



## ASCENDAS REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

Ascendas Real Estate Investment Trust ("Ascendas 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 Ascendas Reit and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of Ascendas Reit, as amended and restated.

Units in Ascendas 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.

Ascendas Reit and its subsidiaries (the "Group") have a diversified portfolio of 102 properties in Singapore, and 28 properties in Australia, with 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.

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 ASCENDAS REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	Note	Group		
		01/04/16 to 31/12/16 ('YTD FY16/17') S\$'000	01/04/15 to 31/12/15 ('YTD FY15/16') S\$'000	Variance %
Gross revenue		<b>621,655</b>	<b>556,944</b>	<b>11.6%</b>
Net property income		<b>456,885</b>	<b>390,236</b>	<b>17.1%</b>
Total amount available for distribution:	(a)	<b>334,442</b>	<b>289,219</b>	<b>15.6%</b>
- from operations	(a)	316,315	282,690	11.9%
- tax-exempt income	(b)	8,515	3,332	155.6%
- from capital	(c)	9,612	3,197	n.m.
		Cents per Unit		
<b>Distribution per Unit ("DPU")</b>	(d)	FY16/17	FY15/16	Variance %
For the quarter from 1 October to 31 December		<b>3.993</b>	<b>3.946</b>	<b>1.2%</b>
- from operations	(a)	3.717	3.810	(2.4%)
- tax-exempt income	(b)	0.054	0.045	20.0%
- from capital	(c)	0.222	0.091	144.0%
For the period from 1 April to 31 December		<b>11.891</b>	<b>11.947</b>	<b>(0.5%)</b>
- from operations	(a)	11.248	11.682	(3.7%)
- tax-exempt income	(b)	0.306	0.137	123.4%
- from capital	(c)	0.337	0.128	163.3%

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

**Footnotes**

- (a) Included in the total amount available for distribution and DPU for YTD FY15/16 was a one-off distribution of taxable income from operations of S\$6.5 million (DPU impact of 0.271 cents) in relation to a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront fees for certain credit facilities incurred in FY09/10. The table below illustrates the impact of the rollover adjustment on both the amount available for distribution and DPU:

	Note	Group		
		YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	Variance %
Total amount available for distribution:		334,442	289,219	15.6%
Recurrent amount available for distribution	(1)	334,442	282,694	18.3%
		Cents per unit		Variance %
DPU		11.891	11.947	(0.5%)
Recurrent DPU	(1)	11.891	11.676	1.8%

(1) Excludes the impact of the rollover adjustments

- (b) This includes the distribution of (i) 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 (ii) incentive payment (net of Singapore corporate tax) received as income support relating to A-REIT City @ Jinqiao and (iii) finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax has been withheld on these incomes, 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 0.024 cents impact on DPU for YTD FY16/17 (YTD FY15/16: S\$1.2 million or 0.052 cents).
- (c) This relates to the distribution of (i) tax deferred distributions received from Australia and (ii) net income from a property in China, where the profits have yet to be repatriated to Singapore. Both the distributions of income from overseas properties that are yet to be received in Singapore and the tax deferred distributions received from Australia 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.
- (d) As at 31 December 2016, S\$237.75 million of the S\$300.0 million Exchangeable Collateralised Securities ("ECS") with a maturity date of 1 February 2017 had been converted into Units. Subsequent to 31 December 2016 and up to the date of this announcement, Ascendas Reit has converted further notices of exchange ("Exchange Notice") amounting to S\$51.0 million in principal amount of ECS into new Units. Ascendas Reit expects to receive Exchange Notices in respect of the remaining S\$11.25 million in principal amount of ECS. The 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 Ascendas Reit for the period preceding the date of issue of the Units.

DPU for YTD FY16/17 is calculated based on the summation of DPU for each quarter as follows:

DPU (cents)	1Q FY16/17	2Q FY16/17	3Q FY16/17	FY16/17
Taxable	3.709	3.822	3.717	11.248
Tax-exempt	0.156	0.096	0.054	0.306
Capital	0.017	0.098	0.222	0.337
<b>Total</b>	<b>3.882</b>	<b>4.016</b>	<b>3.993</b>	<b>11.891</b>

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

		Group (Note a)					
		01/10/16 to 31/12/16 ('3Q FY16/17') S\$'000	01/10/15 to 31/12/15 ('3Q FY15/16') S\$'000	Variance %	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	Variance %
<b>Statement of Total Return</b>							
	Note						
<b>Gross revenue</b>	(b)	<b>208,626</b>	<b>193,812</b>	<b>7.6%</b>	<b>621,655</b>	<b>556,944</b>	<b>11.6%</b>
Property services fees		(8,569)	(7,723)	11.0%	(24,646)	(22,321)	10.4%
Property tax		(10,344)	(12,883)	(19.7%)	(35,737)	(44,197)	(19.1%)
Other property operating expenses		(34,743)	(31,038)	11.9%	(104,387)	(100,190)	4.2%
<b>Property operating expenses</b>	(c)	<b>(53,656)</b>	<b>(51,644)</b>	<b>3.9%</b>	<b>(164,770)</b>	<b>(166,708)</b>	<b>(1.2%)</b>
<b>Net property income</b>		<b>154,970</b>	<b>142,168</b>	<b>9.0%</b>	<b>456,885</b>	<b>390,236</b>	<b>17.1%</b>
Management fees	(d)	(10,762)	(11,312)	(4.9%)	(36,227)	(31,310)	15.7%
Performance fees		-	(8,400)	(100.0%)	-	(8,400)	(100.0%)
Trust and other expenses	(e)	(2,691)	(1,569)	71.5%	(7,826)	(4,589)	70.5%
Finance income	(i)	15,101	1,594	n.m.	5,332	25,633	(79.2%)
Finance costs	(i)	(26,740)	(24,429)	9.5%	(81,917)	(66,049)	24.0%
Foreign exchange (loss)/gain	(f)	(10,851)	1,892	n.m.	(48,987)	(17,657)	177.4%
Gain on divestment of subsidiaries	(g)	16,319	-	n.m.	21,385	-	n.m.
Derecognition of finance lease receivables	(h)	-	-	n.m.	(2,079)	-	n.m.
<b>Net non property expenses</b>		<b>(19,624)</b>	<b>(42,224)</b>	<b>(53.5%)</b>	<b>(150,319)</b>	<b>(102,372)</b>	<b>46.8%</b>
<b>Net income</b>	(i)	<b>135,346</b>	<b>99,944</b>	<b>35.4%</b>	<b>306,566</b>	<b>287,864</b>	<b>6.5%</b>
Net change in fair value of financial derivatives	(j)	4,235	1,271	n.m.	22,593	24,554	(8.0%)
Net fair value gains on investment properties	(k)	-	-	n.m.	-	4,471	(100.0%)
Share of joint venture's results	(l)	145	-	n.m.	351	-	n.m.
<b>Total return for the period before tax</b>		<b>139,726</b>	<b>101,215</b>	<b>38.0%</b>	<b>329,510</b>	<b>316,889</b>	<b>4.0%</b>
Tax credit/(expense)	(m)	8,860	(7,330)	n.m.	20,511	(8,471)	n.m.
<b>Total return for the period</b>		<b>148,586</b>	<b>93,885</b>	<b>58.3%</b>	<b>350,021</b>	<b>308,418</b>	<b>13.5%</b>
<b>Attributable to:</b>							
Unitholders and perpetual securities holders		148,585	93,910	58.2%	350,014	308,838	13.3%
Non-controlling interests		1	(25)	(104.0%)	7	(420)	(101.7%)
		<b>148,586</b>	<b>93,885</b>	<b>58.3%</b>	<b>350,021</b>	<b>308,418</b>	<b>13.5%</b>
<b>Distribution Statement</b>							
Total return for the period attributable to Unitholders and perpetual securities holders		148,585	93,910	58.2%	350,014	308,838	13.3%
Less: Amount reserved for distribution to perpetual securities holders	(n)	(3,591)	(3,084)	16.4%	(10,736)	(3,084)	n.m.
Other net non (taxable income)/ tax deductible expenses and other adjustments	(o)	(37,848)	3,020	n.m.	(22,786)	(16,508)	38.0%
Net fair value gains on investment properties	(k)	-	-	n.m.	-	(4,471)	(100.0%)
<b>Income available for distribution</b>		<b>107,146</b>	<b>93,846</b>	<b>14.2%</b>	<b>316,492</b>	<b>284,775</b>	<b>11.1%</b>
Comprising:							
- Taxable income		107,146	93,149	15.0%	316,315	282,690	11.9%
- Tax-exempt income	(p)	-	697	(100.0%)	177	2,085	(91.5%)
<b>Income available for distribution</b>		<b>107,146</b>	<b>93,846</b>	<b>14.2%</b>	<b>316,492</b>	<b>284,775</b>	<b>11.1%</b>
Tax-exempt income (China)	(q)	1,552	415	n.m.	4,655	1,247	n.m.
Tax-exempt income (Australia)	(r)	-	-	n.m.	3,683	-	n.m.
Distribution from capital (China)	(s)	471	2,313	(79.6%)	1,412	3,197	(55.8%)
Distribution from capital (Australia)	(t)	5,917	-	n.m.	8,200	-	n.m.
<b>Total amount available for distribution</b>		<b>115,086</b>	<b>96,574</b>	<b>19.2%</b>	<b>334,442</b>	<b>289,219</b>	<b>15.6%</b>

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

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

- (a) The Group had 130 properties as at both 31 December 2016 and 31 December 2015. Since December 2015, the Group completed (i) the acquisition of 1 logistics property in February 2016 and one business park property in September 2016 in Australia (the “Additional Australian Properties”) (ii) the acquisition of ONE@Changi City in March 2016 in Singapore (iii) the divestment of Four Acres Singapore in April 2016 (iv) the divestment of A-REIT Jiashan Logistics Centre in June 2016 (v) the divestment of Ascendas Z-Link in July 2016, and the (vi) the divestment of A-REIT City @ Jinqiao in November 2016. A-REIT Jiashan Logistics Centre was developed by the Group and completed in March 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 11.6% mainly attributable to the full year contribution from the initial 26 logistics property acquired in Australia during the third quarter of FY15/16 (the “Initial Australian Portfolio”), contributions from the acquisition of the Additional Australian Properties and ONE@Changi City, partially offset by the divestment of A-REIT City @ Jinqiao, Ascendas Z-Link and Four Acres Singapore.

- (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 decreased by 1.2%, mainly due to (i) lower utilities expenses as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17 and (ii) lower property tax expenses due to retrospective downward revisions in the annual value of certain properties with effect from 2Q FY16/17. This was partially offset by higher operating expenses from the acquisition of the Initial Australian Portfolio and the Additional Australian Properties (jointly, the “Australian Portfolio”), and ONE@Changi City.

- (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 YTD FY16/17 were mainly due to higher deposited property under management, contributed primarily by the new acquisitions made since the comparable period in 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\$7.8 million, as included in YTD FY15/16 was the reversal of accrued expenses following the finalisation of the amounts payable as these balances were no longer required. If the effects of the reversals made in YTD FY15/16 were excluded, trust and other expenses would have been comparable between the two reporting periods.

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

YTD FY16/17 recorded a foreign exchange loss of S\$49.0 million, mainly from the weakening of the SGD against the HKD and USD in relation to the HKD denominated Medium Term Notes (“MTN”) and USD denominated credit facility respectively. YTD FY15/16 recorded a foreign exchange loss of S\$17.7 million, mainly from the weakening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

- (g) The gain on divestment of subsidiaries recorded in YTD FY16/17 relates to the divestment of A-REIT J.W. Investment Pte. Ltd. ("ARJW"), which indirectly owns A-REIT Jiashan Logistics Centre, Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark"), which indirectly owns Ascendas Z-Link, and Shanghai (JQ) Investment Holdings Pte Ltd, which indirectly owns A-REIT City @ Jinqiao. Including the fair value gain recognised for Jiashan Logistics Centre, Ascendas Z-Link and A-REIT City @ Jinqiao in prior financial years, the gain on divestment compared to the initial cost of acquisition would be approximately S\$194.0 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					
	3Q FY16/17 S\$'000	3Q FY15/16 S\$'000	Variance %	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	Variance %
<b>Gross revenue</b>						
Gross rental income	190,040	173,767	9.4%	565,607	497,386	13.7%
Other income	18,586	20,045	(7.3%)	56,048	59,558	(5.9%)
<b>Property operating expenses</b>						
Reversal/(Provision) of allowance for impairment loss on doubtful receivables	5	(16)	(131.3%)	25	342	(92.7%)
Depreciation of plant and equipment	(4)	(46)	(91.3%)	(19)	(140)	(86.4%)
<b>Finance income</b> (1)						
Accretion gain on security deposits	385	-	n.m.	227	-	n.m.
Interest income	2,095	1,315	59.3%	4,790	3,325	44.1%
Gain on fair value of ECS	12,621	279	n.m.	315	22,308	(98.6%)
	15,101	1,594	n.m.	5,332	25,633	(79.2%)
<b>Finance costs</b> (2)						
Accretion loss on security deposits	-	(325)	(100.0%)	-	(585)	(100.0%)
Interest expense	(24,634)	(21,441)	14.9%	(76,557)	(59,316)	29.1%
Other borrowing costs	(2,106)	(2,663)	(20.9%)	(5,360)	(6,148)	(12.8%)
	(26,740)	(24,429)	9.5%	(81,917)	(66,049)	24.0%

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

- Finance income comprises interest income from interest rate swaps, bank deposits, accretion gain on refundable security deposits and fair value gain on ECS.
  - 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), and accretion loss on refundable security deposits.
- (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					
	3Q FY16/17 S\$'000	3Q FY15/16 S\$'000	Variance %	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	Variance %
Fair value (loss)/gain on:						
- interest rate swaps	27,864	10,239	172.1%	11,639	16,884	(31.1%)
- cross currency swaps	(23,850)	(8,968)	165.9%	10,830	7,670	41.2%
- foreign exchange forward contracts	221	-	n.m.	124	-	n.m.
Net change in fair value of financial derivatives	4,235	1,271	n.m.	22,593	24,554	(8.0%)

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

- (k) The appreciation on revaluation of investment properties recorded in YTD FY15/16 represents the valuation uplift in relation to BBR Building, 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 YTD FY16/17 was also withholding tax recognised on the profits that were repatriated from the Australian Portfolio to Singapore.

The tax credit in YTD FY16/17 was primarily due to the reversal of deferred tax provisions (net of the estimated capital gains tax) in relation to the fair value gains of A-REIT Jiashan Logistics Centre, Ascendas Z-Link and A-REIT City @ Jinqiao subsequent to the divestment of these properties.

- (n) On 14 October 2015, Ascendas 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. 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.
- (o) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

Note	Group						
	3Q FY16/17 S\$'000	3Q FY15/16 S\$'000	Variance %	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	Variance %	
Management fees paid/payable in units	2,442	2,260	8.1%	7,256	6,260	15.9%	
Trustee fee	743	693	7.2%	2,210	1,922	15.0%	
Gain on divestment of subsidiaries	(16,319)	-	n.m.	(21,385)	-	n.m.	
Derecognition of finance lease receivables	-	-	n.m.	2,079	-	n.m.	
Net change in fair value of financial derivatives	(4,235)	(1,271)	n.m.	(22,593)	(24,554)	(8.0%)	
Net change in fair value of ECS	(12,621)	(279)	n.m.	(315)	(22,308)	(98.6%)	
Foreign exchange loss	10,851	(1,892)	n.m.	48,987	17,657	177.4%	
Other net non taxable income and other adjustments	A	6,018	4,328	39.0%	19,181	3,899	n.m.
Income from subsidiaries and joint venture	B	(24,727)	(819)	n.m.	(58,206)	(5,909)	n.m.
Rollover adjustment from prior years	-	-	n.m.	-	6,525	(100.0%)	
Other net non (taxable income)/tax deductible expenses and other adjustments	(37,848)	3,020	n.m.	(22,786)	(16,508)	38.0%	

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

- A. Other net non (taxable income) / tax deductible expenses and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, 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, as well as returns attributable to the Perpetual Securities holders.
- B. This relates to the net income from the Trust's subsidiaries and joint venture (please refer to Para 1(b)(i)(d) on Page 9 for details of the Trust's interests in subsidiaries and investment in joint venture) as well as the effects of consolidation.

- (p) This relates to the 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.
- (q) This relates to the distribution of (i) incentive payment (net of Singapore corporate tax) received as income support relating to a property 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.
- (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.
- (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.
- (t) This relates to the distribution of tax deferred distributions received from Australia. Such distributions are not subject to Australian withholding tax as they are treated as returns of capital for Australian tax purposes. In this regard, these tax deferred distributions are deemed to be capital distributions from a tax perspective and 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

		Group		Trust	
		31/12/16	31/03/16	31/12/16	31/03/16
		S\$'000	S\$'000	S\$'000	S\$'000
	Note				
<b>Non-current assets</b>					
Investment properties		9,353,414	9,598,654	8,097,449	8,142,650
Investment properties under development	(a)	99,032	-	99,032	-
Plant and equipment	(b)	-	68	-	-
Finance lease receivables	(c)	56,185	57,731	56,185	57,731
Interest in subsidiaries	(d)	-	-	752,964	704,689
Investment in joint venture	(e)	249	44	-	-
Derivative assets	(f)	38,860	32,592	38,860	32,592
		<b>9,547,740</b>	<b>9,689,089</b>	<b>9,044,490</b>	<b>8,937,662</b>
<b>Current assets</b>					
Finance lease receivables	(c)	2,037	35,269	2,037	35,269
Trade and other receivables	(g)	115,889	89,285	103,544	84,095
Derivative assets	(f)	9,732	356	9,732	356
Cash and cash equivalents	(h)	26,149	56,236	7,835	6,052
		<b>153,807</b>	<b>181,146</b>	<b>123,148</b>	<b>125,772</b>
<b>Current liabilities</b>					
Trade and other payables		160,504	171,971	154,997	154,579
Security deposits		35,360	34,065	35,302	32,580
Derivative liabilities	(i)	2,914	1,595	2,914	1,595
Short term borrowings	(j)	237,909	601,138	237,909	510,695
Term loans	(j)	-	224,942	-	224,732
Exchangeable Collateralised Securities	(j)	70,146	354,000	-	-
Collateral loan		-	-	70,146	354,000
Provision for taxation	(h)	30,153	7,851	24,575	1,929
		<b>536,986</b>	<b>1,395,562</b>	<b>525,843</b>	<b>1,280,110</b>
<b>Non-current liabilities</b>					
Other payables		1,675	1,675	1,675	1,675
Security deposits		77,427	77,659	75,959	74,172
Derivative liabilities	(i)	74,940	82,596	71,030	75,345
Amount due to a subsidiary		-	-	17,551	26,473
Medium term notes	(j)	1,477,585	1,143,508	1,477,585	1,143,508
Term loans and borrowings	(j)	1,296,570	1,340,990	707,646	745,681
Deferred tax liabilities	(k)	-	42,924	-	606
		<b>2,928,197</b>	<b>2,689,352</b>	<b>2,351,446</b>	<b>2,067,460</b>
<b>Net assets</b>					
		<b>6,236,364</b>	<b>5,785,321</b>	<b>6,290,349</b>	<b>5,715,864</b>
<b>Represented by:</b>					
Unitholders' funds		5,935,468	5,480,879	5,989,481	5,411,443
Perpetual securities holders	(l)	300,868	304,421	300,868	304,421
Non-controlling interests		28	21	-	-
		<b>6,236,364</b>	<b>5,785,321</b>	<b>6,290,349</b>	<b>5,715,864</b>

  

		Group		Trust	
		31/12/16	31/03/16	31/12/16	31/03/16
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Gross borrowings</b>					
<b>Secured borrowings</b>					
Amount repayable after one year		590,923	583,642	-	-
Amount repayable within one year		70,146	354,000	70,146	354,000
<b>Unsecured borrowings</b>					
Amount repayable after one year		2,191,520	1,910,595	2,191,520	1,896,440
Amount repayable within one year		237,930	826,397	237,930	735,745
		<b>3,090,519</b>	<b>3,674,634</b>	<b>2,499,596</b>	<b>2,986,185</b>



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

- (a) Investment properties under development relate to the re-development project undertaken by Ascendas Reit at 20 Tuas Avenue 1 (formerly known as 279 Jalan Ahmad Ibrahim) and 50 Kallang Avenue.
- (b) Plant and equipment, which were held by Shanghai (JQ) Investment Holdings Pte. Ltd (“SHJQ”), were disposed when the subsidiary was divested in November 2016.
- (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 Shanghai Realty Co., Limited (“ASRC”); AREIT J.W. Investment Pte. Ltd. (“ARJW”) and its subsidiary A-REIT J.W. Facilities Co., Limited (“AJWF”), Ascendas Reit’s investment in AZPark and its subsidiary, Ascendas Hi-Tech Development Beijing Co., Limited (“AHTDBC”); SHJQ and its subsidiary; PLC 8 Holdings Pte. Ltd. and its subsidiary, PLC 8 Development Pte. Ltd. and the Australian Portfolio.

ARJW and its subsidiary AJWF, AZPark and its subsidiary AHTDBC as well as SHJQ and its subsidiary ASRC were divested in June 2016, July 2016 and November 2016 respectively.

- (e) Investment in joint venture relates to Ascendas 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 and cross currency swaps.
- (g) The increase in trade and other receivables was mainly due to an amount held in an escrow account in relation to potential capital gain tax as well as balance of sale consideration arising from the divestment of the China subsidiaries.
- (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 be 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, cross currency swaps and foreign exchange forward contracts.
- (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\$1,112 million as at 31 December 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.

Secured Syndicated Loans

As at 31 December 2016, the Group has A\$564.3 million (31 March 2016: 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 (31 March 2016: 26 properties) in Australia and assets of their respective holding trusts, and guaranteed by Ascendas Reit. The carrying value of properties secured for the Syndicated Loans was S\$1,012 million as at 31 December 2016 (31 March 2016: S\$999.5 million).

Medium Term Notes

Ascendas 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, Ascendas Reit issued S\$130.0 million, 2.65% fixed rate notes, which will mature in April 2021 (Series 13 Notes). On 3 August 2016, Ascendas Reit issued HKD923.0 million, 2.77% fixed rate notes, which will mature in August 2026 (Series 14 Notes).

As at the reporting date, S\$1,496.7 million (comprising S\$675.0 million, JPY24.6 billion and HKD2,683.0 million) MTNs remain outstanding. Ascendas 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 31 December 2016, 82.7% (31 March 2016: 71.9%) of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.6 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 31 December 2016 was 3.04% (31 March 2016: 2.79%).

- (k) Deferred tax provisions in relation to the fair value gains of A-REIT Jiashan Logistics Centre, Ascendas Z-Link and A-REIT City @ Jinqiao were reversed subsequent to the divestment of these properties.
- (l) On 14 October 2015, Ascendas Reit issued S\$300.0 million of fixed rate Perpetual Securities. The Perpetual Securities may be redeemed at the option of Ascendas 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			
	3Q FY16/17 S\$'000	3Q FY15/16 S\$'000	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000
<b>Cash flows from operating activities</b>				
Total return for the period before tax	139,726	101,215	329,510	316,889
<b>Adjustments for</b>				
(Reversal)/Provision of allowance for impairment loss on doubtful receivables	(5)	16	(25)	(342)
Depreciation of plant and equipment	4	46	19	140
Derecognition of finance lease receivables	-	-	2,079	-
Finance income	(15,101)	(1,594)	(5,332)	(25,633)
Finance costs	26,740	24,429	81,917	66,049
Foreign exchange loss/(gain)	10,851	(1,892)	48,987	17,657
Gain on divestment of subsidiaries	(16,319)	-	(21,385)	-
Management fees paid/payable in units	2,442	2,260	7,256	6,260
Net change in fair value of financial derivatives	(4,235)	(1,271)	(22,593)	(24,554)
Net fair value gains on investment properties	-	-	-	(4,471)
Share of joint venture's results	(145)	-	(351)	-
Operating income before working capital changes	143,958	123,209	420,082	351,995
<b>Changes in working capital</b>				
Trade and other receivables	(8,591)	(14,275)	(23,011)	(2,061)
Trade and other payables	(12,971)	8,392	(22,670)	(222)
Cash generated from operating activities	122,396	117,326	374,401	349,712
Income tax paid	(52)	(1,687)	(5,760)	(3,816)
<b>Net cash generated from operating activities</b>	<b>122,344</b>	<b>115,639</b>	<b>368,641</b>	<b>345,896</b>
<b>Cash flows from investing activities</b>				
Deposits received for the divestment of subsidiaries	-	-	24,087	-
Deposits paid for the acquisition of investment properties	(50)	(10,000)	(1,335)	(107,894)
Dividend received from a joint venture company	102	-	145	-
Purchase of investment properties	-	(964,137)	(155,215)	(964,137)
Payment for investment property under development	(17,167)	(4,708)	(20,679)	(17,825)
Payment for capital improvement on investment properties	(4,538)	(17,737)	(52,638)	(102,135)
Purchase of plant and equipment	-	-	-	(114)
Proceeds from the divestment of subsidiaries	212,728	-	381,503	-
Proceeds from the divestment of investment properties	-	-	-	38,700
Proceeds from the derecognition of finance lease receivables	-	-	34,000	-
Interest received	8,178	1,392	16,643	2,825
<b>Net cash generated from/(used in) investing activities</b>	<b>199,253</b>	<b>(995,190)</b>	<b>226,511</b>	<b>(1,150,580)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of perpetual securities	-	300,000	-	300,000
Perpetual securities issue cost paid	-	(2,029)	-	(2,029)
Proceeds from issue of units	-	200,070	154,688	200,070
Equity issue costs paid	(253)	(2,031)	(2,690)	(2,031)
Distributions paid to Unitholders	(64,277)	(192,648)	(331,244)	(368,296)
Distributions paid to perpetual securities holders	(7,144)	-	(14,289)	-
Finance costs paid	(26,816)	(17,899)	(82,634)	(54,658)
Transaction costs paid in respect of borrowings	-	(2,304)	(682)	(3,567)
Proceeds from borrowings	275,749	1,000,225	1,028,814	1,744,361
Repayment of borrowings	(499,577)	(378,901)	(1,377,424)	(989,143)
<b>Net cash (used in)/generated from financing activities</b>	<b>(322,318)</b>	<b>904,483</b>	<b>(625,461)</b>	<b>824,707</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(721)</b>	<b>24,932</b>	<b>(30,309)</b>	<b>20,023</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>26,724</b>	<b>36,319</b>	<b>56,236</b>	<b>41,590</b>
<b>Effect of exchange rate changes on cash balances</b>	<b>146</b>	<b>(657)</b>	<b>222</b>	<b>(1,019)</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>26,149</b>	<b>60,594</b>	<b>26,149</b>	<b>60,594</b>

1(d)(i) Statements of Movements in Unitholders' Funds

	Note	Group		Trust	
		3Q FY16/17 S\$'000	3Q FY15/16 S\$'000	3Q FY16/17 S\$'000	3Q FY15/16 S\$'000
<b>Unitholders' Funds</b>					
<b>Balance at beginning of the financial period</b>		<b>5,767,645</b>	<b>5,053,010</b>	<b>5,790,218</b>	<b>4,913,898</b>
<u>Operations</u>					
Total return for the period attributable to Unitholders and perpetual securities holders		148,585	93,910	186,852	92,988
Less: Amount reserved for distribution to perpetual securities holders		(3,591)	(3,084)	(3,591)	(3,084)
Net increase in net assets from operations		144,994	90,826	183,261	89,904
Movement in foreign currency translation reserve	(a)	6,827	(482)	-	-
<u>Unitholders' transactions</u>					
New Units issued	(b)	77,837	200,070	77,837	200,070
Equity issue costs		-	(2,251)	-	(2,251)
Acquisition fees paid in units		-	10,219	-	10,219
Management fees paid/payable in Units		2,442	2,260	2,442	2,260
Distributions to Unitholders		(64,277)	(192,648)	(64,277)	(192,648)
Net increase in net assets from Unitholders' transactions		16,002	17,650	16,002	17,650
<b>Balance at end of the financial period</b>		<b>5,935,468</b>	<b>5,161,004</b>	<b>5,989,481</b>	<b>5,021,452</b>
<b>Perpetual Securities Holders' Funds</b>					
<b>Balance at beginning of the financial period</b>	(c)	304,421	-	304,421	-
Proceeds from the issuance of perpetual securities		-	300,000	-	300,000
Issue costs		-	(2,216)	-	(2,216)
Amount reserved for distribution to perpetual securities holders		3,591	3,084	3,591	3,084
Distributions to Perpetual Securities Holders		(7,144)	-	(7,144)	-
<b>Balance at end of the financial period</b>		<b>300,868</b>	<b>300,868</b>	<b>300,868</b>	<b>300,868</b>
<b>Non-controlling interests</b>					
<b>Balance at beginning of the financial period</b>		27	(356)	-	-
Total return for the period attributable to non-controlling interests		1	(25)	-	-
<b>Balance at end of the financial period</b>		<b>28</b>	<b>(381)</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>6,236,364</b>	<b>5,461,491</b>	<b>6,290,349</b>	<b>5,322,320</b>

Footnotes

- (a) This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries.
- (b) This relates to the issuance of new Units pursuant to various Exchange Notices received during 3QFY16/17 to convert S\$48.5 million and S\$18.0 million of ECS into Units at an adjusted conversion price of S\$2.0187 and S\$2.0144 respectively.
- (c) On 14 October 2015, Ascendas 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. 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)(i) Statements of Movements in Unitholders' Funds

Note	Group		Trust	
	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000	YTD FY16/17 S\$'000	YTD FY15/16 S\$'000
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the financial period</b>	<b>5,480,879</b>	<b>5,013,551</b>	<b>5,411,443</b>	<b>4,875,873</b>
<u>Operations</u>				
Total return for the period attributable to Unitholders of the Trust	350,014	308,838	477,135	302,535
Less: Amount reserved for distribution to perpetual securities holders	(10,736)	(3,084)	(10,736)	(3,084)
Net increase in net assets from operations	339,278	305,754	466,399	299,451
<u>Hedging transactions</u>				
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 foreign currency translation reserve (c)	4,732	(4,429)	-	-
Divestment of subsidiary (d)	(1,060)	-	-	-
<u>Unitholders' transactions</u>				
New Units issued (e)	438,227	200,070	438,227	200,070
Equity issue costs	(2,600)	(2,251)	(2,600)	(2,251)
Divestment fees (IPT) paid in units	-	124	-	124
Acquisition fees paid in units	-	10,219	-	10,219
Management fees paid/payable in Units	7,256	6,260	7,256	6,260
Distributions to Unitholders	(331,244)	(368,296)	(331,244)	(368,296)
Net increase/(decrease) in net assets from Unitholders' transactions	111,639	(153,874)	111,639	(153,874)
<b>Balance at end of the financial period</b>	<b>5,935,468</b>	<b>5,161,004</b>	<b>5,989,481</b>	<b>5,021,452</b>
<b>Perpetual Securities Holders' Funds</b>				
<b>Balance at beginning of the financial period</b> (f)	<b>304,421</b>	<b>-</b>	<b>304,421</b>	<b>-</b>
Proceeds from the issuance of perpetual securities	-	300,000	-	300,000
Issue costs	-	(2,216)	-	(2,216)
Amount reserved for distribution to perpetual securities holders	10,736	3,084	10,736	3,084
Distributions to Perpetual Securities Holders	(14,289)	-	(14,289)	-
<b>Balance at end of the financial period</b>	<b>300,868</b>	<b>300,868</b>	<b>300,868</b>	<b>300,868</b>
<b>Non-controlling interests</b>				
<b>Balance at beginning of the financial period</b>	<b>21</b>	<b>39</b>	<b>-</b>	<b>-</b>
Total return for the period attributable to non-controlling interests	7	(420)	-	-
<b>Balance at end of the financial period</b>	<b>28</b>	<b>(381)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6,236,364</b>	<b>5,461,491</b>	<b>6,290,349</b>	<b>5,322,320</b>

Footnotes

- (a) In YTD 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 YTD 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) Please refer to Para 1(d)(i)(a) on Page 12 for details.
- (d) This relates to the decrease in other reserves subsequent to the divestment of AHTDBC in July 2016.
- (e) This relates to the issuance of new Units on (i) 9 May 2016 pursuant to Exchange Notice received to convert S\$14.0 million of ECS into Units at an adjusted conversion price of S\$2.0505 (ii) 11 August 2016 pursuant to a private placement of 64,000,000 Units at an issue price of S\$2.417 per Unit (iii) on 15 August 2016 pursuant to Exchange Notices received to convert S\$157.25 million of ECS into Units at an adjusted conversion price of S\$2.0187 and (iv) the issuance of new Units pursuant to various Exchange Notices received during 3QFY16/17 to convert S\$48.5 million and S\$18.0million of ECS into Units at an adjusted conversion price of S\$2.0187 and S\$2.0144 respectively.
- (f) Please refer to Para 1(d)(i)(c) on Page 12 for details.

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

	<b>Group and Trust</b>			
	3Q FY16/17 Units	3Q FY15/16 Units	YTD FY16/17 Units	YTD FY15/16 Units
<b>Issued Units at beginning of the financial period</b>	<b>2,816,341,329</b>	<b>2,407,795,198</b>	<b>2,665,576,050</b>	<b>2,405,706,572</b>
Issue of new Units:				
- Management fees paid in Units	2,032,987	1,794,733	4,074,004	3,410,058
- Acquisition fees paid in Units	-	4,500,814	-	4,925,684
- Divestment fees paid in Units	-	-	-	48,431
- Equity fund raising	-	90,000,000	64,000,000	90,000,000
- Conversion of ECS	32,961,016	-	117,685,278	-
<b>Issued Units at the end of the financial period</b>	<b>2,851,335,332</b>	<b>2,504,090,745</b>	<b>2,851,335,332</b>	<b>2,504,090,745</b>
<b>Units to be issued:</b>				
Management fees payable in Units	348,664	366,199	348,664	366,199
<b>Units issued and issuable at end of the financial period</b>	<b>2,851,683,996</b>	<b>2,504,456,944</b>	<b>2,851,683,996</b>	<b>2,504,456,944</b>

The S\$300.0 million ECS issued by the Group were exchangeable by the ECS Holders at an adjusted exchange price into Units. The adjusted exchange price as at 31 December 2016 is S\$2.0144 (31 December 2015: S\$2.0505) per Unit. Please refer to Para 1(b)(i)(i) Pages 9 for further details of the ECS. As at 31 December 2016, S\$237.75 million of the S\$300.0 million ECS have been converted into Units.

Assuming the remaining ECS, amounting to S\$62.25 million, are fully converted into Units based on the adjusted conversion price of S\$2.0144 per Unit, the number of new Units to be issued would be 30,902,501 representing 1.1% of the total number of Units in issue as at 31 December 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			
		3Q FY16/17	3Q FY15/16	YTD FY16/17	YTD FY15/16
<b><u>EPU</u></b>					
<b><u>Basic EPU</u></b>					
	Weighted average number of Units	2,834,418,782	2,423,034,664	2,751,645,529	2,412,381,295
	Earnings per Unit in cents	5.115	3.748	12.330	12.674
	(a)				
<b><u>Diluted EPU</u></b>					
	Weighted average number of Units	2,865,321,283	2,569,340,443	2,782,548,030	2,558,687,074
	Earnings per Unit in cents (diluted)	4.629	3.571	12.209	11.219
	(b)				
<b><u>DPU</u></b>					
	Number of Units in issue	2,851,335,332	2,504,090,745	2,851,335,332	2,504,090,745
	Distribution per Unit in cents	3.993	3.946	11.891	11.947
	(c)				

**Footnotes**

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

For 3Q FY16/17 and YTD FY16/17, 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\$0.25 million and S\$0.75 million respectively and deducting the gain on fair valuation of ECS of S\$12.6 million and S\$0.32 million respectively from the total return for the period after income tax. The adjusted weighted average number of Units took into account the potential dilutive Units of 30,902,501.

For 3Q FY15/16 and YTD FY15/16, the diluted EPU was computed based on the adjusted total return for the period derived by adding back the interest expense on ECS of S\$1.2 million and S\$3.6 million respectively and deducting the gain on fair valuation of ECS of S\$0.3 million and S\$22.3 million respectively from the total return for the period after income tax. The adjusted weighted average number of Units took into account the potential dilutive Units of 146,305,779.

- (c) As at 31 December 2016, S\$237.75 million of the S\$300.0 million Exchangeable Collateralised Securities (“ECS”) with a maturity date of 1 February 2017 had been converted into Units. Subsequent to 31 December 2016 and up to the date of this announcement, Ascendas Reit has converted further notices of exchange (“Exchange Notice”) amounting to S\$51.0 million in principal amount of ECS into new Units. Ascendas Reit expects to receive Exchange Notices in respect of the remaining S\$11.25 million in principal amount of ECS. The 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 Ascendas Reit for the period preceding the date of issue of the Units.

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

		Group		Trust	
Note		31/12/16 cents	31/03/16 cents	31/12/16 cents	31/03/16 cents
		208	206	210	203
	(a)	204	202	206	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				
	3Q FY16/17 (A) S\$'000	2Q FY16/17 (B) S\$'000	Variance (A) vs (B) %	3Q FY15/16 (C) S\$'000	Variance (A) vs (C) %
Gross revenue	208,626	205,441	1.6%	193,812	7.6%
Property operating expenses	(53,656)	(53,006)	1.2%	(51,644)	3.9%
<b>Net property income</b>	<b>154,970</b>	<b>152,435</b>	<b>1.7%</b>	<b>142,168</b>	<b>9.0%</b>
Non property expenses	(13,453)	(15,735)	(14.5%)	(21,281)	(36.8%)
Net finance costs	(11,639)	(28,171)	(58.7%)	(22,835)	(49.0%)
Foreign exchange (loss)/gain	(10,851)	(14,394)	(24.6%)	1,892	n.m.
Gain on divestment of subsidiaries	16,319	5,722	185.2%	-	n.m.
	(19,624)	(52,578)	(62.7%)	(42,224)	(53.5%)
<b>Net income</b>	<b>135,346</b>	<b>99,857</b>	<b>35.5%</b>	<b>99,944</b>	<b>35.4%</b>
Net change in fair value of financial derivatives	4,235	1,166	n.m.	1,271	n.m.
Share of joint venture's results	145	104	39.4%	-	n.m.
<b>Total return for the period before tax</b>	<b>139,726</b>	<b>101,127</b>	<b>38.2%</b>	<b>101,215</b>	<b>38.0%</b>
Tax credit/(expense)	8,860	13,707	(35.4%)	(7,330)	n.m.
<b>Total return for the period</b>	<b>148,586</b>	<b>114,834</b>	<b>29.4%</b>	<b>93,885</b>	<b>58.3%</b>
<b>Attributable to:</b>					
Unitholders and perpetual securities holders	148,585	114,848	29.4%	93,910	58.2%
Non-controlling interests	1	(14)	(107.1%)	(25)	(104.0%)
<b>Total return for the period</b>	<b>148,586</b>	<b>114,834</b>	<b>29.4%</b>	<b>93,885</b>	<b>58.3%</b>

### Statement of distribution

Total return for the period attributable to Unitholders and perpetual securities holders	148,585	114,848	29.4%	93,910	58.2%
Less: Amount reserved for distribution to perpetual securities holders	(3,591)	(3,592)	(0.0%)	(3,084)	16.4%
Net effect of non (taxable income) / tax deductible expenses and other adjustments	(37,848)	(4,166)	n.m.	3,020	n.m.
<b>Income available for distribution</b>	<b>107,146</b>	<b>107,090</b>	<b>0.1%</b>	<b>93,846</b>	<b>14.2%</b>
Comprising:					
- Taxable income	107,146	107,090	0.1%	93,149	15.0%
- Tax-exempt income	-	-	n.m.	697	(100.0%)
Income available for distribution	107,146	107,090	0.1%	93,846	14.2%
Tax-exempt income (China)	1,552	1,551	0.1%	415	n.m.
Tax-exempt income (Australia)	-	1,109	(100.0%)	-	n.m.
Distribution from capital (China)	471	470	0.2%	2,313	(79.6%)
Distribution from capital (Australia)	5,917	2,283	159.2%	-	n.m.
<b>Total amount available for distribution</b>	<b>115,086</b>	<b>112,503</b>	<b>2.3%</b>	<b>96,574</b>	<b>19.2%</b>
<b>EPU/DPU</b>					
Earnings per unit (cents)	5.115	4.046	26.4%	3.748	36.5%
Distribution per unit (cents)	3.993	4.016	(0.6%)	3.946	1.2%

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

**3Q FY16/17 vs 2Q FY16/17**

Gross revenue of S\$208.6 million and property operating expenses of S\$53.7 million in 3Q FY16/17 was comparable to that achieved in 2Q FY16/17.

Net finance costs were 58.7% lower in 3Q FY16/17 as compared to the previous quarter as included in 3Q FY16/17 was a gain on fair value of ECS of S\$12.6 million (2Q FY16/17: loss of S\$2.0 million).

3Q FY16/17 recorded a foreign exchange loss of S\$10.9 million (2Q FY16/17: S\$14.4 million), mainly from the weakening of the SGD against the HKD and USD in relation to the HKD denominated MTN and USD denominated credit facility respectively. In 2Q FY16/17, SGD weakened against HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

The gain on divestment of subsidiaries recorded in 3Q FY16/17 relates to the divestment of Shanghai (JQ) Investment Holdings Pte Ltd, which indirectly owns A-REIT City @ Jinqiao, while the gain on divestment of subsidiaries recorded in 2Q FY16/17 relates to the divestment of AZPark, which indirectly owns Ascendas Z-Link. Including the fair value gain recognised for Ascendas Z-Link and A-REIT City @ Jinqiao in prior financial years, the gain on divestment compared to the initial cost of acquisition would be approximately S\$95.6 million and S\$94.4 million respectively.

Net change in fair value of financial derivatives in 3Q FY16/17 was made up of a S\$27.9 million fair value gain on interest rate swaps (2Q FY16/17: loss of S\$1.7 million) and a S\$0.2 million fair value gain on foreign exchange forward contracts (2Q FY16/17: loss of S\$3.2 million), partially offset by a S\$23.9 million fair value loss on cross currency swaps (2Q FY16/17: gain of S\$6.1 million). The fair value gain on interest rates swaps in 3Q FY16/17 was mainly due to favourable movements in the forward interest rate during the quarter. The fair value loss on cross currency swaps in 3Q FY16/17 was mainly due to the weakening of the JPY forward exchange rates against SGD relating to the JPY/SGD cross currency swaps during the quarter.

The tax credit in 3Q FY16/17 was primarily due to the reversal of deferred tax provisions (net of estimated capital gains tax) in relation to the fair value gains of A-REIT City @ Jinqiao subsequent to the divestment of the property. The tax credit in 2Q FY16/17 was primarily due to the reversal of deferred tax provisions (net of estimated capital gains tax) in relation to the fair value gains of Ascendas Z-Link and A-REIT Jiashan Logistics Centre subsequent to the divestment of these properties.

The movement in the net effect of non (taxable income) / tax deductible expenses and other adjustments between 3Q FY16/17 and 2Q FY16/17 was mainly due to a fair value gain on financial derivatives of S\$4.2 million (2Q FY16/17: S\$1.2 million) and a gain on fair value of ECS of S\$12.6 million (2Q FY16/17: loss of S\$2.0 million).

**3Q FY16/17 vs 3Q FY15/16**

Gross revenue increased by 7.6%, mainly attributable to contributions from the acquisition of the Australian Portfolio and ONE@Changi City, partially offset by the divestment of Four Acres Singapore, Ascendas Z-Link and A-REIT City @ Jinqiao.

Property operating expenses increased by 3.9%, mainly due to higher operating expenses from the acquisition of the Australian Portfolio and ONE@Changi City. This was partially offset by (i) lower utilities expenses as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17 and (ii) lower property tax expenses due to retrospective downward revisions in the annual value of certain properties with effect from 2Q FY16/17.

Non property expenses decreased 36.8%, mainly due to the provision of S\$8.4 million performance fee in 3Q FY15/16. This is partially offset by higher management fees in 3Q FY16/17 arising from the higher deposited property subsequent to the acquisitions made since the comparable period in the previous financial year.

Net finance costs were 49.0% lower in 3Q FY16/17 mainly due (i) a gain on fair value of ECS amounting to S\$12.6 million in 3Q FY16/17 (3Q FY15/16: S\$0.3 million).

3Q FY16/17 recorded a foreign exchange loss of S\$10.9 million while 3Q FY15/16 recorded a foreign exchange gain of S\$1.9 million. This is mainly from the weakening of the SGD against the HKD and USD in relation to the HKD denominated MTN and USD denominated credit facility respectively in 3Q FY16/17. Foreign exchange gain in 3Q FY15/16 was mainly contributed by the strengthening of the SGD against the HKD and JPY in relation to the HKD denominated MTN and JPY denominated MTN respectively.

The gain on divestment of subsidiaries recorded in 3Q FY16/17 relates to the divestment of SHJQ, which indirectly owns A-REIT City @ Jinqiao. Including the fair value gain recognised for A-REIT City @ Jinqiao in prior financial years, the gain on divestment compared to the initial cost of acquisition would be approximately S\$94.4 million.

Net change in fair value of financial derivatives in 3Q FY16/17 was made up of a S\$27.9 million fair value gain on interest rates swaps (3Q FY15/16: gain of S\$10.2 million) and a S\$23.9 million fair value loss on cross currency swaps (3Q FY15/16: loss of S\$9.0 million). Included in 3Q FY16/17 was a gain on foreign exchange forward contracts amounting to S\$0.2 million (3Q FY15/16: Nil).

The share of joint venture's results relates to the carpark operations at ONE@Changi City, which is operated through a joint venture entity, CCP LLP from March 2016.

The tax credit in 3Q FY16/17 was primarily due to the reversal of deferred tax provisions (net of estimated capital gains tax) in relation to the fair value gains of A-REIT City @ Jinqiao subsequent to the divestment of the property. The tax expense in 3Q FY15/16 was mainly due deferred tax recognised on the profits to be distributed from the Ascendas REIT Australia Group to Singapore and tax provision relating to the transfer of property by a subsidiary.

The movement in the net effect of non (taxable income) / tax deductible expenses and other adjustments between 3Q FY16/17 and 3Q FY15/16 was mainly due to a fair value gain on financial derivatives in 3Q FY16/17 of S\$4.2 million (3Q FY15/16: S\$1.2 million) and a foreign exchange loss in 3Q FY16/17 of S\$10.9 million (3Q FY15/16: gain of S\$1.9 million).

## **9. Variance between forecast and the actual results**

The current results are broadly in line with the Trust's commentary made in 2Q FY16/17 Financial Results Announcement under Paragraph 10 from pages 20 to 22. 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

Global economic growth is expected to pick up slightly in 2017, underpinned by improvements in US, Japan, newly-industrialised economies and ASEAN. There is some uncertainty from Brexit, China's debt levels and impact of US president Donald Trump's trade policies.

The uncertain global economic outlook will have certain impact on Ascendas Reit.

The Singapore economy has slowed down and is expected to grow at 1.0% to 3.0% in 2017 (source: Ministry of Trade and Industry). Leasing demand for industrial property space is expected to remain subdued. In addition, island-wide vacancy for industrial property has risen to 10.9% as at September 2016 (source: JTC). New supply of about 2.2 million square metre of industrial space in 2017 will put further pressure on occupancy and rental rates.

Ongoing stringent subletting policy i.e. the requirement of anchor tenant (defined as a company occupying at least 1,000 square metre of gross floor area (GFA)) occupying at least 70% of GFA for properties sited on JTC land, makes leasing more restrictive and selective. The effect is further exacerbated by shrinking space requirement by existing and new tenants.

The current trend by the government is to sell shorter lease industrial land i.e. from 60 years tenure previously to 30 years or less. The shorter time period of 30 years as compared with 60 years has made Built-to-Suit investments less feasible due to the gap between rental expectation and the reluctance of tenants signing on longer lease term in this uncertain economic climate.

To enhance the stability and sustainability of returns, we plan to continue to invest in properties with long remaining land lease tenures. Ascendas Reit's portfolio weighted average land lease to expiry is about 46 years.

#### AUSTRALIA

Consensus 2017 GDP growth is forecast to be stable at about 2.6% as the Australian economy continues to make a transition from resources to a broader range of industries (e.g. housing, tourism, agricultural exports and educational services).

According to CBRE, leasing demand for industrial properties is expected to remain healthy in Sydney and Melbourne due to strong population growth, positive retail trade and low unemployment. Well located facilities in Sydney benefitted from relatively limited supply against strong demand, with CBRE reporting market rents increasing by ~4.4% in 2016 for the super-prime industrial sub-sector.

High quality investment assets remain attractive to investors on the back of positive property fundamentals. As a result, prime yields may compress further in Sydney and Melbourne due to strong investment appetite. With increasing investment outlay, this may result in potentially lower yields for new acquisitions.

#### OTHERS

Currently, there is a consensus view that interest rates are on the uptrend. Higher interest rates will result in higher interest expense and lower DPU. To mitigate interest rates volatility, about 82.7% of Ascendas Reit's borrowings have been hedged.

In addition, new acquisitions feasibility will have to factor in the potential higher interest rates and impact.

## 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: Yes

**Name of distribution:** 49<sup>th</sup> distribution for the period from 1 October 2015 to 17 December 2015

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

Par value of units: Not applicable

**Tax Rate:** Taxable income distribution  
Individuals who receive such distribution as investment income (excluding income received through partnership) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their own marginal rate subsequently.

Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to the respective CPF and SRS accounts.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

#### Tax-exempt income distribution

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status. Unitholders are not entitled to tax credits for any taxes paid by the trustee of A-REIT on the income of A-REIT against their Singapore income tax liability.

#### Capital distribution

Distributions out of capital are not taxable in the hands of all Unitholders provided that the Units are not held as trading assets. For Unitholders who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders.

Book closure date: 17 December 2015

Payment date: 15 January 2016

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

No distribution has been declared for the quarter ended 31 December 2016. 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**

Ascendas Reit has not obtained a general mandate from Unitholders for interested person transactions.

**14. Use of proceeds from equity fund raising**

Gross proceeds of S\$154.7 million from the Private Placement in August 2016:

<b>Intended use of proceeds<sup>1</sup></b>	<b>Announced use of proceeds (S\$'million)</b>	<b>Actual use of proceeds (S\$'million)</b>	<b>Balance of proceeds (S\$'million)</b>
To partially fund the acquisitions of a business park property located in Sydney, Australia (now known as 197-201 Coward Street, Mascot) and a logistics property located in Melbourne, Australia (now known as Stage 4, Power Park Estate, Dandenong South) and the associated costs	112.1	112.1	-
To fund the asset enhancement of a HiSpecs property located in Singapore to convert the property from a multi-tenant building to a single-tenant building	40.0	7.7	32.3
To pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Ascendas Reit in connection with the Private Placement	2.6	2.6	-
<b>Total</b>	<b>154.7</b>	<b>122.4</b>	<b>32.3</b>

**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.

<sup>1</sup> As set out in the Close of Placement Announcement dated 1 August 2016.

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This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses, governmental and public policy changes, and the continued availability of financing in the amounts and the terms necessary to support Ascendas Reit's future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

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

**Mary Judith de Souza**  
**Company Secretary**  
**24 January 2017**





The Board of Directors  
Ascendas Fund Management (S) Limited  
(in its capacity as Manager of Ascendas Real Estate Investment Trust)      24 January 2017

***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  
Public Accountants and  
Chartered Accountants  
Singapore