	5,697	5,341	5,697	5,341
Distributions to Unitholders	(260,786)	(240,766)	(260,786)	(240,766)
Net decrease in net assets from Unitholders' transactions	(255,089)	(235,425)	(255,089)	(235,425)
Balance at end of the financial period	4,893,207	4,758,514	4,784,291	4,744,393

Footnotes

(a) Included in total return is the divestment gain of $2.0 million, arising from the divestment of the investment property located at 1 Kallang Place in May 2014 (YTD 3Q FY13/14: $7.2 million, arising from the divestment of investment property located at 6 Pioneer Walk in June 2013). The total return at Group level for YTD 3Q FY14/15 also included a gain of $28.1 million, on revaluation of Aperia upon its acquisition (YTD 3Q FY13/14: Nil).

(b) In both YTD 3Q FY14/15 and YTD 3Q FY13/14, the forward interest rates at the end of each period was higher than those at the beginning of the period. Hence, the aggregate fair values of the interest rate swaps registered a favourable change as compared to the beginning of the period.

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

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

Statement of movement in unitholders' funds (3Q FY14/15 vs 3Q FY13/14)

	Group		Trust	
	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000 (Restated)	01/10/14 to 31/12/14 S$'000	01/10/13 to 31/12/13 S$'000
Balance at beginning of financial period	4,965,740	4,733,261	4,868,190	4,723,276
Operations				
Total return for the period attributable to Unitholders of the Trust	92,165	105,144	87,894	102,998
Hedging transactions				
Effective portion of changes in fair value of financial derivatives (Note a)	1,740	2,742	1,740	2,742
Net increase in net assets resulting from hedging transactions	1,740	2,742	1,740	2,742
Movement in foreign currency translation reserve (Note b)	7,095	1,990	-	-
Unitholders' transactions				
Management fees paid/payable in units	1,963	1,808	1,963	1,808
Distributions to Unitholders (Note c)	(175,496)	(86,431)	(175,496)	(86,431)
Net decrease in net assets resulting from Unitholders' transactions	(173,533)	(84,623)	(173,533)	(84,623)
Balance at end of the financial period	4,893,207	4,758,514	4,784,291	4,744,393

Footnotes

(a) In both 3Q FY14/15 and 3Q FY13/14, the forward interest rates at the end of each period was higher than those at the beginning of the period. Hence, the aggregate fair values of the interest rate swaps registered a favourable change as compared to the beginning of the period.

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

(c) The distribution payment was higher in 3Q FY14/15 because 1H FY14/15 distributions is paid in this quarter. This is 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 (YTD 3Q FY14/15 vs YTD 3Q FY13/14)

	Trust	
	01/04/14 to 31/12/14 Units	01/04/13 to 31/12/13 Units
Units issued:		
At beginning of the financial period	2,402,521,658	2,398,946,090
Issue of new units:		
- Acquisition fees (IPT acquisition) paid in units	-	462,860
- Management fees paid in units	3,184,914	3,112,708
At end of the financial period	**2,405,706,572**	**2,402,521,658**
Units to be issued:		
Management fees payable in units	277,946	281,383
Units issued and issuable at end of the financial period	**2,405,984,518**	**2,402,803,041**

Details of any changes in the units (3Q FY14/15 vs 3Q FY13/14)

	Trust	
	01/10/14 to 31/12/14 Units	01/10/13 to 31/12/13 Units
Units issued:		
At beginning of the financial period	2,404,060,171	2,400,871,877
- Management fees paid in units	1,646,401	1,649,781
At end of the financial period	**2,405,706,572**	**2,402,521,658**
Units to be issued:		
Management fees payable in units	277,946	281,383
Units issued and issuable at end of the financial period	**2,405,984,518**	**2,402,803,041**

ECS of S$300 million with maturity date on 1 February 2017 was issued by Ruby Assets. Please refer to Note (l) on Page 15 and 16 for further details of the ECS.

The ECS are exchangeable by the ECS Holders into A-REIT Units at the adjusted exchange price of $2.1394 (3Q FY13/14: $2.2167) 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 $2.1394 per unit, the number of new units to be issued would be 140,226,231 representing 5.8% of the total number of Units in issue as at 31 December 2014.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements ("SSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

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

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

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

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to item 4 above.

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

	Group		Trust	
6.1 EPU for 3Q FY14/15 compared to 2Q FY14/15	3Q FY14/15 01/10/14 to 31/12/14	2Q FY14/15 01/07/14 to 30/09/14	3Q FY14/15 01/10/14 to 31/12/14	2Q FY14/15 01/07/14 to 30/09/14
Basic EPU (Note a)				
Weighted average number of units	2,404,367,418	2,404,072,346	2,404,367,418	2,404,072,346
Earnings per unit in cents (EPU)	3.83	4.70	3.66	3.41
Dilutive EPU (Note b)				
Weighted average number of units	2,404,367,418	2,543,932,485	2,404,367,418	2,543,932,485
Earnings per unit in cents (Dilutive EPU)	3.83	4.11	3.66	2.89

	Group		Trust	
6.2 EPU for 3Q FY14/15 compared to 3Q FY13/14	3Q FY14/15 01/10/14 to 31/12/14	3Q FY13/14 01/10/13 to 31/12/13 (Restated)	3Q FY14/15 01/10/14 to 31/12/14	3Q FY13/14 01/10/13 to 31/12/13
Basic EPU (Note a)				
Weighted average number of units	2,404,367,418	2,401,161,853	2,404,367,418	2,401,161,853
Earnings per unit in cents (EPU)	3.83	4.38	3.66	4.29
Dilutive EPU (Note b)				
Weighted average number of units	2,404,367,418	2,536,498,164	2,404,367,418	2,536,498,164
Earnings per unit in cents (Dilutive EPU)	3.83	3.69	3.66	3.61

	Group		Trust	
6.3 EPU for YTD 3Q FY14/15 compared to YTD 3Q FY13/14	YTD 3Q FY14/15 01/04/14 to 31/12/14	YTD 3Q FY13/14 01/04/13 to 31/12/13 (Restated)	YTD 3Q FY14/15 01/04/14 to 31/12/14	YTD 3Q FY13/14 01/04/13 to 31/12/13
Basic EPU (Note a)				
Weighted average number of units	2,403,737,769	2,400,522,239	2,403,737,769	2,400,522,239
Earnings per unit in cents (EPU)	12.11	12.96	10.62	12.84
Dilutive EPU (Note b)				
Weighted average number of units	2,543,964,000	2,535,858,550	2,543,964,000	2,535,858,550
Earnings per unit in cents (Dilutive EPU)	11.80	11.39	10.40	11.28

Footnotes

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

(b) For YTD 3Q FY14/15, YTD 3Q FY13/14, 2Q FY14/15 and 3Q FY13/14 the dilutive EPU were computed on the basis that the ECS was converted at the beginning of the period. For 3Q FY14/15, the ECS was anti-dilutive and was excluded from the calculation of dilutive EPU.

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

For YTD 3Q FY14/15, YTD 3Q FY13/14, 2Q FY14/15 and 3Q FY13/14, the dilutive EPU was computed based on the adjusted total return and the adjusted weighted average number of units. The adjusted total return for the period was derived by adding back the interest expense on ECS of $3,616,000, $3,616,000, $1,210,000 and $1,210,000 respectively and adding the loss on ECS of $5,532,000 in YTD 3Q FY14/15 and deducting the gain on ECS of $25,872,000, $9,561,000 and $12,657,000 in YTD 3Q FY13/14, 2Q FY14/15 and 3Q FY13/14 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 140,226,231 (see para 1(d)(ii) on Page 21).

	Group		Trust	
6.4 DPU for 3Q FY14/15 compared to 2Q FY14/15	3Q FY14/15 01/10/14 to 31/12/14	2Q FY14/15 01/07/14 to 30/09/14	3Q FY14/15 01/10/14 to 31/12/14	2Q FY14/15 01/07/14 to 30/09/14
Number of units in issue	2,405,706,572	2,404,060,171	2,405,706,572	2,404,060,171
Distribution per unit in cents (Note a)	3.59	3.66	3.59	3.66

	Group		Trust	
6.5 DPU for 3Q FY14/15 compared to 3Q FY13/14	3Q FY14/15 01/10/14 to 31/12/14	3Q FY13/14 01/10/13 to 31/12/13	3Q FY14/15 01/10/14 to 31/12/14	3Q FY13/14 01/10/13 to 31/12/13
Number of units in issue	2,405,706,572	2,402,521,658	2,405,706,572	2,402,521,658
Distribution per unit in cents (Note a)	3.59	3.54	3.59	3.54

	Group		Trust	
6.6 DPU for YTD 3Q FY14/15 compared to YTD 3Q FY13/14	YTD 3Q FY14/15 01/04/14 to 31/12/14	YTD 3Q FY13/14 01/04/13 to 31/12/13	YTD 3Q FY14/15 01/04/14 to 31/12/14	YTD 3Q FY13/14 01/04/13 to 31/12/13
Number of units in issue	2,405,706,572	2,402,521,658	2,405,706,572	2,402,521,658
Distribution per unit in cents (Note a)	10.89	10.69	10.89	10.69

Footnotes

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

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

	Group		Trust	
	31/12/14 cents	31/03/14 cents (Restated)	31/12/14 cents	31/03/14 cents
Net asset value per unit	203	202	199	199
Adjusted net asset value per unit (Note a)	200	198	195	195

Footnote

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

8. Review of Performance

Review of Performance 3Q FY14/15 vs 3Q FY13/14

	Group		
	3Q FY14/15 01/10/14 to 31/12/14 S$'000	3Q FY13/14 01/10/13 to 31/12/13 S$'000 (Restated)	Increase / (Decrease) %
Gross revenue	171,734	154,436	11.2%
Property operating expenses	(57,135)	(45,863)	24.6%
Net property income	114,599	108,573	5.6%
Non property expenses	(10,328)	(10,505)	(1.7%)
Net finance (costs)/income	(25,647)	7,558	nm
Foreign exchange gain	9,320	7,319	27.3%
	(26,655)	4,372	nm
Net income (*)	87,944	112,945	(22.1%)
Net change in fair value of financial derivatives	5,167	(7,453)	nm
Total return for the period before tax	93,111	105,492	(11.7%)
Tax expense	(945)	(412)	129.4%
Total return for the period	92,166	105,080	(12.3%)
Attributable to:			
Unitholders	92,165	105,144	(12.3%)
Non-controlling interests	1	(64)	nm
Total return for the period	92,166	105,080	(12.3%)

Statement of distribution			
Total return for the period attributable to Unitholders	92,165	105,144	(12.3%)
Net effect of non tax deductible expenses and other adjustments	(5,726)	(20,042)	(71.4%)
Income available for distribution	86,439	85,102	1.6%
Comprising:			
- Taxable income	85,766	84,494	1.5%
- Tax-exempt income (Note a)	673	608	10.7%
Total amount available for distribution	86,439	85,102	1.6%
Earnings per unit (cents)	3.83	4.38	(12.6%)
Distribution per unit (cents)	3.59	3.54	1.4%

Note: nm denotes "not meaningful"

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $87.9 million and $122.2 million for 3Q FY14/15 and 3Q FY13/14 respectively.

Footnote

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

Gross revenue increased by 11.2% mainly due to the recognition of rental income earned from HIC and Aperia and increase in occupancy at Nexus@one-north and A-REIT City@Jinqiao. Positive rental reversion in certain properties and incentive payment received as income support in relation to A-REIT City@Jinqiao and income support relating to HIC also contributed to the increase in gross revenue.

The 24.6% increase in property operating expenses was largely contributed by:

(i) higher property tax mainly due to changes in lease structure arising from conversion of properties from single-tenanted to multi-tenanted and due to the revision of annual value by IRAS at certain properties, in particular the property at 38A Kim Chuan Road;
(ii) expenses for HIC and Aperia which were acquired/completed in June 2014 and August 2014 respectively and higher expenses due to increase in occupancy at A-REIT City@Jinqiao which was acquired in July 2013 and Nexus@one-north which was completed in September 2013; and
(iii) higher other property operating expenses due to changes in lease structure arising from conversion of certain properties from single-tenanted to multi-tenanted.

The net finance costs in 3Q FY14/15 as compared to net finance income in 3Q FY13/14 was mainly due to:

(i) fair value loss on ECS of $8.3 million (3Q FY13/14: gain of $12.7 million);
(ii) accretion loss of $0.1 million on refundable security deposits (3Q FY13/14: gain of $0.4 million);
(iii) higher interest expenses from higher borrowings;
(iv) lower interest income in 3Q FY14/15 as 3Q FY13/14 included interest income from investment in convertible bonds in PLC 8 Development Pte Ltd prior to the acquisition of the shares in PLC8H in August 2014;
(v) fair value gain on convertible bonds of $8.5 million in 3Q FY13/14 (3Q FY14/15: Nil).

Foreign exchange gain in 3Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN. The foreign exchange gain in 3Q FY13/14 mainly arose from the translation of JPY-denominated MTN at the Trust offset by foreign exchange loss on translation of EURO-denominated MTN at Emerald Assets.

Net change in fair value of financial derivatives in 3Q FY14/15 was made up of a $5.3 million fair value gain on interest rates swaps (3Q FY13/14: loss of $0.6 million) offset by a fair value loss on cross currency swaps of $0.1 million (3Q FY13/14: $16.0 million). The fair value loss on cross currency swaps in both financial periods was mainly due to the weakening of the JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps and in addition in 3Q FY14/15, the loss was partially offset by the fair value gain due to the strengthening of HKD forward exchange rates against SGD relating to the HKD/SGD cross currency swaps. 3Q FY13/14 included a fair value gain on the cross currency interest rate swap from Emerald Assets.

Tax expense in 3Q FY14/15 was higher mainly because of the tax payable on the incentive payment received as income support in relation to A-REIT City @Jinqiao, income support from HIC, and higher income tax in line with higher profit at AHTDBC.

The movement in net effect of non tax deductible expenses and other adjustments between 3Q FY14/15 and 3Q FY13/14 was mainly due to:

(i) fair value loss on ECS of $8.3 million (3Q FY13/14: gain of $12.7 million);
(ii) lower foreign exchange gain $9.3 million (3Q FY13/14: $16.6 million);
(iii) accretion loss of $0.1 million on refundable security deposits (3Q FY13/14: gain of $0.4 million);
(iv) fair value gain on convertible bonds of $8.5 million in 3Q FY13/14 (3Q FY14/15: Nil); and
offset by:
(v) net fair value gain on financial derivatives of $5.2 million (3Q FY13/14: loss of $16.6 million);
(vi) $0.9 million of net incentive payment received as income support in relation to A-REIT City @Jinqiao (3Q FY13/14: Nil) and $0.6 million net income support from HIC (3Q FY13/14: Nil), 3Q FY13/14 included $0.2 million net incentive payment received as income support in relation to Ascendas Z-Link (3Q FY14/15: Nil).

Review of Performance 3Q FY14/15 vs 2Q FY14/15

	Group		
	3Q FY14/15 01/10/14 to 31/12/14 S$'000	2Q FY14/15 01/07/14 to 30/09/14 S$'000	Increase / (Decrease) %
Gross revenue	171,734	164,781	4.2%
Property operating expenses	(57,135)	(50,114)	14.0%
Net property income	114,599	114,667	(0.1%)
Non property expenses	(10,328)	(11,191)	(7.7%)
Net finance costs	(25,647)	(19,834)	29.3%
Foreign exchange gain	9,320	14,079	(33.8%)
	(26,655)	(16,946)	57.3%
Net income (*)	87,944	97,721	(10.0%)
Net change in fair value of financial derivatives	5,167	(12,002)	nm
Net appreciation on revaluation of investment property	-	28,112	nm
Total return for the period before tax	93,111	113,831	(18.2%)
Tax expense	(945)	(851)	11.0%
Total return for the period	92,166	112,980	(18.4%)
Attributable to:			
Unitholders	92,165	112,985	(18.4%)
Non-controlling interests	1	(5)	nm
Total return for the period	92,166	112,980	(18.4%)
Statement of distribution			
Total return for the period attributable to Unitholders	92,165	112,985	(18.4%)
Net effect of non (taxable income)/tax deductible expenses and other adjustments	(5,726)	1,160	nm
Net appreciation on revaluation of investment property	-	(28,112)	nm
Income available for distribution	86,439	86,033	0.5%
Comprising:			
- Taxable income	85,766	85,357	0.5%
- Tax-exempt income (Note a)	673	676	(0.4%)
Income available for distribution	86,439	86,033	0.5%
Tax-exempt income (prior periods) (Note b)	-	1,083	nm
Distribution from capital (prior periods) (Note c)	-	730	nm
Total amount available for distribution	86,439	87,846	(1.6%)
Earnings per unit (cents)	3.83	4.70	(18.5%)
Distribution per unit (cents) (Note d)	3.59	3.66	(1.9%)

Note: nm denotes “not meaningful

(*) Excluding the impact of consolidating Ruby Assets and Emerald Assets, net income would have been $87.9 million and $97.7 million for 3Q FY14/15 and 2Q FY14/15 respectively.

Footnote

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

(b) This relates to the first distribution of incentive payment (net of Singapore corporate tax) in 2Q FY14/15, received as income support relating to the properties in China. As tax has been withheld on this income such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the units as trading assets.

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

(d) DPU for 3Q FY14/15 is lower than 2Q FY14/15 by 0.07 cents because 2Q FY14/15 included both exempt distribution relating to incentive payment received as income support of 0.05 cents and distribution of 0.03 cents of income from China subsidiaries which is deemed to be capital from a tax perspective. Excluding these exempt and capital distributions relating to the China subsidiaries which are made semi-annually in the second and fourth quarter, DPU from operations for 3Q FY14/15 is 0.01 cents higher than 2Q FY14/15.

Gross revenue increased marginally by 4.2% mainly due to the contribution from Aperia acquired in August 2014, higher occupancy at certain properties but offset by the impact from the changes in lease structure arising from conversion of some properties from single-tenanted to multi-tenanted.

Property operating expenses were higher in 3Q FY14/15 by 14.0% mainly contributed by Aperia which was acquired in August 2014, higher property tax due to upward adjustment in annual value for certain properties and also from the changes in lease structure arising from conversion of properties from single-tenanted to multi-tenanted.

Non property expenses was lower by 7.7% mainly due to write-back of accruals of prior year's trust expenses no longer required.

Net finance costs in 3Q FY14/15 was higher mainly due to
(i) fair value loss on ECS of $8.3 million (2Q FY14/15: gain of $9.6 million);
(ii) accretion loss of $0.1 million on refundable security deposits (2Q FY14/15: gain on $1.3 million);
offset by:
(iii) fair value loss on convertible bonds of $14.2 million in 2Q FY14/15 (3Q FY14/15: Nil).

Foreign exchange gain in 3Q FY14/15 and 2Q FY14/15 was mainly due to the weakening of JPY spot exchange rate against SGD relating to the JPY-denominated MTN, offset by foreign exchange loss arising from the strengthening of HKD spot exchange rate against SGD relating to the HKD-denominated MTN.

Net change in fair value of financial derivatives in 3Q FY14/15 was made up of fair value gain on interest rate swaps of $5.3 million (2Q FY14/15: $5.0 million) offset by fair value loss on cross currency swaps of $0.1 million (2Q FY14/15: $17.0 million). The fair value loss on cross currency swaps in 3Q FY14/15 and 2Q FY14/15 was mainly due to the weakening of the JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps partially offset by the fair value gain due to the strengthening of HKD forward exchange rates against SGD relating to theHKD/SGD cross currency swaps.

Higher tax expenses in 3Q FY14/15 was mainly due to higher income tax provided at AHTDBC in line with higher profit.

Net non taxable income in 3Q FY14/15 as compared to a non tax deductible expenses and other adjustments in 3Q FY13/14 were mainly due to the following:

(i) net fair value gain on financial derivatives of $5.2 million (2Q FY14/15: loss of $12.0 million);
(ii) higher net incentive payment received as income support of $0.9 million in relation to A-REIT City@Jinqiao (2Q FY14/15: $0.7 million);
(iii) fair value loss on convertible bonds of $14.2 million in 2Q FY14/15 (3Q FY14/15: Nil);
offset by:
(iv) fair value loss on ECS of $8.3 million (2Q FY14/15: gain of $9.6 million);
(v) accretion loss on refundable security deposits of $0.1 million (2Q FY14/15: gain of $1.3 million);
(vi) lower foreign exchange gain of $9.3 million (2Q FY14/15: $14.1 million).

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 2Q FY14/15 Financial Results Announcement under Paragraph 10 on page 31 and 32. The Trust has not disclosed any financial forecast to the market.

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

Singapore

In 4Q 2014, Singapore's economy grew by 1.5% year-on-year ("y-o-y"), slower than the 2.8% growth in 3Q 2014. The manufacturing sector contracted by 2.0% y-o-y, a reversal from the 1.7% expansion in the previous quarter, mainly due to the decline in output of the transport engineering, electronics and general manufacturing clusters. For the whole of 2014, the Singapore economy grew by 2.8%.

Singapore's manufacturing PMI declined to 49.6 in December 2014 from 51.8 in November 2014. This is the lowest level reported since February 2013 and is in line with the weak manufacturing PMI reported in the rest of the world. The decline was attributable to a contraction in new orders and slower growth in export orders.

December 2014 non-oil domestic exports ("NODX") rose by 2.3% y-o-y (after a 0.8% increase in November). This was due an expansion in both electronic and non-electronic NODX. Exports to all of Singapore's top 10 NODX markets rose, except China, the US, Japan and Indonesia. The top three contributors were South Korea, Malaysia and the EU.

According to JTC Corporation ("JTC"), prices and rental rates of industrial space continued to moderate, declining by 0.9% q-o-q and 1.8% q-o-q respectively. According to CBRE 4Q 2014 Market View, rental rates for business park space held steady at $5.50 psf per month for city fringe space whilst rental rates dipped 1.4% q-o-q to $3.65 psf per month from $3.70 psf per month for the rest of the island. JTC Business Park median rent was S$4.00 psf per month. CBRE Ground floor rental rates for factory space and warehouse space remained unchanged q-o-q at $1.85 psf per month and $1.83 psf per month respectively.

The occupancy rate of island-wide industrial space remained relatively stable at 90.9% in 3Q 2014. Business park occupancy rate improved to 86.1% (from 85.0% in 2Q 2014). Occupancy of the warehouse segment also improved to 90.4% (from 88.5% in 2Q 2014) as a result of take up of a few new single-user warehouses. However, single-user factory space and multiple-user factory space registered lower occupancies of 93.2% and 86.8% (down from 93.4% and 87.3% respectively in 2Q 2014) on the back of a 0.6% and 1.5% q-o-q increase in available stock.

The Government announced that it will reduce its industrial land sales programme in the first half of 2015. A total of 9 sites with a combined area of 6.46ha will be placed on the Confirmed List under the Government Land Sales Programme. This is less than the 12.06ha placed on the same list in the second half of 2014.

Certain tax concessions applicable to Singapore-listed REITs are due to expire on 31 March 2015. These include:
(1) the exemption of tax on qualifying foreign-sourced income,
(2) the remission of stamp duties for the transfer of Singapore properties into REITs,
(3) tax remission claims for GST incurred for the setting up of special purpose vehicles ("SPVs") that hold non-residential properties and business expenses incurred by the SPVs and
(4) the concessionary income tax rate of 10% for non-resident institutional investors.

If the concessions are not renewed, stamp duties will be applicable on properties transferred into A-REIT and qualifying foreign-sourced income will be taxed after 31 March 2015.

In 2015, the growth outlook for Singapore remains modest and is expected to grow by 2.0% to 4.0%. The business environment remains challenging due to the ongoing economic restructuring, changing government regulations and policies on manpower and industrial land use and rising operating costs. Whilst gradual improvements in the US economy may support externally-oriented sectors in Singapore, uncertainties in Eurozone and China continue to pose downside risks.

China

China's GDP grew by 7.3% y-o-y in 4Q 2014, similar to the preceding quarter. This brings GDP growth for 2014 to 7.4%, a shade below the government's target of 7.5%. China's manufacturing PMI continued to decline to 50.1% in December 20014, indicating that growth momentum has weakened.

The Chinese government has been proactive in implementing policy changes to rebalance China's economy for more sustainable growth. The transition from a capital-intensive and export-oriented growth approach to a consumption-led model is expected to weigh on China's economic growth. Nevertheless, strong domestic demand supported by a growing middle class segment should continue to drive China's economic growth positively in the near future.

Outlook for the financial year ending 31 March 2015

At the beginning of FY14/15, about 21.3% of A-REIT's property income was due for renewal, of which 6.2% were leases of single-tenanted buildings and 15.1% were leases of multi-tenanted buildings. The Manager had proactively negotiated and secured renewal commitments for many of these lessees. As at 31 December 2014, 3.9% of A-REIT's property income is due for renewal (comprising 0.2% of single-tenanted building tenancies and 3.7% of multi-tenanted building tenancies).

With a customer base of around 1,390 tenants in a portfolio of 104 properties in Singapore and 2 business park properties in China, A-REIT is well-diversified in terms of rental income. No single property accounts for more than 4.1% of A-REIT's monthly gross revenue. A-REIT's predictable earnings stream is underpinned by its portfolio of long and short term leases (22.7% versus 77.3% by asset value respectively) with a weighted average lease to expiry of about 3.9 years.

With 13.2% 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 FY14/15 are still below the market spot rental rates; hence, positive rental reversion can be expected when such leases are renewed.

In China, the Manager will continue to adopt a prudent approach while seeking opportunities in the target product segments and cities. Over the longer term, demand for high quality business and industrial space should be strong as the Chinese Government reforms the economy towards a more sustainable growth driven by domestic consumption and private demand.

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

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period: No (distribution to be made semi-annually with effect from 1 April 2014)

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: 44th distribution for the period from 1 October 2013 to 31 December 2013

Distribution Type/ Rate	Taxable	Tax-exempt	Total
Amount (cents per units)	3.52	0.02	3.54

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.

Book closure date: 27 January 2014

Payment date: 27 February 2014

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

With effect from FY14/15, 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.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

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

Mary Judith de Souza
Company Secretary
22 January 2015

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The Board of Directors
Ascendas Funds Management (S) Limited
(in its capacity as Manager of
Ascendas Real Estate Investment Trust)
61 Science Park Road
#02-18 The Galen
Singapore Science Park II
Singapore 117525

22 January 2015

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of Interim Financial Information for the 9-month period ended 31 December 2014

Introduction

We have reviewed the accompanying interim financial information (the "Interim Financial Information") of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") for the nine-month period ended 31 December 2014. The Interim Financial Information comprises the following:

- Balance sheets of the Trust and the Group as at 31 December 2014;
- Portfolio statement of the Group as at 31 December 2014;
- Statements of total return of the Trust and the Group for the three-month and nine-month periods ended 31 December 2014;
- Distribution statements of the Trust and the Group for the three-month and nine-month periods ended 31 December 2014;
- Statements of movements in unitholders' funds of the Trust and the Group for the three-month and nine-month periods ended 31 December 2014;
- Statement of cash flows of the Group for the nine-month period ended 31 December 2014; and
- Certain explanatory notes to the above Interim Financial Information.

Ascendas Funds Management (S) Limited, the Manager of the Trust, is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of the RAP 7 relevant to interim financial information issued by the Institute of Singapore Chartered Accountants.

Restriction of Use

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

Yours faithfully

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants
Singapore

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