A-REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

Ascendas Real Estate Investment Trust ("A-REIT" or the "Trust") is a real estate investment trust constituted by the Trust Deed entered into on 9 October 2002 between Ascendas Funds Management (S) Limited as the Manager of A-REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of A-REIT, as amended and restated.

Units in A-REIT ("Units") were allotted in November 2002 based on a prospectus dated 5 November 2002. These units were subsequently listed on the Singapore Exchange Securities Trading Limited on 19 November 2002.

A-REIT and its subsidiaries (the "Group") have a diversified portfolio of 102 properties in Singapore, 27 properties in Australia and 2 properties in China, with tenant base of around 1,450 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres and Integrated Development Amenities & Retail.

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

SUMMARY OF A-REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

		Group		
	Note	01/04/16 to 30/06/16 **('1Q FY16/17')** S$'000	01/04/15 to 30/06/15 **('1Q FY15/16')** S$'000	Variance %
Gross revenue		**207,588**	**180,507**	**15.0%**
Net property income		**149,480**	**124,265**	**20.3%**
Total amount available for distribution:		**106,853**	**92,486**	**15.5%**
- from operations		102,079	90,936	12.3%
- tax-exempt income	(a)	4,303	1,108	n.m.
- from capital	(b)	471	442	6.6%
		Cents per Unit		
Distribution per Unit ("DPU")	(c)	FY16/17	FY15/16	Variance %
For the quarter from 1 April to 30 June		**3.996**	**3.841**	**4.0%**
- from operations		3.817	3.777	1.1%
- tax-exempt income	(a)	0.161	0.046	n.m.
- from capital	(b)	0.018	0.018	-

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

Footnotes

(a) This includes the distribution of (i) finance lease interest income (net of Singapore corporate tax) received from a tenant, (ii) incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China and (iii) income relating to the properties in Australia and China that has been received in Singapore (net of applicable tax and/or withholding tax) following the repatriation of profits to Singapore. As tax has been withheld on this income, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets. The amount of incentive payment (net of Singapore corporate tax) received and included as distributable income amounted to S$0.7 million or 0.025 cents impact on DPU for 1Q FY16/17 (1Q FY15/16: S$0.4 million or 0.017 cents).

(b) This relates to the distribution of net income from the properties in China, where the profits have yet to be repatriated to Singapore. The distributions of income from overseas properties that are yet to be received in Singapore are deemed to be capital distributions from a tax perspective. Such distributions are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

(c) As at 30 June 2016, S$14.0 million of the S$300.0 million Exchangeable Collateralised Securities ("ECS") with a maturity date of 1 February 2017 had been converted into Units. Any new Units issued (or to be issued) pursuant to a notice of exchange ("Exchange Notice") for the ECS will rank pari passu in all respects with the Units in issue on the day immediately following the date of the Exchange Notice, including the entitlement to distributions by A-REIT for the period preceding the date of issue of the Units. The estimated DPU for 1Q FY16/17 has been computed on the basis that no ECS will be exchanged into Units before the next books closure date. Accordingly, the actual quantum of DPU may differ if A-REIT receives Exchange Notices before the next books closure date. For more details on the ECS, please refer to Para 1(b)(i)(j) on Pages 9 to 10 and Para 1(d)(ii) on Page 13.

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

Statement of Total Return	Note	Group (Note a) 1Q FY16/17 S$'000	1Q FY15/16 S$'000	Variance %
Gross revenue	(b)	**207,588**	**180,507**	**15.0%**
Property services fees		(7,986)	(7,272)	9.8%
Property tax		(15,186)	(15,067)	0.8%
Other property operating expenses		(34,936)	(33,903)	3.0%
Property operating expenses	(c)	**(58,108)**	**(56,242)**	**3.3%**
Net property income		**149,480**	**124,265**	**20.3%**
Management fees	(d)	(12,030)	(9,955)	20.8%
Trust and other expenses	(e)	(2,835)	(1,004)	182.4%
Finance income	(i)	1,416	8,972	(84.2%)
Finance costs	(i)	(38,191)	(21,248)	79.7%
Foreign exchange (loss)/gain	(f)	(23,742)	14,157	n.m.
Loss on divestment of subsidiaries	(g)	(656)	-	n.m.
Derecognition of finance lease receivables	(h)	(2,079)	-	n.m.
Net non property expenses		**(78,117)**	**(9,078)**	**n.m.**
Net income	(i)	**71,363**	**115,187**	**(38.0%)**
Net change in fair value of financial derivatives	(j)	17,192	(27,469)	(162.6%)
Net fair value gains on investment properties	(k)	-	4,471	(100.0%)
Share of joint venture's results	(l)	102	-	n.m.
Total return for the period before tax		**88,657**	**92,189**	**(3.8%)**
Tax expense	(m)	(2,056)	(443)	n.m.
Total return for the period		**86,601**	**91,746**	**(5.6%)**
Attributable to:				
Unitholders and perpetual securities holders		86,581	91,762	(5.6%)
Non-controlling interests		20	(16)	n.m.
		86,601	**91,746**	**(5.6%)**
Distribution Statement				
Total return for the period attributable to Unitholders and perpetual securities holders		86,581	91,762	(5.6%)
Less: Amount reserved for distribution to perpetual securities holders	(n)	(3,553)	-	n.m.
Other net non tax deductible expenses and other adjustments	(o)	19,228	4,337	n.m.
Net fair value gains on investment properties	(k)	-	(4,471)	(100.0%)
Income available for distribution		102,256	91,628	11.6%
Comprising:				
- Taxable income		102,079	90,936	12.3%
- Tax-exempt income	(p)	177	692	-74.4%
Income available for distribution		102,256	91,628	11.6%
Tax-exempt income (China)	(q)	1,552	416	n.m.
Tax-exempt income (Australia)	(r)	2,574	-	n.m.
Distribution from capital (China)	(s)	471	442	6.6%
Total amount available for distribution		**106,853**	**92,486**	**15.5%**

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

Explanatory notes to the statement of total returns and distribution statement

(a) The Group had 131 properties and 105 properties as at 30 June 2016 and 30 June 2015, respectively. Since June 2015, the Group completed (i) the acquisition of 27 logistics properties in Australia (the "Australian Portfolio") during the third and fourth quarter of FY15/16, (ii) the acquisition of ONE@Changi City in March 2016, (iii) the divestment of BBR Building in September 2015 and (iv) the divestment of Four Acres Singapore in April 2016. A-REIT Jiashan Logistics Centre, which was developed by the Group and completed in March 2016, was divested in June 2016.

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

Gross revenue increased by 15.0% mainly attributable to contributions from the acquisition of the Australian Portfolio and ONE@Changi City.

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

Property operating expenses increased by 3.3%, mainly due to the acquisitions as mentioned in 1(a)(i)(b), partially offset by lower utilities expenses as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17.

(d) The Manager has elected to receive 20% of the base management fees in Units and the other 80% in cash.

Higher management fees in 1Q FY16/17 were mainly due to higher deposited property under management, contributed primarily by the new acquisitions made during the last financial year.

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

Trust and other expenses increased to S$2.8 million, as included in 1Q FY15/16 was the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required. Excluding the effects of the reversals made in 1Q FY15/16, trust and other expenses would have been comparable between the two reporting periods.

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

1Q FY16/17 recorded a foreign exchange loss of S$23.7 million, mainly from the weakening of the SGD against the HKD and JPY in relation to the HKD denominated Medium Term Notes ("MTN") and JPY denominated MTN respectively. 1Q FY15/16 recorded a foreign exchange gain of S$14.2 million, mainly from the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

(g) The loss on divestment of subsidiaries recorded in 1Q FY16/17 relates to the divestment of A-REIT J.W. Investment Pte. Ltd. ("ARJW"), which indirectly owns A-REIT Jiashan Logistics Centre. Including the fair value gain recognised for Jiashan Logistics Centre in prior financial years, the Group recorded a total gain of approximately $3.4 million.

(h) The finance lease receivable in relation to Four Acres Singapore was derecognised subsequent to the sale of the said property in April 2016.

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

	Note	Group 1Q FY16/17 S$'000	Group 1Q FY15/16 S$'000	Group Variance %
<u>Gross revenue</u>				
Gross rental income		189,292	159,224	18.9%
Other income		18,296	21,283	(14.0%)
<u>Property operating expenses</u>				
(Allowance)/reversal of allowance for impairment loss on doubtful receivables		(16)	248	(106.5%)
Depreciation of plant and equipment		(8)	(47)	(83.0%)
<u>Finance income</u>	(1)			
Accretion gain on security deposits		534	-	n.m.
Interest income		882	878	0.5%
Gain on fair value of ECS		-	8,094	(100.0%)
		1,416	**8,972**	**(84.2%)**
<u>Finance costs</u>	(2)			
Accretion loss on security deposits		-	(438)	(100.0%)
Interest expense		(26,416)	(18,984)	39.1%
Other borrowing costs		(1,422)	(1,826)	(22.1%)
Loss on fair value of ECS		(10,353)	-	n.m.
		(38,191)	**(21,248)**	**79.7%**

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

1. Finance income comprises interest income from interest rate swaps, bank deposits, accretion gains on refundable security deposits and fair value gain on ECS.

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

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

	Group 1Q FY16/17 S$'000	Group 1Q FY15/16 S$'000	Group Variance %
Fair value (loss)/gain on:			
- interest rate swaps	(14,482)	(1,601)	n.m.
- cross currency swaps	28,538	(25,868)	n.m.
- foreign exchange forward contracts	3,136	-	n.m.
Net change in fair value of financial derivatives	17,192	(27,469)	(162.6%)

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

(k) The appreciation on revaluation of investment properties recorded in 1Q FY15/16 represents the valuation uplift in relation to BBR Building, which was divested in September 2015.

Appreciation on revaluation of investment properties is not taxable and is excluded from the computation of total amount available for distribution.

(l) Share of joint venture's results relates to the carpark operations at ONE@Changi City, which is operated through a joint venture entity, Changi City Carpark Operations LLP ("CCP LLP"). The results for CCP LLP are equity accounted for at the Group level.

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

Included in 1Q FY16/17 was also withholding tax recognised on the profits that were repatriated from the Ascendas REIT Australia Group to Singapore.

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

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

		Group		
	Note	1Q FY16/17 S$'000	1Q FY15/16 S$'000	Variance %
Management fees paid/payable in units		2,406	1,991	20.8%
Trustee fee		735	609	20.7%
Net change in fair value of financial derivatives		(17,192)	27,469	(162.6%)
Other net non tax deductible expenses / (taxable income) and other adjustments	A	16,542	(8,383)	n.m.
Foreign exchange loss/(gain)		21,703	(15,864)	n.m.
Loss/(Income) from subsidiaries and joint venture	B	(4,966)	(1,485)	n.m.
Other net non tax deductible expenses and other adjustments		19,228	4,337	n.m.

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

A. Other net non tax deductible expenses/(taxable income) and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, net change in fair value of ECS, accretion adjustments for refundable security deposits, gains arising from the divestment of investment properties, incentive payments received as income support relating to A-REIT City @Jinqiao and HIC and returns attributable to the Perpetual Securities holders.

B. This relates to the net income from Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC"), A-REIT Shanghai Realty Co., Limited ("ASRC"), PLC8H, the Ascendas REIT Australia Group and CCP LLP.

(p) 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.

(q) This relates to the distribution of (i) incentive payment (net of Singapore corporate tax) received as income support relating to the properties in China and (ii) income relating to China properties that has been received in Singapore (net of China withholding tax) following the repatriation of profits to Singapore. As tax has been withheld on this income, such distribution is not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets. The amount of incentive payment (net of Singapore corporate tax) received and included as distributable income amounted to S$0.7 million or 0.025 cents impact on DPU for 1Q FY16/17 (1Q FY15/16: S$0.4 million or 0.017 cents).

(r) This relates to the distribution of income relating to the Australian Portfolio that has been received in Singapore (net of Australian withholding tax) following the repatriation of profits to Singapore, after deducting funding costs that are directly attributable to the Group's investment in Australia. 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.

(s) This relates to the distribution of income relating to China properties, where the profits will be repatriated only after the annual audited financial statements of the Chinese subsidiaries are filed and corporate taxes are paid. The distributions of income from overseas properties that are yet to be received in Singapore are deemed to be capital distributions from a tax perspective. Such distributions are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

1(b)(i) Statement of Financial Position

	Note	Group 30/06/16 S$'000	Group 31/03/16 S$'000	Trust 30/06/16 S$'000	Trust 31/03/16 S$'000
Non-current assets					
Investment properties	(a)	9,402,360	9,598,654	8,154,431	8,142,650
Plant and equipment	(b)	58	68	-	-
Finance lease receivables	(c)	57,232	57,731	57,232	57,731
Interest in subsidiaries	(d)	-	-	684,832	704,689
Investment in joint venture	(e)	145	44	-	-
Derivative assets	(f)	37,010	32,592	37,010	32,592
		9,496,805	**9,689,089**	**8,933,505**	**8,937,662**
Current assets					
Finance lease receivables	(c)	1,908	35,269	1,908	35,269
Trade and other receivables		97,686	89,285	86,195	84,095
Derivative assets	(f)	3,047	356	3,047	356
Cash and cash equivalents		56,769	56,236	31,984	6,052
Property held for sale	(g)	140,817	-	-	-
	(h)	**300,227**	**181,146**	**123,134**	**125,772**
Current liabilities					
Trade and other payables		160,635	171,971	144,944	154,579
Security deposits		35,403	34,065	32,739	32,580
Derivative liabilities	(i)	2,899	1,595	2,899	1,595
Short term borrowings	(j)	455,826	601,138	367,363	510,695
Term loans	(j)	232,704	224,942	224,869	224,732
Exchangeable Collateralised Securities	(j)	350,353	354,000	-	-
Collateral loan		-	-	350,353	354,000
Provision for taxation		8,165	7,851	2,325	1,929
	(h)	**1,245,985**	**1,395,562**	**1,125,492**	**1,280,110**
Non-current liabilities					
Other payables		1,675	1,675	1,675	1,675
Security deposits		76,673	77,659	74,297	74,172
Derivative liabilities	(i)	71,013	82,596	56,444	75,345
Amount due to a subsidiary		-	-	26,473	26,473
Medium term notes	(j)	1,301,081	1,143,508	1,301,081	1,143,508
Term loans and borrowings	(j)	1,310,102	1,340,990	746,088	745,681
Deferred tax liabilities		40,358	42,924	320	606
		2,800,902	**2,689,352**	**2,206,378**	**2,067,460**
Net assets		**5,750,145**	**5,785,321**	**5,724,769**	**5,715,864**
Represented by:					
Unitholders' funds		5,449,275	5,480,879	5,423,940	5,411,443
Perpetual securities holders	(k)	300,829	304,421	300,829	304,421
Non-controlling interests		41	21	-	-
		5,750,145	**5,785,321**	**5,724,769**	**5,715,864**

	Group 30/06/16 S$'000	Group 31/03/16 S$'000	Trust 30/06/16 S$'000	Trust 31/03/16 S$'000
Gross borrowings				
Secured borrowings				
Amount repayable after one year	566,261	583,642	-	-
Amount repayable within one year	350,353	354,000	350,353	354,000
Unsecured borrowings				
Amount repayable after one year	2,054,238	1,910,595	2,054,238	1,896,440
Amount repayable within one year	688,690	826,397	592,393	735,745
	3,659,542	3,674,634	2,996,984	2,986,185

Explanatory notes to the statement of financial position

(a) The decrease in investment properties was mainly due to the divestment of A-REIT Jiashan Logistics Centre in June 2016 and the reclassification of Ascendas Z-Link to property held for sale.

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

(c) The decrease in finance lease receivables was primarily due to settlement of receivables upon the divestment of Four Acres Singapore in April 2016.

(d) Interest in subsidiaries relates to A-REIT's investment in Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark") and its subsidiary, AHTDBC; Shanghai (JQ) Investment Holdings Pte. Ltd. and its subsidiary, ASRC; PLC8H and its subsidiary, PLC 8 Development Pte. Ltd. and the Ascendas REIT Australia Group. ARJW and its subsidiary, A-REIT J.W. Facilities Co. Ltd, were divested in June 2016.

(e) Investment in joint venture relates to A-REIT's investment in CCP LLP. The results for CCP LLP are equity accounted for at the Group level.

(f) Derivative assets increased mainly due to favourable changes in the fair value of certain interest rate swaps, cross currency swaps and foreign exchange forward contracts.

(g) Property held for sale relates to Ascendas Z-Link. The Group has on 27 May 2016 entered into a sale and purchase agreement to divest AZPark, which indirectly holds Ascendas Z-Link through AHTDBC.

(h) Notwithstanding the net current liabilities position, based on the Group's existing financial resources, the Manager is of the opinion that the Group will able to refinance its borrowings and meet its current obligations as and when they fall due.

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

(j) **Details of borrowings**

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

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

(i) a mortgage over 19 properties in the Trust portfolio, with carrying value of S$1,106 million as at 30 June 2016;
(ii) an assignment and charge of the rental proceeds and tenancy agreements of the above mentioned properties;
(iii) an assignment of the insurance policies relating to the above mentioned properties; and
(iv) a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

In order to fund the Collateral Loan to the Trust, Ruby Assets issued S$300.0 million ECS on 26 March 2010. The ECS bear a fixed coupon of 1.60% per annum and have a maturity date of 1 February 2017. The Collateral Loan has the same terms mirroring that of the ECS.

The ECS are exchangeable by the ECS Holders into new Units at the adjusted exchange price of S$2.0187 (FY15/16: S$2.0886) 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 Group has the option to pay cash in lieu of delivering the Units. As at 30 June 2016, S$14.0 million of the S$300.0 million ECS have been converted into Units.

The ECS may be redeemed, in whole but not in part, at the option of Ruby Assets on or any time after 1 February 2015 but not less than 7 business days prior to 1 February 2017 at the early redemption amount if the Volume Weighted Average Price of the Units is at least 130% of the adjusted exchange price for 20 consecutive trading days (subject to the satisfaction of certain conditions). The early redemption amount represents the redemption price upon maturity which is equal to the principal amount, together with any accrued but unpaid interest up to but excluding the date of redemption.

Secured Syndicated Loans

As at 30 June 2016, the Group has A$564.3 million secured syndicated term loans from Australian banks (“Syndicated Loans”). The Syndicated Loans are secured by way of a first mortgage over 26 properties in Australia and assets of their respective holding trusts, and guaranteed by A-REIT. The carrying value of properties secured for the Syndicated Loans was S$970m as at 30 June 2016.

Medium Term Notes

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

On 7 April 2016, A-REIT issued S$130.0 million, 2.65% fixed rate notes, which will mature in April 2021 (Series 13 Notes).

As at the reporting date, S$1,333.8 million (comprising S$675.0 million, JPY24.6 billion and HKD1,760.0 million) MTNs remain outstanding. A-REIT entered into cross currency swaps to hedge against the foreign exchange risk arising from the principal amount of all JPY-denominated MTNs and all HKD-denominated MTNs. The amount reflected in the Statement of Financial Position relates to the carrying amount of the MTNs translated using the rate at the reporting date, net of unamortised transaction costs.

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

As at 30 June 2016, 75.9% (31 March 2016: 71.9%) of the Group’s interest rate exposure was fixed with an overall weighted average tenure of 3.8 years (31 March 2016: 3.3 years) remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings for the period ended 30 June 2016 was 2.99% (31 March 2016: 2.79%).

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

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

	Group	
	1Q FY16/17 S$'000	1Q FY15/16 S$'000
Cash flows from operating activities		
Total return for the year before tax	88,657	92,189
Adjustments for		
Allowance/(reversal of allowance) for impairment loss on doubtful receivables	16	(248)
Depreciation of plant and equipment	8	47
Finance income	(1,416)	(8,972)
Finance costs	38,191	21,248
Foreign exchange loss/(gain)	23,742	(14,157)
Loss on divestment of subsidiaries	656	-
Derecognition of finance lease receivables	2,079	-
Management fees paid/payable in units	2,406	1,991
Net change in fair value of financial derivatives	(17,192)	27,469
Net fair value gains on investment properties	-	(4,471)
Share of joint venture's results	(102)	-
Operating income before working capital changes	137,045	115,096
Changes in working capital		
Trade and other receivables	(12,548)	3,941
Trade and other payables	(16,100)	7,475
Cash generated from operating activities	108,397	126,512
Income tax paid	(3,409)	(434)
Net cash generated from operating activities	**104,988**	**126,078**
Cash flows from investing activities		
Deposits received for the divestment of subsidiaries	13,048	-
Payment for investment property under development	(3,512)	(11,081)
Payment for capital improvement on investment properties	(20,699)	(50,394)
Purchase of plant and equipment	-	(114)
Proceeds from the divestment of subsidiaries	25,280	-
Proceeds from the derecognition of finance lease receivables	34,000	24,800
Interest received	7,325	43
Net cash generated from/used in investing activities	**55,442**	**(36,746)**
Cash flows from financing activities		
Equity issue costs paid	(69)	-
Distributions paid to Unitholders	(111,873)	(175,648)
Distributions paid to perpetual securities holders	(7,145)	-
Finance costs paid	(24,296)	(16,209)
Transaction costs paid in respect of borrowings	(365)	(846)
Proceeds from borrowings	321,312	528,000
Repayment of borrowings	(336,174)	(431,000)
Net cash used in financing activities	**(158,610)**	**(95,703)**
Net increase/(decrease) in cash and cash equivalents	**1,820**	**(6,371)**
Cash and cash equivalents at beginning of the period	56,236	41,590
Effect of exchange rate changes on cash balances	(1,287)	(503)
Cash and cash equivalents at end of the financial period	**56,769**	**34,716**

1(d)(i) Statements of Movements in Unitholders' Funds (1QFY16/17 vs 1QFY15/16)

		Group		Trust	
	Note	1Q FY16/17 S$'000	1Q FY15/16 S$'000	1Q FY16/17 S$'000	1Q FY15/16 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**5,480,879**	**5,013,551**	**5,411,443**	**4,875,873**
Operations					
Total return for the period attributable to Unitholders of the Trust		86,581	91,762	111,517	90,276
Less: Amount reserved for distribution to perpetual securities holders		(3,553)	-	(3,553)	-
Net increase in net assets from operations		83,028	91,762	107,964	90,276
Hedging transactions					
Effective portion of changes in fair value of financial derivatives	(a)	-	220	-	220
Changes in fair value of financial derivatives transferred to the Statement of Total Return	(b)	-	(218)	-	(218)
Net increase in net assets from hedging transactions		-	2	-	2
Movement in general reserve					
Movement in foreign currency translation reserve	(c)	(19,165)	(5,497)	-	-
Unitholders' transactions					
New Units issued for ECS conversion	(d)	14,000	-	14,000	-
Management fees paid/payable in Units		2,406	1,991	2,406	1,991
Distributions to Unitholders		(111,873)	(175,648)	(111,873)	(175,648)
Net decrease in net assets from Unitholders' transactions		(95,467)	(173,657)	(95,467)	(173,657)
Balance at end of the financial period		**5,449,275**	**4,926,161**	**5,423,940**	**4,792,494**
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		304,421	-	304,421	-
Amount reserved for distribution to perpetual securities holders		3,553	-	3,553	-
Distributions to Perpetual Securities Holders		(7,145)		(7,145)	
Balance at end of the financial period	(e)	**300,829**	**-**	**300,829**	**-**
Non-controlling interests					
Balance at beginning of the financial period		21	39	-	-
Total return for the period attributable to non-controlling interests		20	(16)	-	-
Balance at end of the financial period		**41**	**23**	**-**	**-**
Total		**5,750,145**	**4,926,184**	**5,724,769**	**4,792,494**

Footnotes

(a) In 1Q FY15/16, the forward interest rates at the end of the period were higher than those at the beginning of the financial year. Hence, the aggregate fair values of the interest rate swaps registered a favourable change as compared to the beginning of the financial year.

(b) The movement in 1Q FY15/16 relates to the transfer of the fair value differences on expiry of interest rate swaps from the hedging reserve to the Statement of Total Return in accordance with FRS 39.

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

(d) This relates to the issuance of new Units on 9 May 2016 pursuant to Exchange Notice received to convert S$14.0 million into Units at an adjusted conversion price of S$2.0505.

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

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

	Group and Trust	
	1Q FY16/17 Units	1Q FY15/16 Units
Issued Units at beginning of the financial period	**2,665,576,050**	**2,405,706,572**
Issue of new Units:		
- Management fees paid in Units	2,041,017	1,615,325
- Acquisition fees paid in Units	-	424,870
- Conversion of ECS	6,827,603	-
Issued Units at the end of the financial period	**2,674,444,670**	**2,407,746,767**
Units to be issued:		
Management fees payable in Units	324,085	268,870
Units issued and issuable at end of the financial period	**2,674,768,755**	**2,408,015,637**

The S$300.0 million ECS issued by the Group are exchangeable by the ECS Holders at an adjusted exchange price into Units 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 adjusted exchange price as at 30 June 2016 is S$2.0187 (30 June 2015: S$2.0886) per Unit. Please refer to Para 1(b)(i)(j) Pages 9 to 10 for further details of the ECS. As at 30 June 2016, S$14.0 million of the S$300.0 million ECS have been converted into Units.

Assuming the remaining S$286.0 million ECS are fully converted into Units based on the adjusted conversion price of S$2.0187 per Unit, the number of new Units to be issued would be 141,675,335 representing 5.3% of the total number of A-REIT Units in issue as at 30 June 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements ("SSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see attached review report.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 March 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to item 4 above.

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

		Group	
	Note	1Q FY16/17	1Q FY15/16
EPU			
Basic EPU			
Weighted average number of Units		2,669,914,988	2,406,292,349
Earnings per Unit in cents	(a)	3.110	3.813
Diluted EPU			
Weighted average number of Units		2,669,914,988	2,549,929,234
Earnings per Unit in cents (diluted)	(b)	3.110	3.328
DPU			
Number of Units in issue		2,674,444,670	2,407,746,767
Distribution per Unit in cents	(c)	3.996	3.841

Footnotes

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

(b) Diluted EPU is determined by adjusting the total return for the period on the basis that the ECS was converted at the beginning of the period and the weighted average number of Units issued and issuable during that period for the effects of all potential dilutive Units. Potential Units shall be treated as dilutive when, and only when, their conversion to Units would decrease EPU. The disclosure of diluted EPU is in relation to the issuance of ECS which has a convertible option to convert the ECS into Units.

For 1Q FY16/17, the impact of the conversion of ECS was not dilutive and was excluded from the calculation of dilutive EPU. For 1Q FY15/16, the diluted EPU was computed based on the adjusted total return for the period derived by adding back the interest expense on ECS of S$1.2 million and deducting the gain on fair valuation of ECS of S$8.1 million from the total return for the period after income tax. The adjusted weighted average number of Units for 1Q FY15/16 took into account the potential dilutive Units of 143,636,885.

(c) As at 30 June 2016, S$14.0 million of the S$300.0 million ECS had been converted into Units. Any new Units issued (or to be issued) pursuant to an Exchange Notice for the ECS will rank pari passu in all respects with the Units in issue on the day immediately following the date of the Exchange Notice, including the entitlement to distributions by A-REIT for the period preceding the date of issue of the Units. The estimated DPU for 1Q FY16/17 has been computed on the basis that no ECS will be exchanged into Units before the next books closure date. Accordingly, the actual quantum of DPU may differ if A-REIT receives Exchange Notices before the next books closure date.

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

		Group		Trust	
	Note	30/06/16 cents	31/03/16 cents	30/06/16 cents	31/03/16 cents
Net asset value per Unit		204	206	203	203
Adjusted net asset value per Unit	(a)	200	202	199	199

Footnote

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

8. Review of Performance

	Group				
	1Q FY16/17 (A) S$'000	4Q FY15/16 (B) S$'000	Variance (A) vs (B) %	1Q FY15/16 (C) S$'000	Variance (A) vs (C) %
Gross revenue	207,588	204,044	1.7%	180,507	15.0%
Property operating expenses	(58,108)	(60,579)	(4.1%)	(56,242)	3.3%
Net property income	**149,480**	**143,465**	**4.2%**	**124,265**	**20.3%**
Non property expenses	(14,865)	(23,129)	(35.7%)	(10,959)	35.6%
Net finance costs	(36,775)	(37,037)	(0.7%)	(12,276)	199.6%
Foreign exchange (loss)/gain	(23,742)	1,652	n.m.	14,157	n.m.
Loss on divestment of subsidiaries	(656)	-	n.m.	-	n.m.
Derecognition of finance lease receivables	(2,079)	-	n.m.	-	n.m.
	(78,117)	(58,514)	33.5%	(9,078)	n.m.
Net income	**71,363**	**84,951**	**(16.0%)**	**115,187**	**(38.0%)**
Net change in fair value of financial derivatives	17,192	(25,790)	(166.7%)	(27,469)	(162.6%)
Net fair value gains/(losses) on investment properties	-	(6,820)	(100.0%)	4,471	(100.0%)
Share of joint venture's results	102	43	137.2%	-	n.m.
Total return for the period before tax	**88,657**	**52,384**	**69.2%**	**92,189**	**(3.8%)**
Tax expense	(2,056)	(16,669)	(87.7%)	(443)	n.m.
Total return for the period	**86,601**	**35,715**	**142.5%**	**91,746**	**(5.6%)**
Attributable to:					
Unitholders and perpetual securities holders	86,581	35,313	145.2%	91,762	(5.6%)
Non-controlling interests	20	402	(95.0%)	(16)	n.m.
Total return for the period	**86,601**	**35,715**	**142.5%**	**91,746**	**(5.6%)**
Statement of distribution					
Total return for the period attributable to Unitholders and perpetual securities holders	86,581	35,313	145.2%	91,762	(5.6%)
Less: Amount reserved for distribution to perpetual securities holders	(3,553)	(3,553)	0.0%	-	n.m.
Net effect of non tax deductible expenses and other adjustments	19,228	46,975	(59.1%)	4,337	n.m.
Net fair value (gains)/losses on investment properties	-	6,820	(100.0%)	(4,471)	(100.0%)
Income available for distribution	**102,256**	**85,555**	**19.5%**	**91,628**	**11.6%**
Comprising:					
- Taxable income	102,079	84,848	20.3%	90,936	12.3%
- Tax-exempt income	177	707	(75.0%)	692	(74.4%)
Income available for distribution	102,256	85,555	19.5%	91,628	11.6%
Tax-exempt income (China)	1,552	416	n.m.	416	n.m.
Tax-exempt income (Australia)	2,574	2,689	(4.3%)	-	n.m.
Distribution from capital (China)	471	442	6.6%	442	6.6%
Total amount available for distribution	**106,853**	**89,102**	**19.9%**	**92,486**	**15.5%**
EPU/DPU					
Earnings per unit (cents)	3.110	1.227	153.5%	3.813	(18.4%)
Distribution per unit (cents)	3.996	3.410	17.2%	3.841	4.0%

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

1Q FY16/17 vs 4Q FY15/16

Gross revenue increased marginally by 1.7% in 1Q FY16/17, mainly due to the full quarter contribution of the ONE@Changi City acquisition, which was completed in March 2016.

Property operating expenses in 1Q FY16/17 decreased 4.1%, mainly due to lower utilities expenses as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17.

Non property expenses were 23.9% lower in 1Q FY16/17, as included in 4Q FY15/16 was the accrual of additional performance fee for FY15/16.

Net finance costs for both 1Q FY16/17 and 4Q FY15/16 remained comparable at approximately S$37.0 million.

1Q FY16/17 recorded a foreign exchange loss of S$23.7 million, mainly from the weakening of the SGD against the HKD and JPY in relation to the HKD denominated Medium Term Notes ("MTN") and JPY denominated MTN respectively. 4Q FY15/16 recorded a foreign exchange gain of S$1.7 million, mainly from the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

Net change in fair value of financial derivatives in 1Q FY16/17 was made up of a S$14.5 million fair value loss on interest rate swaps (4Q FY15/16: S$25.4 million). Included in 1Q FY16/17 was a S$28.5 million fair value gain on cross currency swaps (4Q FY15/16: loss of S$0.2 million) and a S$3.1 million gain on foreign exchange forward contracts (4Q FY15/16: loss of S$0.2 million). The fair value loss on interest rates swaps in 1Q FY16/17 was mainly due to unfavourable movements in the forward interest rate during the quarter while the fair value gain on cross currency swaps in 1Q FY16/17 was mainly due to the strengthening of the JPY and HKD forward exchange rates against SGD relating to the JPY/SGD and HKD/SGD cross currency swaps.

Lower tax expenses in 1Q FY16/17 as included in 4Q FY15/16 were deferred tax provided on appreciation on revaluation of investment properties held by the China subsidiaries.

The movement in the net effect of non tax deductible expenses and other adjustments between 1Q FY16/17 and 4Q FY15/16 was mainly due to (i) fair value gain on financial derivatives of S$17.2 million (4Q FY15/16: loss of S$18.2 million), (ii) gain from subsidiaries and joint venture of S$5.0 million (4Q FY15/16: loss of S$12.1 million) and (iii) foreign exchange loss of S$21.7 million (4Q FY15/16: gain of S$3.4 million).

1Q FY16/17 vs 1Q FY15/16

Gross revenue increased by 15.0% mainly attributable to contributions from the acquisition of the Australian Portfolio and ONE@Changi City.

Property operating expenses increased by 3.3%, mainly due to the above mentioned acquisitions, partially offset by lower utilities expenses as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17.

Non property expenses increased 60.6% in 1Q FY16/17, mainly due to higher management fees arising from the higher deposited property subsequent to the acquisitions during the previous financial year. Included in 1Q FY15/16 was also the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required.

Net finance costs more than doubled 1Q FY16/17, mainly due to a higher outstanding loan balance to part finance the acquisitions of the Australia Portfolio and ONE@Changi City coupled with a higher cost of borrowing. Included in 1Q FY16/17 was also a loss fair value of ECS amounting to $10.4 million (1Q FY15/16: gain of $8.1 million).

1Q FY16/17 recorded a foreign exchange loss of S$23.7 million, mainly from the weakening of the SGD against the HKD and JPY in relation to the HKD denominated Medium Term Notes ("MTN") and JPY denominated MTN respectively. 1Q FY15/16 recorded a foreign exchange gain of S$14.2 million, mainly from the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

Net change in fair value of financial derivatives in 1Q FY16/17 was made up of a S$14.5 million fair value loss on interest rate swaps (1Q FY15/16: S$1.6 million). Included in 1Q FY16/17 was a S$28.5 million fair value gain on cross currency swaps (1Q FY15/16: loss of S$25.9 million) and a S$3.1 million gain on foreign exchange forward contracts (1Q FY15/16: Nil). The fair value loss on interest rates swaps in 1Q FY16/17 was mainly due to unfavourable movements in the forward interest rate during the quarter while the fair value gain on cross currency swaps in 1Q FY16/17 was mainly due to the strengthening of the JPY and HKD forward exchange rates against SGD relating to the JPY/SGD and HKD/SGD cross currency swaps.

The tax expenses increased in 1Q FY16/17 mainly due to withholding tax recognised on the profits that were repatriated from the Ascendas REIT Australia Group to Singapore.

The movement in net effect of non tax deductible expenses and other adjustments between 1Q FY16/17 and 1Q FY15/16 was mainly due to (i) fair value gain on financial derivatives of S$17.2 million (1Q FY15/16: loss of S$27.5 million) and (ii) foreign exchange loss of S$21.7 million (1Q FY15/16: gain of S$15.9 million).

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 4Q FY15/16 Financial Results Announcement under Paragraph 10 from page 22 to 24. 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.

<u>Singapore</u>

The Singapore economy grew by 2.2% y-o-y in 2Q 2016 based on advance estimates from the Ministry of Trade and Industry Singapore (MTI). This is marginally higher than the 2.1% y-o-y growth in 1Q 2016. Growth was underpinned by construction (2.7% y-o-y), services (1.7% y-o-y) and manufacturing (0.8% y-o-y).

The MTI expects global growth for 2016 to be similar to that in 2015 as downside risks to the global growth outlook remain. Ongoing reforms in China may result in a sharper-than-expected slowdown, while the outcome of the referendum result in Britain has affected investors' sentiments and heightened political risks in the region.

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

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

Singapore's manufacturing Purchasing Managers' Index (PMI) continued its decline in June to 49.6 (for the twelfth consecutive month). June PMI decreased by 0.2 from the previous month due to contraction in factory output and new orders and export.

In June 2016, non-oil domestic exports (NODX) fell by 2.3% y-o-y compared to an expansion of 11.6% y-o-y in May 2016. Both the electronic and non-electronic NODX contracted y-o-y by 1.7% and 2.5% respectively.

According to JTC Corporation (JTC), price and rental rate growth of industrial space continued to soften following the increase in supply of industrial properties in recent years. In 1Q 2016, the industrial price and rental index fell by 2.5% and 2.7% q-o-q respectively. Rental index for multiple-user factory, single-user, business park and warehouse declined by 370 bps, 190 bps, 100 bps and 80 bps respectively over the previous quarter.

The island-wide occupancy of industrial space also declined in 1Q 2016 to 90.1% from 90.6% in 4Q 2015. Business park occupancy rate declined to 81.7% from 84.1% in 4Q 2015. Similarly, occupancy of warehouse and singer-user factory space declined to 90.4% from 91.4%, and 91.9% from 92.3% respectively. On the other hand, multi-user space occupancy rate improved to 87.3% from 87.2%.

According to URA, 2Q 2016 median rental rates for business park properties fell q-o-q from S$4.29 to S$4.10 psf per month. Median rental rates for multi-user factories declined q-o-q from S$1.88 to S$1.82 psf per month while rates for warehouses maintained at S$2.02 psf per month.

<u>China</u>

According to preliminary estimates, China's GDP grew 6.7% y-o-y in 2Q 2016, similar to the previous quarter. Industrial production, general trade, market sales and residents income posted steady growth.

The country's manufacturing PMI was 50.0% in June 2016 (50.1 in May 2016). Manufacturing production growth and supplier delivery time kept steady, while new orders, labor employment and main raw materials inventory fell month-on-month.

With reforms and macro economic policy taking effect, the national economy has achieved moderate but stable and sound development. However, domestic and external conditions are still complicated and downward economic pressure remains.

<u>Australia</u>

According to the Reserve Bank of Australia, Australia's year-ended GDP growth is forecasted to be 2.5% to 3.5% in 2016 and is expected to pick up to 3% to 4% from 2017 onwards to mid-2018.

The Australian economy is shifting from investment-led to consumption-driven growth. Growth in household consumption is projected to increase from 2016. Low interest rates and further growth in employment are expected to support a pick-up in household demand.

The Australian PMI was 51.8 in June 2016, marking a complete twelve months of consecutive expansion (51.0 in May 2016). This continued expansion is a result of regained competitiveness, attributed to low exchange rates over recent years. Concerns from manufacturers revolve around price pressure from strong competition from overseas businesses.

Outlook for the financial year ending 31 March 2017

Singapore

Leases for about 16.6% of A-REIT's gross revenue are due for renewal in FY16/17. Modest rental reversion can be expected as the average passing rental rates are close to the current market rates.

The industrial property market condition in Singapore is expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth in Singapore.

With 11.7% vacant space in the Singapore portfolio, there is potential upside when the space is leased.

Australia

Demand for logistics space is expected to be strong, backed by a fairly steady labour market, weaker Australian dollar and firm consumer spending. Thus, the outlook is positive for the 9.1% of vacant space and 2.2% of gross revenue due for expiry in FY16/17 in Australia's portfolio.

Conclusion

Barring any unforeseen events and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2017.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period: No

(b) Corresponding period of the immediately preceding year

Any distributions declared for the current financial period: No

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

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

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

A-REIT has not obtained a general mandate from Unitholders for interested person transactions.

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

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

16. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

Mary Judith de Souza
Company Secretary
21 July 2016

Building a better working world

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ASU-RHC/ 61091549/NRS

21 July 2016

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

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the three-month period ended 30 June 2016

Introduction

We have reviewed the accompanying interim financial information of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") for the three-month period ended 30 June 2016 (the "Interim Financial Information"). The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 30 June 2016;
- Portfolio statement of the Group as at 30 June 2016;
- Statement of total return of the Group for the three-month period ended 30 June 2016;
- Distribution statement of the Group for the three-month period ended 30 June 2016;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month period ended 30 June 2016;
- Statement of cash flows of the Group for the three-month period ended 30 June 2016; 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.

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The Board of Directors
Ascendas Funds Management (S) Limited
(in its capacity as Manager of Ascendas Real Estate Investment Trust)

21 July 2016

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of the RAP 7 relevant to interim financial information issued by the Institute of Singapore Chartered Accountants.

Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the interim financial information for the purpose of assisting the Trust in meeting the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Trust's announcement of its interim financial information for the information of its unitholders. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore