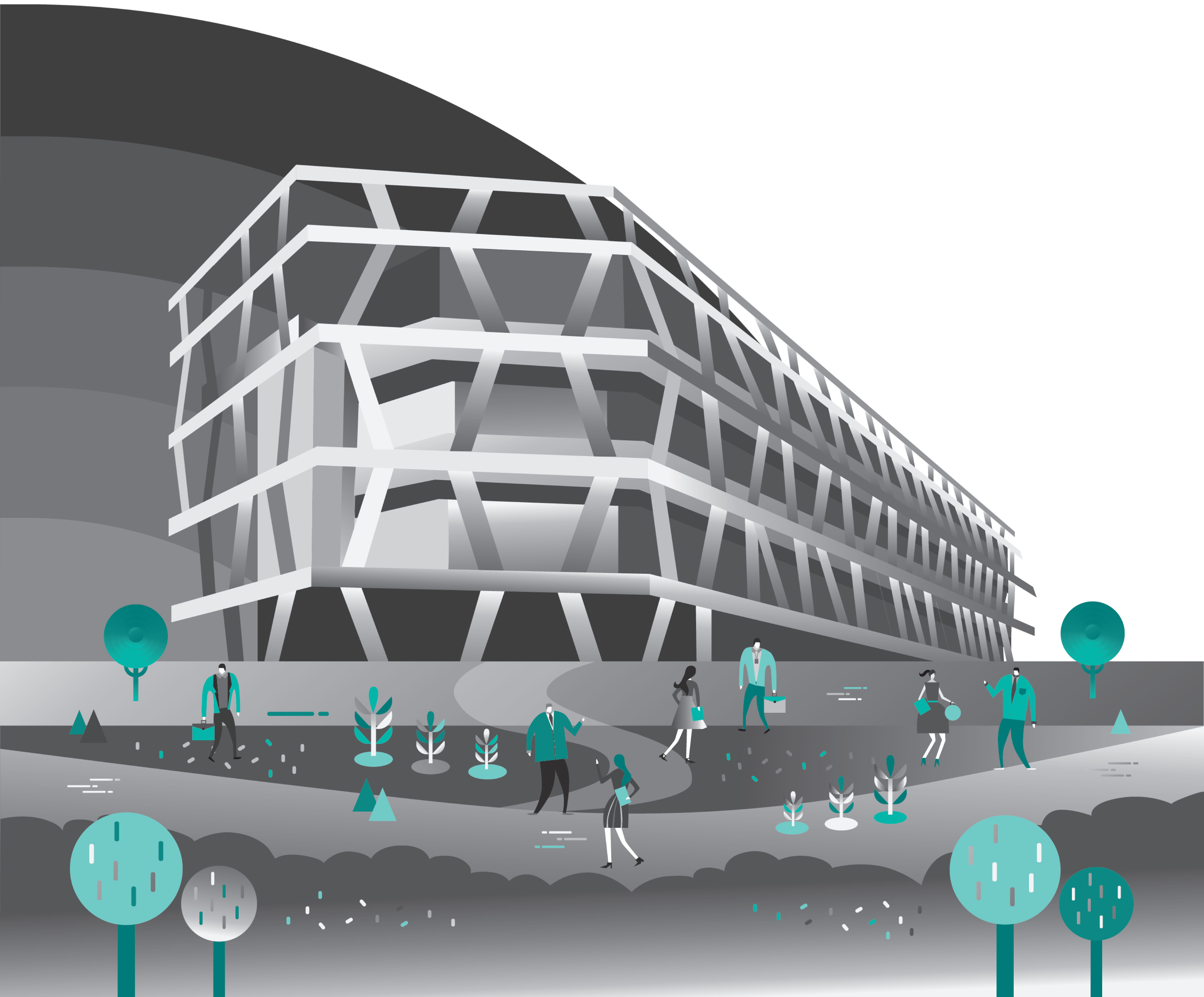
Annual Report FY16/17

STRENGTHEN TODAY, TRANSFORM FOR TOMORROW



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Any discrepancies in the table and charts between the listed figures and total thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

OUR MISSION

TO DELIVER PREDICTABLE DISTRIBUTIONS AND ACHIEVE LONG-TERM CAPITAL STABILITY FOR UNITHOLDERS

About Ascendas Reit

Ascendas Real Estate Investment Trust (Ascendas Reit) is Singapore's first and largest listed business space and industrial real estate investment trust. As one of Singapore's REIT pioneers, Ascendas Reit has played a crucial role in the development of the Singapore REIT sector, providing an attractive platform for investment in business and industrial properties in Singapore and Australia.

Ascendas Reit has a well-diversified portfolio of 103 properties in Singapore and 28 properties in Australia as at 31 March 2017. These properties host a customer base of around 1,390 international and local companies from a wide range of industries and activities.

Ascendas Funds Management (S) Limited (AFM), the manager of Ascendas Reit (the Manager), is a wholly owned subsidiary of the Ascendas-Singbridge Group.

FY16/17 AT A GLANCE

Chairman's Message and Interview with CEO

Our Chairman and CEO discuss about Ascendas Reit's strategy, performance and outlook. Read more from pages 5 to 11.

Our FY16/17 Performance

For a quick snapshot of our financial performance, go to page 4.

Acquisitions and Divestments to Enhance Portfolio

We acquired two high-quality business park properties, 12, 14 & 16 Science Park Drive in Singapore and 197-201 Coward Street in Sydney, Australia. We also divested our properties in China to recycle capital. Read more about our acquisitions and divestments from pages 36 to 39.

Our Business Model

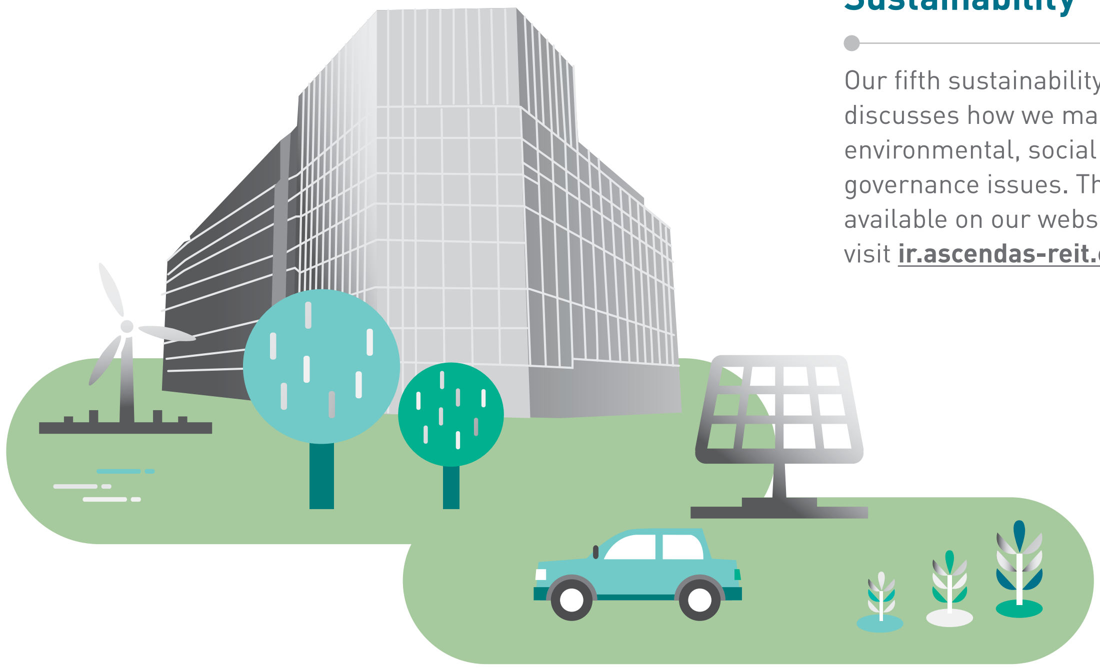
To understand what we do and our strategy to deliver sustainable distributions to Unitholders, refer to pages 14 to 17.

Major Trends Affecting Our Markets

Read more about the industrial market trends in Singapore and Australia from pages 78 to 95.

Sustainability

Our fifth sustainability report discusses how we manage environmental, social and governance issues. The report is available on our website. Please visit ir.ascendas-reit.com/ar.html



For more information, visit our website www.ascendas-reit.com

FEEDBACK

The Manager strives to continuously improve its business and sustainability practices. Stakeholders are encouraged to share their views, suggestions or feedback, which may be directed to a-reit@ascendas-singbridge.com.

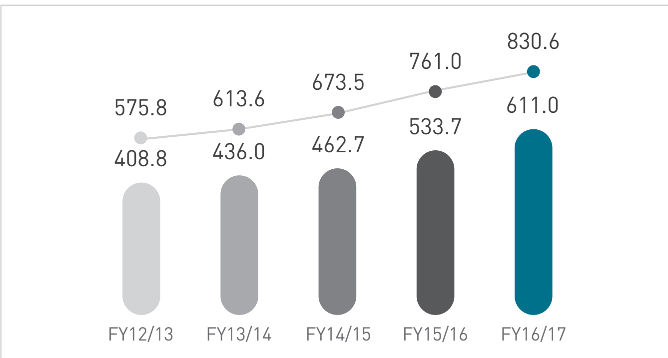
ACCESSIBILITY OF ANNUAL & SUSTAINABILITY REPORTS

Ascendas Reit continues to print limited copies of its annual and sustainability reports as part of its environmental conservation efforts. PDF versions of its annual and sustainability reports are available for download from the corporate website: ir.ascendas-reit.com/ar.html

FINANCIAL HIGHLIGHTS

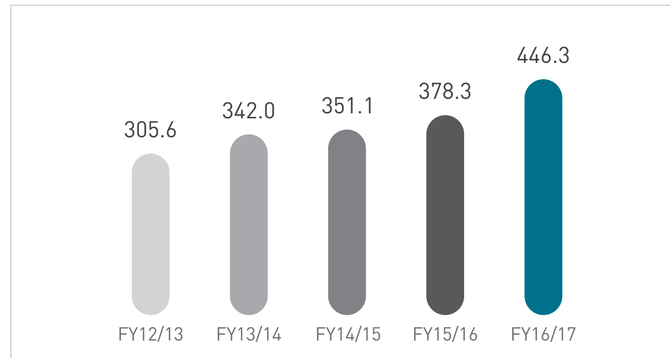
GROSS REVENUE & NET PROPERTY INCOME (S$M)

S$**830.6**M
GROSS REVENUE



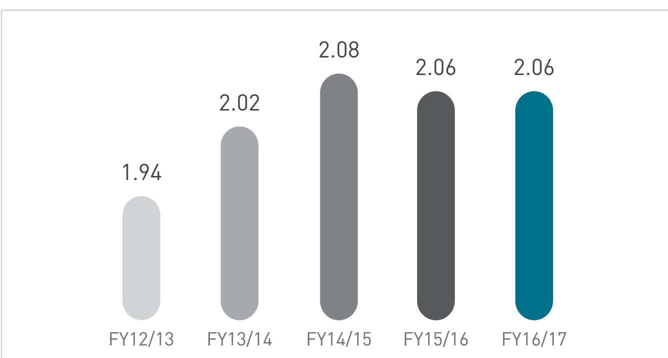
TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION (S$M)

S$**446.3**M



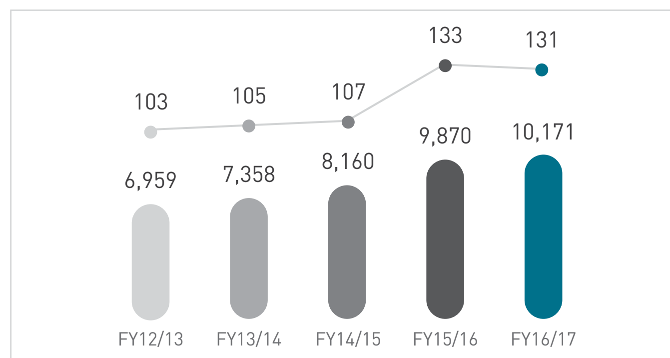
NET ASSET VALUE PER UNIT (S$)[1]

S$**2.06**



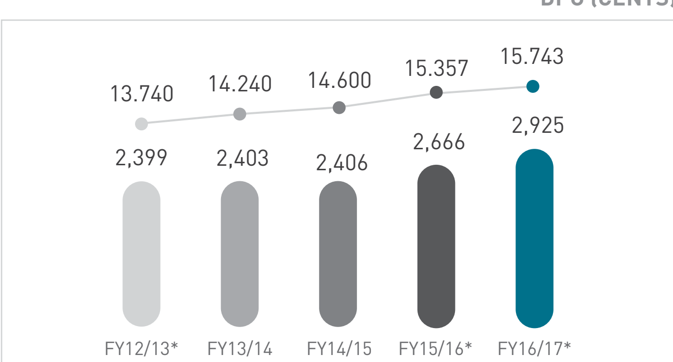
NUMBER OF PROPERTIES & TOTAL ASSETS (S$M)

131
PROPERTIES



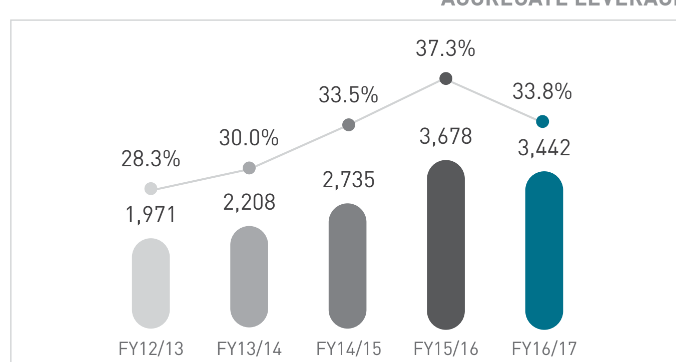
DISTRIBUTION PER UNIT (CENTS) & UNITS IN ISSUE (M)

15.743
DPU (CENTS)



AGGREGATE LEVERAGE[2] & TOTAL GROSS BORROWINGS (S$M)[3]

33.8%
AGGREGATE LEVERAGE



NOTES:
* Distribution per Unit (DPU) after performance fee.
(1) Prior to distribution of distributable income.
(2) Includes total borrowings and deferred payments on acquisition of properties but excludes fair value adjustments of the collateral loan.
(3) Excludes fair value changes and amortised costs. Borrowings denominated in foreign currencies are translated at the prevailing exchange rates except for JPY/ HKD-denominated debt issues, which are translated at the cross-currency swap rates that Ascendas Reit has committed to.

CHAIRMAN'S MESSAGE

I am happy to report that both Ascendas Reit's distribution per Unit (DPU) and assets under management (AUM) grew during the last financial year. The Manager was able to carefully grow the Australia portfolio, complete the disposal of the China assets while realising considerable value, and further strengthen the balance sheet.

KOH SOO KEONG
Chairman

CHAIRMAN'S MESSAGE

DEAR UNITHOLDERS

On behalf of the Board of Directors of Ascendas Funds Management (S) Limited (AFM), the Manager of Ascendas Reit, I am pleased to present Ascendas Reit's 15th Annual Report for the financial year ended 31 March 2017.

For the most of the last 12 to 18 months, the global business environment lacked direction and was full of uncertainties. In Singapore, we were faced with several headwinds including the increasing supply of industrial properties, stringent government policies and limited growth opportunities.

Nevertheless, I am happy to report that both Ascendas Reit's distribution per Unit (DPU) and assets under management (AUM) grew during the last financial year. The Manager was able to carefully grow the Australia portfolio, complete the disposal of the China assets while realising considerable value, and further strengthen the balance sheet.

All these will put Ascendas Reit on a stronger footing even as the business environment continues to remain uncertain.

FY16/17 PERFORMANCE

Ascendas Reit achieved a full year DPU of 15.743 cents, an increase of 2.5% over the previous financial year. The improvement was mainly attributable to the full year contribution from the Australian portfolio and ONE@Changi City, which were acquired in FY15/16.

Despite a tougher operating environment in Singapore, we were able to improve overall portfolio occupancy to 90.2% from 87.6% a year ago and realised a modest positive rental reversion of 3.1%.

STRENGTHEN TODAY, TRANSFORM FOR TOMORROW

AFM, with its new CEO, Mr Chia Nam Toon, will continue to explore value-accretive opportunities. We acquired S$565.6 million of business and science park properties at 12, 14 & 16 Science Park Drive in Singapore and 197-201 Coward Street in Sydney, Australia. The positive attributes of good locations and long weighted average lease expiries (WALE) of the newly acquired properties, further boost the quality of our overall portfolio.

Asset enhancements will continue to be a key area of focus to maximise the potential returns from our existing portfolio. During the year, S$35.8 million of asset enhancement initiatives across five properties were completed. Another S$114.3 million worth of re-development and asset enhancement initiatives are in progress.

We took advantage of the strong acquisition appetite in China to divest three properties at attractive capitalisation rates of about 5%. This translates into total proceeds of about S$407.6 million. Four Acres Singapore was also divested to the incumbent tenant, Unilever Asia Pacific Private Limited, for S$34.0 million. In total, we realised capital gains of S$194.6 million over original costs.

Ascendas Reit continues to maintain an A3 credit rating from Moody's. This is due to our stringent adherence to keep aggregate leverage healthy at 33.8% and to ensure key credit and liquidity ratios are robust. The improved aggregate leverage ratio will allow us to pursue compelling acquisition opportunities comfortably.

ADAPTING TO MARKET CHANGES

Market conditions continue to evolve rapidly. Our challenge is to not only keep pace, but to anticipate, move ahead of market trends and to take advantage of any opportunity that may arise. We also need to adjust our portfolio mix to meet the ever-changing demands of our existing and potential customers.

With our current diverse portfolio, we are able to provide customers a variety of property solutions. For example, we converted 50 Kallang Avenue into a single-tenant building for an existing customer who was looking to expand. Occupancy for 50 Kallang Avenue will improve from about 48.3% (as at 31 March 2016) to 100%. The tenant has also committed to a long lease term.

To contain rising business costs, we will strive to improve productivity and deepen our customer engagement by continuously reviewing all our operation and management systems to see where we can do the same thing better and more cost effectively.

We negotiated bulk contracts for major enhancement works and implemented energy and water saving initiatives across our properties to reduce costs. Our service culture programme, which was piloted in one-north and the science parks in FY14/15, was subsequently rolled out to other property clusters during the year. We are already seeing early signs of improvement in service delivery based on customers' feedback. You can read more about our initiatives and results in our Sustainability Report.

BOARD RENEWAL

I would like to thank Mr Teo Eng Cheong, who stepped down as independent director in September 2016, for his valuable contributions over his five-year tenure.

At the same time, we are pleased to welcome Mr Lim Hock San who joined AFM as an independent director last July. Mr Lim is the President and Chief Executive Officer of United Industrial Corporation Limited. I am confident that his expertise and experience in property development and investment will complement the diverse strengths of the Board.

The Board comprises of seven independent directors, two non-executive directors and one executive director. We are fortunate to have a Board of Directors whose members come from a diverse background and experience.

LOOKING AHEAD

Several events and trends such as geopolitical tensions, 'Brexit', unknown U.S. foreign and trade policies and disruptive technologies have created uncertainties in the global markets. These are expected to affect the economic conditions and business operations in a small and open economy like Singapore.

We need to be more vigilant and nimble. Our market leading position developed over 14 years of operating in Singapore and a very supportive Sponsor, the Ascendas-Singbridge Group, has strengthened our ability to adapt and grow in these uncertain times, and we need to continue to sharpen and hone our competitiveness.

As we keep growing our portfolio in Singapore and Australia, gaining greater economies of scale and operational efficiency, we will continue to optimise returns to ensure a steady stream of income and sustainable growth for Unitholders in the longer term.

APPRECIATION

I would like to thank all our colleagues of the Manager and Property Manager for their dedication and hard work in delivering these results. Finally, we would like to thank you, our stakeholders including Unitholders, customers and business partners for your continued support.

As we endeavour to uphold the trust that our stakeholders have placed in us, our long-term commitment is to deliver value for investors and position Ascendas Reit for future growth.

KOH SOO KEONG
Chairman
19 May 2017

主席致辞

尊敬的信托单位持有人

我非常荣幸地代表腾飞瑞资的管理人——腾飞基金管理(新加坡)有限公司（AFM)的董事会向大家呈交截止2017年3月31日财政年度腾飞瑞资第15次年度报告。

过去12-18个月的大部分时间，全球商业大环境整体方向不明确且充满不确定性；而从新加坡来看，我们也同样面临着诸多不利因素，例如不断增长的工业地产供应、日趋收紧的政府政策以及有限的发展机会等。

即便如此，我仍然很高兴地向大家宣布，在刚刚过去的财政年度中，腾飞瑞资的每单位可分派收入（DPU）和资产管理规模（AUM）均有所增长。基金管理人不仅进一步拓展澳大利亚投资组合，同时在保证一定收益的基础上完成了对中国资产的处置，并保持了良好的资产负债经营状况。

在这一系列努力之下，即使商业大环境持续出现不稳定因素，腾飞瑞资仍将维持平稳发展。

2016/2017财年表现

腾飞瑞资实现了全年每单位可分派收入（DPU）15.743分，比上一财政年度增长2.5%。增长主要来自于澳大利亚投资组合和于2015/2016财年收购的ONE@Changi City项目的贡献。

尽管新加坡经商环境日益艰难，我们仍将整体投资组合出租率从一年前的87.6%提高到现在的90.2%，并实现相对良好的3.1%的租金增长率。

厚积薄发，稳步升级

AFM与其新任首席执行官谢南俊先生将持续探索并开拓新的增值机会。今年我们购置了位于新加坡科技园区第12、14和16号的科技园区产业和位于澳大利亚悉尼牛津街197-201号的商业地产。这两项并购总价值达到5.656亿新元。这两项新增资产所处的绝佳位置和足够长的加权平均租赁期限（WALE）将为进一步提升我们的整体投资组合品质助一臂之力。

资产增值仍然是最大化现有投资组合潜在回报的重中之重。在这一财政年中，我们完成了包括五处产业在内、总额达到3,580万新元的资产改造，另有价值1.143亿新元的资产重建和改造计划在有序进行。

过去的财政年，我们利用中国强大的收购需求，以4.076亿新元的总价格和极具诱惑力的约5%的资本化率剥离了三个在中国的资产项目。同时，我们也以3,400万新元的价格将Four Acres Singapore出售给当时的租户。上述几项资产出售实现的资本收益超出原始投资额约1.946亿新元。

腾飞瑞资继续保持穆迪的A3credit评级，这是得益于稳健的信贷政策。同时，我们严格控制流动性比率，将资产负债率持续维持在良好的33.8%，这一资产负债率为未来的投资机会提供了有力的资金保障。

适应市场变化

市场状况持续快速发展，我们所面临的挑战不仅是要跟上市场步伐，而且必须具有前瞻性，提前预知并抢先于市场趋势而采取行动，以及时瞄准并抓住任何可能出现的机会。与此同时，我们还需要对投资组合进行调整，以满足现有及潜在租户不断变化的需求。

凭借目前所有的多元化投资组合，我们能够为租户提供各种物业解决方案。例如，我们为一家正在寻求扩张方案的现有租户将加冷大道50号改建为一栋单一租户物业。这一举措将加冷大道50号的出租率从原来的48.3%（截至2016年3月31日）提高至100%。租户同时承诺将与我们签署长期租约。

为了控制不断增加的业务成本，我们将努力提高生产力、深化客户参与度，不断对我们所有的运营和管理系统进行改善，以便能够用最少的支出实现最佳的效益。

我们就大型资产整改工程协商大宗合同，对所有的物业都采取了节能和节水措施，这些举措都将有助于进一步降低运营成本。我们的服务文化项目于2014/2015财年在纬壹科技城进行试点，并随后推广至其他物业项目。从租户的反馈来看，我们的服务已开始逐步改善。您可以在可持续发展报告中了解更多有关我们为改善服务水平所采取的举措以及所获得的成果。

董事会续聘

借此机会我想感谢于2016年9月辞任独立董事一职的张俊材先生，以及他在五年任期中所做出的宝贵贡献。

与此同时，我们也热烈欢迎自去年7月加入AFM并任职独立董事的林福山先生。林先生是United Industrial Corporation Limited的总裁兼首席执行官。我相信他在物业发展和投资方面的专业知识和丰富经验将为多元化的董事会注入新血液。

董事会共由七名独立董事、两名非执行董事以及一名执行董事组成。我们很幸运地拥有一个成员们分别来自不同背景，并具备不同经历的多元化董事会。

展望未来

近年来全球范围内发生的大事件，例如地缘政治紧张局势、“英国脱欧”、美国外交及贸易政策不明朗以及颠覆性创新技术的不断涌现，都给全球市场带来了更多不确定性。这些因素都可能会对像新加坡这样的小型开放经济体的经济状况和商业运营造成一定影响。

我们需要对周边环境采取更加谨慎和灵活的态度。凭借腾飞瑞资在新加坡长达14年的市场领先地位以及强有力的发起人的支持，我们一定能保持在不确定时期内的适应和发展能力，并不断磨炼和加强市场竞争力。

随着我们在新加坡和澳大利亚投资组合的不断拓展，以及进一步获得更大的经营规模和运营效益，我们将继续优化回报率，以确保信托单位持有人长期的稳定收入和持续增长的报酬率。

致谢辞

值此机会，我想感谢基金管理人以及物业管理公司所有员工，为收获这些累累硕果而付出的不懈努力和艰辛工作。最后，我们还要感谢包括信托单位持有人、客户和业务合作伙伴在内的各位，一直以来给予我们的大力帮助和支持。

我们将会继续努力，不会辜负大家对我们的信任。我们一定会确保腾飞瑞资能随时应对未来长期发展，并为投资人提供可持续回报。

许思强
主席
2017年5月19日

INTERVIEW WITH CEO

CAN YOU EXPAND ON SOME OF THE ACTIVITIES AND STRATEGIES UNDERTAKEN SINCE YOU BECAME CEO?

Despite the slower economic growth and the challenging industrial property market, it has been an invigorating and a rewarding year.

We successfully executed S$1 billion worth of acquisitions and divestments that further strengthened our portfolio.

The two business park acquisitions in Singapore and Australia were both DPU accretive and enhanced the resilience of our portfolio by lengthening both our weighted average lease expiry and land lease expiry. In addition, these properties received highly-rated environmental performance awards such as the BCA[1] Green Mark GoldPlus and Pearl Awards, and the NABERS[2] 4.5 star rating.

We divested all three properties in China at attractive prices and well in excess of the original costs. Total capital gains of S$194.0 million was realised and divestment proceeds were re-deployed to optimise returns for Unitholders.

The quality of existing properties is constantly being refreshed to improve customer retention and meet new market demand. We are particularly excited about two redevelopment projects at 20 Tuas Avenue 1 and 50 Kallang Avenue. At 20 Tuas Avenue 1, the old warehouse is being replaced by a modern ramp-up three-storey warehouse with a roof-top heavy vehicle parking facility. At 50 Kallang Avenue, the high-specifications property is being converted into a single tenant property for a multi-national corporation who has committed to a long-term lease.

We are continuously working on serving and engaging our customers even better and better. High service standards and good work ethics are very important elements to our corporate culture. As such, our colleagues receive a high level of training and are empowered to deliver solutions to customers. The team is dedicated to achieving high customer satisfaction.

Some organisational changes were also made to strengthen the management bench and to streamline processes for even better performance. This financial year, DPU grew 2.5% and aggregate leverage improved to 33.8%. Given our current strength, we should be able to take advantage of any opportunity and grow even stronger. Ascendas Reit is in good shape.

ACCORDING TO JTC, RENTALS AND OCCUPANCY OF SINGAPORE INDUSTRIAL PROPERTIES HAVE DECLINED. HOW IS ASCENDAS REIT'S SINGAPORE PORTFOLIO OCCUPANCY RATE? CAN WE EXPECT TO SEE DECLINE OR IMPROVEMENT? HOW ABOUT RENTAL REVERSION?

The Singapore portfolio is currently running at 88.6% occupancy. A positive rental reversion of 3.1% was achieved despite a challenging environment. These achievements can be attributed to our large platform of wide-ranging industrial properties and continued support from our diversified customer base.

However, we do not think we are out of the woods yet. The new supply of industrial properties is still on the rise and this could continue to weigh on rental rates and occupancy.

On a more positive note, the new supply of industrial properties is expected to dwindle from 2018 onwards (source: JTC). Recent economic numbers are healthier, prompting some economists to upgrade their 2017 GDP forecasts. Given our current strength, we should be able to take advantage of any opportunity and grow even stronger.

ASCENDAS REIT DIVESTED ALL ITS CHINA PROPERTIES DURING THE YEAR AND MADE SEVERAL ACQUISITIONS IN AUSTRALIA AND SINGAPORE. WHAT ARE YOUR NEXT STEPS?

Post-divestment of the China properties, we are now more geographically focused. About 87% of Ascendas Reit's portfolio by asset value is located in Singapore and the remaining 13% is in Australia.

We must continue to buy well i.e. pick the right type of investment at the right price and of the requisite quality, and to anticipate the changing market environment and customer requirements.

In addition to the Sponsor's pipeline of over S$1 billion of business and science park properties in Singapore, we will continue to assess the third party market for high-quality accretive investments. We will also selectively sell properties that are deemed non-strategic and recycle the capital to improve the quality and returns of our portfolio.

Over in Australia, we have made quite good progress. We are very hands-on in managing the properties within our portfolio. Occupancy has improved to 96.3%. We enlarged the portfolio to include a business park property in Sydney, on top of the 27 logistics properties. The plan is to scale up the existing portfolio of A$1.3 billion. We continue to seek additions that will include business parks and logistics properties in selected locations with favourable market dynamics. At the same time, we are actively searching for land to develop to serve existing customers who have expansionary needs and develop a stronger network of Australian customers. We will continue to build up our local team in Australia.

FINANCIAL MARKETS REMAIN VOLATILE AND INTEREST RATES ARE EXPECTED TO INCREASE. HOW WILL YOU MANAGE ASCENDAS REIT'S FINANCIAL RISKS?

We monitor the capital markets and review our capital structure regularly to ensure that financial risks are minimised.

First, it is important to keep gearing at healthy levels. Aggregate leverage has strengthened to 33.8% when compared to 37.2% a year ago, following the divestment proceeds of S$441.6 million, the maturity of S$300 million of exchangeable collateralised securities and a S$150 million private equity placement.

Second, the debt maturity profile is well-spread and our funding sources are well-diversified.

Third, to manage our interest rate risks, 78.9% of our borrowings are hedged for an average term of 3.2 years.

With an A3 credit rating from Moody's, Ascendas Reit is in a good position to tap on various funding sources at competitive rates to fuel future growth.

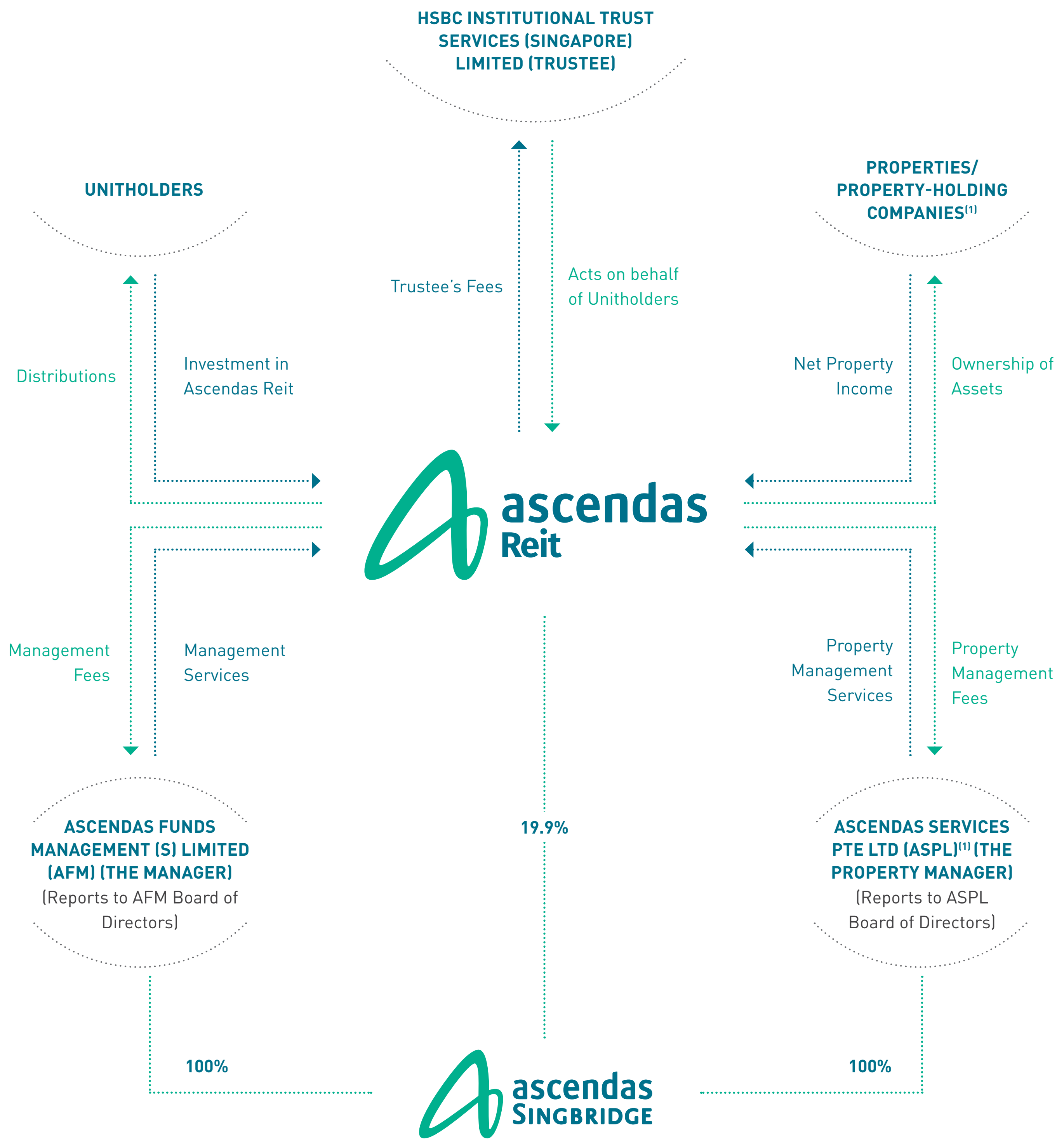
IN VIEW OF WHAT HAPPENED AT SABANA REIT AND KEPPEL REIT, DO YOU HAVE ANY SIMILAR ISSUES IN ASCENDAS REIT?

Corporate governance and transparency have always been and will always be at the forefront of any decision making process in Ascendas Reit.

Since our inception in November 2002, we have proven to be strong in self-policing. Our primary mission is to ensure the betterment of the Unitholders.

[1] Building & Construction Authority
[2] National Australian Built Environment Rating System

ASCENDAS REIT STRUCTURE



(1) Ascendas Reit's properties located outside of Singapore are held through wholly-owned subsidiaries and sub-trusts of Ascendas Reit and are managed by property managers other than ASPL under separate property management agreements.

WHAT WE INVEST IN

Business & Science Park Properties

Characteristics

In Singapore, business and science park properties are clusters of suburban offices, corporate headquarter (HQ) buildings and research and development (R&D) space in government designated zones. Manufacturing activities are not allowed in these properties.

In Australia, our business park property is located in close proximity to the central business district and air and sea ports.

Typical Customers

Regional corporate HQs of industrial companies and multinational corporations (MNCs); backroom support office of financial institutions; information technology (IT) firms, R&D companies in various fields including life sciences, food & flavouring, chemicals, data analytics, electronics, etc.

Integrated Development, Amenities & Retail (IDAR) Properties

Characteristics

Two or more types of space such as business space, retail and warehousing facility within one integrated development. Typically, IDAR projects are larger scale developments that possess requisite infrastructure and amenities to meet modern business needs.

Typical Customers

MNCs and corporations that desire quality space at prominent location with comprehensive range of amenities to house their corporate HQ and conduct their businesses under one roof. Companies in the IT services, fast-moving consumer goods, engineering, warehousing and retail activities.

High-Specifications Industrial Properties and Data Centres

Characteristics

High-specifications industrial properties are vertical corporate campuses with higher office content combined with high-specifications mixed-use industrial space. Properties typically have modern facades, air-conditioned units, and sufficient floor loading and ceiling height as well as high power capacity to allow both office functions and manufacturing activities to be carried out. Data centres house predominently heavy equipment, such as servers.

Typical Customers

Multinational industrial companies and large local companies that wish to co-locate their HQ functions with manufacturing services, engineering and R&D activities.

Light Industrial Properties and Flatted Factories

Characteristics

Properties with low office content combined with manufacturing space. The manufacturing content in light industrial properties is higher compared to high-specifications industrial buildings. Flatted factories, a subset of light industrial properties, are stacked-up manufacturing space used for general manufacturing. Ground floor space tends to command higher rental rate due to higher floor loading and better accessibility.

Typical Customers

Companies which house their light manufacturing activities and HQ operations within a single facility. Popular with local small & medium sized enterprises engaged in general manufacturing activities. Some MNC manufacturers also house their manufacturing operations in such buildings.

Logistics & Distribution Centres

Characteristics

Warehouses and distribution centres equipped with high floor loading and high floor height. In Singapore, majority of the warehouses are single-storey or multi-storey facilities with vehicular ramp access; others are multi-storey facilities with heavy duty cargo lift access.

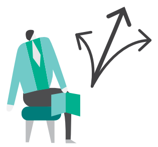
In Australia, the properties are high-grade, functional and large scale distribution facilities located in close proximity to major transport infrastructure in core sub-markets.

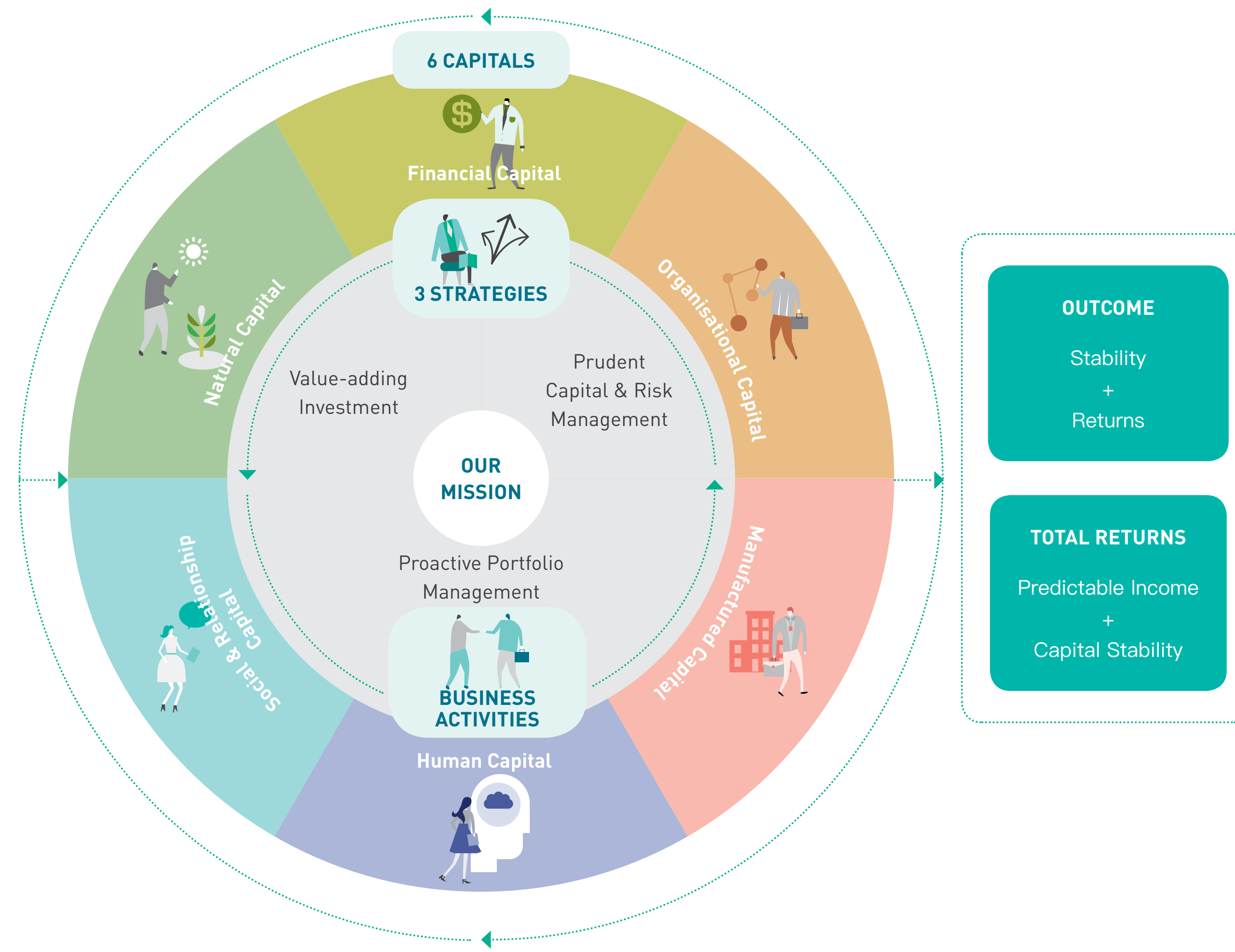
Typical Customers

Third party logistics providers, manufacturers, end-users and distributors and trading companies.

OUR BUSINESS MODEL

Ascendas Reit's mission is to deliver predictable distributions and long-term capital stability for the Unitholders. To achieve this, the Manager draws on an appropriate mix of the six types of capitals and employs a three-pronged strategy to drive the business activities.

	Proactive Portfolio Management	Disciplined Value-Adding Investments	Prudent Capital & Risk Management
Three- Pronged Strategies 	Maximising organic growth potential and returns of the portfolio through active asset management. The Manager works closely with the Property Manager in carrying out these principal strategies and the relevant activities.	Undertaking disciplined value-adding investments through acquisitions and development of high quality properties.	Optimising Ascendas Reit's funding structure and costs. Managing risks through a system of risk management processes and controls.
Business Activities 	• Proactive marketing and leasing of spaces to achieve a healthy occupancy rate • Providing high standards of property and customer services to customers • Enhancing operational efficiency and optimisation of operating costs • Carrying out asset enhancement initiatives	• Acquiring income-producing properties leased to established customers • Acquiring high-quality properties with strong income stream and/or asset enhancement potential • Developing built-to-suit projects to cater to prospective customers' operational requirements and specifications • Selective redevelopment and government land sales to capitalise on the Manager's development capabilities • Sourcing of overseas investment opportunities to strengthen portfolio diversification and resilience	• Regular reviews of Ascendas Reit's debt and capital management, and financial policy • Diversifying sources of funding, managing interest rate risk, liquidity risk, credit risk and foreign currency risk • Monitoring Ascendas Reit's exposure to various risk elements and externally-imposed requirements in the markets it operates in by closely adhering to clearly established management policies and procedures • Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Ascendas Reit's strategic direction • Creating an acceptable balance between the benefits derived from managing risks and the cost of managing those risks



OUR BUSINESS MODEL

The 6 Capitals and Ascendas Reit's Competitive Edge

FINANCIAL CAPITAL

The diversified sources of funds which are managed prudently to create more value for Unitholders.

Ascendas Reit's competitive edge:

- Size and liquidity are Ascendas Reit's key strengths to access financial capital. As at 31 March 2017, Ascendas Reit accounted for 9.7% of the market capitalisation of the Singapore Reit (S-REIT) sector, and 12.8% of the trading volume for S-REITs on the Singapore Exchange Securities Trading (SGX-ST).
- Credit Rating of A3 by Moody's
- Excelling in organisational and social & relationship capitals enables the Manager to gain better access to Financial Capital. Please refer to these capitals described further below.

ORGANISATIONAL CAPITAL

The robust corporate governance and risk management framework, systems and procedures that serve as foundation to all the investment, asset management and business decisions.

Ascendas Reit's competitive edge:

- As a market leader and pioneer industrial S-REIT, the Ascendas Reit team, as well as its Property Manager, possess an in-depth understanding of the industrial property sector as well the customers' needs.
- Ascendas Reit has a committed sponsor, the Ascendas-Singbridge Group (ASB), which has a proven track record of more than 30 years of experience in this industry. ASB is Asia's leading provider of sustainable urban solutions and is jointly owned by Temasek and JTC Corporation through a 51:49 partnership.
- Ascendas Reit also has a strong operations platform, through its Singapore Property Manager. The Property Manager has a dedicated sales/marketing, leasing and property management team of over 150 people (please refer to page 30 and 31 for details on the Property Manager).
- Ascendas Reit's corporate governance framework encompasses the implementation of best practices and structures, internal checks and balances, transparency and compliance (please refer to our Corporate Governance Report on pages 98 to 123 for more details).
- Listed on SGX-ST with market capitalisation of more than S$7 billion, the Manager has the ability to source and raise capital at the opportune time to optimise capital structure and costs for Ascendas Reit.

MANUFACTURED CAPITAL

The ability to achieve value-adding investments through the acquisitions and development of high-quality properties.

Ascendas Reit's competitive edge:

- Ascendas Reit has grown from eight properties valued at around S$600 million in 2002 to 131 properties valued at around S$9.9 billion as at 31 March 2017. Besides acquisitions from the open market, 34% of the portfolio (by asset value) was acquired from the Sponsor as at 31 March 2017.
- Ascendas Reit is the first S-REIT to undertake development projects on its own balance sheet, enabling Unitholders to enjoy the benefits of potential development upsides, and demonstrating the Manager's ability to achieve value-adding investments for the portfolio. As at 31 March 2017, Ascendas Reit has completed 14 development projects, achieving a total revaluation gain of about S$317.2 million or 33.4% over the total development cost (please refer to page 228 for details).
- The Manager continuously embark on asset enhancement initiatives to improve the value of Ascendas Reit's properties.

HUMAN CAPITAL

The experienced team of professionals whose skills and expertise are key contributors to Ascendas Reit's success.

Ascendas Reit's competitive edge:

- The Manager is committed to develop its people's competencies, experiences and career development through various opportunities (training programmes, overseas attachments, job rotations, sponsorships to advance their educational qualifications, etc.) while motivating them to innovate and improve, in order to lead the company in the face of a competitive landscape (please refer to the Sustainability Report pages 20 to 21).

SOCIAL & RELATIONSHIP CAPITAL

The long-term relationships that the Manager continues to build with its stakeholders will enhance Ascendas Reit's brand and reputation.

Ascendas Reit's competitive edge:

- Consistently building its brand as a credible manager and S-REIT, AFM and Ascendas Reit have been well-recognised over the years by its Unitholders and other stakeholders, achieving awards for corporate governance and transparency, environment and its properties.
- Underpinned by ASB's Service Culture programme, the Manager and Property Manager place great emphasis on delivering good customer service.
- The Manager has a team of dedicated relationship managers who provide business space solutions to customers.
- A stringent four-step procurement system drives the continuous improvement of supplier performance (please refer to page 7 in Sustainability Report for details)
- The ASB Group has an employee centric engagement strategy that provides training and career development opportunities for all employees (please refer to the "Human Capital" section as well as page 20 and 21 of the Sustainability Report for details).

NATURAL CAPITAL

The natural resources such as energy and water that are essential in supporting business operations.

Ascendas Reit's competitive edge:

- Saving energy by using green technologies and energy saving products (e.g. LED lightings, water saving fittings) is now an embedded practice. These good practices, which include requirements on renovation works, repair of water fittings in the toilets, and use of energy-efficient light bulbs, have been communicated to the customers through the Green Tenant's Guides (please refer to the Sustainability Report pages 22 to 25 for details).

SIGNIFICANT EVENTS

April 2016

1ST Appointment of Mr Chia Nam Toon as Chief Executive Officer and Executive Director of the Manager.

7TH Issued S$130.0 million 5-year Medium Term Notes due 2021 at a fixed coupon of 2.655% per annum.

29TH Completed the sale of Four Acres Singapore for S$34.0 million, realising capital gains of S$0.6 million over original costs.

May 2016

1ST Ascendas Reit was ranked 5th under Singapore's Best Investor Relations category of FinanceAsia's Annual Poll of Asia's best managed companies.

5TH Announced results for the financial year ended 31 March 2016: Net property income grew by 15.3% year-on-year (YoY). DPU increased by 5.2% YoY to 15.357 cents from 14.600 cents.

June 2016

17TH Completed the divestment of A-REIT Jiashan Logistics Centre for S$26.0 million, realising capital gains of S$4.0 million over original costs.

28TH Ascendas Reit's Annual General Meeting and Extraordinary General Meeting were held and all resolutions were approved by Unitholders.

July 2016

1ST Appointment of Mr Lim Hock San as independent director to the Board, and as member of the Nominating, Human Resources and Remuneration Committee, Investment Committee and the Operational Risk Management Committee.

11TH Completed the divestment of Ascendas Z-Link for S$160.0 million, realising capital gains of S$95.6 million over original costs.

18TH Ascendas Reit was awarded the Silver Award for Best Investor Relations in the REITs & Business Trusts category at the Singapore Corporate Awards 2016.

21ST Announced results for the three months ended 30 June 2016: Net property income grew by 20.3% YoY.

August 2016

1ST Launch a private placement that was over six times covered. Ascendas Reit raised approximately S$154.7 million to partially fund the Australian acquisitions of 197-201 Coward Street in Sydney and Stage 4 Power Park in Melbourne, and fund the asset enhancement of 50 Kallang Avenue in Singapore.

3RD Issued S$162.9 million (HKD923.0 million) 10-year Medium Term Notes due 2026 at a fixed coupon of 2.77% per annum.

24TH Ascendas Reit was named one of the 'Top 100 Singapore Brands 2016' by Brand Finance, ranked 42nd.

September 2016

9TH Completed the acquisition of 197-201 Coward Street in Sydney, Australia, for A$143.4 million.

30TH Mr Teo Eng Cheong stepped down as independent director after serving on the board for five years.

30TH Ascendas Reit was the winner of the Most Transparent Company Award at the SIAS Investors' Choice Award (REITs & Business Trusts category).

October 2016

20TH Announced results for the three months ended 30 September 2016: Net property income grew by 23.1% YoY.

November 2016

17TH Completed the divestment of A-REIT City @Jinqiao for S$221.6 million, realising capital gains of S$94.4 million over original costs.

January 2017

24TH Announced results for the three months ended 31 December 2016: Net property income grew by 9.0% YoY.

25TH Ascendas Reit held an Extraordinary General Meeting and the resolutions to approve the acquisition of 12, 14 & 16 Science Park Drive and issuance of consideration units were passed by Unitholders.

February 2017

1ST The S$300 million 1.60% exchangeable collateralised securities issued by Ruby Assets Pte Ltd were fully exchanged into Ascendas Reit Units and cancelled.

16TH Completed the acquisition of 12, 14 & 16 Science Park Drive for S$420.0 million.

April 2017

3RD Completed the acquisition of Stage 4 Power Park Estate in Melbourne, Australia, for A$24.8 million.

25TH Announced results for the financial year ended 31 March 2017: Net property income grew by 14.5% YoY. DPU increased by 2.5% YoY to 15.743 cents from 15.357 cents.

BOARD OF DIRECTORS

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01.
MR KOH SOO KEONG
Chairman, Independent Director

02.
MR MIGUEL KO
Vice Chairman, Non-Executive Director

03.
MR MANOHAR KHIATANI
Non-Executive Director

04.
MR CHIA NAM TOON
Executive Director, CEO

05.
MR CHAN PENGEE, ADRIAN
Independent Director

06.
MS CHONG CHIET PING
Independent Director

07.
MR LIM HOCK SAN
Independent Director

08.
MS LIM SAU HOONG
Independent Director

09.
MR TEO CHOON CHYE, MARC
Independent Director

10.
MR WONG YEW MENG
Independent Director

BOARD OF DIRECTORS

MR KOH SOO KEONG
Chairman, Independent Director

Date of appointment as Director:
15 September 2009

Date of appointment as Chairman of the Board:
1 August 2011

Length of service as Director:
7 years and 8 months

BOARD COMMITTEES SERVED ON:
- Nominating, Human Resource & Remuneration Committee (Chairman)
- Operational Risk Management Committee (Chairman)
- Investment Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Engineering (Honours), University of Singapore
- Master of Business Administration, National University of Singapore
- Postgraduate Diploma in Business Law, National University of Singapore

PRESENT DIRECTORSHIPS
Listed companies
- Noel Gifts International Ltd
- Northern Technologies International Corporation

Others
- ABL Asia Pte Ltd
- EcoSave Pte Ltd
- Zerust Singapore Pte Ltd
- Agape Ace Pte Ltd
- Orita Sinclair School of Design, New Media & the Arts Pte Ltd
- Videre Security Solutions Pte Ltd
- CM Services Pte Ltd
- NeuralVision Pte Ltd
- Zerust Singapore Pte Ltd
- Sifood Pte Ltd

MAJOR APPOINTMENTS
- Managing Director, Ecosave Pte Ltd
- Director, Agape Ace Ptd

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- ECS Holdings Limited

MR MIGUEL KO
Vice Chairman, Non-Executive Director

Date of appointment as Director:
1 January 2016

Length of service as Director:
1 year and 5 months

BOARD COMMITTEES SERVED ON:
- Investment Committee (Chairman)
- Nominating, Human Resource and Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Arts in (Economics), University of Massachusetts, U.S.A.
- Masters of Business Administration, Suffolk University, U.S.A.
- Certified Public Accountant (non-practicing), State Board of Accountancy, New Hampshire, U.S.A.

PRESENT DIRECTORSHIPS
Listed companies
- Ascendas Hospitality Fund Management Pte Ltd (Manager of Ascendas Hospitality REIT)
- Ascendas Hospitality Trust Management Pte Ltd (Manager of Ascendas Hospitality BT)

SGX-Mainboard listed Ascendas Hospitality Trust is a stapled group comprising Ascendas Hospitality REIT and Ascendas Hospitality BT

Others
- Ascendas-Singbridge Pte Ltd
- Changi Airport Group (Singapore) Pte Ltd
- CTM Property Trust (Steering Committee)
- Jilin Food Zone Pte. Ltd.
- Singapore-Sichuan Investment Holdings Pte Ltd

MAJOR APPOINTMENTS
- Group CEO, Ascendas-Singbridge Pte Ltd
- Chairman of Ascendas Hospitality Fund Management Pte Ltd (Manager of Ascendas Hospitality REIT)
- Chairman of Ascendas Hospitality Trust Management Pte Ltd (Manager of Ascendas Hospitality BT)

SGX-Mainboard listed Ascendas Hospitality Trust is a stapled group comprising Ascendas Hospitality REIT and Ascendas Hospitality BT

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Royal Orchid Hotel Company Ltd
- Samsonite International S.A.

Others
- CDL Hotels Ltd/ City e-Solutions
- Millennium & Copthorne PLC
- Merlin Entertainments Group Ltd
- Amarin Plaza Company Ltd
- Serm Suk (Pepsi-cola) Bottler Ltd
- Civil Aviation Authority Singapore (CAAS)
- Surbana Consultants Holdings Pte Ltd
- Delta Topco Limited (Formula One)

MR MANOHAR KHIATANI
Non-Executive Director

Date of appointment as Director:
10 June 2013

Length of service as Director:
3 years and 11 months

BOARD COMMITTEES SERVED ON:
- Investment Committee (Member)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Masters Degree (Naval Architecture), the University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

PRESENT DIRECTORSHIPS
Listed companies
- SIA Engineering Company Limited
- Ascendas Property Fund Trustee Pte Ltd (Trustee-Manager of Ascendas India Trust)
- Ascendas Hospitality Fund Management Pte Ltd (Manager of Ascendas Hospitality REIT)
- Ascendas Hospitality Trust Management Pte Ltd (Trustee-Manager of Ascendas Hospitality BT)

Others
- Ascendas Pte Ltd
- Ascendas Investment Pte Ltd
- Ascendas Land International Pte Ltd
- Ascendas Land (Singapore) Pte Ltd
- Ascendas Frasers Pte Ltd
- Ascendas-Citramas Pte Ltd
- Nusajaya Tech Park Sdn Bhd
- Directorships in other Ascendas Group companies

MAJOR APPOINTMENTS
Deputy Group CEO, Ascendas-Singbridge Pte Ltd

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

MR CHIA NAM TOON
Executive Director, CEO

Date of appointment as Director:
1 April 2016

Length of service as Director:
1 year and 2 months

BOARD COMMITTEES SERVED ON:
- Investment Committee (Member)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Diploma in Commerce (Financial Accounting), Malaysia
- Fellow Member, Association of the Chartered Certified Accountants UK (FCCA)
- Member, Institute of Singapore Chartered Accountants

PRESENT DIRECTORSHIPS
Listed companies
Nil

Others
- Ascendas Investment Pte Ltd
- Ascendas Land International Pte Ltd
- Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd
- Ascendas Funds Management (Australia) Limited

MAJOR APPOINTMENTS
Nil

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Ascendas Hospitality Fund Management Pte Ltd (Manager of Ascendas Hospitality REIT)
- Ascendas Hospitality Trust Management Pte Ltd (Manager of Ascendas Hospitality BT)

SGX-Mainboard listed Ascendas Hospitality Trust is a stapled group comprising Ascendas Hospitality REIT and Ascendas Hospitality BT

BOARD OF DIRECTORS

MR CHAN PENGEE, ADRIAN
Independent Director

Date of appointment as Director:
1 December 2014

Length of service as Director:
2 years and 6 months

BOARD COMMITTEES SERVED ON:
- Audit Committee (Chairman)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Laws (Honours), National University of Singapore

PRESENT DIRECTORSHIPS
Listed companies
- Yoma Strategic Holdings Ltd
- Global Investments Limited
- Nobel Design Holdings Ltd
- Hong Fok Corporation Limited

Others
- Hogan Lovells Lee & Lee
- Shared Services For Charities Limited
- Accounting and Corporate Regulatory Authority
- Azalea Asset Management Pte Ltd
- Astrea III Pte Ltd
- Want Want Holdings Ltd

MAJOR APPOINTMENTS
- Head of Corporate, Lee & Lee
- Chairman, Corporate Practice Committee of the Law Society of Singapore
- Chairman, Panel of the Institute of Corporate Law
- Member, Legal Service Commission
- Honorary Secretary, Association of Small and Medium Enterprises
- Member, SGX Catalist Advisory Panel
- Member, Pro-Enterprise Panel

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Isetan (Singapore) Limited
- AEM Holdings Ltd
- Biosensors International Group, Ltd

MS CHONG CHIET PING
Independent Director

Date of appointment as Director:
1 November 2015

Length of service as Director:
1 year and 7 months

BOARD COMMITTEES SERVED ON:
- Operational Risk Management Committee (Member)
- Nominating, Human Resource & Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Diploma in Electronics and Electrical Engineering, Singapore Polytechnic

PRESENT DIRECTORSHIPS
Listed companies
Nil

Others
- Third Wave Power Pte Ltd
- Wisewater Pte Ltd
- Avetics Pte Ltd
- Lean Care Solutions Corporation Pte Ltd
- GreenMeadows Accelerator Pte Ltd
- Nucleus Dynamics Pte Ltd

MAJOR APPOINTMENTS
- Managing Partner, Small World Group Incubator Pte Ltd
- Managing Partner, GreenMeadows Accelerator Pte Ltd
- Technical Advisor, National Research Foundation

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

MR LIM HOCK SAN
Independent Director

Date of appointment as Director:
1 July 2016

Length of service as Director:
11 months

BOARD COMMITTEES SERVED ON:
- Nominating, Human Resource & Remuneration Committee (Member)
- Operational Risk Management Committee (Member)
- Investment Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Accountancy, University of Singapore
- Master of Science (Management), Alfred P Sloan School of Management, MIT, U.S.A.
- Advanced Management Program, Harvard Business School
- Senior Executive Programme, London Business School
- Fellow Member, Institute of Singapore Chartered Accountants
- Fellow Member, Chartered Institute of Management Accountants (U.K.)

PRESENT DIRECTORSHIPS
Listed companies
- United Industrial Corporation Ltd
- Gallant Venture Ltd
- Indofood Agri Resources Ltd
- Interra Resources Limited

Others
- Singapore Land Limited
- Marina Centre Holdings Pte Ltd
- Realty Management Services (Pte) Ltd
- Beijing Landmark Towers Company Limited
- Singapore-Suzhou Township Development Pte Ltd
- UIC Technologies Pte Ltd
- Marina Bay Hotel Pte Ltd
- Hotel Marina City Pte Ltd
- China-Singapore Suzhou Industrial Park Development Co., Ltd
- Brendale Pte Ltd
- UIC Jin Travel (Tianjin) Co. Ltd
- Singland Chengdu Development Co Ltd
- Peak Venture Pte Ltd
- Air Transport Training College Pte Ltd
- Aquamarina Hotel Pte Ltd

MAJOR APPOINTMENTS
President & CEO, United Industrial Corporation Limited

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

MS LIM SAU HOONG
Independent Director

Date of appointment as Director:
1 November 2015

Length of service as Director:
1 year and 7 months

BOARD COMMITTEES SERVED ON:
- Nominating, Human Resource & Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Diploma in Education, Institute of Education
- Bachelor of Arts (Honours) in Chinese Studies, National University of Singapore

PRESENT DIRECTORSHIPS
Listed companies
Nil

Others
- Chinese Development Assistance Council
- NTUC Fairprice Co-operative Limited
- Singapore NTUC FairPrice Foundation

MAJOR APPOINTMENTS
- Advisor, Hyflux Ltd
- Member, Singapore50 Culture and Community Committee
- Member, Singapore Note and Coin Advisory Committee

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

BOARD OF DIRECTORS

MR TEO CHOON CHYE, MARC
Independent Director

Date of appointment as Director:
18 September 2012

Length of service as Director:
4 years and 8 months

BOARD COMMITTEES SERVED ON:
- Audit Committee (Member)
- Investment Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Arts (Economics and Statistics), National University of Singapore
- Member, ACI Singapore – The Financial Markets Association
- Associate Member, Singapore Institute of Directors

PRESENT DIRECTORSHIPS
Listed companies
Nil

Others
Nil

MAJOR APPOINTMENTS
Head of Treasury, The Norinchukin Bank, Singapore

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

MR WONG YEW MENG
Independent Director

Date of appointment as Director:
1 November 2015

Length of service as Director:
1 year and 7 months

BOARD COMMITTEES SERVED ON:
- Audit Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:
- Bachelor of Science (Economics), London School of Economics London
- Fellow Member, Institute of Chartered Accountants in England and Wales
- Member, Institute of Singapore Chartered Accountants

PRESENT DIRECTORSHIPS
Listed companies
- Venture Corporation Limited

Others
- People's Association
- Land Transport Authority of Singapore
- Singapore Deposit Insurance Corporation Limited
- Nanyang Technological University
- Kidney Dialysis Foundation Limited

MAJOR APPOINTMENTS
Nil

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
Nil

THE ASCENDAS REIT TEAM

From left to right (back):
Mr Lawden Tan, Ms Koo Lee Sze, Mr Harry Yan, Mr Sasidharan Nair

From left to right (front):
Mr Chia Nam Toon, Ms Karen Lee, Ms Yeow Kit Peng

THE ASCENDAS REIT TEAM

MR CHIA NAM TOON
Chief Executive Officer

Nam Toon was appointed CEO of the Manager of Ascendas Reit on 1 April 2016, and is responsible for its overall management and operations. He was previously the Group CFO for Ascendas-Singbridge, responsible for leading the Group's finance organisation and providing strategic financial leadership. His responsibilities include formulating financial policies, strategies and plans, and overseeing the financial and reporting functions.

Prior to the merger between Ascendas and Singbridge, Nam Toon was concurrently Ascendas' Group CFO and Group Assistant CEO, overseeing Ascendas' corporate services which include Strategy Management, Communications, Legal & Corporate Secretariat, Enterprise Risk Management, Information Management, and Finance.

Before joining Ascendas, Nam Toon was the Finance Director and Acting Chief Operating Officer of PEC Tech Group, an engineering and forestry services business division of a large regional conglomerate. He has extensive Asia Pacific experience having spent 12 years with ICI Plc, a major specialty chemical company in various senior roles in finance, corporate planning, and general management based in Kuala Lumpur, London and Singapore. He had also spent 4 years with F&N Coca-Cola in Malaysia.

Nam Toon is a Fellow of the Association of Chartered Certified Accountants UK (FCCA), a Fellow of the Institute of Certified Public Accountants of Singapore, and holds a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia.

MS KAREN LEE
Head, Singapore Portfolio Operations

Karen oversees the portfolio management in Singapore. She is responsible for the operational performance for Ascendas Reit's properties in Singapore and executing its operational strategies in Singapore. In addition, she oversees the Property Manager, ASPL, in the delivery of customer care and services and has the responsibility of maximising customer retention, loyalty and satisfaction.

Prior to joining the Manager, Karen served as Head of Lease Operations in JTC Corporation and Vice President in Trust Company Asia in charge of client services. Karen has over 16 years of experience in the real estate industry covering various areas of industrial lease and property management and marketing in Singapore and Vietnam.

Karen holds a Bachelor of Science (Economics) (Hons) degree and a Master of Science (Real Estate) from the National University of Singapore.

MR LAWDEN TAN
Head, Investment and Business Development

Lawden is responsible for developing and executing Ascendas Reit's investment and business development strategy. He leads the team to seek out asset acquisitions and development opportunities in Singapore and overseas.

Prior to joining the Manager, Lawden was with Ascendas-Singbridge Pte Ltd serving as Co-Head (Business Development, Singapore and Southeast Asia). He has over 20 years of experience in real estate industry covering investment, business development, property development, asset management, property management etc.

Lawden holds a Bachelor of Science (First Class Honours) in Estate Management from the University of Reading, a Master of Science in Real Estate and a Master of Business Administration from the National University of Singapore. He is a member of the Singapore Institute of Surveyors and Valuers and the Association of Property and Facility Managers.

MS KOO LEE SZE
Chief Financial Officer

As Chief Financial Officer, Lee Sze is responsible for financial accounting and reporting, management accounting and analysis, taxation and corporate services.

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

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

MR HARRY YAN
Head, Singapore Revenue Management

Harry is responsible for developing and executing Ascendas Reit's leasing strategy in Singapore. The team of business development managers, led by Harry, generates and evaluates business opportunities to improve the revenue performance for the portfolio. Harry also oversees the Property Manager, ASPL, in the marketing and leasing function and has the responsibility to maximise occupancy and gross revenue for Ascendas Reit's properties.

Harry has more than 13 years of experience in the real estate industry which includes asset management and leasing, property management and also investment and business development in Singapore and China. He holds a Bachelor of Science, Estate Management (Hons) degree from the University of Reading, UK and a Master of Science (Real Estate) from the National University of Singapore.

MS YEOW KIT PENG
Head, Capital Markets & Corporate Development

Kit Peng is responsible for the management of capital structure, treasury, financial risks, transaction execution, investor relations and corporate development of AFM.

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

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

MR SASIDHARAN NAIR
Head, Property Services

Sasi oversees the performance of the Property Manager, ASPL, and provides guidance to ensure systems and processes are in place for the delivery of the desired service levels of property management for the Ascendas Reit properties.

Sasi has extensive experience in estate management. He was with the Housing & Development Board for 12 years before joining EM Services Pte Ltd in 1991 to manage Town Councils. He was the General Manager of the East Coast Town Council, concurrently holding the post of Secretary of the Council. In addition, Sasi has also been involved in consultancy projects on township development and management in India and has conducted briefings to foreign delegations on township management.

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

THE PROPERTY MANAGER

The daily operations of Ascendas Reit's portfolio of properties located in Singapore are undertaken by the Property Manager, Ascendas Services Pte Ltd (ASPL), a wholly owned subsidiary of the Ascendas-Singbridge Group.

The ASPL team has over 150 staff members providing proactive and professional services to Ascendas Reit's customers, and enhancing the market positioning and attractiveness of Ascendas Reit's properties so as to maximise returns to Unitholders.

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

More specifically, ASPL has the following responsibilities:

Marketing and Leasing

ASPL, through the Ascendas-Singbridge Group's Customer Services and Solutions business unit, is responsible for the marketing and leasing of vacant space in Ascendas Reit's portfolio of properties. The team proactively conducts direct prospecting as well as partner property consultants, winning new customers, to enhance the portfolio occupancy and revenue. The team also develops new services and solutions to enhance its ability to attract, retain and grow with their customers.

In addition, customer care programmes, including bazaars, exhibitions and other customer related events are organised to improve vibrancy and create conducive human-centric work-live-play-learn environments.

Property Management and Services

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

Cost Management

The ASPL team adopts a prudent operational strategy in line with the Manager's objective of maximising return without compromising its service standards. They strive to continuously improve operating processes to raise productivity and enhance operational effectiveness so as to optimise operational cost.

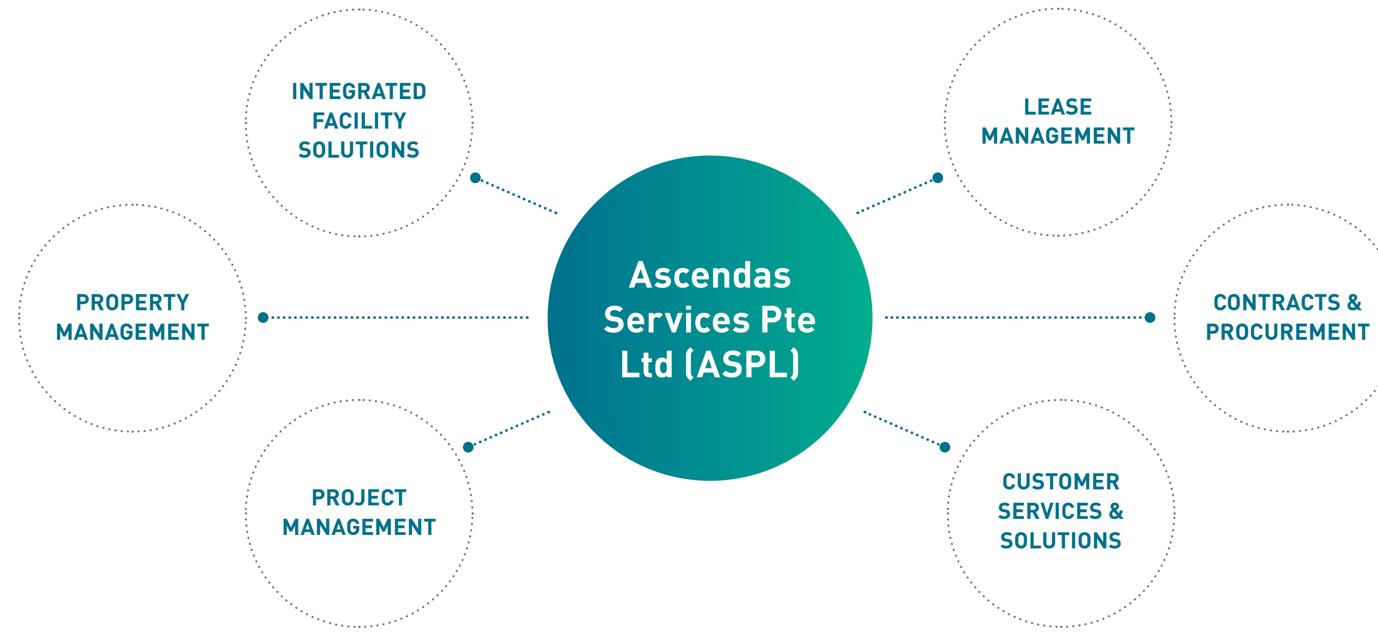
The ASPL team also conducts energy audits to identify, on a continual basis, buildings with potential for savings on energy consumption either through a more efficient management policy or capital expenditure plan.

Project Management

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

The team at ASPL is committed to providing optimal solutions and services to meet the needs of Ascendas Reit's customers as well as to enhance the value of Ascendas Reit's portfolio.

RESPONSIBILITIES OF ASCENDAS SERVICES PTE LTD



MR JEFFREY CHUA
Chief Executive Officer

Mr Jeffrey Chua, the CEO of ASPL, is responsible for property management, lease management and project management of Ascendas Reit's Singapore properties.

Jeffrey has more than 20 years of experience in property and facilities management, having started his career with the Housing & Development Board in 1987. He was General Manager for Tanjong Pagar Town Council for more than 12 years. Prior to joining Ascendas-Singbridge, Jeffrey was the Managing Director of CPG Facilities Management Pte Ltd which provides facilities management and operations for more than 1,000 buildings.

He graduated with a Bachelor of Engineering (Civil & Structural) (Honours) degree from the National University of Singapore (NUS) under the Singapore Government's Local Merit Scholarship.

He also holds a Master of Science (Real Estate) from the NUS. He is currently a member on the Advisory Board of Temasek Polytechnic's Engineering School, and Singapore Polytechnic's School of Architecture and Built Environment.

Jeffrey is a Member of Institute of Engineers Singapore and was admitted as Fellow of the Royal Institute of Chartered Surveyors in 2013.

MR AYLWIN TAN
Chief Customer Solutions Officer

Mr Aylwin Tan, as the Chief Customer Solutions Officer, is responsible for formulating and executing marketing and customer engagement strategies for the Ascendas-Singbridge Group.

Aylwin has extensive marketing and industry cluster development experience in Europe and Asia and has contributed to many successful government-to-government initiatives as well as private sector projects in Singapore and in the region.

Prior to joining Ascendas-Singbridge, Aylwin was with the Economic Development Board (EDB) for more than 13 years. He was a key member of EDB's team involved in charting Singapore's regionalisation strategies for Indochina that culminated in the creation of Vietnam-Singapore Industrial Park and was also actively involved in the marketing and seeding of industry clusters for the China-Singapore Suzhou Industrial Park. His last position in EDB was as its International Director (Asia Pacific). He has also served as EDB's Executive Director for Communications, Chief Information Officer as well as Head of Electronics in Singapore.

Aylwin holds a Bachelor of Engineering (Mechanical and Production) from the National University of Singapore, and has completed his Advanced Management Program at Harvard Business School.

THE MANAGER'S REVIEW OF FY16/17

Highlights of FY16/17

+9.1%

GROSS REVENUE

FY16/17: S$830.6 million
FY 15/16: S$761.0 million

+14.5%

NET PROPERTY INCOME (NPI)

FY16/17: S$611.0 million
FY15/16: S$533.7 million

+18.0%

TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION

FY16/17: S$446.3 million
FY15/16: S$378.3 million

+2.5%

DISTRIBUTION PER UNIT (DPU)

FY16/17: 15.743 cents
FY15/16: 15.357 cents

+3.0%

TOTAL ASSETS

FY16/17: S$10.2 billion
FY15/16: S$9.9 billion

PROACTIVE PORTFOLIO MANAGEMENT

- Overall portfolio occupancy and multi-tenant properties occupancy stood at 90.2% and 85.0% respectively, as at 31 March 2017
- Achieved positive rental reversion of 3.1% in FY16/17, despite intense competition and a soft global economy
- In FY16/17, Ascendas Reit completed 5 asset enhancement initiatives worth about S$35.8 million
- Continually reviews portfolio for suitable asset enhancement initiatives related to upgrading of building specifications, enhancing marketability of properties and in some cases, increasing lettable area by maximising available plot ratio

Portfolio Occupancy	Portfolio Rental Reversion
FY16/17: 90.2%	**FY16/17: 3.1%**
FY15/16: 87.6%	FY15/16: 7.0%

DISCIPLINED VALUE-ADDING INVESTMENT AND DIVESTMENT

- Acquired two business park properties in Singapore and Australia, for a combined purchase consideration of S$565.6 million:
  - 12, 14 & 16 Science Park Drive (DNV/DSO), which comprises three built-to-suit blocks within Singapore Science Park 1 for S$420.0 million
  - 197-201 Coward Street, a business park property which comprises two 8-storey A-grade office park towers and a multi-storey carpark for A$143.4 million
- Divested Four Acres Singapore, A-REIT Jiashan Logistics Centre, Ascendas Z-Link and A-REIT City @Jinqiao for a combined sale price of S$441.6 million. Realised capital gains over original costs amounting to S$194.6 million
- Total valuation of 129 properties (excluding two properties under re-development) was S$9,874.2 million and portfolio capitalisation rate was 6.29% as at 31 March 2017.

Portfolio Capitalisation Rate
FY16/17: 6.29%
FY15/16: 6.34%

PRUDENT CAPITAL AND RISK MANAGEMENT

- Maintained A3 credit rating from Moody's
- Aggregate leverage improved to 33.8% as at 31 March 2017
- Weighted average all-in borrowing cost was at 3.0% per annum
- Long debt maturity profile at 3.3 years
- 78.9% of interest rate risk exposure is hedged with a weighted average duration of 3.2 years
- Good access to debt and equity markets:
  - Issued S$292.9 million notes through:
    - ◊ S$130.0 million 5-year notes and
    - ◊ S$162.9 million (HKD923.0 million) 10-year notes
  - Raised S$254.7 million of equity through:
    - ◊ S$154.7 million private placement
    - ◊ S$100.0 million consideration units

Aggregate Leverage	Average Debt Maturity	All-in Borrowing Cost (weighted average)
FY16/17: 33.8%	**FY16/17: 3.3 years**	**FY16/17: 3.0%**
FY15/16: 37.3%	FY15/16: 3.4 years	FY15/16: 2.8%

MAINTAIN STRONG CORPORATE GOVERNANCE CULTURE

- Winner of the "Most Transparent Company Award" in the REITs and business trusts category at the 2016 Securities Investors Association (Singapore) Investors' Choice Awards for the sixth consecutive year
- Achieved the Silver Award at the Singapore Corporate Awards 2016 for Best Investor Relations
- Ranked 5th by FinanceAsia's Annual Poll of Asia's Best Managed Companies for Best at Investor Relations

THE MANAGER'S REVIEW OF FY16/17

FINANCIAL PERFORMANCE

	FY16/17	FY15/16	Variance
Number of properties as at 31 March	131	133	-2
Gross revenue (S$ million)	830.6	761.0	+9.1%
NPI (S$ million)	611.0	533.7	+14.5%
Total amount available for distribution (S$ million)	446.3	378.3	+18.0%
DPU for the financial year (cents)	15.743	15.357	+2.5%

Gross revenue increased 9.1% to S$830.6 million, mainly attributable to the acquisitions in the second half of FY15/16 (comprising the portfolio of Australian logistics properties and ONE@Changi City) and the new acquisitions in FY16/17 (comprising 197-201 Coward Street in Sydney, Australia, and 12, 14 & 16 Science Park Drive (DNV/DSO)).

Net property income increased 14.5% from S$533.7 million to S$611.0 million.

Total amount available for distribution grew 18.0% to S$446.3 million. Included in the amount available for distribution was approximately S$3.7 million (or DPU of 0.132 cents) of income support in relation to certain properties that was received and paid to Unitholders in FY16/17.

DPU grew 2.5% to 15.743 cents (after performance fees) in FY16/17 as compared with 15.357 cents in FY15/16. The Manager continued to pay out 100% of Ascendas Reit's taxable income available for distribution.

As at 31 March 2017, Ascendas Reit is the largest business space and industrial REIT listed on the SGX-ST with total assets and market capitalisation of S$10.2 billion and S$7.4 billion respectively.

INVESTMENT HIGHLIGHTS

During the financial year, the Manager maintained its mandate to extend investment opportunities in its existing Singapore and Australia markets. This is in line with Ascendas Reit's strategy to sustain a diversified portfolio with a stable, predictable income stream and long-term growth prospects.

In September 2016, Ascendas Reit acquired its 1st Australian business park property, 197 – 201 Coward Street for A$143.4 million. The freehold property comprises two 8-storey A-grade office park towers and a multi-storey carpark. It is located in an established South Sydney commercial precinct, well serviced by public transportation. 197 -201 Coward Street is also 100.0% occupied with high quality tenants such as Leighton Contractors, TNT Australia and Avis Australia.

Ascendas Reit also acquired DNV/DSO, a high quality science park property for S$420.0 million in February 2017. Located in Singapore Science Park 1 and accessible via Ayer Rajah Expressway and Kent Ridge MRT, the property comprises three built-to-suit blocks for tenants DSO National Laboratories and DNV GL Technology Centre. DNV/DSO is 100.0% occupied with a remaining land tenure of 64.2 years.

In April 2017, the Manager completed the acquisition of Stage 4 Power Park Estate in Melbourne for A$24.8m. The freehold property is a prime single-storey modern logistics facility, located in the industrial suburb of Dandenong South. Stage 4 Power Park Estate had an occupancy of 67.8% upon completion and its key tenant is Bunzi Outsourcing Services.

The Manager continues to take a proactive approach to improve portfolio returns via asset enhancement initiatives. Projects worth S$35.8 million across five properties were completed. This included 2 Senoko South Road, a food factory that was converted to a multi-tenant building, rejuvenation of Acer Building, and upgrading works at various properties to enhance building specifications.

During the year, the Manager embarked on two new development projects and one new asset enhancement initiative with a total estimated value of S$114.3 million. The projects are on-going as at 31 March 2017.

COMPLETED INVESTMENTS IN FY16/17

	Country	Price/Cost (S$ million)	Completion Date
Acquisitions		**565.6**	
12, 14 & 16 Science Park Drive (DNV/DSO)	Singapore	420.0	Feb-17
197 - 201 Coward Street, Mascot, Sydney	Australia	145.6[1]	Sep-16
Asset Enhancement Initiatives		**35.8**	
AzkoNobel House	Singapore	6.5	Dec-16
The Aries (part of The Aries, Sparkle & Gemini)	Singapore	4.7	Aug-16
Acer Building	Singapore	10.7	Jun-16
The Kendall	Singapore	1.6	May-16
2 Senoko South Road	Singapore	12.3	Apr-16
Total		**601.4**	

(1) Based on exchange rate of A$1.000:S$1.015 as announced on 9 September 2016.

ON-GOING PROJECTS AS AT 31 MARCH 2017

Projects	Country	Development Cost (S$ million)	Estimated Completion Date
Re-development Projects		**106.6**	
20 Tuas Avenue 1 (formerly IDS Logistics Corporate HQ)	Singapore	61.4	1Q 2018
50 Kallang Avenue	Singapore	45.2	2Q 2017
Asset Enhancement Initiatives		**7.7**	
The Gemini	Singapore	7.7	3Q 2017
Total		**114.3**	

THE MANAGER'S REVIEW OF FY16/17

COMPLETED ACQUISITIONS

12, 14 & 16 Science Park Drive (DNV/DSO), Singapore

DNV/DSO, which comprises of DSO National Laboratories and DNV GL Technology Centre, was acquired from Ascendas-Singbridge Group. The former consists of two 8-storey buildings, while the latter is a 7-storey building. The property is located in Singapore Science Park 1 and is within walking distance to Kent Ridge MRT station, and a few minutes' drive to West Coast Highway and Ayer Rajah Expressway. Sited on a land area of 39,436 sq m, the property has a remaining land lease tenure of approximately 64.2 years. It also has a contractual gross floor area and net lettable area of 78,871 sq m.

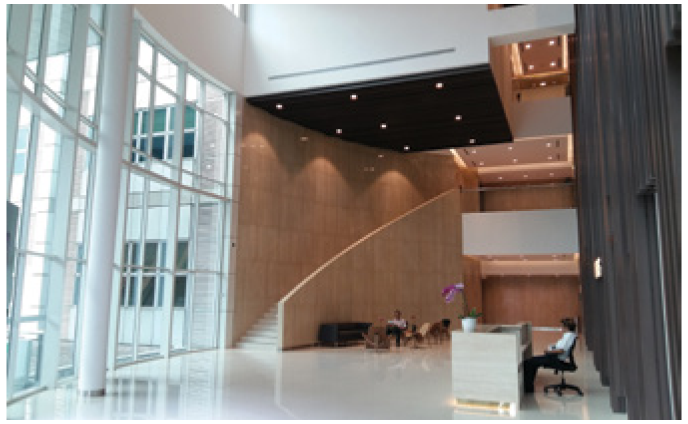
197-201 Coward Street, Sydney, Australia

197-201 Coward Street, which was acquired from Frasers Property Australia, comprises of two 8 storey A-Grade Office Park towers, served by a freestanding multi-storey carpark with 543 lots. The property is located in a commercial precinct 10 km south of the Sydney's Central Business District, less than 2 km from the Sydney international and domestic airports, 300 m from Mascot rail station and less than 8 km north of Port Botany. The freehold property is sited on a land area of 6,714 sq m, and has a total net lettable area of 22,628 sq m.

ASSET ENHANCEMENT INITIATIVES – COMPLETED

AkzoNobel House, Singapore

AkzoNobel House is located within Changi Business Park and was acquired from CBP3 Pte Ltd in 2011. The asset enhancement works were for aesthetic improvements to the building's interior, cyclical replacement and installation of mechanical and electrical parts. The aim was to enhance the property's marketability and improve our customers' experience in the property. Installation of energy efficient LED lightings, upgrading of Public Address systems and lift intercoms, upgrading of lobbies, toilets and corridors were some of the key works done to the building. The enhancement works were completed in December 2016.



The Aries (Part of The Aries, Sparkle & Gemini), Singapore

The Aries is located in Singapore Science Park 2, and was part of Ascendas Reit's original portfolio of properties since its Initial Public Offering in November 2002. It has since been amalgamated with Sparkle and Gemini, subsequent to the completion of asset enhancement works for Sparkle. Completed in August 2016, the enhancement works involved the upgrading of restrooms, lifts, and lobbies. The air-conditioning system was also replaced and LED lighting was installed.

Acer Building, Singapore

Acer Building is located within International Business Park, and was acquired from Acer Computer International Ltd in 2008. The asset enhancement works were completed in May 2016, and involved constructing a new central drop-off point and entrance foyer. Upgrading works were also done to the lifts, lift lobbies, corridors and restrooms. The rejuvenation works have improved the existing building specifications and would enhance the property's competitiveness and marketability.

The Kendall, Singapore

The Kendall is located within Singapore Science Park 2, and was acquired from our sponsor, Ascendas-Singbridge Group in 2015. The asset enhancement works were related to the cladding and repainting of the building's façade and upgrading of toilets. Works were completed in May 2016.

THE MANAGER'S REVIEW OF FY16/17

2 Senoko South Road, Singapore

Located within JTC Corporation's designated Food Zone in Senoko area, 2 Senoko South Road was acquired from Super Coffeemix Manufacturing Ltd in 2007 on a "sale-and-leaseback" basis. Originally a single-tenant food factory, the Manager embarked on a project to convert the property into a multi-tenant light industrial food building by reconfiguring the building's floor layouts and improving service infrastructure by constructing new loading bays, additional cargo lifts, toilets and installing mechanical ventilation for sub-divided units. Completed in April 2016, 2 Senoko South Road is well-positioned to cater to customers looking for units with good specifications for their food production, processing, storage and central kitchen activities.

DEVELOPMENT PROJECTS – ON-GOING

Artist's impression

20 Tuas Avenue 1, Singapore

20 Tuas Avenue 1 is located in the Jurong industrial area and was acquired from IDS Logistics Services Pte. Ltd in February 2004 on a "sale-and-leaseback" basis. The proposed 3-storey ramp-up warehouse block aims to optimise the potential 1.4 plot ratio of the property by adding about 19,289 sq m of additional net lettable area. The property will have efficient and regular floor plate sizes with a concrete roof carpark for 137 lots of 40 footer container and 37 lots of lorries parking. There will also be a ground floor open yard of 1,600 sq m. The property is expected to complete in 1Q 2018.

Artist's impression

50 Kallang Avenue, Singapore

50 Kallang Avenue is a high-specifications industrial building, that was acquired from Noel Gifts International Limited in February 2006 on a "sale-and-leaseback" basis. The project involves converting the multi-tenant building for a single tenant's business operations. It involves maximising the building's potential plot ratio of 2.5, reconfiguring the existing spaces and installing aluminium cladding and decorative fins to the external façade of the building. The building will also be retrofitted with larger windows, new air-conditioning system and lifts. Driveways will be partially resurfaced and repainted, while landscaping works will also be done. The development is expected to be completed in 2Q 2017.

ASSET ENHANCEMENT INITIATIVES – ON-GOING

Artist's impression

The Gemini, Singapore

The Gemini is located in Science Park 2, and was part of Ascendas Reit's original portfolio of properties since its Initial Public Offering in November 2002. It has since been amalgamated with Aries and Sparkle, subsequent to the completion of asset enhancement works for Sparkle. The enhancement works involve upgrading the main and lift lobbies, passenger and cargo lifts, corridors and staircases. Efficient lighting and air-conditioning systems will also be installed, while the landscape and restrooms will be improved. The enhancement works are expected to complete within 3Q 2017.

DIVESTMENT

During the financial year, the Manager completed four divestments, totalling its divestment to-date to nine.

In April 2016, the Manager divested Four Acres Singapore to Unilever Asia Pacific Private Limited for S$34.0 million realising capital gains of S$0.6 million over the development cost of the built-to-suit project.

The Manager subsequently divested Ascendas Reit's entire China portfolio namely, A-REIT Jiashan Logistics Centre (to Goodman Developments Asia and GCLP Developments No. 3 (BVI) Limited, in June 2016), Ascendas Z-Link (to Cova Beijing ZPark Investment Ltd., in July 2016) and A-REIT City @Jinqiao (to Wkland Investments II Limited and Vanke Property (Hong Kong) Company Limited, in November 2016). Total capital gains of S$194.0 million were realised over the original costs of investments.

The Manager will continue to selectively divest properties to recycle capital to optimise Ascendas Reit's portfolio.

COMPLETED DIVESTMENTS IN FY16/17

Projects	Country	Sale Price[1] (S$ million)	Completion Date
Four Acres Singapore	Singapore	34.0	Apr-16
A-REIT Jiashan Logistics Centre	China	26.0	Jun-16
Ascendas Z-Link	China	160.0	Jul-16
A-REIT City @Jinqiao	China	221.6	Nov-16
Total		**441.6**	

(1) In accordance to Ascendas Reit's Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of the Property.

THE MANAGER'S REVIEW OF FY16/17

CAPITAL AND RISK MANAGEMENT

As at 31 March 2017, Ascendas Reit's balance sheet remained strong with its aggregate leverage at 33.8%. With a debt headroom of around S$2.1 billion before aggregate leverage reaches 45.0%, Ascendas Reit is well-positioned to seize investment opportunities when they arise.

Ascendas Reit's weighted average term of debt is 3.3 years as at 31 March 2017, with a weighted average all-in borrowing cost of 3.0% per annum. In addition to fixed rate debt issued, interest rate swaps are used to manage or hedge the interest rate exposure of its floating rate borrowings. About 78.9% of Ascendas Reit's borrowing are on fixed rates with a weighted average term of 3.2 years.

During the year, all the investors of the S$300 million exchangeable collateralised securities (ECS) exercised their option to convert their ECS holdings into Ascendas Reit Units. The proportion of unencumbered investment properties increased to 89.3% as at 31 March 2017 (from 77.2% as at 31 March 2016), further enhancing its financial flexibility.

The Manager continued to diversify its funding sources. In FY16/17, the Manager issued about S$292.9 million worth of Notes, comprising S$130.0 million 5-year Notes and S$162.9 million (HKD923.0 million) 10-year Notes under its Medium Term Note Programme. All the notes were competitively priced and were used to refinance existing borrowings, to fund new acquisitions and for working capital purposes.

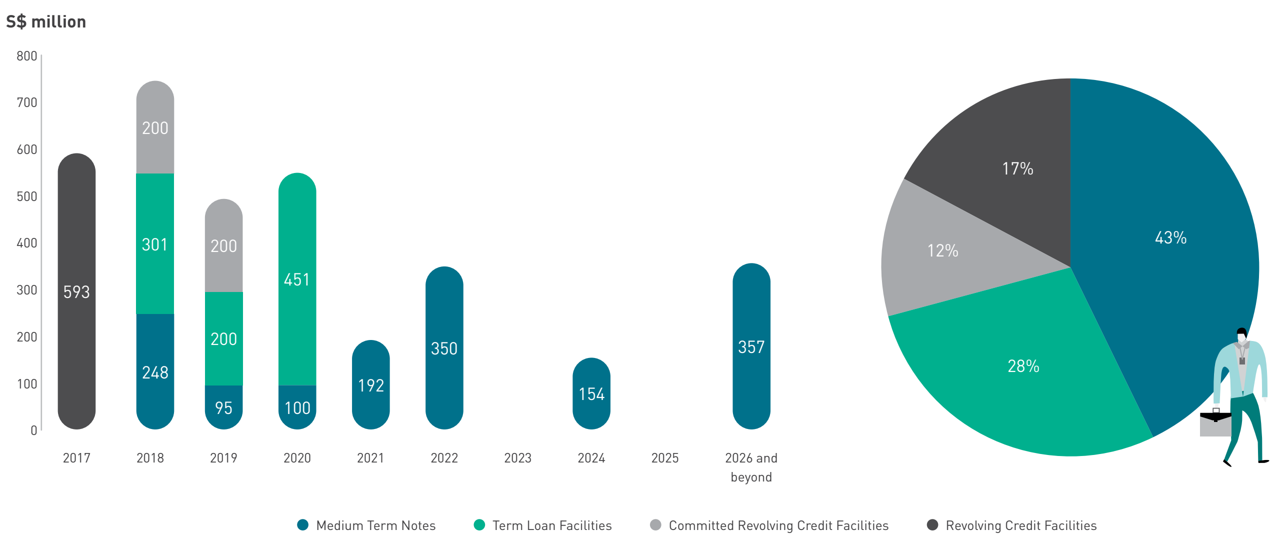
To minimise refinancing risk, the Manager continues to keep a well-spread debt maturity profile.

The Manager further strengthened Ascendas Reit's balance sheet in FY16/17 where total gross proceeds of S$154.7 million were raised in a private placement in August 2016 to partially fund two investment opportunities in Australia and asset enhancement of 50 Kallang Avenue in Singapore. Part of the proceeds have been deployed in accordance with the intended use. The balance of the proceeds have been used to repay outstanding borrowings, pending the full deployment of funds towards 50 Kallang Avenue.

In February 2017, Ascendas Reit issued S$100.0 million worth of consideration units to Ascendas Land (Singapore) Pte Ltd as partial consideration for the acquisition of DNV/DSO.

Ascendas Reit continues to maintain its A3 issuer rating from Moody's.

Debt Maturity Profile and Sources of Debt (as at 31 March 2017)



Key Debt Funding Indicators

Indicators	As at 31 March 2017	As at 31 March 2016
Aggregate leverage	33.8%	37.3%
Total debt(1) (S$ million)	3,442	3,678
Fixed debt as a % of total debt	78.9%	71.9%
Weighted average all-in borrowing cost	3.0%	2.8%
Weighted average tenure of debt outstanding (years)	3.3	3.4
Weighted average tenure of fixed debt outstanding (years)	3.2	3.3
Interest cover ratio	5.7x	5.5x
Total debt / EBITDA	6.3x	7.9x
Unencumbered properties as % of total investment properties(2)	89.3%	77.2%

(1) Excludes fair value changes and amortised costs. Borrowings denominated in foreign currencies are translated at the prevailing exchange rates except for JPY/HKD-denominated debt issues, which are translated at the cross-currency swap rates that Ascendas Reit has committed to.
(2) Total investment properties exclude properties reported as finance lease receivables.

Use of Gross Proceeds from Private Placement in August 2016 (as at 31 March 2017)

	Announced use of proceeds (S$ million)	Actual use of proceeds (S$ million)	Balance of proceeds (S$ million)
To partially fund the acquisitions of 197-201 Coward Street, Mascot located in Sydney, Australia and Stage 4, Power Park Estate, Dandenong South located in Melbourne, Australia and the associated costs	112.1	112.1	-
To fund the asset enhancement of a high-specifications industrial property (50 Kallang Avenue) located in Singapore to convert the property from a multi-tenant building to a single-tenant building	40.0	13.5	26.5
To pay the fees and expenses incurred by Ascendas Reit in connection with new Unit issuances	2.6	2.6	-
Total	**154.7**	**128.2**	**26.5**

THE MANAGER'S REVIEW OF FY16/17

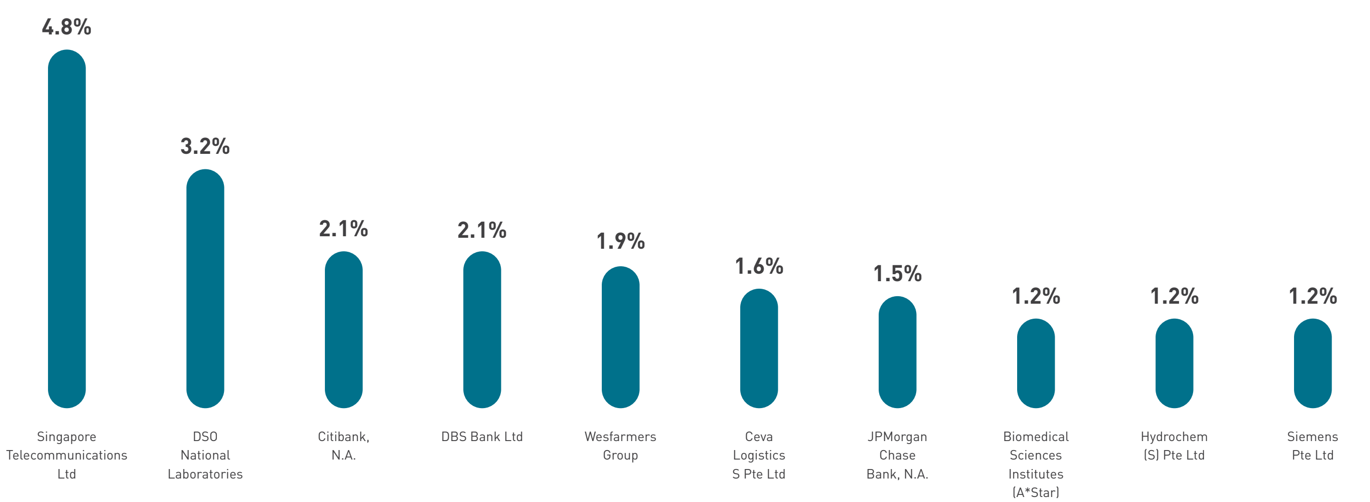
CUSTOMER CREDIT & CONCENTRATION RISK MANAGEMENT

To minimise customer credit risk, a credit evaluation process has been established to assess the creditworthiness of Ascendas Reit's customers. Based on standard industry practice, one month's worth of gross rental is usually held as security deposit for each year's lease. However, for long-term leases in single-tenant properties, a larger sum of security deposit may be held. This is dependent on the length of the lease, the credit risks of such customers and commercial negotiation. Security deposits for Ascendas Reit's single-tenant properties range from three months to eleven months of rental income equivalent. The average security deposit for the portfolio is approximately five months of rental income.

With a customer base of around 1,390 local and international companies, rigorous and conscientious effort has been put in to manage accounts receivables. About 86.7% of rental receipts are collected via interbank GIRO services. This enables the Manager to react efficiently and appropriately towards any delinquency in payment.

Top ten customers accounted for not more than 20.8% of Ascendas Reit's gross rental income and the majority of these customers are either multinational or listed companies. Furthermore, no single property accounts for more than 5.4% of Ascendas Reit's monthly gross revenue, offering income diversity within the portfolio.

Top 10 Customers of Ascendas Reit by Gross Rental Income (as at 31 March 2017)



PORTFOLIO MANAGEMENT & PERFORMANCE

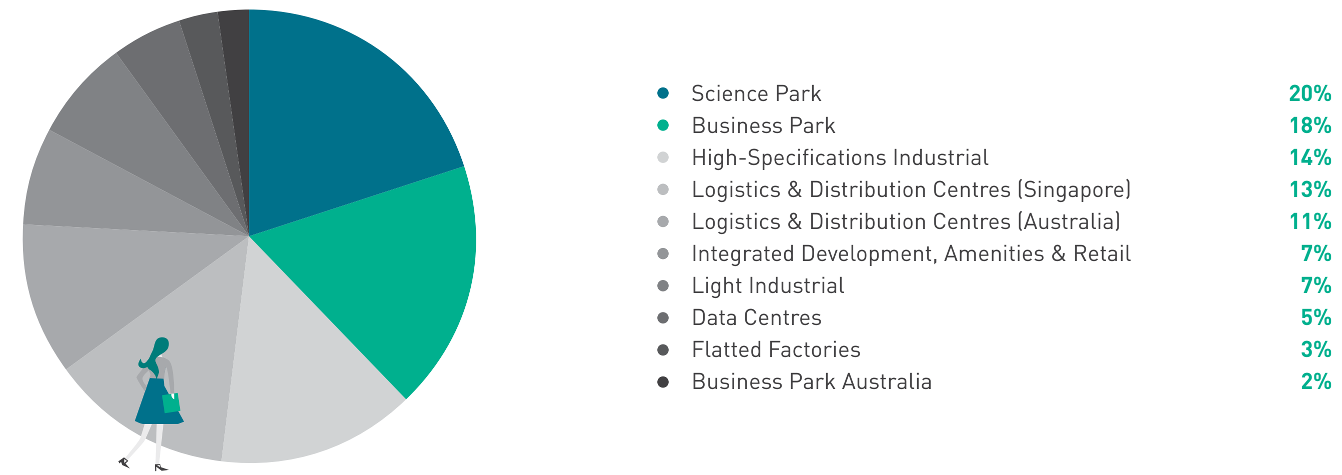
Ascendas Reit continues to own a spectrum of business space and industrial properties, comprising Business & Science Park properties, Integrated Development, Amenities & Retail properties, High-Specifications Industrial properties & Data Centres, Light Industrial properties & Flatted Factories and Logistics & Distribution Centres.

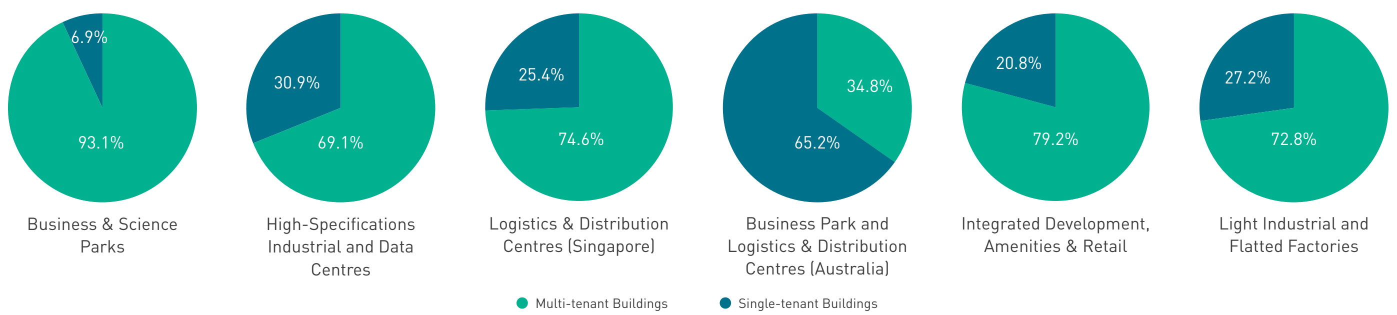
As at 31 March 2017, Ascendas Reit has 103 properties (86% by asset value) in Singapore and 28 properties (14% by asset value) in Australia.

In FY16/17, sources of new demand continued to be broad based ranging from conventional space requirements for transport and storage, information technology and food products & beverages to higher value and knowledge intensive industries such as biomedical and telecommunication & datacentre.

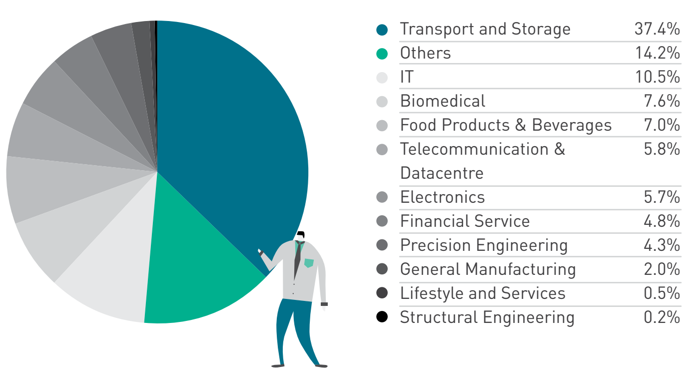
Only about 9.8% of Ascendas Reit's lettable area is involved in conventional manufacturing activities. The remaining space caters to non-manufacturing activities such as research and development, backroom offices, telecommunications & data centres, software and media consultancy services as well as transport & storage.

Well diversified portfolio by asset value (as at 31 March 2017)

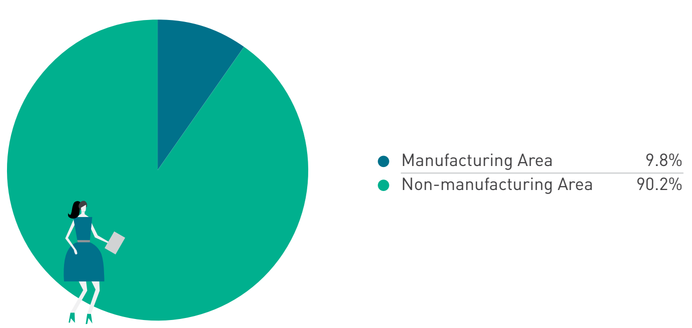




Sources of New Demand in FY16/17 by Net Lettable Area

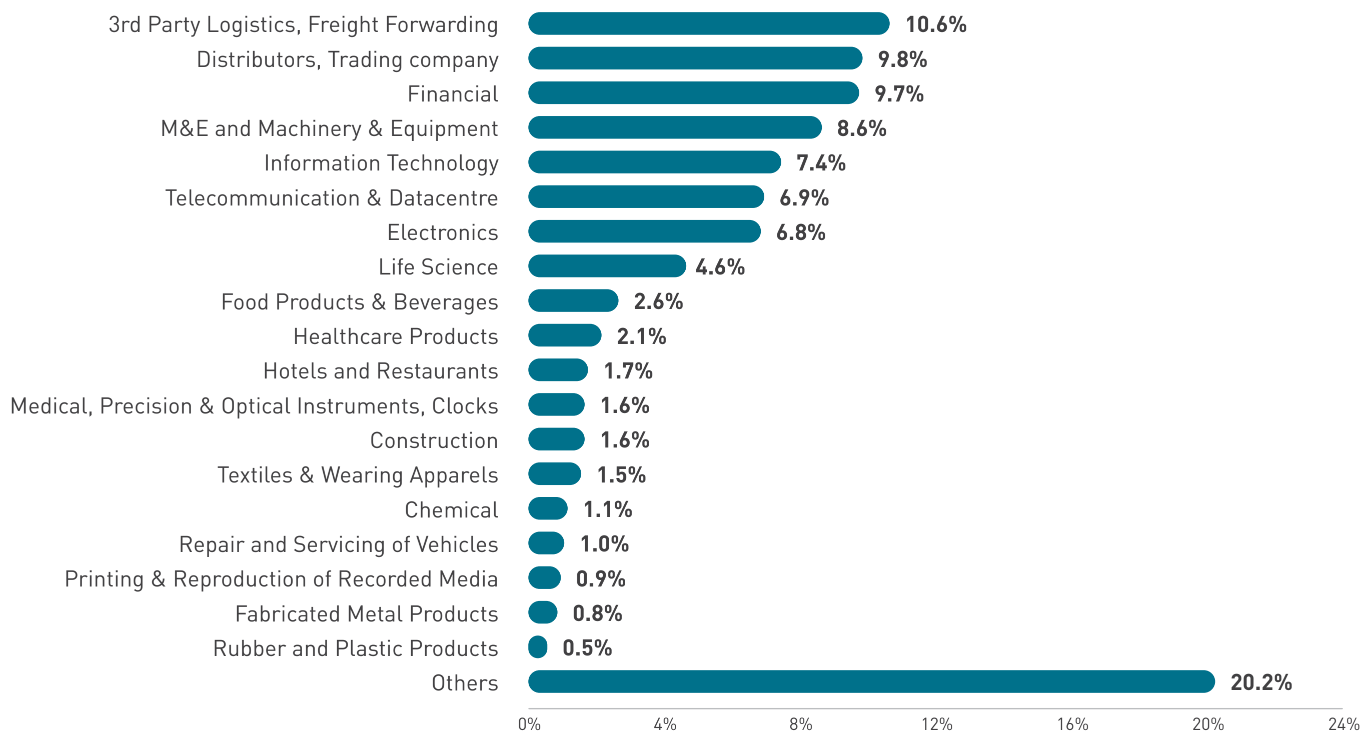


Low Exposure to Conventional Manufacturing by Net Lettable Area (as at 31 March 2017)



THE MANAGER'S REVIEW OF FY16/17

Customer's Industry Diversification by Gross Rental Income



POSITIVE RENTAL REVERSION

For FY16/17, Ascendas Reit's portfolio achieved weighted average rental reversions ranging from -6.5% to +7.0% across the various property segments. Overall, the weighted average rental reversion for the portfolio was +3.1% for all the renewed leases signed during the year.

Rental Reversion in FY16/17

Multi-tenant Buildings	% Change in Renewal Rates[1]	
	FY16/17	FY15/16
Singapore	**3.1%**	**7.0%**
Business & Science Parks	4.6%	9.6%
High-Specifications Industrial	0.4%	4.5%
Light Industrial and Flatted Factories	1.1%	6.1%
Logistics & Distribution Centres	-6.5%	6.5%
Integrated Development, Amenities & Retail	7.0%	-[2]
Australia	**0.5%**	**-[3]**
Business Park	-[3]	-[3]
Logistics & Distribution Centres	0.5%	-[3]
Total Portfolio	**3.1%**	**7.0%**

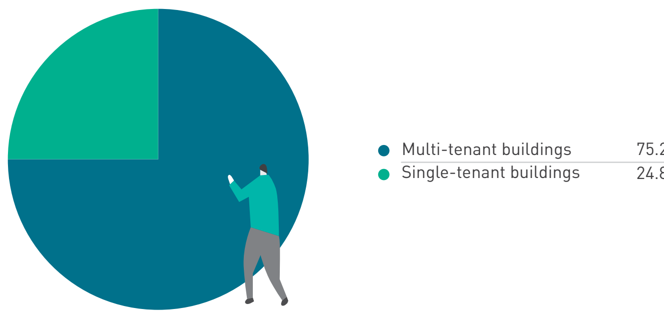
Notes:
(1) Average gross rents over the lease period of the renewed leases divided by the preceding average gross rents (weighted by area renewed). Takes into account renewed leases that were signed in the respective periods.
(2) There were no renewals signed for the Integrated Development, Amenities & Retail segment in FY15/16.
(3) There were no renewals signed for the Logistics & Distribution Centres Australia segment in FY15/16, and for the Business Park Australia segment in FY16/17.

LEASE STRUCTURE AND PROFILE

About 24.8% of Ascendas Reit's portfolio comprises long-term leases in single-tenant properties. These leases provide stability in earnings growth as 19.5% of such leases have rental escalation pegged to the Consumer Price Index with a fixed rate floor and 76.0% incorporate fixed rate adjustments. The rest have varying quantum of periodic escalation. The remaining 75.2% of Ascendas Reit's portfolio comprises multi-tenant buildings, typically with three-year leases without any rental adjustments during their tenure. The rental rates for such leases are marked-to-market upon renewal and provide an opportunity for increase in earnings in an upmarket.

The weighted average lease to expiry (WALE) for the portfolio is 4.3 years as at 31 March 2017. In Australia, leases tenures are generally longer than those in Singapore at 4.9 years. Weighted average lease term of new leases signed in FY16/17 was 4.2 years and they accounted for 11.8% of total gross rental income for FY16/17.

Breakdown of Single-tenant Buildings and Multi-tenant Buildings by Asset Value (as at 31 March 2017)

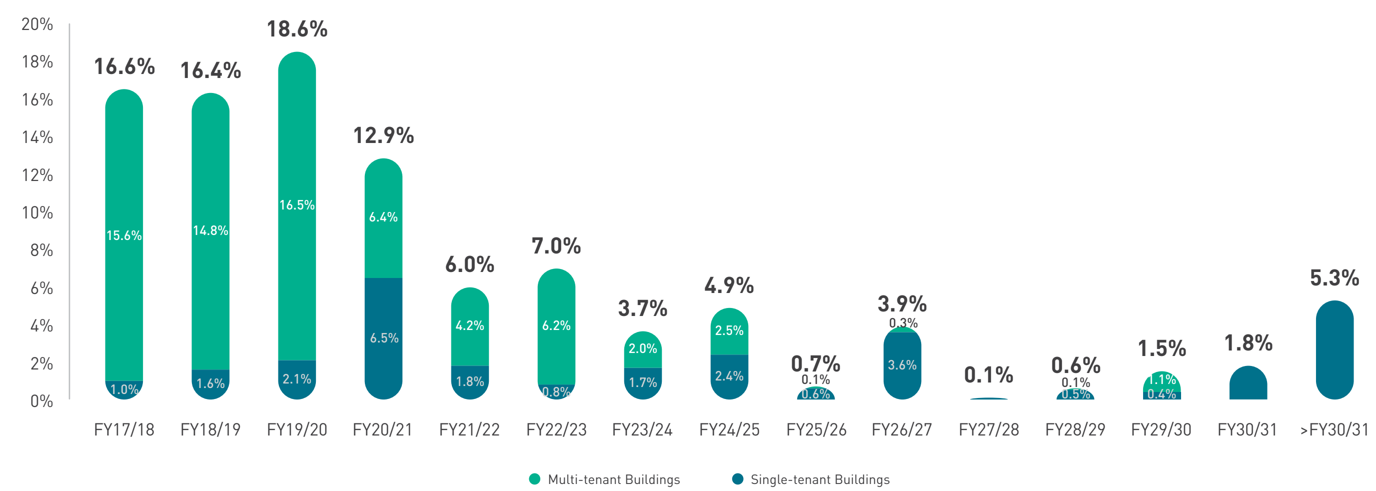


Weighted Average Lease to Expiry by Gross Rental Income (as at 31 March 2017)

WALE (in years)	31 March 2017	31 March 2016
Singapore	4.3	3.5
Australia	4.9	5.2
China	-	2.6
Total Portfolio	**4.3**	**3.7**

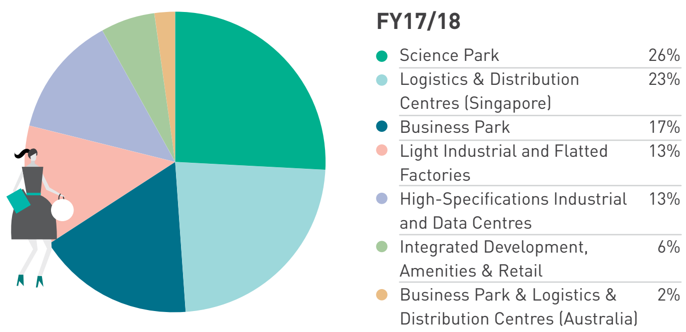
About 16.6% of Ascendas Reit's gross rental income is due for renewal in FY17/18; of which 1.0% are leases of single-tenant buildings and 15.6% are leases of multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

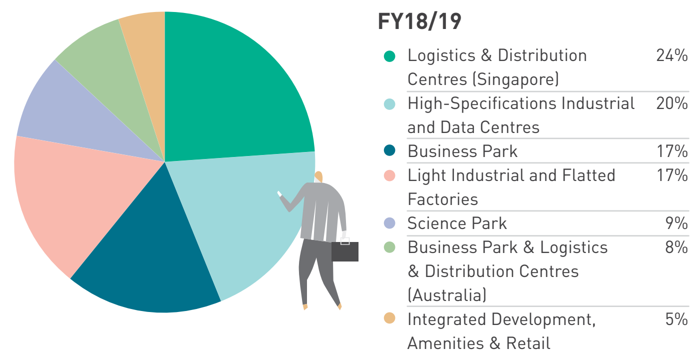
Ascendas Reit's Portfolio Lease Expiry Profile (as at 31 March 2017)



THE MANAGER'S REVIEW OF FY16/17

Breakdown of Expiring Leases for FY17/18 and FY18/19 by Gross Rental Income (as at 31 March 2017)



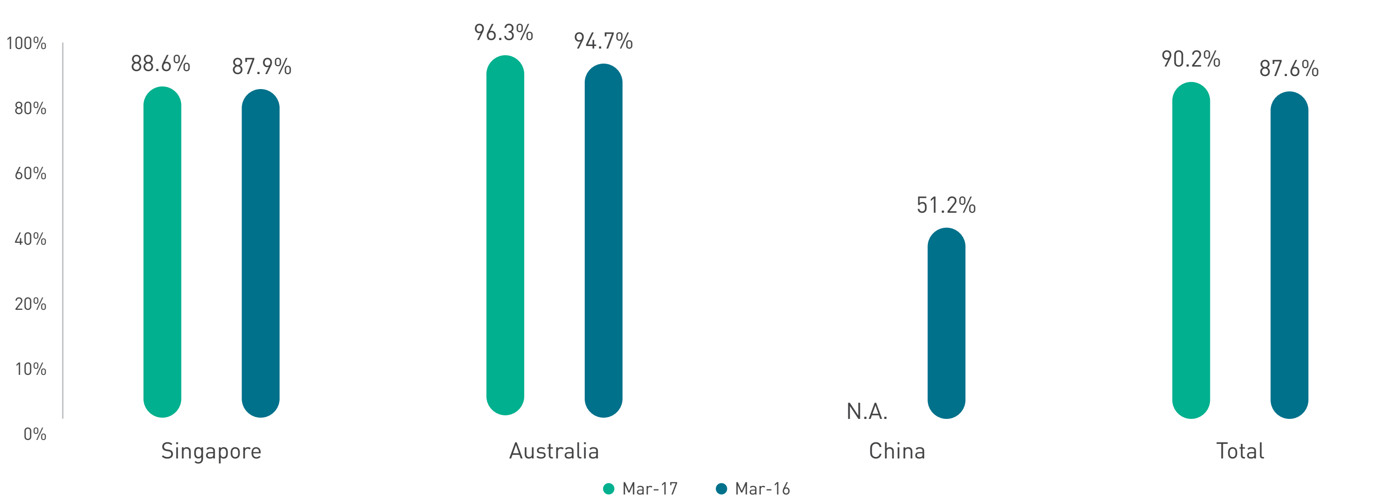


OCCUPANCY

As at 31 March 2017, the occupancy rate for Ascendas Reit's overall portfolio stood at 90.2% (from 87.6% as at 31 March 2016). With proactive marketing and leasing of space in properties such as 2 Senoko South Road, 5 Toh Guan Road East and 40 Penjuru Lane, occupancy rate of the Singapore portfolio improved to 88.6% (from 87.9% as at 31 March 2016).

In Australia, improvements in 62 Stradbroke Street and 162 Australis Drive resulted in an occupancy of 96.3% as at 31 March 2017 (from 94.7% as at 31 March 2016).

Overview of Portfolio Occupancy



Singapore Portfolio Occupancy

As at	31 March 2017	31 March 2016	Percentage / Percentage-point Change
Total Singapore Portfolio GFA (sq m)	3,025,823 [1][2][3]	2,967,777 [4]	2.0%
Singapore Portfolio occupancy (same store) [5]	88.4%	88.9%	-0.5%
Singapore Multi-tenant building occupancy (same store) [6]	85.4%	84.4%	1.0%
Overall Singapore portfolio occupancy	88.6%	87.9%	0.7%
Singapore Multi-tenant building occupancy	84.9%	83.2%	1.7%

(1) Excludes 50 Kallang Avenue which has been de-commissioned for asset enhancement works.
(2) Excludes 20 Tuas Avenue 1 which has been de-commissioned for asset enhancement works.
(3) Excludes Four Acres Singapore which was divested on 29 April 2016.
(4) Excludes 2 Senoko South Road which was decommissioned for asset enhancement works that were completed on 8 April 2016.
(5) Same store portfolio occupancy rates for 31 March 2017 and 31 March 2016 are computed with the same list of properties as at 31 March 2017, excluding new investments completed in the last 12 months and divestments.
(6) Same store Multi-tenant building occupancy rates are computed with the same list of properties as at 31 March 2017, excluding new investments completed in the last 12 months, divestments and changes in classification of certain buildings from single-tenant to multi-tenant buildings or vice-versa.

Australia Portfolio Occupancy

As at	31 March 2017	31 March 2016	Percentage / Percentage-point Change
Total Australian Portfolio GFA (sq m)	692,153	669,525	3.4%
Australian Portfolio occupancy (same store) [1]	96.1%	94.7%	1.4%
Overall Australian portfolio occupancy	96.3%	94.7%	1.6%

(1) Same store occupancy rate excludes 197-201 Coward Street (Sydney).

ANNUAL REVALUATION

It is a mandatory requirement to revalue the portfolio once a year. The total valuation of Ascendas Reit's portfolio was S$9,874 million as at 31 March 2017. This comprised of S$8,567 million (86.8%) of investment properties in Singapore and S$1,307 million (13.2%) in Australia. As at 31 March 2017, certain investment properties recorded a depreciation in revaluation against their corresponding values as at 31 March 2016 due to challenging market conditions. For details on the movement in valuation of the investment properties, please refer to pages 56 to 77.

Weighted average land lease to expiry for the portfolio of properties (excluding freehold properties) is 46.5 years. As at 31 March 2017, 62 properties worth about S$3,712 million are on a land rent basis. These properties on land rent will only have a nominal land value component in their book values.

68.3% of Ascendas Reit's portfolio has a remaining land lease tenure of between 30 to 60 years.

THE MANAGER'S REVIEW OF FY16/17

Land Lease Expiry Profile (by Country)

As at 31 March 2017	Singapore[1] S$ million	Australia S$ million	Total S$ million	Total %
< 30 years left (2017 to 2047)	400	-	400	4.0%
< 60 years left (2046 to 2075)	6,743	-	6,743	68.3%
>60 years left (Beyond 2075)	1,342	-	1,342	13.6%
Freehold	82	1,307	1,389	14.1%
Total Portfolio	**8,567**	**1,307**	**9,874**	**100.0%**

(1) Excludes investment properties under re-development i.e. 50 Kallang Avenue and 20 Tuas Avenue 1.

Land Tenure Expiry as at 31 March 2017	Business & Science Parks		High-Specifications Industrial and Data Centres		Light Industrial and Flatted Factories		Logistics & Distribution Centres (Singapore & Australia)		Integrated Development, Amenities & Retail		Total[1]	
	No. of properties	S$ million	No. of properties	S$ million	No. of properties	S$ million	No. of properties	S$ million	No. of properties	S$ million	No. of properties	S$ million
< 30 years left (2017 to 2047)	-	-	-	-	4	130	1	120	2	150	7	400
< 40 years left (2048 to 2057)	4	386	6	657	24	791	15	953	-	-	49	2,787
< 50 years left (2058 to 2067)	10	999	9	452	2	62	4	138	-	-	25	1,651
< 60 years left (2068 to 2077)	8	1,448	1	212	-	-	2	72	1	573	12	2,305
>60 years left (Beyond 2078)	4	802	3	540	-	-	-	-	-	-	7	1,342
Freehold	1	158	1	82	-	-	27	1,149	-	-	29	1,389
Total	**27**	**3,793**	**20**	**1,943**	**30**	**983**	**49**	**2,432**	**3**	**723**	**129**	**9,874**

(1) Excludes investment properties under re-development i.e. 50 Kallang Avenue and 20 Tuas Avenue 1.

SUSTAINABILITY REPORT

The Manager is pleased to publish Ascendas Reit's fifth Sustainability Report.

This year, some preliminary steps towards Integrated Reporting[1] have been taken. Ascendas Reit's business model, highlighting how the Manager draws on the six types of capitals and employ its three-pronged strategy to create value for stakeholders, is presented on pages 14 to 17.

In line with this, the Sustainability Report is organised based on the capitals with a focus on value creation in the areas of Environment, Social and Governance (ESG). The Manager will continually identify, manage and address ESG factors material to the business.

Ascendas Reit's sustainability approach has been formulated to strike a balance between financial results, social engagement and environmental stewardship. The Board recognises that adopting best practices in the areas of ESG will lead to more resilient and sustainable business operations and performance in the long-term.

The Manager has printed limited hard copies of the annual and sustainability reports. Electronic versions of the reports are available on Ascendas Reit's website at ir.ascendas-reit.com/ar.html.

OUTLOOK

Uncertainties continue to prevail on the back of heightened geopolitical risks, unknown U.S. foreign and trade policies, the fallout from Brexit, etc. However, there is growing optimism over global economic prospects. Some economists are of the opinion that the general global economy may be turning around.

In Singapore, Ascendas Reit is faced with some headwinds. The Singapore economy is expected to grow at 1.0% to 3.0% in 2017 (source: Ministry of Trade and Industry). Currently, companies continue to place a strong focus on improving efficiency and remain cautious about expansion. With island-wide vacancy for industrial property at 10.6% as at 31 March 2017 (source: JTC), the incoming supply of about 2.0 million sq m of industrial space in the balance of 2017 will put further pressure on rental rates and occupancy.

The Manager expects rental reversion to be subdued or flat in FY17/18. Other challenges in Singapore include the on-going stringent subletting policy for industrial properties, and the shorter land leases of new industrial land sites, which render the development of investment properties less feasible due to the shorter time frame from which to recover the development costs.

With access to the Ascendas-Singbridge Group's pipeline of more than S$1 billion worth of Business and Science Park properties, the Manager will continue to seek growth opportunities as and when they arise in order to maintain Ascendas Reit's market leading portfolio. In addition, the Manager will continue to improve the quality of the portfolio through asset enhancements and re-development projects so as to serve the needs of current and prospective customers.

In Australia, 2017 GDP growth is forecast to be stable at about 2.5% 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 research, leasing demand for industrial properties is expected to remain healthy in Sydney and Melbourne due to strong population growth and positive retail trade. High-quality investment assets remain attractive to investors on the back of positive property fundamentals. 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. The Manager will continue to evaluate opportunities in the logistics and business park space to expand the depth of its portfolio in the Australian market.

Based on optimism by some economists, the Manager expects the general economic outlook to improve by the fourth quarter of 2017.

[1] Integrated Reporting is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long-term. For more details, please refer to website of International Integrated Reporting Council (IIRC) at www.integratedreporting.org.

INVESTOR RELATIONS

ENGAGING THE INVESTMENT COMMUNITY

Guided by the principles of Timeliness, Objectivity, Clarity and Consistency, the Manager takes a proactive approach in engaging the investment community. Key updates on Ascendas Reit's performance, strategies and initiatives are communicated to Unitholders, prospective investors, analysts and the media on a regular basis through multiple channels including conferences and meetings, print publications and online platforms.

During the financial year, the Manager met with over 300 fund managers and analysts through its participation in local and overseas conferences, one-on-one meetings, post results investor luncheons and teleconferences. To engage retail investors, the Manager participates in the annual REITs Symposium jointly organised by Shareinvestor and the REIT Association of Singapore (REITAS).

The Manager organised several property visits for institutional and retail investors and analysts to facilitate better understanding of Ascendas Reit's business operations and property portfolio. In July 2016, Singapore-based investors were invited to a post-results lunch at the Manager's headquarters, located at Galaxis in one-north. This provided investors an opportunity to visit one of the properties within the Sponsor's pipeline. Together with the REITAS, a property tour to Aperia (an integrated development in Kallang Ave) was also organised for retail investors in August 2016.

A revamp of Ascendas Reit's website (www.ascendas-reit.com), was completed in September 2016 and its design, contents and navigation have been improved. For example, the website is now mobile-friendly and a new AGM/EGM section was created for faster access to related documents. The Manager updates the website regularly, ensuring that all the materials relating to its quarterly financial results, investments, corporate actions and disclosures submitted to the SGX-ST are available to the investment community. Investors may also sign up for email alerts via the website to receive latest updates on Ascendas Reit.

In conjunction with the release of Ascendas Reit's half and full-year results, briefings were organised for the media and analysts. These briefings were helmed by the Chief Executive Officer, Chief Financial Officer and Head of Capital Markets & Corporate Development.

Other than video recordings of the briefings, the Manager provides transcripts of the Question and Answer segments for greater transparency and accessibility. The recordings and transcripts are archived on Ascendas Reit's website.

The Annual General Meeting (AGM), held in June, is attended by the Board of Directors and senior management of the Manager. During these meetings, the Manager presents Ascendas Reit's recent financial and operational performance, business outlook and strategy. Participants have the opportunity to raise questions, communicate their feedback and interact with the Board and management during these meetings.

The Manager adopts the use of electronic voting by poll for all resolutions put forth at its AGMs and Extraordinary General Meetings. This results in time savings and enhances accuracy in polling.

All financial results, announcements, press releases and detailed results of all resolutions put forth at the general meetings are uploaded on the SGX-ST portal.

RECOGNITION FOR INVESTOR RELATIONS AND MANAGEMENT

Ascendas Reit has been recognised by the investment community for its good investor relations practices during the year.

Ascendas Reit was the Winner of the "Most Transparent Company Award" in the REITs and business trusts category at the Securities Investors Association (Singapore) Investors' Choice Awards 2016. This is the twelfth time that Ascendas Reit has been recognised for its transparency since the inauguration of the award in 2004, and the sixth consecutive year it has been named the winner.

In recognition of its investor relations efforts, Ascendas Reit received the Silver Award for Best Investor Relations in the REITs and business trusts category at the prestigious Singapore Corporate Awards 2016. In FinanceAsia's Annual Poll of Asia's best managed companies, Ascendas Reit was ranked 5th place for Best at Investor Relations.

UNITHOLDERS' ENQUIRIES

To find out more about Ascendas Reit, please speak to your financial advisor or contact us at:

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#10-10 Galaxis
Singapore 138522
Phone : (65) 6774 1033 Fax : (65) 6775 2813
Email : a-reit@ascendas-singbridge.com
Website : www.ascendas-reit.com

Ascendas Reit is well-covered by more than 20 research houses in Singapore. The list of research houses and analysts are available on the corporate website.

INVESTOR & MEDIA RELATIONS ACTIVITIES FY16/17

1st Quarter

- Media & Analysts' Results Briefing for Full Year FY15/16 Financial Results
- FY15/16 Full Year Results Investors' Lunch hosted by Bank of America Merrill Lynch
- 7th Annual dbAcess Asia Conference 2016 (Singapore)
- Citi ASEAN C-Suite Forum 2016 (Singapore)
- REITs Symposium 2016 (Singapore)
- Nomura Investment Forum 2016 (Singapore)

2nd Quarter

- 1Q FY16/17 Financial Results Investors' Lunch hosted by the Manager at its headquarters, Galaxis
- Macquarie ASEAN Conference 2016 (Singapore)
- Bank of America Merrill Lynch 2016 Global Real Estate Conference (New York)
- 23rd CLSA Investors' Forum (Hong Kong)
- SGX-Morgan Stanley Singapore Corporate Day (London)

3rd Quarter

- Media & Analysts' Results Briefing for 2Q FY16/17 Financial Results
- 2Q FY16/17 Financial Results Investors' Lunch hosted by Macquarie
- SGX-Credit Suisse Real Estate Corporate Day (Singapore)
- Morgan Stanley Fifteenth Annual Asia Pacific Summit (Singapore)
- Nomura Investment Forum (Tokyo)

4th Quarter

- DBS Pulse of Asia Conference (Singapore)
- 3Q FY16/17 Financial Results Investors' Lunch hosted by DBS
- HSBC ASEAN Day (Singapore)
- Bank of America Merrill Lynch ASEAN Corporate Day 2017 (Singapore)
- Maybank Kim Eng Invest ASEAN Singapore 2017 (Singapore)
- Daiwa ASEAN REIT Day (Singapore)

Note: Non-deal roadshow expenses of S$5,492.7 was incurred in FY16/17.

INVESTOR RELATIONS

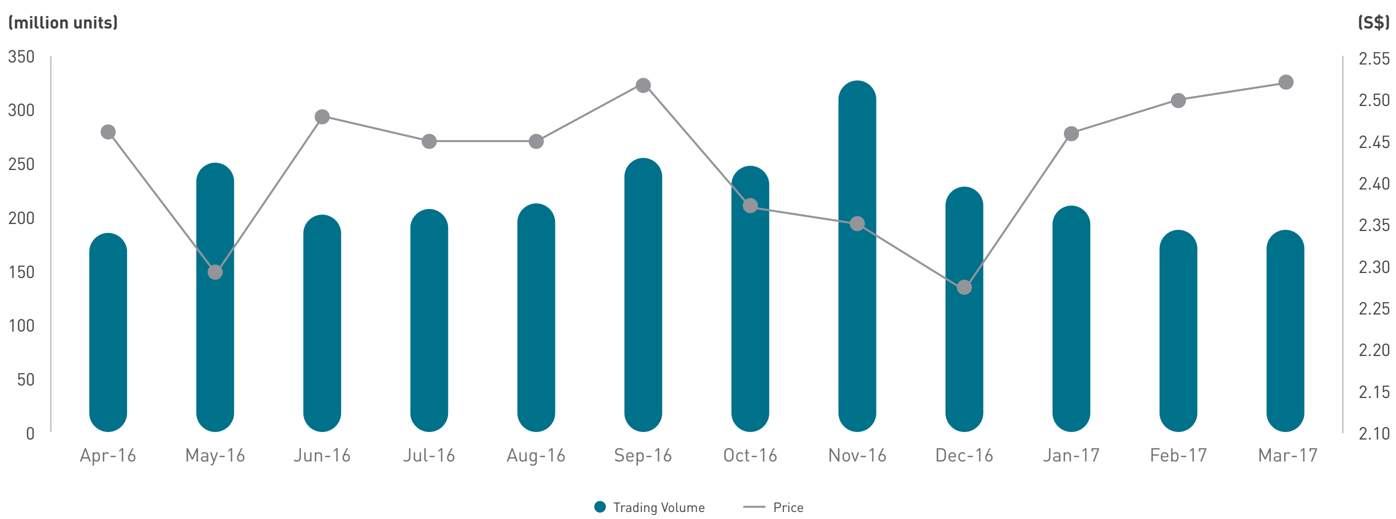
FINANCIAL CALENDAR

	FY16/17	FY17/18 (Tentative)
1st quarter results announcement	21 July 2016	July 2017
2nd quarter and half-year results announcement	20 October 2016	October 2017
3rd quarter results announcement	24 January 2017	January 2018
4th quarter and full year results announcement	25 April 2017	April 2018
Annual Unitholders' Meeting	29 June 2017	June 2018

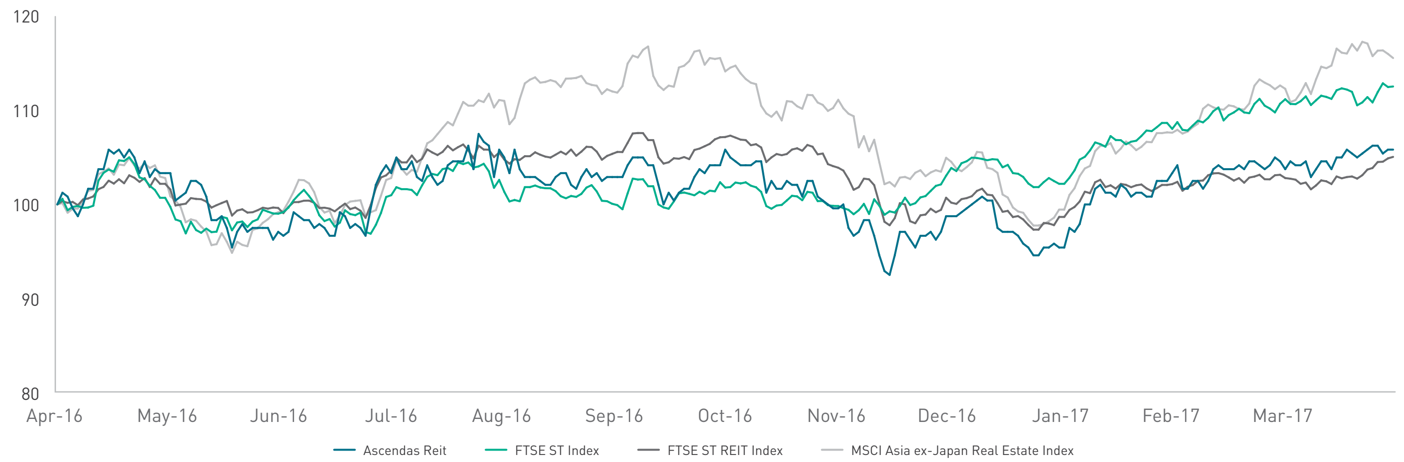
ASCENDAS REIT UNIT PRICE PERFORMANCE

	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Opening Price (S$)	2.01	2.60	2.26	2.60	2.38
Closing Price (S$)	2.60	2.26	2.59	2.39	2.52
High (S$)	2.72	2.86	2.63	2.68	2.56
Low (S$)	1.98	2.06	2.19	2.13	2.20
Trading Volume (million units)	1,486	2,045	1,862	2,544	2,730
% of S-REIT trading volume	8.1%	10.2%	9.4%	12.3%	12.8%
Market capitalisation (S$ million)[1]	6,237	5,430	6,231	6,371	7,370

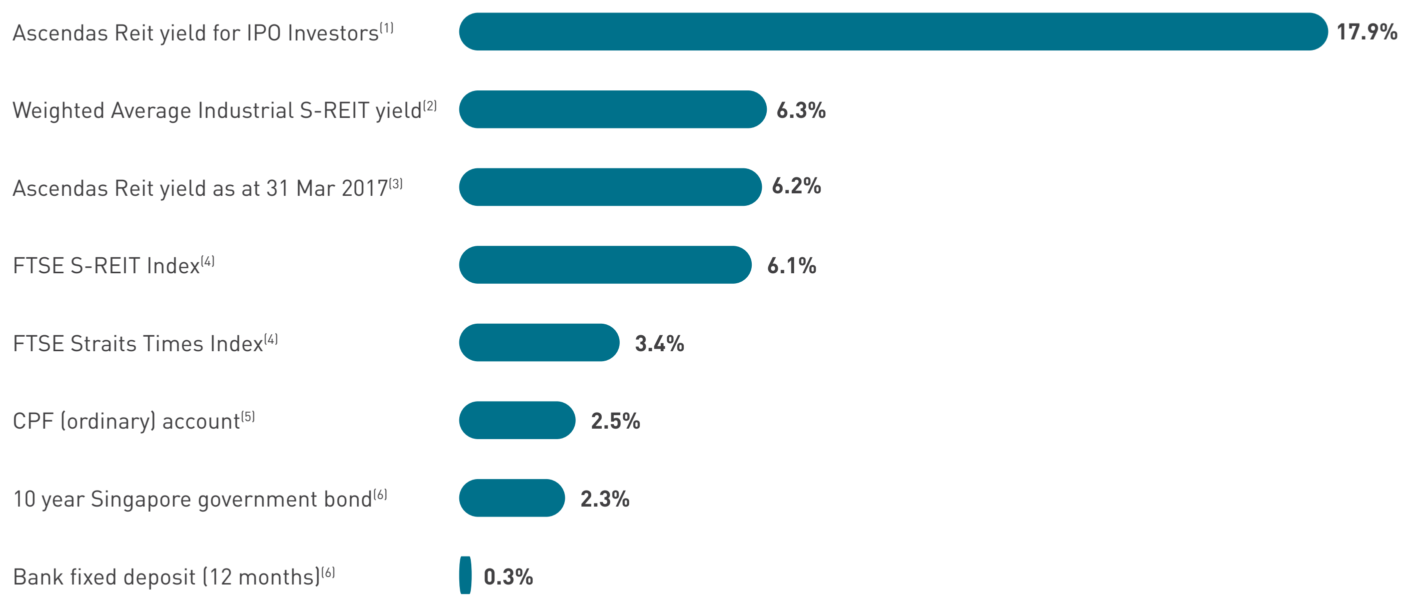
ASCENDAS REIT MONTHLY TRADING PERFORMANCE IN FY16/17



ASCENDAS REIT UNIT PRICE PERFORMANCE IN FY16/17 VS MAJOR INDICES



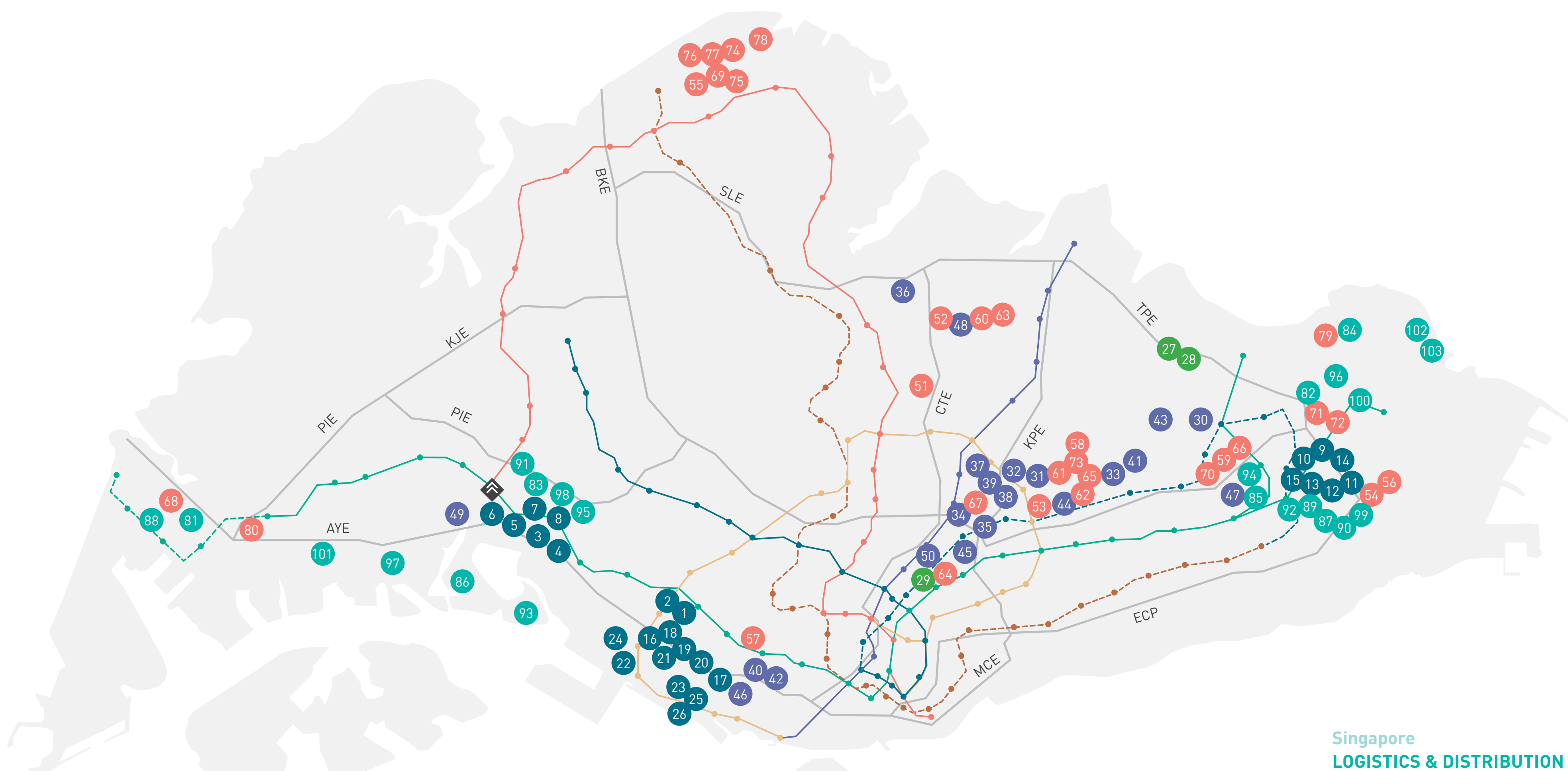
COMPETITIVE YIELD RETURNS



1 Based on Ascendas Reit's IPO price of S$0.88 per Unit and DPU of 15.743 cents for FY16/17
2 Based on Ascendas Reit's internal research and Bloomberg
3 Based on Ascendas Reit's closing price of S$2.52 per Unit as at 31 March 2017 and DPU of 15.743 cents for FY16/17
4 Based on dividend yield computed by Bloomberg as at 31 March 2017
5 Based on interest paid on Central Provident Fund (CPF) ordinary account from 1 January to 31 March 17. Source: CPF Website
6 Based on bond yields and rates published on the Monetary Authority of Singapore website as at 31 March 2017. Source: MAS Website

ASCENDAS REIT'S PORTFOLIO

AS AT 31 MARCH 2017



North South MRT Line
East West MRT Line
East West MRT Line (Under Construction)
North East MRT Line
Circle MRT Line
Downtown Line
Downtown Line Stage 3 (Under Construction)
Thomson East Coast Line (Under Construction)
Proposed Singapore – Kuala Lumpur high-speed rail terminus
SLE Seletar Expressway
PIE Pan Island Expressway
CTE Central Expressway
KPE Kallang-Paya Lebar Expressway
AYE Ayer Rajah Expressway
BKE Bukit Timah Expressway
TPE Tampines Expressway
KJE Kranji Expressway
ECP East Coat Parkway
MCE Marina Coastal Expressway

Singapore
BUSINESS & SCIENCE PARK PROPERTIES

1. Neuros & Immunos
2. Nexus @one-north
3. Techquest
4. 13 International Business Park
5. iQuest@IBP
6. Acer Building
7. 31 International Business Park
8. Nordic European Centre
9. Honeywell Building
10. 1 Changi Business Park Avenue 1
11. Hansapoint@CBP
12. 1,3 & 5 Changi Business Park Crescent
13. DBS Asia Hub
14. AkzoNobel House
15. ONE@Changi City
16. TÜV SÜD PSB Building (formerly PSB Science Park Building)
17. The Rutherford & Oasis
18. Cintech I
19. Cintech II
20. Cintech III & IV
21. 12, 14 & 16 Science Park Drive
22. The Alpha
23. The Aries, Sparkle & Gemini
24. The Capricorn
25. The Galen
26. The Kendall

Singapore
INTEGRATED DEVELOPMENT, AMENITIES & RETAIL PROPERTIES

27. Courts Megastore
28. Giant Hypermart
29. Aperia

Singapore
HIGH-SPECIFICATIONS INDUSTRIAL PROPERTIES AND DATA CENTRES

30. Telepark
31. Kim Chuan Telecommunications Complex
32. 38A Kim Chuan Road
33. Techlink
34. Siemens Centre
35. Infineon Building
36. Techpoint
37. Wisma Gulab
38. KA Centre
39. KA Place
40. Pacific Tech Centre
41. Techview
42. 1 Jalan Kilang
43. 30 Tampines Industrial Avenue 3
44. 31 Ubi Road 1
45. 50 Kallang Avenue
46. 138 Depot Road
47. 2 Changi South Lane
48. CGG Veritas Hub
49. Corporation Place
50. Hyflux Innovation Centre

Singapore
LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES

51. Techplace I
52. Techplace II
53. Osim Headquarters
54. 41 Changi South Avenue 2
55. 12 Woodlands Loop
56. SB Building
57. 247 Alexandra Road
58. 5 Tai Seng Drive
59. 35 Tampines Street 92 (formerly Volex Building)
60. 53 Serangoon North Avenue 4
61. 3 Tai Seng Drive
62. 27 Ubi Road 4
63. 52 Serangoon North Avenue 4
64. Hyflux Building
65. 25 Ubi Road 4
66. Tampines Biz-Hub
67. 84 Genting Lane
68. Hoya Building
69. 10 Woodlands Link (formerly NNB Industrial Building)
70. 37A Tampines Street 92
71. Hamilton Sundstrand Building
72. Thales Building (I & II)
73. Ubi Biz-Hub
74. 2 Senoko South Road
75. 18 Woodlands Loop
76. 9 Woodlands Terrace
77. 11 Woodlands Terrace
78. FoodAxis @ Senoko
79. 8 Loyang Way 1
80. 31 Joo Koon Circle

Singapore
LOGISTICS & DISTRIBUTION CENTRES

81. 20 Tuas Avenue 1 (formerly IDS logistics Corporate HQ)
82. LogisTech
83. 10 Toh Guan Road
84. Changi Logistics Centre
85. 4 Changi South Lane (formerly Nan Wah Building)
86. 40 Penjuru Lane
87. Xilin Districentre Building A&B
88. 20 Tuas Avenue 6 (formerly MacDermid Building)
89. Xilin Districentre Building D
90. 9 Changi South Street 3
91. 5 Toh Guan Road East
92. Xilin Districentre Building C
93. 19 & 21 Pandan Avenue (formerly Senkee Logistics Hub (Phase I & II))
94. 1 Changi South Lane
95. Logis Hub @ Clementi
96. 11 Changi North Way (formerly Serial I-Tech Building)
97. 21 Jalan Buroh
98. 30 Old Toh Tuck Road
99. 21 Changi South Ave 2 (formerly Sim Siang Choon Building)
100. 15 Changi North Way
101. Pioneer Hub
102. 71 Alps Avenue
103. 90 Alps Avenue

Australia
BUSINESS PARK PROPERTY AND LOGISTICS & DISTRIBUTION CENTRES

Sydney, New South Wales

104. 197-201 Coward Street
105. 484-490 Great Western Highway
106. 494-500 Great Western Highway
107. 1A & 1B Raffles Glade
108. 7 Grevillea Street
109. 5 Eucalyptus Place
110. Lot 4 Honeycomb Drive
111. 1-15 Kellet Close
112. 94 Lenore Drive
113. 1 Distribution Place
114. 6-20 Clunies Ross Street

Melbourne, Victoria

115. 676-698 Kororoit Creek Road
116. 700-718 Kororoit Creek Road
117. 14-28 Ordish Road
118. 35-61 South Park Drive
119. 2-16 Aylesbury Drive
120. 81-89 Drake Boulevard
121. 9 Andretti Court
122. 31 Permas Way
123. 162 Australis Drive

Brisbane, Queensland

124. 62 Sandstone Place
125. 92 Standstone Place
126. 62 Stradbroke Street
127. 82 Noosa Street
128. 2-56 Australand Drive
129. 77 Logistics Place
130. 99 Radius Drive

Perth, Western Australia

131. 35 Baile Road

Singapore

BUSINESS & SCIENCE PARK PROPERTIES


1. Neuros & Immunos


2. Nexus @one-north


3. Techquest


4. 13 International Business Park


5. iQuest@IBP


6. Acer Building


7. 31 International Business Park


8. Nordic European Centre


9. Honeywell Building


10. 1 Changi Business Park Avenue 1


11. Hansapoint@CBP


12. 1, 3 & 5 Changi Business Park Crescent


13. DBS Asia Hub


14. AkzoNobel House


15. ONE@Changi City


16. TÜV SÜD PSB Building (formerly PSB Science Park Building)


17. The Rutherford & Oasis


18. Cintech I


19. Cintech II


20. Cintech III & IV


21. 12, 14 & 16 Science Park Drive


22. The Alpha

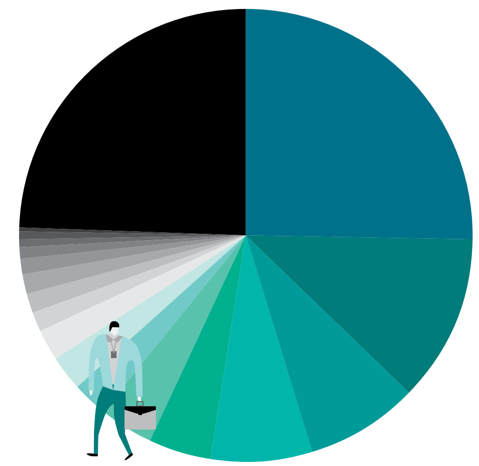

23. The Aries, Sparkle & Gemini


24. The Capricorn


25. The Galen


26. The Kendall

CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



- Financial 25.3%
- Life Science 12.0%
- M&E and Machinery and Equipment 8.0%
- Information Technology 7.2%
- Distributors, Trading company 4.6%
- Electronics 3.8%
- Chemical 2.7%
- Telecommunication and Datacentre 2.5%
- Healthcare Products 2.0%
- Hotels and Restaurants 1.6%
- Printing & Reproduction of Recorded Media 1.4%
- Food Products and Beverages 1.2%
- Medical, Precision & Optical Instruments, Clocks 1.1%
- Construction 0.9%
- 3rd Party Logistics, Freight Forwarding, Shipping 0.5%
- Textiles and Wearing Apparels 0.5%
- Fabricated Metal Products 0.2%
- Rubber and Plastic Products 0.1%
- Others 24.4%

Business & Science Park Properties (Singapore)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	24	2	26
No. of Customers	411	2	413
GFA (sq m)	744,364	77,870	822,234
Gross Income (S$ million)	257.8	16.9	274.7
Valuation as at 31 March 2017 (S$ million)	3,384.2	251.1	3,635.3

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)

Singapore
BUSINESS & SCIENCE PARK PROPERTIES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
	one-north								
1	Neuros & Immunos#	31 Mar 11	125.6	122.6	36,931	26,035	8/8A Biomedical Grove	20.1	99.7%
2	Nexus @one-north	04 Sep 13	181.3	191.4	25,511	20,669	1 and 3 Fusionopolis Link	14.5	100.0%
	Total (one-north Properties)		**306.9**	**314.0**	**62,442**	**46,704**		**34.6**	**99.8%**
	International Business Park								
3	Techquest#	05 Oct 05	7.5	26.7	9,079	6,723	7 International Business Park	2.2	55.9%
4	13 International Business Park	10 Oct 06	20.0	22.4	10,116	6,986	13 International Business Park	1.3	44.8%
5	iQuest@IBP	12 Jan 07	18.6	36.4	12,143	9,136	27 International Business Park	2.0	34.5%
6	Acer Building	19 Mar 08	75.0	94.9	29,185	22,438	29 International Business Park	7.4	71.9%
7	31 International Business Park**	26 Jun 08	246.8	227.6	61,720	49,000	31 International Business Park	19.7	78.0%
8	Nordic European Centre	08 Jul 11	121.6	113.5	28,378	21,817	3 International Business Park	10.8	86.4%
	Total (International Business Park Properties)		**489.5**	**521.5**	**150,621**	**116,100**		**43.4**	**71.7%**
	Changi Business Park								
9	Honeywell Building#**	19 Nov 02	32.8	73.1	18,123	14,488	17 Changi Business Park Central 1	7.0	89.7%
10	1 Changi Business Park Avenue 1	30 Oct 03	18.0	43.0	11,555	8,922	1 Changi Business Park Avenue 1	3.4	65.6%
11	Hansapoint@CBP	22 Jan 08	26.1	99.8	19,448	16,417	10 Changi Business Park Central 2	9.7	100.0%
12	1, 3 & 5 Changi Business Park Crescent	16 Feb 09 25 Sep 09 31 Dec 10	200.9	315.2	74,660	62,969	1, 3 & 5 Changi Business Park Crescent	26.4	97.8%
13	DBS Asia Hub#**^	31 Mar 10 15 Apr 15	137.8	165.6	45,857	38,172	2 & 2A Changi Business Park Crescent	12.8	100.0%
14	AkzoNobel House	08 Dec 11	80.0	68.7	19,225	15,037	3 Changi Business Park Vista	6.3	93.6%
15	ONE@Changi City#	01 Mar 16	420.0	446.3	71,158	61,218	1 Changi Business Park Central 1	34.4	97.8%
	Total (Changi Business Park Properties)		**915.6**	**1,211.7**	**260,026**	**217,223**		**100.0**	**96.2%**
	Science Park 1								
16	TÜV SÜD PSB Building (formerly PSB Science Park Building)	18 Nov 05	35.0	85.5	32,013	21,689	1 Science Park Drive	4.1	100.0%
17	The Rutherford & Oasis#	26 Mar 08	51.5	95.9	26,283	18,815	87/89 Science Park Drive	7.1	74.6%
18	Cintech I#	29 Mar 12	47.1	59.4	14,943	10,529	73 Science Park Drive	4.8	78.2%
19	Cintech II#	29 Mar 12	35.3	47.3	13,552	7,915	75 Science Park Drive	4.3	94.4%
20	Cintech III & IV#**	29 Mar 12	100.7	127.4	25,622	18,593	77 & 79 Science Park Drive	11.8	93.8%
21	12, 14 & 16 Science Park Drive#	16 Feb 17	420.0	440.0	78,871	78,871	12, 14 & 16 Science Park Drive	3.6	100.0%
	Total (Science Park 1 Properties)		**689.6**	**855.5**	**191,284**	**156,412**		**35.7**	**94.5%**
	Science Park 2								
22	The Alpha#	19 Nov 02	52.3	122.3	28,533	20,788	10 Science Park Road	7.8	69.7%
23	The Aries, Sparkle & Gemini#	19 Nov 02	129.2	207.0	49,851	36,405	41, 45, 51 Science Park Road	16.6	80.1%
24	The Capricorn#**	19 Nov 02	71.8	126.5	28,602	20,531	1 Science Park Road	9.5	60.9%
25	The Galen#**	25 Mar 13	126.0	144.6	30,685	21,829	61 Science Park Road	14.5	69.9%
26	The Kendall#	30 Mar 15	112.0	132.2	20,190	16,870	50 Science Park Road	12.6	94.9%
	Total (Science Park 2 Properties)		**491.3**	**732.6**	**157,861**	**116,423**		**61.0**	**75.1%**
	Total (Business & Science Parks Properties)		**2,892.9**	**3,635.3**	**822,234**	**652,862**		**274.7**	**87.9%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.
\# Acquired from Ascendas-Singbridge Group.
^ DBS Asia Hub Phase 2, an extension of DBS Asia Hub was completed on 15 April 2015.

Singapore

INTEGRATED DEVELOPMENT, AMENITIES & RETAIL PROPERTIES

27.
Courts Megastore

28.
Giant Hypermart


29.
Aperia

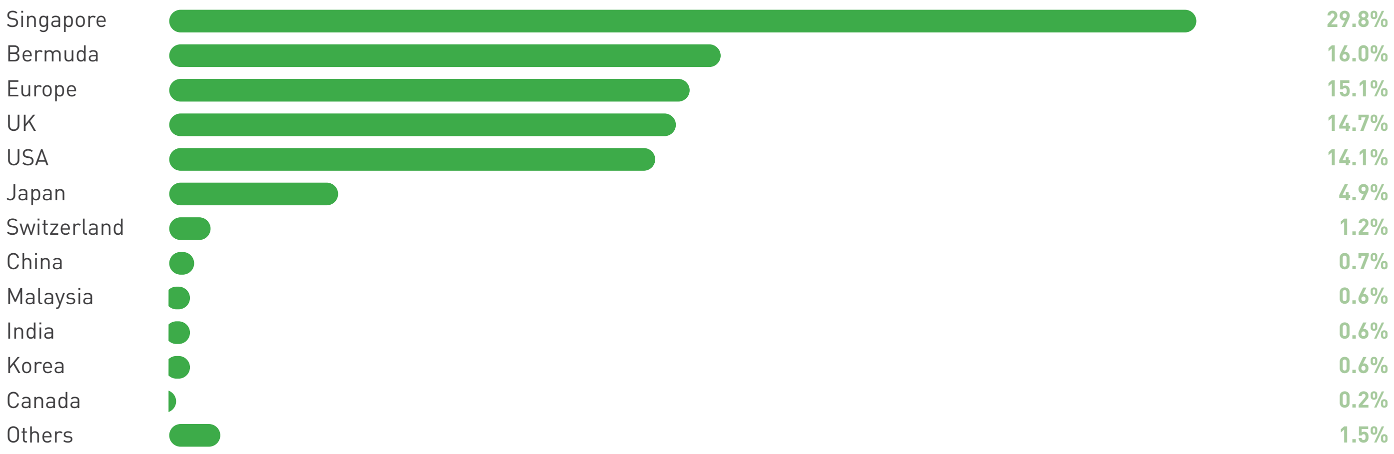
	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
27	Courts Megastore**	30 Nov 06	46.0	65.1	28,410	28,410	50 Tampines North Drive 2	7.0	100.0%
28	Giant Hypermart**	06 Feb 07	65.4	85.2	42,194	42,178	21 Tampines North Drive 2	8.2	100.0%
29	Aperia	08 Aug 14	458.0	572.6	86,696	68,735	8,10,12 Kallang Avenue	46.0	93.5%
	Total (Integrated Development, Amenities & Retail)		**569.4**	**722.9**	**157,300**	**139,323**		**61.2**	**96.8%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.

CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)

Integrated Development, Amenities & Retail Properties (Singapore)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	1	2	3
No. of Customers	102	2	104
GFA (sq m)	86,696	70,604	157,300
Gross Income (S$ million)	46.0	15.2	61.2
Valuation as at 31 March 2017 (S$ million)	572.6	150.3	722.9

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



Singapore
HIGH-SPECIFICATIONS
INDUSTRIAL PROPERTIES AND DATA CENTRES


30. Telepark


31. Kim Chuan Telecommunications Complex


32. 38A Kim Chuan Road


33. Techlink


34. Siemens Centre


35. Infineon Building


36. Techpoint


37. Wisma Gulab


38. KA Centre


39. KA Place


40. Pacific Tech Centre


41. Techview


42. 1 Jalan Kilang


43. 30 Tampines Industrial Avenue 3


44. 31 Ubi Road 1


45. 50 Kallang Avenue


46. 138 Depot Road


47. 2 Changi South Lane


48. CGC Veritas Hub


49. Corporation Place

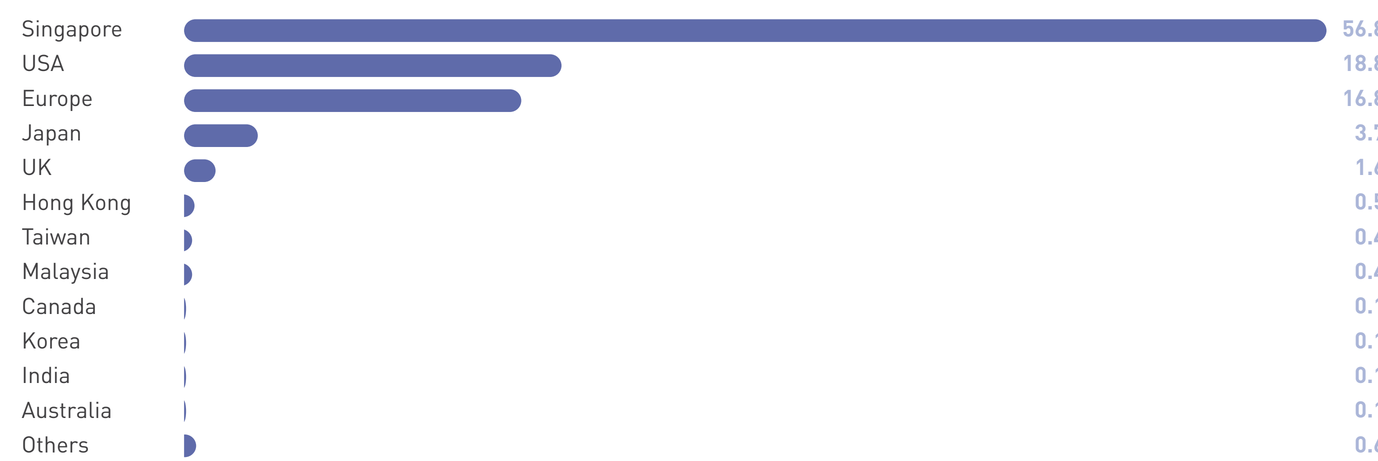

50. Hyflux Innovation Centre

CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)

High-Specifications Industrial Properties and Data Centres (Singapore)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	13	8	21
No. of Customers	230	8	238
GFA (sq m)	432,244	187,337	619,581^
Gross Income (S$ million)	124.7	52.7	177.4
Valuation as at 31 March 2017 (S$ million)	1,342.9	599.9	1,942.8

^ Excludes 50 Kallang Avenue which was decommissioned for re-development.

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



Singapore
HIGH-SPECIFICATIONS
INDUSTRIAL PROPERTIES AND DATA CENTRES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
	Data Centres								
30	Telepark	02 Mar 05	186.0	275.0	40,555	24,596	5 Tampines Central 6	19.8	99.8%
31	Kim Chuan Telecommunications Complex	02 Mar 05	100.0	142.0	35,456	25,129	38 Kim Chuan Road	11.0	100.0%
32	38A Kim Chuan Road##	11 Dec 09	98.4	123.1	33,745	32,885	38A Kim Chuan Road	11.5	100.0%
	Total (Data Centres)		**384.4**	**540.1**	**109,756**	**82,610**		**42.3**	**99.9%**
	High-Specifications Industrial Properties								
33	Techlink#	19 Nov 02	69.8	126.4	49,837	36,340	31 Kaki Bukit Road 3	12.7	75.5%
34	Siemens Centre**	12 Mar 04	65.8	99.7	36,529	27,781	60 MacPherson Road	10.4	97.0%
35	Infineon Building#	01 Dec 04	50.9	86.0	27,278	27,278	8 Kallang Sector	8.0	100.0%
36	Techpoint#	01 Dec 04	75.0	151.1	56,107	41,278	10 Ang Mo Kio Street 65	15.9	88.5%
37	Wisma Gulab	01 Dec 04	55.7	82.0	15,557	11,821	190 MacPherson Road	5.1	100.0%
38	KA Centre	02 Mar 05	19.2	46.8	19,638	13,555	150 Kampong Ampat	5.1	87.0%
39	KA Place	02 Mar 05	11.1	21.5	10,163	6,652	159 Kampong Ampat	2.3	83.6%
40	Pacific Tech Centre**	01 Jul 05	62.0	90.0	25,718	19,627	1 Jalan Kilang Timor	6.1	68.7%
41	Techview#	05 Oct 05	76.0	141.4	50,985	37,645	1 Kaki Bukit View	14.2	74.8%
42	1 Jalan Kilang**	27 Oct 05	18.7	27.0	7,158	6,075	1 Jalan Kilang	2.2	100.0%
43	30 Tampines Industrial Avenue 3	15 Nov 05	22.0	37.0	9,593	9,593	30 Tampines Industrial Avenue 3	2.9	100.0%
44	31 Ubi Road 1	21 Feb 06	23.0	35.0	15,934	12,987	31 Ubi Road 1	3.5	71.1%
45	50 Kallang Avenue^	27 Feb 06	28.6	-	-	-	50 Kallang Avenue	1.3	-
46	138 Depot Road#**	15 Mar 06	42.3	69.0	29,626	26,485	138 Depot Road	9.0	100.0%
47	2 Changi South Lane	01 Feb 07	30.0	36.8	26,300	20,939	2 Changi South Lane	2.5	100.0%
48	CGG Veritas Hub#	25 Mar 08	18.3	24.0	9,782	8,671	9 Serangoon North Avenue 5	2.7	100.0%
49	Corporation Place	08 Dec 11	99.0	117.0	76,185	56,303	2 Corporation Road	12.9	62.4%
50	Hyflux Innovation Centre	30 Jun 14	191.2	212.0	43,435	35,190	80 Bendemeer Road	18.3	93.6%
	Total (High-Specifications Industrial Properties and Data Centres)		**1,314.4**	**1,942.8**	**619,581**	**480,830**		**177.4**	**87.5%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.
\# Acquired from Ascendas-Singbridge Group.
\#\# Property was valued by independent valuer at S$183.9 million. Ascendas Reit has recorded the property at S$183.9 million comprising S$123.10 million in land and building and S$60.80 million in M&E equipment.
^ 50 Kallang Avenue has been decommissioned for asset enhancement works.

Singapore
LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES


51. Techplace I


52. Techplace II


53. Osim Headquarters


54. 41 Changi South Avenue 2


55. 12 Woodlands Loop


56. SB Building


57. 247 Alexandra Road


58. 5 Tai Seng Drive


59. 35 Tampines Street 92 (formerly Volex Building)


60. 53 Serangoon North Avenue 4


61. 3 Tai Seng Drive


62. 27 Ubi Road 4


63. 52 Serangoon North Avenue 4


64. Hyflux Building


65. 25 Ubi Road 4


66. Tampines Biz-Hub


67. 84 Genting Lane


68. Hoya Building


69. 10 Woodlands Link (formerly NNB Industrial Building)


70. 37A Tampines Street 92


71. Hamilton Sundstrand Building


72. Thales Building (I & II)


73. Ubi Biz-Hub


74. 2 Senoko South Road


75. 18 Woodlands Loop


76. 9 Woodlands Terrace

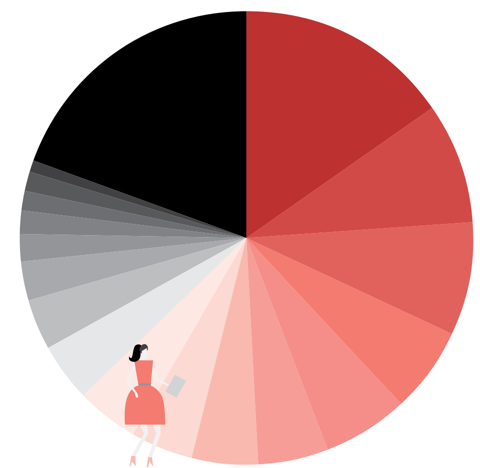

77. 11 Woodlands Terrace


78. FoodAxis @ Senoko


79. 8 Loyang Way 1


80. 31 Joo Koon Circle

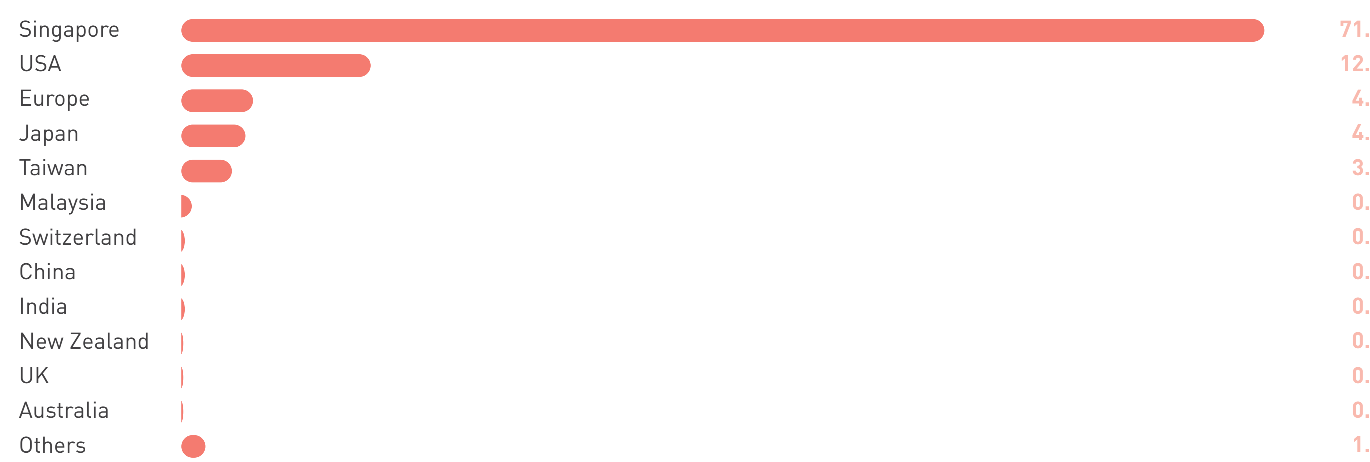
CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



- M&E and Machinery & Equipment 15.5%
- Electronics 8.4%
- Food Products & Beverages 8.2%
- Repair and Servicing of vehicles 6.2%
- Distributors, Trading company 5.9%
- Construction 5.0%
- Healthcare Products 4.9%
- Fabricated Metal Products 4.5%
- Hotels and Restaurants 4.3%
- Information Technology 4.1%
- Rubber and Plastic Products 3.7%
- Medical, Precision & Optical Instruments, Clocks 2.8%
- 3rd Party Logistics, Freight Forwarding 2.0%
- Textiles & Wearing Apparels 1.7%
- Life Science 1.4%
- Printing & Reproduction of Recorded Media 1.3%
- Telecommunication & Datacentre 0.7%
- Financial 0.2%
- Others 19.2%

Light Industrial Properties and Flatted Factories (Singapore)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	19	11	30
No. of Customers	445	11	456
GFA (sq m)	450,187	140,695	590,882
Gross Income (S$ million)	70.5	22.9	93.4
Valuation as at 31 March 2017 (S$ million)	715.7	267.5	983.2

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



Singapore

LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
	Flatted Factories								
51	TechPlace I#	19 Nov 02	105.3	141.9	81,981	59,531	Blk 4008 - 4012 Ang Mo Kio Avenue 10	13.5	95.7%
52	TechPlace II#**	19 Nov 02	128.9	189.8	115,162	83,200	Blk 5000 - 5004, 5008-5014 Ang Mo Kio Avenue 5	15.7	80.0%
	Total (Flatted Factories)		**234.2**	**331.7**	**197,143**	**142,731**		**29.2**	**86.5%**
	Light Industrial Properties								
53	Osim Headquarters	20 Jun 03	35.0	39.5	17,683	15,068	65 Ubi Avenue 1	3.2	100.0%
54	41 Changi South Avenue 2**	13 Oct 03	13.5	11.6	8,046	6,154	41 Changi South Avenue 2	1.0	50.6%
55	12 Woodlands Loop	29 Jul 04	24.8	28.2	19,887	16,077	12 Woodlands Loop	2.4	100.0%
56	SB Building**	26 Nov 04	17.8	21.6	13,998	11,895	25 Changi South Street 1	2.5	100.0%
57	247 Alexandra Road	01 Dec 04	44.8	66.0	13,699	12,803	247 Alexandra Road	5.0	100.0%
58	5 Tai Seng Drive	01 Dec 04	15.3	18.9	12,930	11,273	5 Tai Seng Drive	1.9	88.2%
59	35 Tampines Street 92 (formerly Volex Building)**	01 Dec 04	9.4	12.6	8,931	8,060	35 Tampines Street 92	1.3	71.0%
60	53 Serangoon North Avenue 4**	27 Dec 04	14.0	13.4	10,589	7,763	53 Serangoon North Avenue 4	1.7	59.4%
61	3 Tai Seng Drive	01 Apr 05	19.5	19.1	14,929	11,845	3 Tai Seng Drive	2.6	91.8%
62	27 Ubi Road 4**	01 Apr 05	12.6	13.2	9,087	7,215	27 Ubi Road 4	1.6	91.2%
63	52 Serangoon North Avenue 4**	04 Apr 05	14.0	21.4	14,767	11,047	52 Serangoon North Avenue 4	2.1	93.9%
64	Hyflux Building	04 Apr 05	19.0	21.7	20,465	16,980	202 Kallang Bahru	1.8	100.0%
65	25 Ubi Road 4**	16 May 05	9.0	10.8	7,998	6,151	25 Ubi Road 4	1.3	92.9%
66	Tampines Biz-Hub	05 Oct 05	16.8	23.8	18,086	14,458	11 Tampines Street 92	2.7	72.5%
67	84 Genting Lane	05 Oct 05	10.0	15.8	11,916	9,737	84 Genting Lane	2.0	90.1%
68	Hoya Building#	05 Oct 05	5.3	7.8	6,505	6,282	455A Jalan Ahmad Ibrahim	1.1	100.0%
69	10 Woodlands Link (formerly NNB Industrial Building)**	05 Oct 05	12.0	16.5	11,537	11,537	10 Woodlands Link	1.4	0.0%
70	37A Tampines Street 92**	01 Dec 05	12.3	15.2	12,011	9,716	37A Tampines Street 92	2.2	92.1%
71	Hamilton Sundstrand Building#	09 Dec 05	31.0	41.0	17,737	16,744	11 Changi North Rise	3.4	100.0%
72	Thales Building (I & II)#	03 Jan 06 & 20 Mar 08	5.8	12.0	7,772	7,772	21 Changi North Rise	1.4	100.0%
73	Ubi Biz-Hub**	27 Mar 06	13.2	18.4	12,978	10,697	150 Ubi Avenue 4	2.2	96.3%
74	2 Senoko South Road**^	08 Jan 07 & 08 Apr 16	33.5	36.7	23,457	17,840	2 Senoko South Road	1.9	64.0%
75	18 Woodlands Loop	01 Feb 07	17.2	30.3	18,422	16,056	18 Woodlands Loop	3.0	100.0%
76	9 Woodlands Terrace	01 Feb 07	1.9	3.6	2,774	2,341	9 Woodlands Terrace	0.6	100.0%
77	11 Woodlands Terrace	01 Feb 07	1.9	4.7	2,810	2,219	11 Woodlands Terrace	0.7	100.0%
78	FoodAxis @ Senoko^^	15 May 07 16 Feb 12	57.8	84.7	43,362	44,439	1 Senoko Avenue	9.9	100.0%
79	8 Loyang Way 1	05 May 08	25.0	23.6	13,725	13,725	8 Loyang Way 1	1.9	100.0%
80	31 Joo Koon Circle	30 Mar 10	15.0	19.4	17,638	15,421	31 Joo Koon Circle	1.4	100.0%
	Total (Light Industrial Properties & Flatted Factories)		**741.6**	**983.2**	**590,882**	**484,046**		**93.4**	**88.5%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.
# Acquired from Ascendas-Singbridge Group.
^ 2 Senoko South Road was first acquired on 08 Jan 2007 for S$33.5 m and subsequently underwent asset enhancement works which completed on 08 April 2016.
^^ FoodAxis @ Senoko (previously known as 1 Senoko Avenue) was first acquired on 15 May 2007 for S$11.2 m and was subsequently redeveloped to maximise the allowable plot ratio. The redevelopment was completed on 16 February 2012.

Singapore
LOGISTICS & DISTRIBUTION CENTRES


81.
20 Tuas Avenue 1 (formerly IDS Logistics Corporate HQ)


82.
LogisTech


83.
10 Toh Guan Road


84.
Changi Logistics Centre


85.
4 Changi South Lane (formerly Nan Wah Building)


86.
40 Penjuru Lane


87.
Xilin Districentre Building A&B


88.
20 Tuas Avenue 6 (formerly MacDermid Building)


89.
Xilin Districentre Building D


90.
9 Changi South Street 3


91.
5 Toh Guan Road East


92.
Xinlin Districentre Building C


93.
19 & 21 Pandan Avenue (formerly Senkee Logistics Hub (Phase I & II))


94.
1 Changi South Lane


95.
Logis Hub @ Clementi


96.
11 Changi North Way (formerly Serial I-Tech Building)


97.
21 Jalan Buroh


98.
30 Old Toh Tuck Road


99.
21 Changi South Avenue 2 (formerly Sim Siang Choon Building)

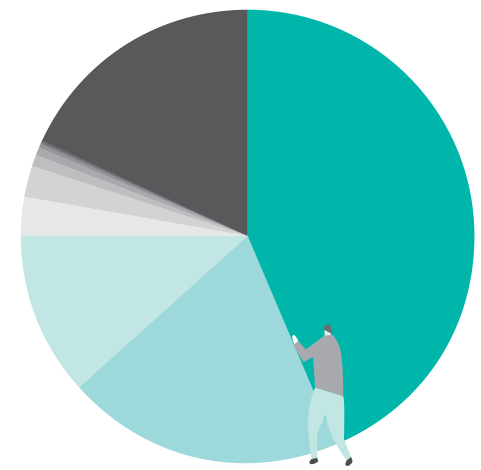

100.
15 Changi North Way


101.
Pioneer Hub


102.
71 Alps Avenue


103.
90 Alps Avenue

CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



3rd Party Logistics, Freight Forwarding	43.7%
Distributors, Trading company	19.9%
Information Technology	11.4%
Financial	2.9%
Electronics	2.2%
M&E and Machinery & Equipment	0.8%
Medical, Precision & Optical Instruments, Clocks	0.5%
Hotels and Restaurants	0.3%
Printing & Reproduction of Recorded Media	0.1%
Construction	0.1%
Others	18.1%

Logistics & Distribution Centres (Singapore)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	17	6	23
No. of Customers	170	6	176
GFA (sq m)	626,415	209,411	835,826
Gross Income (S$ million)	95.9	27.2	123.1
Valuation as at 31 March 2017 (S$ million)	957.4	325.6	1,283.0

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)

Singapore	64.3%
USA	10.6%
UK	7.9%
Europe	6.9%
Japan	2.9%
Korea	0.9%
Hong Kong	0.8%
Malaysia	0.7%
Bermuda	0.6%
India	0.1%
Others	4.3%

Singapore

LOGISTICS & DISTRIBUTION CENTRES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
	Logistics & Distribution Centres								
81	20 Tuas Avenue 1 (formerly IDS Logistics Corporate HQ)^	19 Feb 04	50.0	-	-	-	20 Tuas Avenue 1	-	-
82	LogisTech	04 Mar 04	32.0	49.8	37,554	30,144	3 Changi North Street 2	6.1	77.2%
83	10 Toh Guan Road	05 Mar 04	92.0	126.7	52,147	39,955	10 Toh Guan Road	13.4	67.2%
84	Changi Logistics Centre**	09 Mar 04	45.6	84.8	51,742	39,460	19 Loyang Way	8.7	69.6%
85	4 Changi South Lane (formerly Nan Wah Building)	31 May 04	23.3	27.4	18,794	15,306	4 Changi South Lane	2.5	89.4%
86	40 Penjuru Lane**	21 Jul 04	225.0	245.5	160,938	153,125	40 Penjuru Lane	19.5	91.2%
87	Xilin Districentre Building A&B	02 Dec 04	31.1	34.9	24,113	20,788	3 Changi South Street 2	4.7	100.0%
88	20 Tuas Avenue 6 (formerly MacDermid Building)	02 Dec 04	5.5	7.4	5,085	5,085	20 Tuas Avenue 6	1.0	100.0%
89	Xilin Districentre Building D	09 Dec 04	33.5	25.3	18,619	15,966	6 Changi South Street 2	2.7	73.0%
90	9 Changi South Street 3	28 Dec 04	32.0	40.8	28,648	24,028	9 Changi South Street 3	4.8	81.7%
91	5 Toh Guan Road East	28 Dec 04	36.4	30.3	29,741	23,607	5 Toh Guan Road East	3.3	97.3%
92	Xilin Districentre Building C	05 May 05	30.6	26.4	18,708	13,035	7 Changi South Street 2	3.1	92.0%
93	19 & 21 Pandan Avenue [formerly Senkee Logistics Hub (Phase I & II)]**	23 Sep 05 & 01 Feb 08	105.2	124.3	87,842	71,749	19 & 21 Pandan Avenue	8.8	100.0%
94	1 Changi South Lane	05 Oct 05	34.8	45.7	25,768	23,528	1 Changi South Lane	4.8	96.8%
95	Logis Hub @ Clementi**#	05 Oct 05	18.1	32.0	26,505	23,071	2 Clementi Loop	3.6	90.4%
96	11 Changi North Way (formerly Serial I-Tech Building)	18 Nov 05	11.0	16.4	10,107	9,494	11 Changi North Way	1.1	100.0%
97	21 Jalan Buroh	14 Jun 06	58.4	78.7	48,140	48,167	21 Jalan Buroh	6.4	100.0%
98	30 Old Toh Tuck Road**	14 Jun 06	19.6	20.3	16,353	14,103	30 Old Toh Tuck Road	1.9	75.1%
99	21 Changi South Avenue 2 (formerly Sim Siang Choon Building)**	19 Mar 08	31.9	26.1	12,981	10,500	21 Changi South Avenue 2	2.4	0.0%
100	15 Changi North Way	29 Jul 08	36.2	48.4	31,960	28,974	15 Changi North Way	4.4	100.0%
101	Pioneer Hub	12 Aug 08	79.3	119.8	91,048	80,533	15 Pioneer Walk	13.2	94.0%
102	71 Alps Avenue**	02 Sep 09	25.6	21.6	12,756	11,053	71 Alps Avenue	1.2	53.2%
103	90 Alps Avenue	20 Jan 12	37.9	50.4	26,277	26,277	90 Alps Avenue	5.5	100.0%
	Total (Logistics & Distribution Centres)		**1,095.0**	**1,283.0**	**835,826**	**727,948**		**123.1**	**88.4%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.
# Acquired from Ascendas - Singbridge Group.
^ 20 Tuas Avenue 1 has been decommissioned for asset enhancement works to maximise the allowable plot ratio of the land.

Australia

BUSINESS PARK PROPERTY AND LOGISTICS & DISTRIBUTION CENTRE

SYDNEY


104. 197 - 201 Coward Street


105. 484-490 Great Western Highway


106. 494-500 Great Western Highway


107. 1A & 1B Raffles Glade

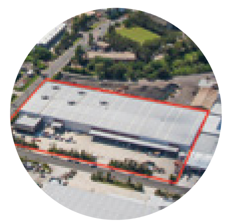

108. 7 Grevillea Street


109. 5 Eucalyptus Place


110. Lot 4 Honeycomb Drive


111. 1-15 Kellet Close


112. 94 Lenore Drive


113. 1 Distribution Place


114. 6-20 Clunies Ross Street

MELBOURNE


115. 676-698 Kororoit Creek Road


116. 700-718 Kororoit Creek Road


117. 14-28 Orish Road


118. 35-61 South Park Drive


119. 2-16 Aylesbury Drive


120. 81-89 Drake Boulevard


121. 9 Andretti Court


122. 31 Permas Way


123. 162 Australis Drive

BRISBANE


124. 62 Sandstone Place


125. 92 Standstone Place


126. 62 Stradbroke Street


127. 82 Noosa Street


128. 2-56 Australand Drive

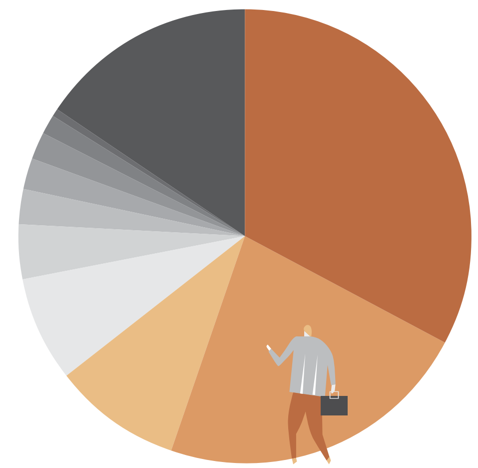

129. 77 Logistics Place


130. 99 Radius Drive

PERTH


131. 35 Baile Road

CUSTOMER'S INDUSTRY MIX AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)



3rd Party Logistics, Freight Forwarding	32.8%
Distributors, Trading company	22.6%
Food Products & Beverages	9.3%
Healthcare Products	7.5%
Textiles & Wearing Apparels	3.9%
Repair and Servicing of Vehicles	2.3%
Construction	2.3%
Printing & Reproduction of Recorded Media	2.0%
Information Technology	1.4%
Medical, Precision & Optical Instruments, Clocks	0.5%
Others	15.4%

Business Park Property and Logistics & Distribution Centres (Australia)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	8	20	28
No. of Customers	24	20	44
GFA (sq m)	192,790	499,363	692,153
Gross Income (S$ million)	26.1	64.3	90.4
Valuation as at 31 March 2017 (S$ million)	455.1	851.9	1,307.0

CUSTOMER'S COUNTRY OF ORIGIN AS AT 31 MARCH 2017 (BY GROSS RENTAL INCOME)

Australia	65.3%
USA	14.3%
UK	7.9%
Europe	4.7%
Japan	3.8%
Switzerland	3.1%
Others	0.9%

Ascendas Reit ANNUAL REPORT FY16/17 77.

Australia

BUSINESS PARK PROPERTY AND LOGISTICS & DISTRIBUTION CENTRE

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2017^ (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Income for FY16/17 (S$ million)	Occupancy Rate as at 31 March 2017
	Business Park Property (Sydney, New South Wales)								
104	197 - 201 Coward Street	9 Sep 16	145.6	158.0	22,628	22,628	197 - 201 Coward Street, Mascot	7.0^^	100.0%
	Logistics & Distribution Centres (Sydney, New South Wales)								
105	484 - 490 Great Western Highway	23 Oct 15	19.9	22.3	13,304	13,304	484-490 Great Western Highway, Arndell Park	1.6	100.0%
106	494 - 500 Great Western Highway	23 Oct 15	33.4	37.7	25,255	25,255	494-500 Great Western Highway, Arndell Park	1.9	58.5%
107	1A & 1B Raffles Glade	18 Nov 15	42.9	42.7	21,694	21,694	1A & 1B Raffles Glade, Eastern Creek	3.3	100.0%
108	7 Grevillea Street	18 Nov 15	104.8	130.2	51,709	51,709	7 Grevillea Street, Eastern Creek	7.8	100.0%
109	5 Eucalyptus Place	18 Nov 15	21.8	25.9	8,284	8,284	5 Eucalyptus Place, Eastern Creek	1.7	100.0%
110	Lot 4 Honeycomb Drive	18 Nov 15	33.1	39.9	19,918	19,918	Lot 4, Honeycomb Drive, Eastern Creek	2.6	100.0%
111	1-15 Kellet Close	18 Nov 15	44.7	45.9	23,267	23,267	1-15 Kellet Close, Erskine Park	3.6	100.0%
112	94 Lenore Drive	18 Nov 15	42.0	42.2	21,143	21,143	94 Lenore Drive, Erskine Park	3.1	100.0%
113	1 Distribution Place	18 Nov 15	28.6	31.1	13,555	13,555	1 Distribution Place, Seven Hills	2.3	100.0%
114	6 - 20 Clunies Ross Street	22 Feb 16	76.6	88.9	38,579	38,579	6 - 20 Clunies Ross Street, Pemulway	6.5	100.0%
	Logistics & Distribution Centres (Melbourne, Victoria)								
115	676 - 698 Kororoit Creek Road	23 Oct 15	52.3	59.2	44,036	44,036	676-698 Kororoit Creek Road, Altona North	4.4	100.0%
116	700 - 718 Kororoit Creek Road	23 Oct 15	34.8	32.6	28,020	28,020	700-718 Kororoit Creek Road, Altona North	3.1	100.0%
117	14 - 28 Ordish Road	18 Nov 15	53.2	48.9	28,189	28,189	14-28 Ordish Road, Dandenong South	4.0	100.0%
118	35-61 South Park Drive**	18 Nov 15	39.1	36.5	32,167	32,167	35-61 South Park Drive, Dandenong South	3.2	100.0%
119	2-16 Aylesbury Drive	18 Nov 15	21.3	19.6	17,513	17,513	2-16 Aylesbury Drive, Altona	1.8	100.0%
120	81 - 89 Drake Boulevard	18 Nov 15	17.1	17.3	14,099	14,099	81-89 Drake Boulevard, Altona	1.5	100.0%
121	9 Andretti Court	18 Nov 15	26.6	29.2	24,140	24,140	9 Andretti Court, Truganina	2.3	100.0%
122	31 Permas Way	18 Nov 15	48.2	48.6	44,540	44,540	31 Permas Way, Truganina	3.7	100.0%
123	162 Australis Drive	18 Nov 15	25.0	26.3	23,252	23,252	162 Australis Drive, Derrimut	1.8	96.4%
	Logistics & Distribution Centres (Brisbane, Queensland)								
124	62 Sandstone Place	23 Oct 15	22.8	22.8	9,260	9,260	62 Sandstone Place, Parkinson	1.8	100.0%
125	92 Sandstone Place	23 Oct 15	28.6	26.4	13,738	13,738	92 Sandstone Place, Parkinson	2.4	100.0%
126	62 Stradbroke Street	23 Oct 15	35.9	33.3	24,811	24,811	62 Stradbroke Street, Heathwood	0.4	41.7%
127	82 Noosa Street	23 Oct 15	66.0	60.3	38,000	38,000	82 Noosa Street, Heathwood	5.4	100.0%
128	2-56 Australand Drive	23 Oct 15	76.8	86.5	41,318	41,318	2-56 Australand Drive, Berrinba	6.1	100.0%
129	77 Logistics Place	18 Nov 15	28.4	28.6	14,296	14,296	77 Logistics Place, Larapinta	1.9	100.0%
130	99 Radius Drive	18 Nov 15	29.0	25.7	14,543	14,543	99 Radius Drive, Larapinta	2.2	100.0%
	Logistics & Distribution Centres (Perth, Western Australia)								
131	35 Baile Road	23 Oct 15	36.6	40.4	20,895	20,895	35 Baile Road, Canning Vale	3.0	100.0%
	Total (Business Park Property and Logistics & Distribution Centres)		**1,235.1**	**1,307.0**	**692,153**	**692,153**		**90.4**	**96.3%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2017, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2016.
^ Based on exchange rate of A$1.000 : S$1.0675 as at 31 March 2017
^^ Gross income from acquisition date to 31 March 2017 only.

Singapore

INDEPENDENT MARKET STUDY

BY EDMUND TIE & COMPANY (SEA) PTE LTD
MARCH 2017

1.0 ECONOMIC OUTLOOK

While expansionary fiscal policies in the United States and Japan are expected to support growth in 2017, global and regional economies face some downside risks, including interest rate hikes by the United States Federal Reserve and the increasingly inward-looking trade policies of the United States and other countries. External demand, which the economy relies heavily on, remains subdued and is likely to continue to impact trade-related sectors. Consequently, the Singapore economy is expected to grow modestly by 1.0% to 3.0% in 2017.

Notwithstanding the challenging economic outlook, the Committee on The Future Economy (CFE)[1] recommendations, the emergence of disruptive technology and the growth of omni-channel retailing may provide growth opportunities for the industrial industry.

- Under the CFE recommendations, the government will deepen trade links such as ASEAN Economic Community and the Regional Comprehensive Economic Partnership;
- The government will also implement the $4.5 billion[2] Industry Transformation Maps (ITM) covering 23 industries[3] in six clusters. By partnering with the private sector, the government aims to give stronger support for innovation and internalisation, as well as creating new and re-designed jobs with better wages.
- Additive manufacturing (also known as 3D printing) builds up layer by layer based on 3D design model, as opposed to subtractive manufacturing which successively cuts material away from a solid block. Enabled by direct communication between manufacturers and customers through online platforms as well as wider adoption of robotics, additive manufacturing is transforming the manufacturing industry from mass production to mass customization. Manpower required will be leaner and highly skilled. The demand for high-specs industrial space will increase.
- E-commerce potential in Southeast Asia remains largely untapped, compared to mature markets such as the United States and China. The growth of omni-channel retailing, where customers can enjoy seamless shopping experience through multiple channels including desktop, mobile, social media and physical stores, is underpinning the growth of sophisticated fulfilment centres. While retailers showcase products to enhance customer experience in retail stores, they also leverage on e-commerce to realise cost savings, by tapping on logistics warehousing to ship products directly to customers.

Better profitability among industrialists and potential expansion will bode well for the demand for industrial properties. Medium-to-long-term performance of the manufacturing and logistics sector is expected to be healthy, in line with expected average 2% - 3% annual economic growth highlighted by the CFE.

2.0 INDUSTRIAL PROPERTY MARKET HIGHLIGHTS

Government Policies

All industrial lands and properties under Housing & Development Board (HDB) will be transferred to JTC Corporation (JTC) in Q1 2018. Some 10,700 industrial units and 540 industrial land leases will be transferred. By housing industrial-related services in a single agency, companies will enjoy streamlined services related to industrial land and tenancy matters. This is expected to bring synergy and ease of administration on regulating industrial land. This will also allow a more holistic review of industrial policies and offer greater benefits to the users.

The government also assured that businesses affected by the transfer are not likely to face higher rents due to consolidation. JTC will also honour the existing lease agreements for HDB tenants under the same terms.

Government Land Sales Programme

Majority of the industrial land for development are available through the Industrial Government Land Sales (IGLS) programme. There are six land parcels on the Confirmed List and five on the Reserve List[4]. Land plots on the Confirmed List in the IGLS for H1 2017 are mainly small plots (less than 1 hectare). On the other hand, the Reserve List features three larger plots (more than 1 hectare). These land parcels have a tenure of 20 years.

Prices and Investment Market

According to JTC, the industrial property price index declined by 9.1% in 2016, after a slight decline of 1.7% in 2015. However, overall

1 The CFE is set up by the Singapore Government comprising members from different industries that operate in both global and domestic markets. The CFE aims to keep the Singapore economy competitive by helping to position Singapore for the future, as well as identify areas of growth with regards to regional and global developments.
2 All currencies are in Singapore Dollar (SGD), unless otherwise stated.
3 The 23 industries are Aerospace, Air Transport, Construction, Education, Electronics, Energy & Chemicals, Environmental Services, Financial Services, Food Services, Food Manufacturing, Healthcare, Hotels, ICT and Media, Land Transport, Logistics, Marine & Offshore, Professional Services, Precision Engineering, Real Estate, Retail, Sea Transport, Security and Wholesale Trade.
4 Sites on the Reserve List will only be launched for sale if an interested party submits a minimum price bid that is accepted by the government.

industrial transaction sales value increased by 14% from $2.2 billion in 2015 to $2.5 billion in 2016. Overall, industrial capitalisation rates are at about 7% - 8%. Table 2.1 highlights the major industrial investment transactions in 2016.

While there were no major policies or measures implemented in 2016 affecting sales, those introduced since 2012 are still in place, constraining volume and prices[5]. Number of caveats lodged for industrial transactions fell by 21%, from 1,175 in 2015 to 932 in 2016.

Table 2.1: Major Industrial Investment Transactions (2016)

Development	Address	Tenure	Gross Floor Area (GFA) (sq m)	Vendor	Buyer	Transacted Price ($ million)	Unit Price ($ per sq ft/ $ per sq m)
Mapletree Business City 1	10,20, 30 Pasir Panjang Road	Leasehold for a term from April 2010 to 29 September 2096	158,700 of Net Lettable Area (NLA)	Mapletree Investments	Mapletree Commercial Trust	1,780	1,042/ 11,216 (includes office space)
Bukit Batok Connection	2 Bukit Batok St 23	30 years from 26 November 2012	37,495	SB (Westview) Investment	DBS Trustee of Soilbuild Business Space REIT	100.5	248/ 2,667
Harper Kitchen	25 Harper Road	Freehold	5,040	-	Nanshan Group Consortium	51.1	942/ 10,140
Warehouse	6 Chin Bee Avenue	30 years	30,116	Sharikat Logistics	Viva Industrial Trust	87.3	269/ 2,895

Source: Urban Redevelopment Authority (URA), Edmund Tie & Company Consulting, March 2017

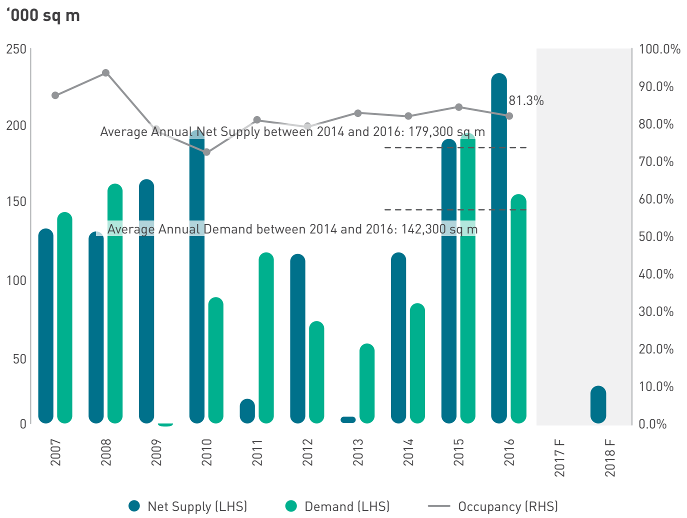
3.0 BUSINESS PARKS[6]

Existing Supply[7]

Private business park stock rose by 14.8% (234,000 sq m) to 1.81 million sq m in 2016, the highest increase since 2011 (Figure 3.1). It constitutes only about 4% of total private industrial stock in Singapore (41.1 million sq m). Majority of private business park is in the Central Region (987,000 sq m, 54%[8]), while the remaining is distributed across the East Region (485,000 sq m, 27%) and West Region (342,000 sq m, 19%).

The increase came mainly from the Build-to-Suit (BTS) completion in Ascent (38,740 sq m), Mapletree Business City II (MBC II) (85,100 sq m), STT MediaHub (17,548 sq m) and the GlaxoSmithKline Asia headquarter (37,161 sq m). Notably, MBC II, located in Pasir Panjang Road in the Central Region, is the first high-rise business park development of 30 storeys, offering business park space with Grade A office specifications. Major tenants include Google and Covidien.

Figure 3.1: Net Supply, Demand and Occupancy (Business Park)[9]



Source: JTC Corporation (JTC), Edmund Tie & Company Consulting, March 2017

5 Assignment prohibition period and new guidelines for sale-and-leaseback of industrial properties, subletting restrictions and minimum occupation periods was introduced in Q4 2013 and Q3 2014 respectively. The Total Debt Servicing Ratio framework introduced in June 2013 continued to impact on the strata-titled industrial market.
6 Includes science parks, where the primary activity is R&D.
7 All supply and demand figures are in terms of Net Lettable Area (NLA), unless stated otherwise.
8 Some figures in this report may not add up due to rounding off.
9 Average annual net supply and demand over three years is adopted as it usually takes less than three years for a development to complete, enabling supply to respond to demand in a shorter time frame.

Singapore
INDEPENDENT MARKET STUDY

BY EDMUND TIE & COMPANY (SEA) PTE LTD
MARCH 2017

Potential Supply

There is no potential supply of business park space in 2017. Potential supply is limited in 2018, comprising two developments amounting to 24,740 sq m (GFA):

- Kingsmen Creative, a communication design and production firm, is expected to complete its headquarters (13,130 sq m) at Changi South in the East Region; and
- A business park development (11,610 sq m) along Pasir Panjang Road in Singapore Science Park in the Central Region.

There is no known potential supply beyond 2018.

Demand and Occupancy

Demand decreased significantly by 21.1% to 153,000 sq m in 2016. The fall in demand could be due to a combination of firms curtailing expansion plans and the changing space requirements of industries requiring lesser space. Nonetheless, many companies with qualifying activities from technology and banking sectors prefer business parks for selected operations e.g. innovation centres and centres of excellence, due to the park environment and relatively more stable rents compared to offices. For example, Google moved from Asia Square Tower 1 to its new campus in MBC II in 2016.

Coupled with higher net supply in 2016, the slower leasing activities led to lower occupancy. Consequently, occupancy declined by 2.4%-points to 81.3%. This was largely due to the significant completion of MBC II (85,100 sq m), which formed 8.6% of stock in the Central Region (or 4.7% of total private business park stock). With about 50% occupancy in MBC II upon completion, occupancy in the Central Region was down sharply from 81.3% to 78.1%.

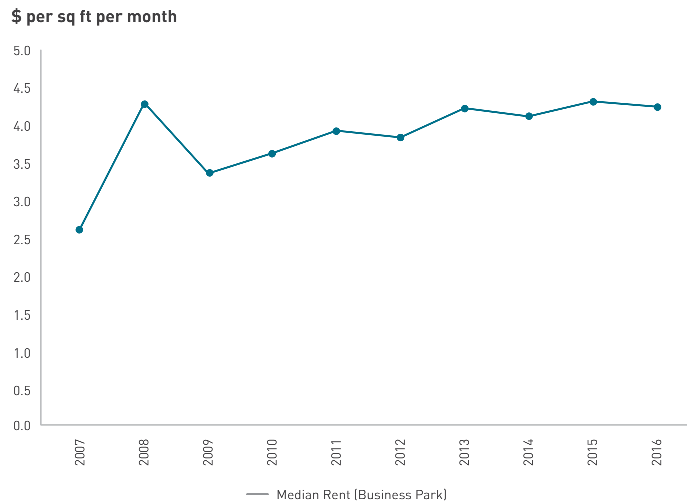
Rents

Singapore's economic performance has been relatively muted. While there was strong rebound in both the manufacturing and services sectors in H2 2016, the improvement was not broad-based. Some businesses were putting their space commitment decisions on hold, while re-evaluating their business plans amidst cautious business outlook. Consequently, demand for business park eased and median rents trended downwards by 1.6% to $4.22 per sq ft ($45.4 per sq m) per month in 2016 (Figure 3.2).

Outlook

As growth in information and communications sector slowed and output in business services contracted in 2016, companies are apprehensive about overall market prospects. While new and

Figure 3.2: Median Rents (Business Parks)



Source: JTC, Edmund Tie & Company Consulting, March 2017

specialised business park developments are expected to command higher rent, many older business park developments will need to be more competitive to attract tenants. On the back of weaker demand, business park rents are forecasted to decline by 3% to 5% over the same period.

Nonetheless, the rental decline in 2017 is mitigated by the lack of potential supply. Over the medium-term, business park rents are expected to perform better, as the government implements ITMs across industries and focuses on higher value-adding activities such as biomedical, fintech and pharmaceutical industries, which support the demand for business park space.

4.0 LIGHT AND HIGH-SPECS[10] INDUSTRIAL SPACE[11]

Existing Supply

Total private factory space (light and high-specs industrial space) increased by 3.6% (1.0 million sq m) to 29.8 million sq m in 2016. Based on Edmund Tie and Company's estimation, some 399,430 sq m completions were high-specs spaces.

Major light industrial space completions include Greyform Building at Kaki Bukit Road 6 (26,322 sq m), Reebonz Building at Tampines North Drive 5 (16,318 sq m) and M-Cube at Pioneer Crescent (9,595

10 Light industrial refers to all single-user and multiple-user factory space, excluding high-specs industrial, as estimated by Edmund Tie & Company.
11 There is currently no official definition for high-specs industrial space. According to Ascendas Reit, they are typically vertical corporate campuses with high office content combined with high specifications mixed-use industrial space. These types of properties house largely MNCs which wish to co-locate their manufacturing activities with their headquarters functions. These also include data centres.

sq m). Notable high-specs completions include data centres like Telin-3 data centre at 8 Sunview Drive by Telekomunikasi Indonesia International (16,236 sq m), BTS facility for Hewlett Packard at Depot Close (30,750 sq m) and DC West at 8 Yung Ho Road by Singtel (43,300 sq m).

Potential Supply

There is approximately 2.0 million sq m (GFA) of private factory space in the pipeline from 2017 to 2019, with 1.2 million sq m scheduled to complete in 2017. Annual expected completion averages at 677,000 sq m, significantly lower than the average annual supply (1 million sq m) between 2014 and 2016.

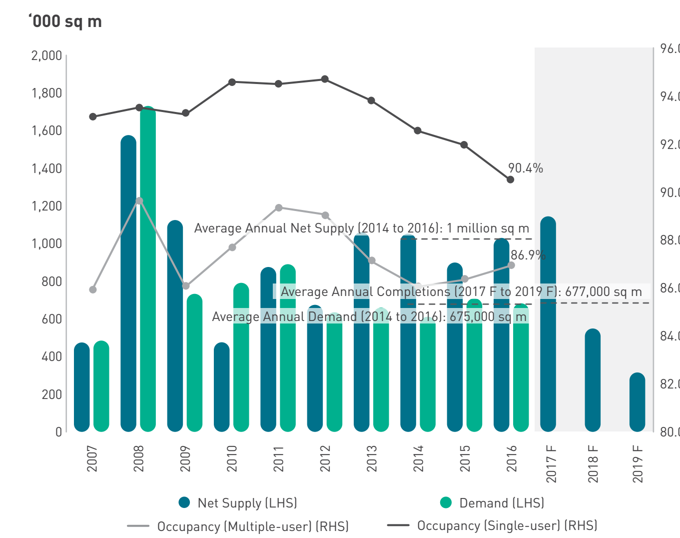
Approximately 40% (810,650 sq m) of overall potential supply for private factory space between 2017 and 2019 are likely to be high-specs industrial developments including data centres. These include extension of Google Asia Pacific's Data Centre in Jurong West Street 23/Bulim Avenue (103,650 sq m, 2017), BTS-Hewlett Packard Phases 2 in Depot Road (39,070 sq m, 2017) and Awan Data Centre by Sabana Real Estate Investment Trust in Tuas Avenue 4 (62,800 sq m, 2018).

Demand and Occupancy[12]

Performance of the manufacturing sector was mixed in 2016. In H1 2016, the weak global demand for export and deteriorating oil and gas industry affected the manufacturing sector, particularly the transport engineering cluster. Companies responded with reduction in production capacity, stricter cost control and organizational restructuring, leading to contraction in employment. In H2 2016, performances of selected manufacturing clusters like electronics and biomedical picked up. Singapore's Purchasing Managers' Index registered its third month of above-50 reading in December 2016, signalling expansion of the manufacturing sector, after 14 consecutive months of contraction. The expansion was due to improvement in new orders and factory output.

Overall, industrialists remain relatively cautious and the private factory leasing market continued to be lacklustre in 2016. Demand for private factory space decreased by 4% (27,000 sq m), from 717,000 sq m in 2015 to 690,000 sq m in 2016 (Figure 4.1). Net supply for private factory space increased from 909,000 sq m in 2015 to 1,041,000 sq m in 2016. Since 2012, annual net supply continued to outpace annual demand. Against this backdrop, occupancy rate of single-user factory fell by 1.5%-points to 90.4% in 2016. Meanwhile, occupancy rate for multiple-user factory remained similar at 86.9% in 2016.

Figure 4.1: Net Supply, Demand and Occupancy (Single- and Multiple-user Factory)



Source: JTC Corporation (JTC), Edmund Tie & Company Consulting, March 2017

Rents

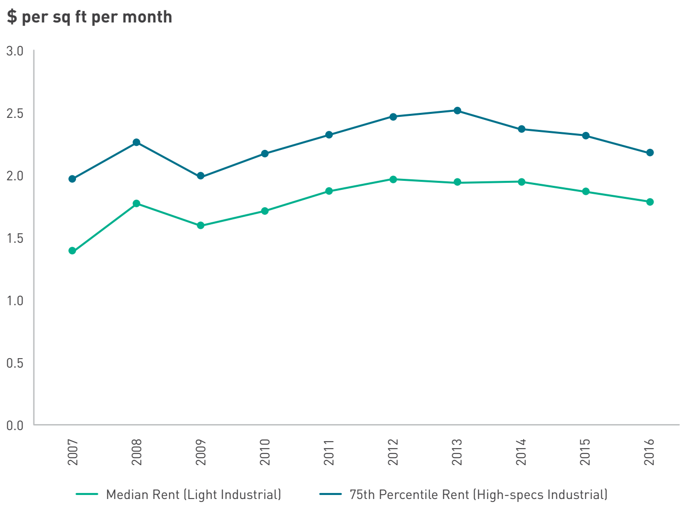
The rental decline was attributed to slower take-up of light and high-specs industrial space. This was evident from net supply outweighing net absorption in 2016. The manufacturing sector faced challenges from falling export volume and the restructuring oil and gas sector in H1 2016, which further affected other downstream sectors such as the transport engineering cluster. Similarly, weaker demand amid uncertain business outlook and lacklustre office market continued to dampen rents for high-specs industrial space. In addition, landlords faced competition from newly completed high-specs developments and older decentralised offices that sometimes offered competitive rents. Notwithstanding, the signs of improvement in selected manufacturing clusters in H2 2016 helped cushioned rental decline.

Median rents, a proxy of private light industrial rent, fell by 4.2% from $1.90 per sq ft ($20.50 per sq m) per month in 2015 to $1.82 per sq ft ($19.60 per sq m) per month in 2016. Meanwhile, the 75th percentile rent, a proxy of high-specs industrial rent, experienced a decline of 6.0%, easing from $2.35 per sq ft ($25.3 per sq m) per month in 2015 to $2.21 per sq ft ($23.8 per sq m) per month in 2016 (Figure 4.2).

12 Demand and occupancy data for the high-specs and light industrial segments are unavailable. The demand and occupancy trends for private multiple-user factory are used as a proxy.

Singapore
INDEPENDENT MARKET STUDY
BY EDMUND TIE & COMPANY (SEA) PTE LTD
MARCH 2017

Figure 4.2: Rents (Single- and Multiple-user Factory)



Source: JTC, Edmund Tie & Company Consulting, March 2017

Outlook
Demand for industrial space is expected to be muted in the short-term, due to concerns over sustainable recovery in the manufacturing sector. Moreover, withdrawal of the United States from the Trans-Pacific Partnership will cap the growth potential of global trade, while the Fed rate hikes will increase the costs of doing business. Hence, the demand for industrial space in 2017 is likely to be subdued.

Based on the average annual net absorption of 675,000 sq m from 2014 to 2016, the private factory potential supply will be sufficient to meet the demand of industrialists. Notably, the impact of potential supply is mitigated:

- Single-user factory forms the bulk (846,200 sq m, 48%) of the potential supply, reflecting strong demand from industrialist for operations; and
- 30% (530,000 sq m) of the potential supply is estimated to be strata-titled for sale. Some of the strata-titled units may not meet industrialists' requirements.

While H2 2016 manufacturing output suggested improvement in selected clusters, the rebound was not broad-based and overall external demand remained weak. As such, both private light industrial and high-specs industrial space rents are expected to decline by 4% to 6% in 2017.

5.0 LOGISTICS AND DISTRIBUTION CENTRES[13]

Outlook
Warehouse stock grew by 7.2% from 8.8 million sq m in 2015 to 9.4 million sq m in 2016, reflecting an increase of 629,000 sq m. This was nearly 33% higher than 2015's net supply of 472,000 sq m, and about 6.3% more than the average annual net supply of 592,000 sq m from 2014 to 2016.

The West Region has the largest concentration of warehouse space, accounting for 62% (5.9 million sq m) of the islandwide stock. This is followed by the East (1.5 million sq m; 16%), Central (1.2 million sq m; 13%), North (428,000 sq m; 5%) and Northeast (389,000 sq m; 4%) Regions.

Recently completed developments, including Mapletree Logistics Hub - Toh Guan (55,000 sq m) and SingPost Regional eCommerce Logistics Hub (44,000 sq m), were built with high capacity to meet with future demand in e-commerce. For example, SingPost Regional eCommerce Logistics Hub houses a fully automated parcel sorting facility, with capacity of up to 100,000 parcels a day and serving 19 markets globally. These significant investments are votes of confidence among logistics enterprises that recognise Singapore as a key logistics hub tapping on the burgeoning e-commerce market.

Potential Supply
About 1.0 million sq m (GFA) of private warehouse space is in the pipeline, with majority being single-user logistics and distribution warehouses. Notably, the average annual supply in 2017 and 2018 is 515,000 sq m, lower than the average annual 592,000 sq m in the last three years.

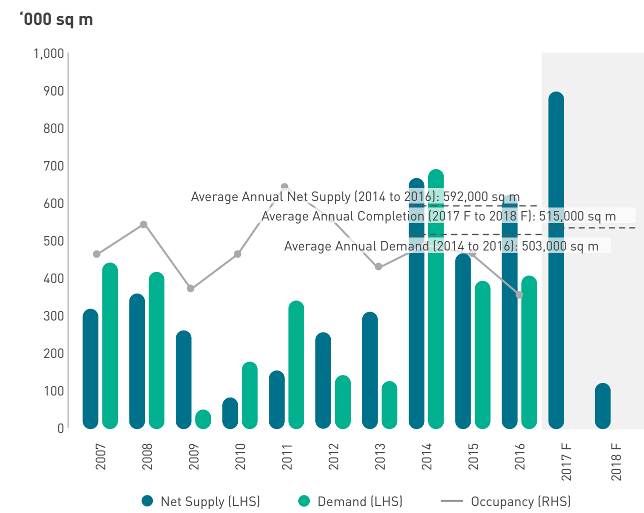
CWT's planned warehouse at Jalan Buroh (GFA 222,000 sq m) will be a "hub within a hub" ecosystem that leverages on economies of scale to achieve higher operating and cost efficiencies. To move up the value chain, the warehouse being developed by Hankyu Hanshin Express (GFA 47,900 sq m) will have an integrated distribution centre and value-added processing areas, in addition to standard logistics warehouse features. Meanwhile, domestic logistics companies like Poh Tiong Choon Logistics (GFA 50,900 sq m) and GKE Warehousing & Logistics (GFA 39,800 sq m) are increasing their warehousing capacity. The logistics industry, especially logistics providers, will remain one of the largest demand drivers for warehouses in Singapore.

Demand and Occupancy
While supply of warehouse outpaced demand in 2016, demand showed signs of picking up, achieving 412,000 sq m with occupancy of 89.7% in 2016 (Figure 5.1). Demand was slightly higher than the

13 There are no official statistics on logistics and distribution centres in Singapore. The report uses private warehouse data from URA as a proxy.

398,000 sq m in 2015, but lower than average annual demand of 503,000 sq m between 2014 and 2016. The demand for warehouse space in 2016, particularly logistics and distribution warehouses, was underpinned by government initiatives (e.g. $20 million of government grants to support integrated and shared delivery systems) and e-commerce activities.

Figure 5.1: Net Supply, Demand and Occupancy (Warehouse Space)



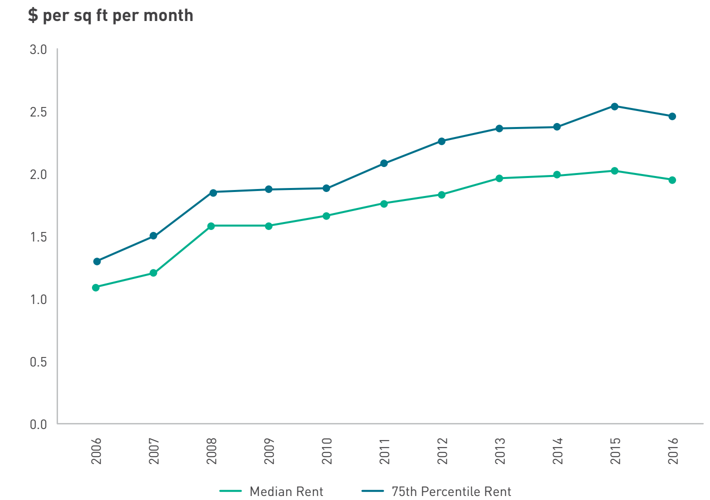
Source: JTC Corporation (JTC), Edmund Tie & Company Consulting, March 2017

Despite short-term challenges in the transport and storage sector, many companies remain confident in Singapore as a leading regional logistics hub. Industrialists and logistics enterprises are attracted by the availability of mature infrastructure and improving productivity.

Demand in 2016 came from both new businesses and expansion. Growing middle-class households in Southeast Asia are drawing e-commerce companies like Amazon and Alibaba to establish their footprint in Singapore. Demand for logistics warehouses, especially fulfilment centres for storing, packing and distribution of goods, is set to grow alongside the demand for specialised logistics in biopharmaceutical goods.

Rents
In 2016, the supply of warehouse space exceeded demand, resulting in a lower occupancy. Consequently, the 75th percentile rents[14], a proxy for logistics warehouse rents, declined by 2.9%, from $2.54 per sq ft ($27.3 per sq m) per month in 2015 to $2.46 per sq ft ($26.5 per sq m) per month in 2016 (Figure 6.3). Median rents, a proxy of conventional warehouse rents, fell more, decreasing by 3.7% from $2.03 per sq ft ($21.8 per sq m) per month in 2015 to $1.95 per sq ft ($21.0 per sq m) per month in 2016.

Figure 5.2: Rents (Warehouse Space)



Source: JTC, Edmund Tie & Company Consulting, March 2017

Outlook
While there were signs of improvement in selected manufacturing clusters in H2 2016, the overall manufacturing sector continues to be under pressure as cost containment remains a key concern for businesses. With significant potential supply in 2017 (906,000 sq m), risks for rental decline for logistics warehouses remain in the short-term. The rental value of warehouses is likely to ease between 5% and 7% in 2017.

However, many logistics companies have developed niche capabilities to remain competitive. Goods such as chemicals, food and beverage and pharmaceutical products typically require specialised logistics warehousing and handling.

Notwithstanding the current economic slowdown, sound fundamentals will help to drive the warehouse sector in the mid-to-long-term. Expanding e-commerce and the government's commitment to deepen trade links are expected to underscore the long-term healthy performance of the logistics sector. According to a joint study[15] by Google and Temasek Holdings, Singapore's e-commerce market is expected to grow more than five times from US$1.0 billion in 2015 to US$5.4 billion in 2025. In line with this expansion, e-commerce is expected to account for 6.7% of Singapore's retail trade by 2025, up from 2.1% in 2015. Rising consumerism, particularly untapped e-commerce potential in Southeast Asia, will continue to drive the demand for logistics warehouses. Moreover, the logistics industry is undergoing transformation, well-supported by government initiatives to enhance the operational environment for logistics activities. Together, these will reinforce Singapore's position as a global logistics hub.

14 JTC's 75th percentile rents are adopted as a proxy for logistics and distribution facilities, which are better specified than conventional warehouses.
15 Google and Temasek Holdings, e-conomy SEA: Unlocking the $200 billion digital opportunity in Southeast Asia, May 2016.

Australia
INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

AUSTRALIAN ECONOMY AND OUTLOOK

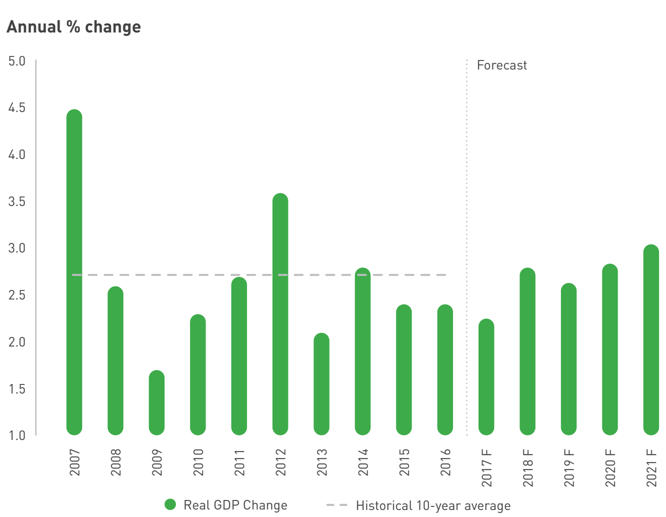
Economy

Australian Gross Domestic Product (GDP) grew by 2.4% in 2016. This marked 2016 as the 25th year of consecutive economic growth, illustrating the relative stability of the Australian economy. While growth remained below the 10-year historical trend rate (2.7%), a strong quarterly positive result in 4Q16 (1.1%) boosted GDP readings beyond market expectations.

The Australian economy has transitioned away from resource sector investment and towards more broad based domestic drivers of demand. Construction activity underpinned much of the economic growth in 2016, supported by a strong residential housing market in Sydney and Melbourne. The public sector also contributed (largely one-off contributions) significantly to growth in 2016, primarily through defence and infrastructure spending.

The outlook for GDP growth is stable. Deloitte Access Economics (DAE) forecasts GDP to grow by 2.2% in 2017, before rising back towards long-term benchmarks in subsequent years. The average annual GDP growth rate over the next five years (2017-2021) is expected to be 2.7% (Figure 1).

Figure 1: Australian real GDP growth and forecasts



Source: Reserve Bank of Australia, Deloitte Access Economics, JLL Research

Population growth

Australian population growth is high, particularly for a mature economy. Between June 2007 and June 2016, Australia's population increased by 3.3 million residents to 24.1 million, equating to a compound annual average growth rate of 1.6%. The population of Victoria grew at the fastest rate in 2016 (2.1%), followed by New South Wales (1.4%) and Queensland (1.4%). The population in the three eastern seaboard states account for around 77% of the national population.

Population growth is a direct driver of consumption spending and retail turnover. It is also an indirect driver of industrial market dynamics, with a greater number of industrial warehousing and distributions centres required to service the growing population.

The outlook for population growth remains positive. High levels of overseas migration, coupled with a strong natural population increase, is expected to underpin an annual average growth rate of 1.7% between 2017 and 2021 (Australian Bureau of Statistics (ABS) 2012 forecasts (latest available)).

Inflation, interest rates and bond yields

Inflation in Australia remains benign. The Consumer Price Index (CPI) was just 1.5% in the year to December 2016. This is well below the Reserve Bank of Australia's (RBA) target band of 2.0% to 3.0% per annum (p.a.) over the course of the business cycle. Low wage growth has been a key determinant of the relatively limited price growth in the economy, with wages growing by just 1.9% nationally in 2016 (ABS).

Inflationary expectations suggest a continuation of relatively low price growth over the short to medium-term. However, CPI growth towards the RBA target band is anticipated, with CPI forecast to average 2.2% between 2017 and 2021.

With relatively subdued CPI growth, interest rates remain at historically low levels. The official overnight cash rate has been stable at 1.5%, after the RBA cut the rate by 25 basis points (bps) in August 2016. In total, the overnight cash rate has been cut by 325 bps since the loosening of monetary policy in November 2011 (Figure 2).

According to the RBA, the Commonwealth Government 10-Year Indexed Bond Rate averaged 1.10% in January 2017 and 0.88% in the 12 months to January 2017. Real bond rates spiked in the second half of 2016, rising by 74 bps between August 2016 and January 2017.

Figure 2: Overnight Cash Rate

Source: Reserve Bank of Australia, JLL Research

Port activities

Australia's major city population bases are heavily reliant on imported goods for consumption. Growth in imported consumption goods is a key driver of occupier demand for industrial warehouse and distribution space.

The total value of goods imports (AUD $b current prices) have increased 6.9% p.a. on average between 1996 and 2016 (DAE). Further steady growth in goods imports is expected to provide a solid base for growth in demand for warehouse and logistics facilities. Goods imports are forecast to increase 2.9% p.a. between 2017 and 2021.

E-commerce and international retailers

Two recent drivers of the industrial sector in Australia have been:

1) The rise of online retailing, and;
2) The expansion of international retailers into the Australian market

Online retail sales amounted to around AUD 21.7 billion in the 12 months to December 2016; accounting for around 7.1% of total retail sales (National Australia Bank (NAB) Online Retail Sales Index, December 2016). The movement towards online retailing has stabilised in Australia, with growth ranging between 10-15 % over the past two years. This figure is down from the high rates in 2011 (~30%). The impact of online retail on the industrial property sector is three-fold. Firstly, it increases direct demand for warehouse and distribution solutions from online retailers and domestic retailers with an online platform. Secondly, it increases demand for distribution space from third party logistics providers for their parcel handling operations. Thirdly, it challenges existing traditional supply chains and buildings to adapt to the needs of e-commerce. E-commerce requirements are likely to be drivers of physical change in industrial buildings with an emerging trend for higher levels of automation. This transformation already begun to emerge in the form of significantly higher racked areas.

The expansion of international retailers has perhaps had the most direct impact on the industrial occupier markets. International retailers with large format stores have generally utilised third-party logistics providers for their warehouse and distribution functions. As international retailers roll-out new stores across Australia, new or extended contracts will be awarded to third-party logistics providers (3PLs), resulting in greater demand for industrial space.

AUSTRALIAN INDUSTRIAL MARKETS OVERVIEW

Industrial demand diverged nationally in 2016. Sydney and Melbourne recorded strong levels of occupier demand, with gross take-up well above long-term averages. In contrast, the commodity driven markets of Brisbane and Perth recorded relatively weaker occupier demand levels. The differing performances are in part a reflection of the divergent growth of the local state economies.

Nonetheless, investment activity remained strong across all markets. Transaction volumes reached an all-time record high of AUD 6.74 billion in 2016. Offshore investors underpinned much of this activity, accounting for a record 40% of total industrial sales. The record year in 2016 was boosted by a number of large scale portfolio deals, including Blackstone's acquisition of the Goodman Group portfolio of 14 assets nationally. The largest single asset transaction was Korea's FG Asset Management's acquisition of a high-tech facility in South Sydney for AUD 112.9 million.

Sydney
INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

SYDNEY INDUSTRIAL MARKET

The Sydney industrial market remains the strongest performing market nationally, with strong industrial occupier demand in 2016. Sydney industrial market fundamentals have been largely underpinned by robust New South Wales (NSW) state economic growth.

In addition to strong macro-economic fundamentals driving occupier demand, urban renewal and gentrification within the inner-Sydney precincts has resulted in stock being withdrawn from the market. This has created a cascade of occupier movement, creating immediate demand for existing stock, decreasing vacancy and placing upward pressure on rents.

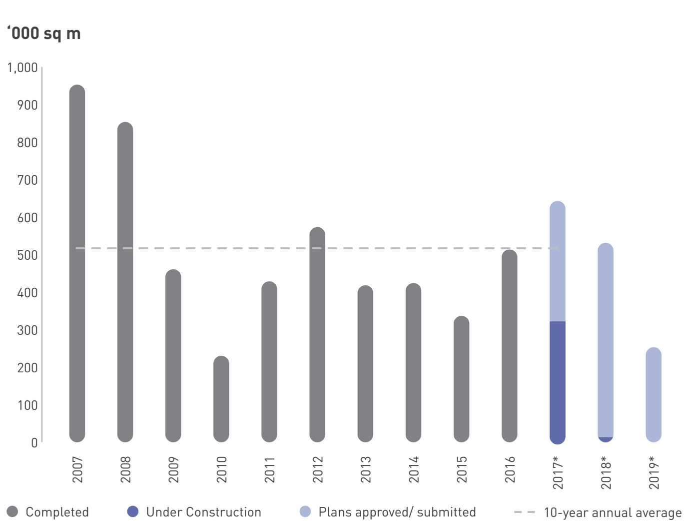
Supply

Approximately 516,700 sq m of new industrial supply completed in 2016. This is broadly in line with the historical 10-year average of 524,300 sq m (Figure 3). Robust supply additions were supported by high pre-commitment activity, with 89% of space having secured pre-commitment upon completion.

The majority of new supply in 2016 was concentrated in the Outer Central West precinct, accounting for 62% of new supply in Sydney. This figure is above the 10-year average of 53%, with major infrastructure road upgrades supporting the development of new industrial land estates around Western Sydney.

Strong construction activity is expected to continue over the next 12 months. There is currently 329,500 sq m of industrial stock under construction and scheduled to complete in 2017 (84% pre-committed), and a further 323,200 sq m at the planning stage (plans approved/plans submitted).

Figure 3: Sydney industrial supply pipeline



Source: JLL Research
**As at 4Q16*

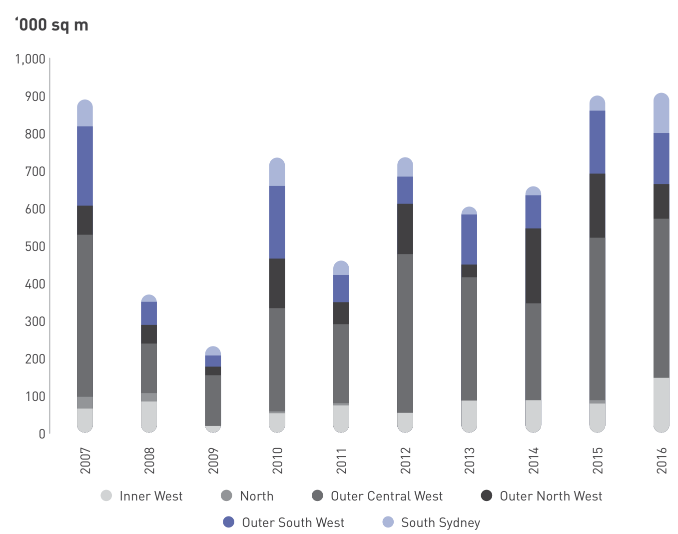
Demand

Industrial leasing activity is strong with 896,600 sq m of gross take-up recorded in 2016. While this figure is comparable with 2015, gross take-up in 2016 was 37.5% higher than the 10-year annual average of 651,800 sq m (Figure 4).

The majority of take-up occurred in the new build market. Around 56% of gross take-up was either a pre-lease or design/construct leasing deal - marginally higher than the 10-year average of 52%.

The three outer central western precincts captured the majority of major occupier moves, accounting for 72% of gross take-up activity in 2016. The Outer Central West precinct accounted for 46%, which is comparable with the 10-year average.

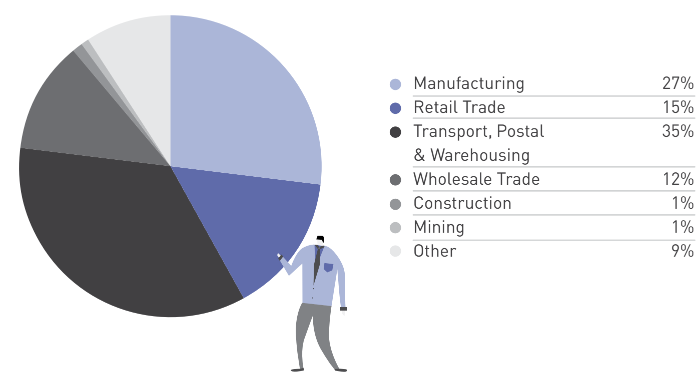
Figure 4: Sydney industrial occupier gross take-up by precinct



Source: JLL Research

In terms of take-up by sector, gross take-up over the last 12 months was concentrated in the four traditional occupier industries, led by manufacturing (39.4%), followed by retail trade (25.9%), transport, postal and warehousing (21.3%), and wholesale trade (4.5%) (Figure 5)[1].

Figure 5: Sydney gross take-up by industry sector: 2013 to 2016



Source: JLL Research

Rents[2]

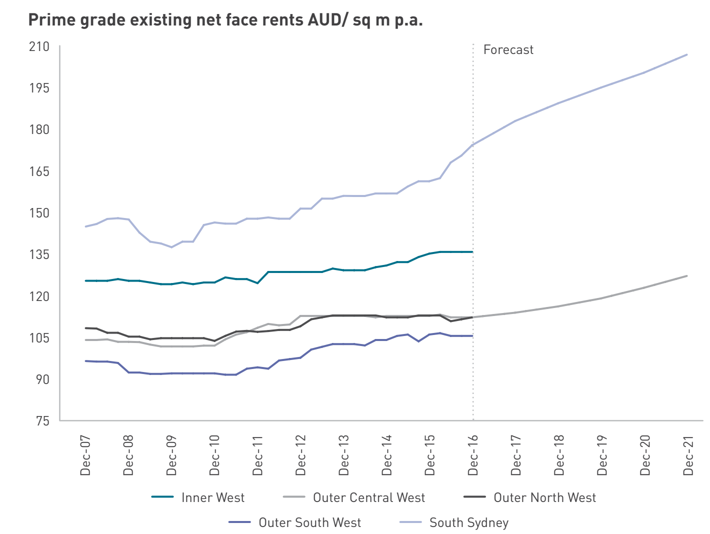
Prime face net rents increased in the South Sydney (8.1%), North (3.6%), and Inner West (0.5%) precincts but fell marginally across the three Outer West precincts.

In the precincts which recorded rising rents, the underlying drivers for rental growth were declining prime vacancy levels, stock withdrawals, and strong occupier demand. This was particularly the case for the South Sydney precinct, where re-zoning of industrial land into mixed-use residential usage reduced the industrial stock base.

The rental decline in the three Outer West precincts reflected increasing supply rather than moderating demand side drivers, which remained relatively robust. Rents fell by a moderate 0.4% in the Outer Central West, 0.6% in the Outer North West, and 0.5% in the Outer South West precinct in 2016 (Figure 6). However, these movements mask divergent performances in suburbs, with area such as Greystanes, Moorebank and Minto recording rental growth over the period.

Nonetheless, the outlook for rental growth is positive. Average prime rents in the Outer Central West precinct are expected to rise by a compound annual growth rate of 2.5% between 2017 and 2021, and by an even greater 3.5% in the South Sydney precinct.

Figure 6: Sydney prime grade net rents



Source: Reserve Bank of Australia, JLL Research

Investment market

Industrial transaction activity in 2016 was strong with approximately AUD 2.53 billion of transactions recorded. This figure is above the previous 2015 record (AUD 2.46 billion) and the five-year (2012-2016) annual average of AUD 1.75 billion.

Despite strong sales volumes, unsatisfied capital remains in the market, with multiple capital sources seeking to increase exposure to the Sydney industrial market.

Transaction evidence provided new pricing benchmarks and the yield compression cycle continued in 2016. Prime mid-point yields tightened across all sub-markets by between 25 and 63 bps in 2016. Prime yields in South Sydney range between 5.50% and 6.00%, while yields in the Outer Central West range between 5.75% and 6.75%.

Outlook

Industrial occupier demand for prime space in Sydney is anticipated to remain robust. Organic growth in business operations, lease expiry, consolidation of occupiers into more modern and efficient space, and new third party logistics (3PL) contracts will combine to support strong industrial take-up levels over the next 12-24 months. Investment demand for Sydney industrial assets is predicted to remain firm, with demand for prime assets outweighing investment opportunities. This is particularly the case for assets located along key transport nodes with long Weighted Average Lease Expiry (WALE) and strong leasing covenants.

1 Refers to the occupiers' industry classification. For clarification, 'manufacturing' comprises those firms who traditionally produce goods. These firms would typically occupy/use space for the production of goods, product assembly, and warehousing and distribution. 'Retail' and 'wholesale trade' firms would typically use industrial space primarily for warehousing and distribution purposes.

2 JLL Research produces an average net face rent for each industrial market. The rents quoted in this report do not account for tenant incentives. Lease incentives are typically expressed as a percentage of the net rent and can vary significantly between markets. Industrial lease incentives are typically taken as rent free periods.

Melbourne
INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

MELBOURNE INDUSTRIAL MARKET

Melbourne has typically been viewed by major corporates as a strategic location for national and regional distribution centres. Industrial development and occupancy costs are generally low due to lower relative land costs, while distance to the shipping port, as well as links to road and rail to interstate and national networks make Melbourne an ideal location for distribution centres.

The Port of Melbourne also provides a significant conduit for industrial occupier demand. This port is the busiest containerised, automotive and general cargo shipping port in Australia, with the highest TEU volume per year.

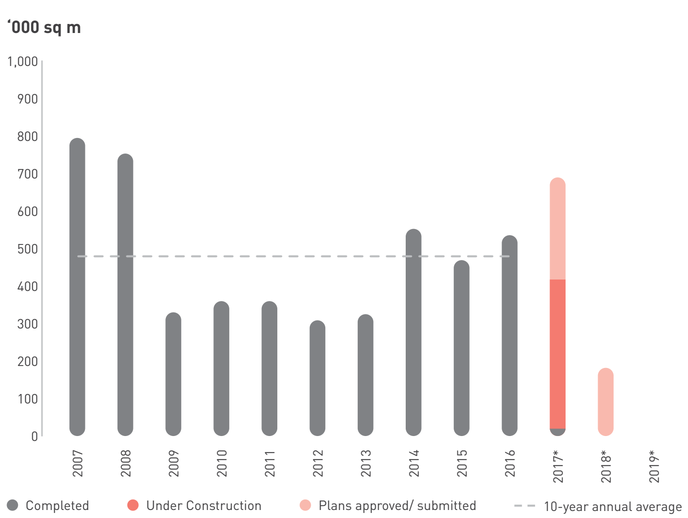
Supply

Construction activity increased in 2016, with 539,200 sq m of industrial stock completing over the year. This is above the 10-year average of 481,800 sq m, and comes after 472,100 sq m completed in 2015. New supply was concentrated in the South East and West precincts, accounting for 52%, and 48% of supply. There were no supply additions in the City Fringe and North precincts.

Pre-commitment rates in 2016 were high, with around 86% of space completing with a known pre-commitment in place. This is well above the 10-year average of 77%, and is reflective of strong tenant demand for new product.

Demand-led development activity will remain a feature of the market in 2017 (Figure 7). Approximately 402,400 sq m is under construction and scheduled to complete in 2017, while a further 274,000 sq m is

Figure 7: Melbourne industrial supply pipeline



Source: JLL Research
As at 4Q16

at the planning stage (plans approved/submitted), of which around 54,200 sq m of space has secured pre-commitment.

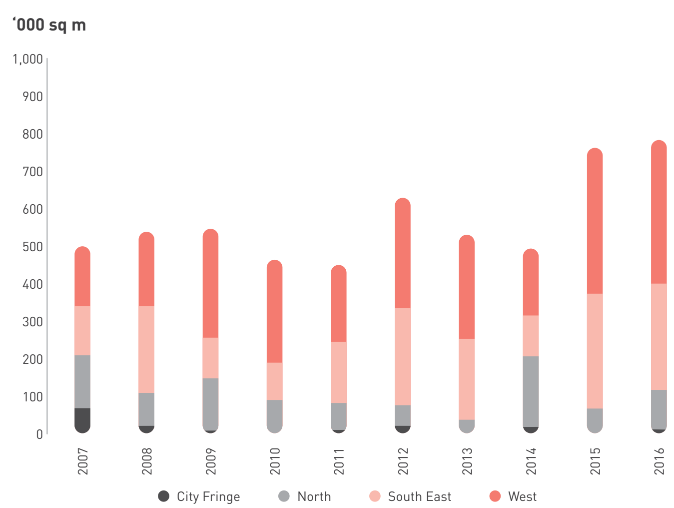
Demand

Industrial occupier demand in Melbourne was very high, with gross take-up reaching 774,800 sq m in 2016. This is marginally above the 746,000 sq m recorded in 2015 and the highest reading since 2007. Furthermore, 2016 was the second consecutive year where gross take-up exceeded the 10-year annual average (598,200 sq m).

In-line with historical activity, occupier movement was greatest in the West precinct, accounting for 49% of total gross take-up volumes in 2016 (Figure 8). The South East followed with 36%. The activity in the West owes to its more affordable development land base, more readily available potential development land supply, and, consequently, lower rental levels.

Pre-lease and design and construct activity fell in 2016, despite higher supply levels. Only 52% of gross take-up (by area) was negotiated on a pre-lease or design and construct basis. This is only marginally lower the 10-year annual average (56%), but well below the reading in 2015 (78%).

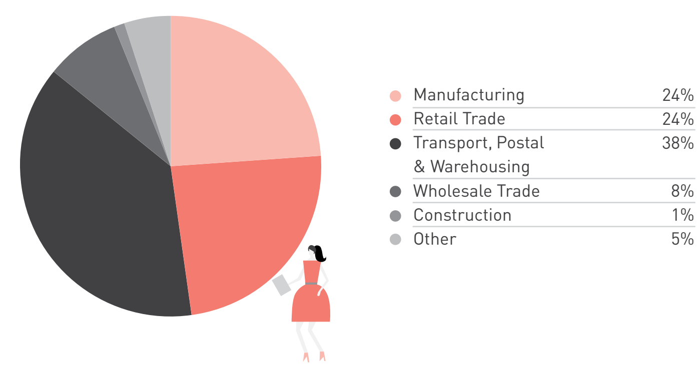
Figure 8: Melbourne industrial occupier gross take-up by precinct



Source: JLL Research

The strong gross take-up in 2016 was underpinned by three main sectors - the manufacturing sector (29.8%), transport, postal and warehousing sector (27.4%), and retail trade sector (16.7%). One highlight was the construction sector, which accounted for 6.2% of demand in 2016, compared to the annual five-year (2011-2015) average of 1.2%.

Figure 9: Melbourne gross take-up by industry sector: 2013 to 2016



Source: JLL Research

Rents

Industrial rental movement was patchy in 2016. Average prime rents rose by a robust 4.0% in the South East, grew by a moderate 0.2% in the North, remained stable in the West precinct, and fell by 0.4% in the City Fringe.

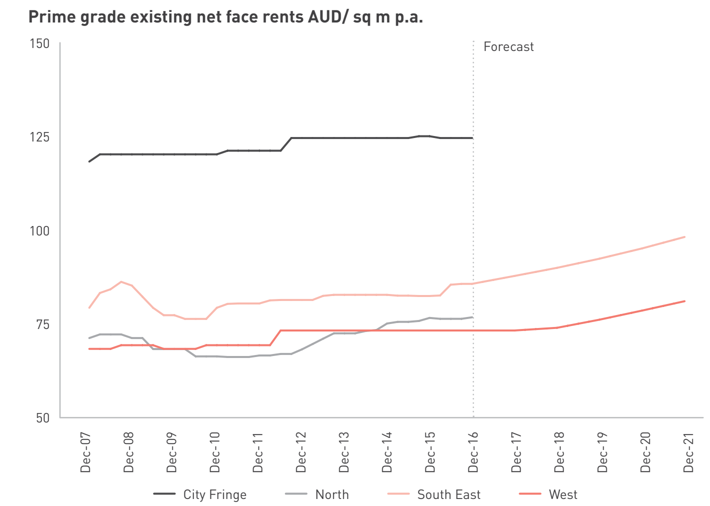
Rental growth in the South East precinct was underpinned by positive occupier leasing enquiry and improving sentiment. Relatively lower vacancy for prime stock also contributed to robust rental growth in this precinct. In contrast, potential high land availability and increasing supply levels offset upward rental pressure from strong leasing demand in the West precinct. This demand/supply dynamic is typical of the West precinct with average prime net rents flat for the past five years.

The rental growth profiles of the South East and West precincts are expected to be replicated over the short and medium-term. Prime rents in the South East are expected to rise by 2.5% in 2017, but remain unchanged in the West. Our medium-term rent projections (2017-2021) have the South East increasing by 2.8% annually (compound annual growth rate) and by 2.1% p.a. in the West precinct (Figure 10).

Investment market

Investment volumes reached AUD 2.11 billion in 2016. While this figure did not reach the AUD 2.21 billion recorded in 2015, it was still well above five-year average of AUD 1.37 billion. Over the year,

Figure 10: Melbourne prime grade net rents



Source: JLL Research

offshore investors (by volume) have continued to be active in the market, with 26.0% of investment coming from offshore groups.

Prime yields compressed in 2016 across all precincts. On a mid-point basis, yields compressed the most in the City Fringe, from 7.00% to 6.25%, followed by the South East and West (from 6.63% to 6.25%), and the North (from 7.00% to 6.88%).

Outlook

Industrial demand in Melbourne is expected to remain robust. Retailers and 3PL operators are expected to drive demand, while some manufacturing users may relocate from manufacturing space to distribution focused space. New supply is likely to remain broadly steady in the short-term and be driven by tenant demand rather than speculative activity.

Additionally, a large component of occupier activity will be underpinned by the new build market through pre-lease and design and construct transactions, with 86.5% of projects under construction already having a known pre-commitment.

Occupier activity is also expected to continue to shift to the West precinct. The growing overall size of the West market is expected to continue to underpin this on-going transition.

Strong investment volumes are expected to continue into 2017. However, opportunities to acquire prime grade assets are anticipated to remain limited in 2017. If this trend continues, investment capital may be directed towards secondary assets and value-add opportunities.

Brisbane
INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

BRISBANE INDUSTRIAL MARKET

The Brisbane industrial market has been impacted by the relatively weaker economic conditions, with subdued occupier sentiment and demand. However, the Brisbane market has favourable underlying economic and demographic fundamentals. The ongoing transition of the resource sector, from the investment to the production phase, will support Queensland export volumes and the broader recovery in the state economy.

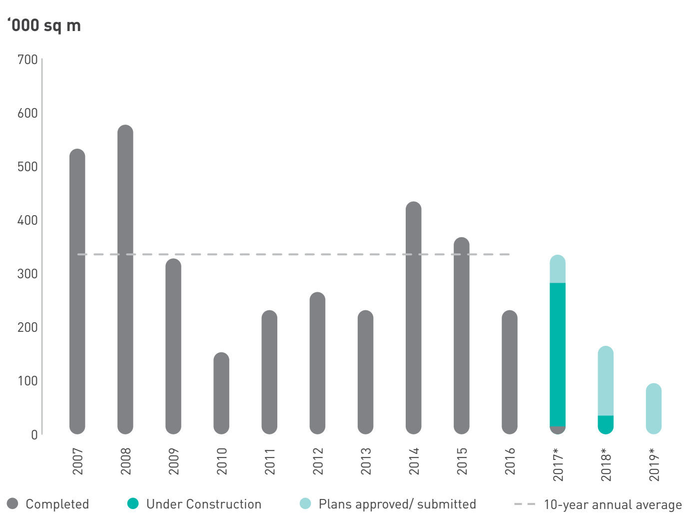
The spread between Brisbane and Sydney house prices has widened to the highest level on record and may provide a catalyst for increased interstate migration between New South Wales and Queensland. With the anticipated acceleration in migration levels, the potential for industrial occupier demand to grow remains significant.

Supply

New supply levels fell in 2016, with only 233,500 sq m completing over the year. This is down from the 369,800 sq m completions in 2015, and lower than the 10-year average of 337,200 sq m (Figure 11).

The majority of projects were completed in the Southern precinct, which accounted for 77% of total new supply in 2016. Each project averaged a size of 11,200 sq m, above the 7,200 sq m average in the Trade Coast precinct and the 8,500 sq m in the Northern precinct. The pre-commitment rate in 2016 (72%) was broadly in-line with the 10-year average.

Figure 11: Brisbane industrial supply pipeline



Source: JLL Research
**As at 4Q16*

Approximately 249,200 sq m of stock is under construction, already exceeding the supply additions in 2016. The development pipeline has a healthy level of pre-commitment (84%). A further 53,200 sq m is in the planning approval stage (plans approved/plans submitted). Delivery of these projects is relatively high, with a current pre-commitment rate of 54%.

Demand

Industrial demand was relatively stable, with around 405,900 sq m of gross take-up recorded in 2016. This is only moderately lower than the 10-year annual average of 432,800 sq m. However, gross take-up volumes fell relative to 2015 (455,100 sq m). This is indicative of the subdued occupier sentiment at present given the relatively weaker Queensland state economic conditions.

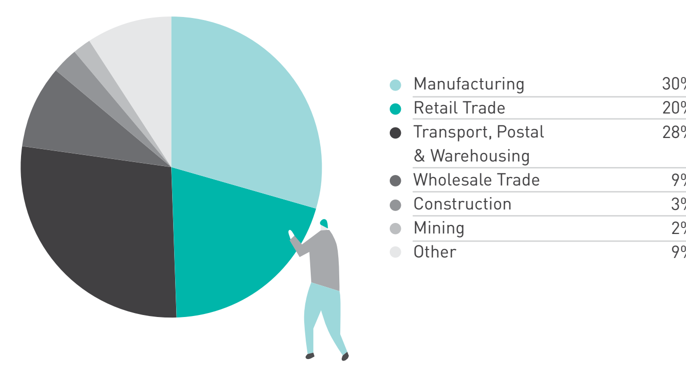
The trend towards the new build market continued, with pre-lease or design and construct deals accounting for 65% of leased space in 2016. The spread between prime existing rents and prime pre-lease rents has narrowed significantly in recent years, providing the impetus for occupiers to consider the new build market. The Southern precinct captured the bulk of major occupier movements in 2016, with gross take-up in this precinct accounting for 69% of take-up for the year (Figure 12).

Figure 12: Brisbane industrial occupier gross take-up by precinct

Source: JLL Research

As Figure 13 illustrates, firms in the manufacturing sector were the most active occupier cohort, accounting for 36% of gross take-up in 2016. This was followed by Transport, Postal & Warehousing (22%), and Retail Trade (21%). Occupiers within the mining sector accounted for just 2% of gross take-up in 2016, and just 1% between 2007 and 2016, indicating that the industrial property sector's direct exposure to the mining and resource sector is minimal.

Figure 13: Brisbane gross take-up by industry sector: 2013 to 2016



Source: JLL Research

Rents

Average prime face rents remained under pressure in 2016. Rents in the Southern and Trade coast precincts fell by 0.4% and 0.7% respectively, while rents in the North precinct were unchanged over the year (Figure 14).

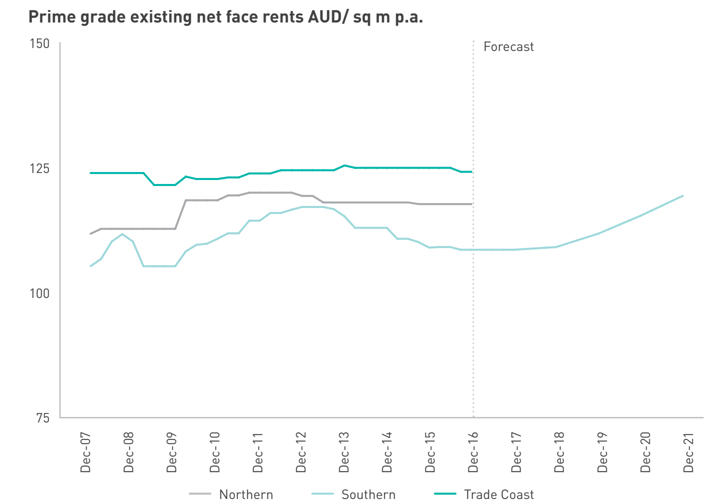
Limited rental movement has characterised the Brisbane industrial market over the past 10 years. Over this period (2007-2016), rents have increased by just 3.2% in the Southern precinct and 5.4% in the Northern precinct. Rents in the Trade Coast precinct were virtually unchanged (0.2%).

Competition from the pre-lease market, coupled with relatively subdued occupier sentiment, is expected to dampen upward rental movements over the short-term. No growth is forecast for the Southern precinct rents in 2017, while only a modest 0.5% growth is expected in 2018.

Investment market

Brisbane industrial markets have continued to attract investor interest. However, sales volumes for 2016 fell in comparison to the previous year, partly due to a high base. Sales transactions in 2016 reached AUD 756.0 million which is significantly lower than AUD 1.00 billion posted in 2015. The reduction in sales was also in part due to a lack of quality prime assets put to the market in 2016.

Figure 14: Brisbane prime grade net rents



Source: JLL Research

With strong investment demand, prime yields across all three precincts tightened by 38 bps in 2016. Prime yields now range between 6.25% and 7.00% across the market. The Southern mid-point prime yield is now 200 bps lower than during the cyclical yield peak in 2009. Secondary yields in comparison remained unchanged in 2016. This was largely on the account of weaker secondary grade market fundamentals.

Outlook

The Queensland economic growth profile has been below trend in recent years, impacting industrial occupier sentiment, enquiry and activity. However, economic fundamentals have begun to improve, supported by a recovering residential housing market, and increasing tourism and net exports levels as the coal and liquefied natural gas (LNG) cycle moves from the investment to the production stage.

The logistics sector is also expected to provide a source of occupier demand over the next 12-24 months. Logistics providers are aiming to improve operational efficiencies by securing newer facilities in strategic locations, particularly while leasing conditions are favourable.

The Brisbane investment market is anticipated to remain strong, with demand for well-leased prime grade assets in particular expected to continue. However, a lack of investment opportunity at this end of the market that was evident in 2016 may persist into 2017.

Perth

INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

PERTH INDUSTRIAL MARKET

Perth has undergone a transformation in the last decade as a result of the mining investment boom. Population growth has been among the strongest in the country, while wages and household asset values have also grown strongly during this time.

The impact on the Perth industrial sector has been significant. Major retail brands, third-party logistics providers, and other corporates have grown strongly in the Perth market during this time. Despite the mining investment booms, take-up in the direct market by mining industry occupiers in Perth was only 6% of the total between 2007 and 2016 (> 3,000 sq m spaces).

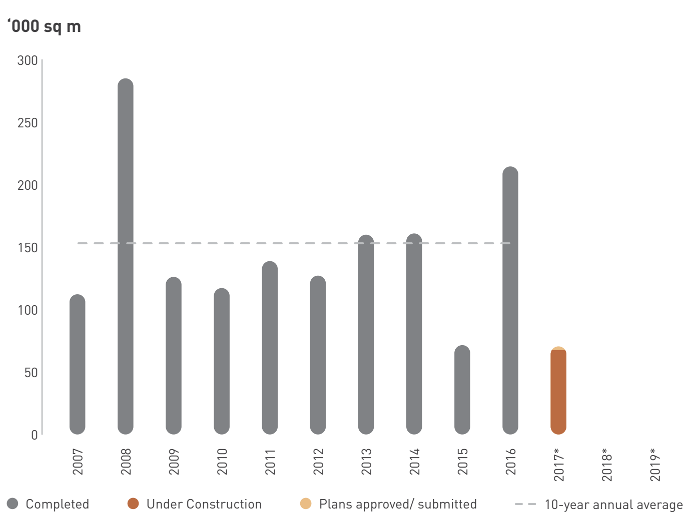
The Perth market is not heavily institutionalised and the land market is tightly held by private developers. As a result, speculative construction is scarce and market rents have grown strongly in the last decade.

Supply

Industrial supply in Perth was high with 216,200 sq m of industrial stock completing in 2016. This is the highest level of completions since 2008, and significantly above the 10-year annual average of 152,400 sq m (Figure 15).

Supply in 2016 was underpinned by a number of large scale distribution centres and logistical facilities, including: a 48,000 sq m Aldi distribution centre; a 39,100 sq m Kmart distribution centre; a 34,000 sq m CEVA logistical/warehouse development; and a 20,000 sq m Mainfreight logistical/warehouse development.

Figure 15: Perth industrial supply pipeline



Source: JLL Research
**As at 4Q16*

The forecast supply pipeline is subdued. There is currently only 67,600 sq m of stock under construction, while only 3,400 sq m is in the planning stage (plans approved/plans submitted). Around 87% is of space is located in the East precinct.

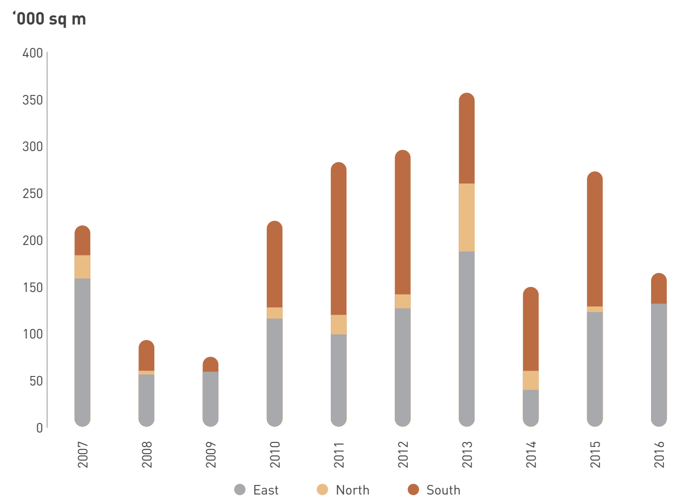
Demand

Occupier industrial demand remained subdued, largely on the account of relatively weak economic conditions. Around 164,900 sq m of gross take-up was recorded in 2016, below the 10-year average of 215,600 sq m.

Consequently, vacancy remains elevated. However, the majority of vacancy is concentrated in older, secondary facilities rather than in new supply. However, despite high vacancy levels and relatively lower rents, occupiers remain hesitant to make relocation decisions. Additionally, existing industrial facilities are also facing competition from new pre-lease options, particularly in the South precinct, and newer industrial estates.

Nonetheless, industrial demand remained concentrated in the East precinct (Figure 16). Around 80% of total gross take up was recorded in this precinct, followed by South precinct (20%).

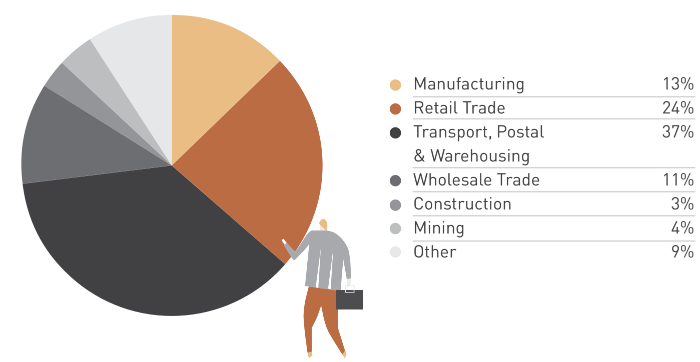
Figure 16: Perth industrial occupier gross take-up by precinct



Source: JLL Research

In terms of gross take-up by sector, firms in the retail trade sector accounted for the majority of gross take-up in 2016 (31%). This was followed by the Health Care & Social Assistance sector (17%). Health Care & Social Assistance firms are not a traditionally large occupier of space, but take-up from this sector was boosted by a number of pharmaceutical firms leasing space in the East precinct. Firms from the transport, Postal & Warehousing sector, which has historically been the largest occupier cohort, accounted for 13% of gross take-up in 2016 (Figure 17).

Figure 17: Perth gross take-up by industry sector: 2013 to 2016



Source: JLL Research

Rents

Prime grade face rents have been under downward pressure over the last 12 months, largely as a result of vacant supply on the market and subdued industrial demand conditions.

Prime rents in the East precinct fell by 1.4% in 2016, and are now 12.6% lower than the 2012 rental peak. Similarly, the average rent decreased by 0.7% in the South precinct in 2016, but remained stable in the North precinct (Figure 18).

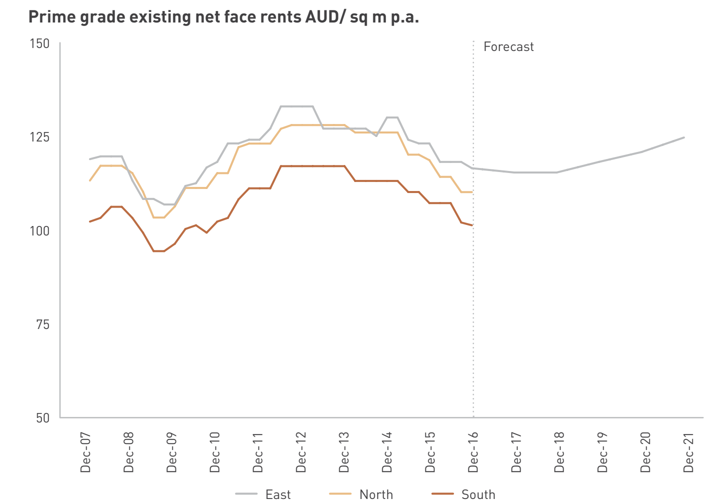
In addition to relatively high vacancy and weak demand, competition from the pre-lease market has negatively impacted rents for existing space. Average pre-lease rents in the East precinct fell by 11.3% in 2016, significantly narrowing the spread with rents for existing space and making a move into the new build market a viable option for many occupiers.

Consequently, the downward trend in rents is forecast to continue into 2017. Rents in the East precinct are anticipated to fall by 1.0% in 2017, before remaining flat in 2018. The compound annual growth rate between 2017 and 2021 is forecast to average 1.4%.

Investment market

Industrial transaction volumes in Perth totalled AUD 373.1 million in 2016. This value was boosted by the sale of Market City in February 2016 for AUD 135.5 million. Investor demand remains high for

Figure 18: Perth prime grade net rents



Source: JLL Research

industrial assets in Perth, with pent-up demand due to the lack of available stock.

Prime yields compressed by 25 bps across all precincts in 2016 to 6.75%. The prime yield range is now between 6.50% and 7.00%. Yields in the secondary market were unchanged over the year, which is reflective of the higher vacancy and weaker demand at this end of the market.

Outlook

The wider WA economy is impacted by the end of the mining sector investment cycle, as a number of resource projects move into the production phase. Industrial demand from the engineering and mining sectors are expected to be subdued. If commodity prices recover in the longer term, this may trigger additional investment in the mining industry, which will indirectly assist take-up in the Perth industrial market.

While enquiry for prime space and high end facilities remains strong, occupiers are taking a long time to make relocation decisions given the economic environment. Current market conditions may see further increases in the level of incentives offered.

The level of interest from varying groups of buyers remains high. Offshore groups and superannuation funds continue to look for opportunities to invest in Western Australia, and demand continues to be strong from institutional investors seeking assets with long WALEs and national tenants. Perth yields continue to offer a spread to other east coast markets. This reflects the current fundamentals and economic uncertainty.

Sydney Business Park

INDEPENDENT MARKET STUDY

BY JONES LANG LASALLE (NSW) PTY. LIMITED
APRIL 2017

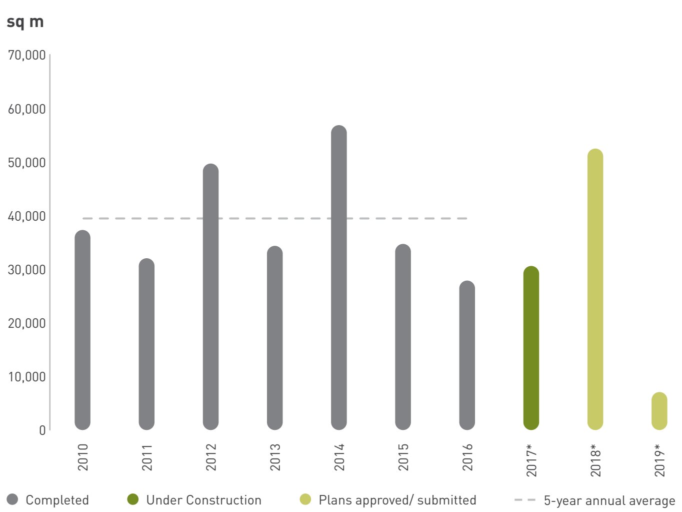
SYDNEY BUSINESS PARK MARKETS

Business parks typically comprise office and warehouse accommodation, and normally incorporate a campus style layout. Given their flexible floor plates, business parks can accommodate a number of commercial uses. They also generally located >10km from the Sydney CBD and in close proximity to established residential areas. Business park markets have become more prominent in the Sydney commercial property landscape, both in terms of the occupier and investment markets.

The tenant profile of business park markets is typically more diverse than CBD office markets. Retail operators, technology and media companies, medical research firms, manufacturers, logistics and transport firms, and wholesale traders comprise the primary occupants. Given that the tenancy profile of business park markets is relatively broad and less reliant on one industry sector, there is generally less volatility in occupier demand through the cycle.

In this Report, the Sydney business park office market refers to the Macquarie Park, Sydney Olympic Park/Rhodes, South Sydney, and Norwest office markets. These markets are considered the major business park markets in the Sydney metropolitan area.

Figure 19: Sydney business parks supply pipeline



Source: JLL Research
**As at 4Q16*

Supply

Sydney's business park markets total around 1.5 million sq m. This equates to around 15% of total Sydney metropolitan office stock monitored by JLL. The size of Sydney's business park markets has increased significantly since 2010[3], rising by an annual average of 4.3% over the period. The majority of stock is concentrated in the Macquarie Park market (49%). This is followed by Sydney Olympic Park/Rhodes (19%), South Sydney (16%), and Norwest (16%).

Supply additions in 2016 were steady, with only 28,100 sq m of office stock across two projects completing over the year. Stock additions in 2016 equated to 1.9% of total office stock, continuing the downward trend in the supply cycle, which peaked in 2014. 2016 is expected to be the lull in the cycle.

Four projects totaling 30,800 sq m are currently under construction and scheduled to complete in 2017. The construction pipeline in 2018 suggests a continuation of increasing stock levels (Figure 19).

Demand

Office occupier demand in Sydney's business park markets has historically been relatively strong, with only one year of negative net absorption between 2010 and 2016. The annual net absorption average during this period was a robust 32,800 sq m (Figure 20).

Net absorption in Sydney's business park markets remained steady in 2016 (33,200 sq m). Net absorption was partly curtailed by a shortage of prime contiguous space, and vacancy remains tight at 8.1%.

Tight vacancy conditions across the broader Sydney metropolitan office markets are expected to support occupancy levels in Sydney's business park office markets. With limited space options in the Sydney CBD (7.7% vacancy), Sydney Fringe (3.9%), and Parramatta (4.5%) office markets, many occupiers will consider Sydney's business park markets as viable office alternatives.

Rent

Strong market fundamentals have translated to strong rental growth. The weighted average prime net effective rent[4] across Sydney's business park markets rose by a significant 5.4% in 2016, after also rising by 3.0% in 2015.

3 JLL began monitoring the Sydney Olympic Park/Rhodes and Norwest office markets in 2009 and the South Sydney market in 2010. To maintain consistency, any reference to historical long-term averages refers to the period between 2010 and 2016.
4 Weighted by total office stock in the Macquarie Park, Sydney Olympic Park/Rhodes, South Sydney, and Norwest office markets.

Figure 20: Sydney business parks net absorption and vacancy

Source: JLL Research
**Excludes the Macquarie Park balancing factor (117,200 sq m) in 1Q14 when 16 untracked buildings were added to the market.*

Increasing face rents underpinned growth on an effective basis, with incentives remaining broadly unchanged across most markets. In Sydney Olympic Park/Rhodes, prime net face rents increased by a robust 5.5% in 2016, while incentives remained stable. Similarly, prime net face rents rose by 3.7% in Macquarie Park and by 3.3% in South Sydney, with only moderate changes in average incentive levels. Rents in Norwest were unchanged in 2016.

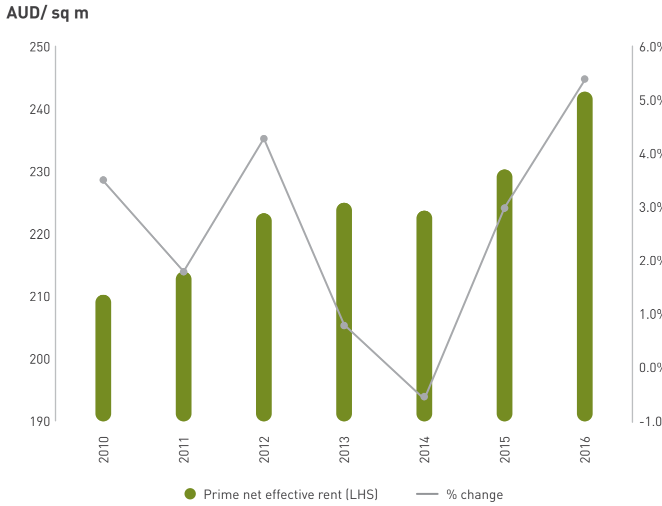
The outlook for rental growth remains firm. The Macquarie Park office market is the one business market we prepare detailed forecasts for. Between 2017 and 2019, prime net effective rents in Macquarie Park are expected to increase by a compound annual average of 3.6%.

Investment market

Investment activity in Sydney's business park markets was strong in 2016, with transactions totalling AUD 1.25 billion over the year. This equated to 17.8% of total transactions recorded in Sydney's office markets in 2016[5], which is more than double the 6.9% recorded over the long-term.

The largest transaction in 2016 was the sale of the Woolworths Headquarters in the Norwest office market. This asset is one of the largest in the market and sold for AUD 336.5 million to a South Korean property fund. The sale reflected an equivalent yield of 6.06%.

Figure 21: Sydney business parks prime net effective rents



Source: JLL Research

Similar to other office markets, the yield compression cycle continued in 2016. Mid-point yields compressed by 25 bps in Macquarie Park (from 6.88% to 6.63%) and South Sydney over the year (from 6.75% to 6.50%), by 12.5 bps in Sydney Olympic Park/Rhodes (from 7.75% to 7.63%), and by 50 bps in Norwest (from 9.25% to 8.75%).

Outlook

Demand for office space in Sydney's business park markets is anticipated to remain robust. The broader strength of the NSW economy, the high exposure of business parks to the fast growing industry sectors (education, health and technology), and the relative affordability of business park markets is likely to support office demand over the next 12-24 months.

A new source of leasing demand is also expected to come from the displacement of tenants from the CBD, with around 100 tenants to be displaced for the construction of the Sydney Metro line. With relatively limited space options in adjoining office markets, occupiers may need to look towards the business park markets for office space.

The investment thesis for business park markets firmed in 2016. A broad occupier base, relatively lower occupancy costs, and close proximity to a large educated workforce support lower volatility through the cycle and provide a relatively consistent and stable income stream for investors. The widening yield spread with the Sydney CBD and other suburban office markets can also potentially provide value upside for investors.

5 JLL Research monitors 10 office markets in metropolitan Sydney.

CORPORATE DIRECTORY

THE MANAGER

Ascendas Funds Management (S) Limited
Company registration number: 200201987K

REGISTERED OFFICE

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Email: a-reit@ascendas-singbridge.com
Website: **www.ascendas-reit.com**

BOARD OF DIRECTORS

Mr Koh Soo Keong,
Chairman (Independent Director)
Mr Miguel Ko,
Vice Chairman (Non-Executive Director)
Mr Manohar Khiatani,
Non-Executive Director
Mr Chia Nam Toon,
Executive Director & CEO
Mr Chan Pengee, Adrian,
Independent Director
Ms Chong Chiet Ping,
Independent Director
Mr Lim Hock San,
Independent Director
Ms Lim Sau Hoong,
Independent Director
Mr Teo Choon Chye, Marc,
Independent Director
Mr Wong Yew Meng,
Independent Director

COMPANY SECRETARIES

Ms Mary Judith de Souza
Mr Hon Wei Seng

AUDIT COMMITTEE

Mr Chan Pengee, Adrian,
Chairman
Mr Teo Choon Chye, Marc
Mr Wong Yew Meng

NOMINATING, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr Koh Soo Keong,
Chairman
Mr Miguel Ko
Ms Chong Chiet Ping
Mr Lim Hock San
Ms Lim Sau Hoong

INVESTMENT COMMITTEE

Mr Miguel Ko,
Chairman
Mr Koh Soo Keong
Mr Manohar Khiatani
Mr Chia Nam Toon
Mr Lim Hock San
Mr Teo Choon Chye, Marc

OPERATIONAL RISK MANAGEMENT COMMITTEE

Mr Koh Soo Keong,
Chairman
Mr Manohar Khiatani
Mr Chia Nam Toon
Mr Chan Pengee, Adrian
Ms Chong Chiet Ping
Mr Lim Hock San

UNIT REGISTRAR

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Fax: (65) 6532 7662
Partner-in-charge: Nagaraj Sivaram
(with effect from financial year ended
31 March 2017)

SGX CODE

Ascendasreit

STOCK SYMBOL

A17U.SG

CONTENTS

CORPORATE GOVERNANCE

Good corporate governance is ingrained in the core values of Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (Ascendas Reit) and encompasses the implementation of best practices and structures, internal checks and balances, transparency and compliance in Ascendas Reit.

The Manager believes that effective corporate governance is critical to its performance and the success of Ascendas Reit. The Manager remains focused on complying with the principles and requirements of prevailing legislation, regulations and codes (relevant regulations) (including the Code of Corporate Governance 2012 (the Code) issued by the Monetary Authority of Singapore (the MAS) in Singapore).

This section sets out the existing corporate governance practices of Ascendas Reit with reference to the Code and relevant regulations. Where there are deviations from the principles and guidelines of the Code and relevant regulations, an explanation has been provided in this section.

THE MANAGER OF ASCENDAS REIT

The Manager was appointed in accordance with the terms of the Trust Deed constituting Ascendas Reit dated 9th October 2002 (as amended) (the Trust Deed).

Pursuant to the Trust Deed, the Manager's main responsibility is to manage Ascendas Reit's assets and liabilities for the benefit of unitholders of Ascendas Reit (Unitholders).

The Manager sets the strategic business direction of Ascendas Reit and makes recommendations to HSBC Institutional Trust Services (Singapore) Limited as the trustee of Ascendas Reit (the Trustee), on acquisitions, divestments and enhancement of the assets of Ascendas Reit. The Manager is also responsible for the capital and risk management of Ascendas Reit. Other key functions and responsibilities of the Manager include:

1. conducting all transactions on behalf of Ascendas Reit at arm's length, using best endeavours;

2. developing and implementing Ascendas Reit's business plan and budget;

3. ensuring compliance with prevailing rules and regulations, such as those contained in the Listing Rules of Singapore Exchange Securities Trading Limited (SGX-ST), the Code on Collective Investment Schemes (CIS Code) including the Property Funds Appendix issued by the MAS, the Capital Markets Services (CMS) licence for REIT Management issued by the MAS, the Securities and Futures Act, Chapter 289 of Singapore (SFA), as well as the Manager's obligations under the Trust Deed;

4. ensuring the execution of works by the appointed property manager, Ascendas Services Pte Ltd (the Property Manager), that provides property management, marketing and project management services for the properties held by Ascendas Reit, pursuant to the relevant property management agreement; and

5. maintaining a framework of prudent and effective controls which enable financial, operational and compliance risks to be assessed and managed.

In executing its responsibilities towards Ascendas Reit, the Manager has adopted a set of internal guidelines and financial regulations which set out approval limits for, amongst others, capital expenditure, new investments and divestments, and the operation of bank accounts.

All the directors of the Manager (the Board or Directors) are competent and experienced individuals who have considerable experience in the real estate industry and/or other relevant fields of business. The Board oversees the Manager and ensures that the interests of the Unitholders are always upheld over the interests of the Manager and the Manager's shareholder/sponsor, being the Ascendas-Singbridge Group (the Sponsor).

CORPORATE GOVERNANCE

(A) BOARD MATTERS

Principle 1: *The Board's Conduct of Affairs*

The Board of Directors of the Manager is responsible for providing oversight of the management and corporate governance of the Manager and Ascendas Reit, including establishing goals for the management team of the Manager (the Management) and monitoring the achievement of such goals, ensuring that necessary financial and human resources are in place for the Manager to meet its objectives and that Unitholders' interests are safeguarded. The Board has established an oversight framework for the Manager and Ascendas Reit, including a system of internal controls which enables risks to be assessed and managed.

Ascendas Reit is externally managed by the Manager and accordingly, it has no employees. The Manager appoints experienced and well-qualified executives to handle its day-to-day operations and administration in accordance with the policies and strategy set by the Board.

The Board approves transactions exceeding certain limits in accordance with the non-regulated internal financial regulations of Ascendas Reit, while delegating authority for transactions below those limits to the Investment Committee. The Investment Committee comprises six Directors, three of whom are independent Directors. The authority for the approval of operating transactions below a certain level is further delegated to the Management, to facilitate operational efficiency.

The Manager has adopted and documented internal guidelines setting out matters that require the Board's approval. Some of the matters which are reserved for the Board's approval include the following:

- all acquisitions, developments and divestments;
- corporate and financial transactions;
- recommendation of the remuneration for the Chief Executive Officer (CEO) and key executive officers of the Manager to its shareholder for approval; and
- approving the division of responsibilities between the Chairman and the CEO.

The Board meets every quarter to review the financial performance of Ascendas Reit. The Board also reviews the risks relating to the assets of Ascendas Reit, examines liabilities and comments from the auditors of Ascendas Reit and ensures that measures are implemented to address recommendations. When necessary, additional Board meetings are held to approve transactions or resolve issues.

The Management monitors changes to regulations, policies and financial reporting standards. Any change that might impact Ascendas Reit and its disclosure obligations are promptly brought to the attention of the Board, either during Board meetings or via circulation of Board papers.

The Board has established various committees to assist it in discharging its oversight function. These committees have been constituted with clear written terms of reference and they are actively engaged to ensure that the Manager is in compliance with good corporate governance. The committees established by the Board are:

- Audit Committee (AC);
- Nominating, Human Resource and Remuneration Committee (NHRRC);
- Operational Risk Management Committee (ORMC); and
- Investment Committee (IC).

Each of these Board committees operates under delegated authority from the Board, with the Board retaining overall oversight and has its own terms of reference.

CORPORATE GOVERNANCE

Members of the respective Committees are:

Board members	AC	NHRRC	ORMC	IC
Mr Koh Soo Keong		C	C	M
Mr Miguel Ko		M		C
Mr Manohar Khiatani			M	M
Mr Chia Nam Toon			M	M
Mr Chan Pengee, Adrian	C		M	
Ms Chong Chiet Ping		M	M	
Mr Lim Hock San(I)		M	M	M
Ms Lim Sau Hoong		M		
Mr Teo Choon Chye, Marc	M			M
Mr Teo Eng Cheong(II)	M			
Mr Wong Yew Meng	M			

Denotes C – Chairman; M – Member

(I) Mr Lim Hock San joined the Board on 1 July 2016 and was appointed as a member of the IC, ORMC and NHRRC on 1 July 2016.

(II) Mr Teo Eng Cheong retired from the Board and relinquished his role as a member of the AC on 30 September 2016.

Members and their respective attendance at the Board, AC, NHRRC and ORMC meetings for FY16/17 are set out below.

	Board	AC	NHRRC	ORMC
	No. of meetings held: 5	No. of meetings held: 4	No. of meeting held: 1	No. of meetings held: 2
Mr Koh Soo Keong	5		1	2
Mr Miguel Ko	5		1	
Mr Manohar Khiatani	5			2
Mr Chia Nam Toon	5			2
Mr Chan Pengee, Adrian	5	4		2
Ms Chong Chiet Ping	5		1	2
Mr Lim Hock San(i)	4		-	2
Ms Lim Sau Hoong	5		1	
Mr Teo Choon Chye, Marc	5	4		
Mr Teo Eng Cheong(ii)	1			
Mr Wong Yew Meng	5	4		

(i) Mr Lim Hock San joined the Board on 1 July 2016.

(ii) Mr Teo Eng Cheong retired from the Board on 30 September 2016. He attended 1 meeting held during the FY16/17 period.

CORPORATE GOVERNANCE

Principle 2: *Board Composition and Guidance*

The Board presently consists of ten (10) members, seven (7) of whom are independent Directors. The composition of the Board therefore complies with the Code, which requires at least one-third of the Board to be independent since the Chairman of the Board is independent. The Chairman of the Board is Mr Koh Soo Keong and the Deputy Chairman of the Board is Mr Miguel Ko.

The current composition of the Board as a group provides an appropriate balance and diversity of skills, gender, experience, talent and knowledge relevant to Ascendas Reit. The NHRRC annually examines the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience.

The Board considers that its composition and balance between non-independent and independent directors are appropriate and allow for a balanced exchange of views, deliberations and debates among members and effective oversight of Management.

The NHRRC has conducted an annual review of the Directors' independence and has made recommendations to the Board on the independence of the Directors. Based on the NHRRC's recommendations and in addition to the requirements under the Code, the Board also assessed the independence of each Director in accordance with the enhanced independence requirement for REIT Managers as implemented by the MAS pursuant to its Response to Feedback on Consultation on Enhancements to the Regulatory Regime Governing REITs and REIT Managers and subsequent review by the Board. The Board is of the view that the following Directors presently on the Board are independent:

- Mr Koh Soo Keong – Chairman
- Mr Chan Pengee, Adrian
- Ms Chong Chiet Ping
- Mr Lim Hock San
- Ms Lim Sau Hoong
- Mr Teo Choon Chye, Marc
- Mr Wong Yew Meng

Mr Miguel Ko, Mr Manohar Khiatani, and Mr Chia Nam Toon are non-independent Directors. Mr Miguel Ko is the Group CEO of Ascendas-Singbridge Pte Ltd (ASB), the parent company of the Manager and a deemed controlling unitholder of Ascendas Reit. Mr Manohar Khiatani is the Deputy Group CEO of ASB. Mr Chia Nam Toon is the CEO of the Manager.

The Board comprises Directors with relevant experience and expertise, including real estate, accounting and finance, legal, business, information technology, customer based experience or knowledge and management. The independent directors actively participate in developing and setting strategies and goals for the Management. The Management benefits from the independent directors' objective views and perspectives on issues brought before the Board. Members of the Board engage in open and constructive debate and challenge the Management on its assumptions and proposals. The Manager has put in place processes to ensure that independent Directors are well supported by accurate, complete and timely information. All Directors have unrestricted access to the Management and have sufficient time and resources to effectively discharge their oversight function.

The profiles of the Directors are set out on pages 20 to 26 of the Annual Report.

Principle 3: *Chairman and Chief Executive Officer*

The Chairman and the CEO are two separate persons and are not immediate family members. This ensures a balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

The Chairman ensures that the Directors work together with the Management in a constructive manner to address strategic, business, operational, capital management, risk, corporate governance and financial issues. At Board meetings, the Chairman ensures that adequate time is available for discussion of all agenda items and strategic issues. At annual general meetings and other Unitholders' meetings, the Chairman ensures that there is constructive dialogue between Unitholders, the Board and the Management.

CORPORATE GOVERNANCE

Mr Chia Nam Toon, the CEO of the Manager, together with the Management, has full executive responsibilities over the business direction and operational decisions in managing Ascendas Reit.

Principle 4: *Board Membership*

The Manager has established the NHRRC which comprises five Directors, the majority of whom, including the Chairman, are independent.

The NHRRC is responsible for all Board appointments as well as re-appointments and reviews succession plans for the Board. In determining whether to re-nominate a Director, the NHRRC considers the following:

- whether the Director has given sufficient time and attention to the affairs of the Manager and Ascendas Reit, in particular, when a Director holds other directorships; and
- whether the Director is able to and has been adequately carrying out his/her duties as a Director.

The NHRRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have more than six listed company board representations so that they are able to commit time and effort to carry out duties and responsibilities effectively.

New Directors are formally appointed by way of a Board resolution. The search for candidates to be appointed as new Directors is conducted through contacts and recommendations. Suitable candidates are carefully evaluated by the NHRRC so that recommendations made on proposed candidates are objective and well supported. In recommending the appointment of new Directors, the Board takes into consideration the current Board size and composition, including diversity of skills, experience, gender and knowledge of matters relating to Ascendas Reit which the new Director can provide to the Board. Appointment of Directors is subject to the approval of the Manager's parent entities.

Upon their appointment to the Board, the newly appointed Directors are given a formal letter setting out the Director's duties, obligations and responsibilities, together with the Trust Deed and other relevant information and documentation relating to Ascendas Reit and the Manager. They are also briefed on the business activities of Ascendas Reit, its business plan, the regulatory environment in which Ascendas Reit operates, its corporate governance practices and their statutory duties and responsibilities as Directors. Directors are also kept updated on revisions to relevant laws and regulations as well as on relevant areas that may impact the business, through presentations and workshops. The Manager supports Directors who receive further relevant training in connection with their duties.

The NHRRC reviews the existing directorships annually. Based on the Manager's policy, the directors are appointed for consecutive terms of two years up to a maximum term of six years. Renewal beyond a term of six years will be on an exceptional basis in order to encourage refreshment and renewal of the Board. In the year under review, none of the independent Directors have served on the Board for more than nine years from the date of their first appointment.

Key information regarding the Directors, such as their academic and professional qualifications, the committees served on, the date of first appointment as a Director, directorships, both present and those held over the last three years in other listed companies and other major appointments is disclosed on pages 20 to 26 of the Annual Report.

Principle 5: *Board Performance*

The Board's performance is reviewed annually to assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The review includes assessing the individual Director's commitment, attendance and ability to contribute effectively at meetings, the Board composition, access to information, processes, risk management, Board committees, strategic planning, accountability and oversight, and standards of conduct. Each Director is required to complete a Board Performance Evaluation Questionnaire (the Questionnaire) and is allowed to individually express his/her personal and confidential assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. This provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. Based on responses to the Questionnaire returned by each Director, a consolidated report is prepared and presented to the NHRRC and the Board. The NHRRC will evaluate the responses and provide its comments and recommendations to the Board on any changes that should be made to help the Board discharge its duties more effectively. Accordingly, the annual review of the Board's performance was carried out for FY16/17.

CORPORATE GOVERNANCE

Based on the Board assessment exercise, the Board is of the view that it has met its performance objectives and each of its members is contributing to the overall effectiveness of the Board.

Principle 6: *Access to Information*

The Management provides the Board with complete information on the business and the operations of Ascendas Reit and the Manager on a regular basis.

As a general rule, Board papers are sent to the Directors at least five days before the Board meeting so that the Directors may better assess the matters tabled, and discussions at the Board meeting may be focused on questions and issues that the Directors may raise. Parties who can provide relevant information on matters tabled at Board meetings will be in attendance to provide any further information that may be required.

At the quarterly Board meetings, Directors are updated on developments and changes in the operating, business and financial environment affecting Ascendas Reit.

A one day off-site Board strategy meeting is organised annually for the Board and the Management to discuss strategic issues and formulate plans pertaining to Ascendas Reit and the Manager. Where appropriate, the Management arranges for the Directors to visit the properties and meet with key tenants and business associates, to better appraise the Directors of the business.

In addition, the Board has separate and independent access to the Management, the company secretary of the Manager (the Company Secretary), internal and external auditors of Ascendas Reit at all times. Where necessary, each Director has the right to seek independent professional advice on matters relating to Ascendas Reit at the Manager's expense, to facilitate the discharge of Directorship duties.

The Company Secretary prepares minutes of Board meetings and proceedings of all Board committees (Committees). He/she assists the Chairman of the Board and the Committees in ensuring that proper procedures are followed and that the Manager's Constitution, the Committees' terms of reference, the Trust Deed, relevant rules, regulations, best practices, and internal policies, including applicable provisions of the Property Funds Appendix, are complied with. Under the direction of the Chairman of the Board and the Committees, he/she is responsible for ensuring information flows within and among the Board, the Committees and the Management. He/She also works with the Management to ensure that Board and Committee papers are provided to each Director ahead of meetings. In the year under review, the Company Secretary has attended all Board and Committee meetings.

The CEO, Chief Financial Officer (CFO) and the Company Secretary are the primary channels of communication between the Manager and the SGX-ST.

(B) REMUNERATION MATTERS

Principle 7: *Procedures For Developing Remuneration Policies*

Principle 8: *Level and Mix of Remuneration*

Principle 9: *Disclosure On Remuneration*

All fees and remuneration payable to the Directors, key executive officers and staff of the Manager are paid by the Manager and not by Ascendas Reit.

The Manager has established the NHRRC which comprises five Directors, the majority of whom, including the Chairman, are independent. The NHRRC has clear terms of reference and its primary duty and responsibility is to recommend to the Board a framework of remuneration for the Board and key executive officers, and the specific remuneration packages for each Director as well as for key executive officers including the CEO. The NHRRC is also responsible for recommending the annual targets which are measurable to drive the performance of Ascendas Reit and the Manager. The NHRRC has access to expert advice from external consultants where required. During the year under review, no external consultant was hired.

CORPORATE GOVERNANCE

Directors' Remuneration

The structure of Directors' fees for non-executive Directors comprises a base fee for serving as a Director and additional fees for serving on Board Committees as well as for attendance at meetings. The Directors' fees, take into account the following:

- the financial performance and size of Ascendas Reit and the Manager;
- the Directors' responsibilities and contributions; and
- the industry practices and norms on remuneration, including the guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

Key Executive Officers' Remuneration

The Manager advocates a performance-based remuneration system for key executive officers of the Manager. The remuneration structure is designed with the objective of retaining, rewarding and motivating the individual to stay competitive and relevant. The principles governing the Manager's remuneration policy for its key executive officers are as follows:

a. Reward and motivate employees to work towards achieving the strategic goals and business results of Ascendas Reit and the Manager.

b. Enhance retention of key talents to build strong organisational capabilities and ensure competitive remuneration relative to the appropriate external talent markets.

For FY16/17, the total remuneration mix of key executive officers comprises a fixed annual salary, short-term incentives including benefits-in-kind and long-term incentives:

a. The fixed annual salary includes a base salary, fixed allowances and compulsory employer's CPF contribution.

b. The short-term incentive is essentially tied to the performance of Ascendas Reit and of the individual. The key performance indicators include Distribution Income (DI) and Net Property Income (NPI), all of which are aligned to the interests of the Unitholders.

c. The long-term incentive is tied to the Sponsor's performance. As the Manager is a subsidiary of the Sponsor, employees of the Manager are part of the larger group, which allows the Manager increased flexibility and effectiveness to reward and motivate them with better career growth and exposure. The Manager will be in an advantageous position to attract and retain qualified key executive officers and employees. This will also provide continual development of talent and renewal of leadership for sustaining the long-term business growth of Ascendas Reit. Therefore, the rationale for granting the long-term incentive is aligned with Unitholders' interests. The long-term incentive pay-out is conditional upon the achievement of pre-determined performance targets set by the Ascendas-Singbridge Board for a performance period of three years.

The NHRRC is of the view that remuneration is aligned to FY16/17 performance and that all the performance conditions used to determine the remuneration of Directors and key executive officers of the Manager were met.

The Code and the Notice to All Holders of a CMS licence for Real Estate Investment Trust Management require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; (ii) the disclosure of the remuneration of at least the top five key executive officers (who are neither Directors nor the CEO) in bands of S$250,000, with a breakdown (in percentage or dollar terms) of each key executive officer's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives; and (iii) the aggregate total remuneration paid to the top five key executive officers (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is also required to provide reasons for such non-disclosure.

CORPORATE GOVERNANCE

The Manager has decided (a) to disclose the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Manager in bands of S$250,000, and (c) to disclose the total remuneration of the top five key executives of the Manager (including the CEO). In arriving at its decision, it took into account the sensitivity and confidential nature of remuneration matters and the competitive nature of the business environment in which the Manager operates, to ensure stability and continuity of the management team. The Manager is of the view that disclosure in such manner is not prejudicial to the interests of Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration for the top five key executives (including the CEO), is made known to Unitholders. In addition, sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between Ascendas Reit's performance and the remuneration of the top five key executives (including the CEO). Lastly, the remuneration of the top five key executives (including the CEO) of the Manager is paid out of the fees that the Manager receives (of which the quantum and basis have been disclosed), rather than the assets of Ascendas Reit.

Remuneration of the Directors and key executive officers of the Manager is paid in cash. There were no employees of the Manager who were immediate family members of a Director or the CEO in FY16/17. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

No compensation is payable to any Director, senior management or staff of the Manager in the form of options in units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, under the service contracts.

Directors' Fees[1]

Board Members	FY16/17[1]	FY15/16
Mr Koh Soo Keong	S$152,500	S$148,500
Mr Miguel Ko[2]	S$85,000	S$20,904
Mr Manohar Khiatani[2]	S$70,000	S$82,527
Mr Chia Nam Toon	N.A.	N.A.
Mr Chan Pengee, Adrian	S$94,500	S$84,730
Ms Chong Chiet Ping	S$71,000	S$31,675
Mr Lim Hock San[3]	S$59,795	N.A.
Ms Lim Sau Hoong	S$64,000	S$26,265
Mr Teo Choon Chye, Marc	S$85,000	S$73,486
Mr Teo Eng Cheong[4]	S$30,575	S$76,014
Mr Wong Yew Meng	S$72,000	S$33,342

N.A.: Not Applicable.

1 Inclusive of attendance fees of (a) S$1,000 per meeting attendance in person, (b) S$1,000 per meeting attendance via teleconferencing or video conferencing, (c) ad-hoc meetings, being S$500 per meeting attendance, (d) an additional S$500 per day for overseas attendance allowance. Directors' fees are subject to the approval of the Manager's parent entity.

2 The Director's fees for Mr Miguel Ko (payable to Ascendas Investment Pte Ltd (AIPL), a wholly owned subsidiary of Ascendas Pte Ltd) were waived, in respect of the period 1 January 2016 (being the date of Mr Ko's appointment) to 31 March 2016, and for FY16/17.

The Director's fees for Mr Manohar Khiatani (payable to AIPL) were (i) paid to AIPL in respect of the period 1 April 2015 to 10 June 2015; (ii) waived in the respect of the period 11 June 2015 to 31 March 2016; and (ii) waived, in respect of FY16/17.

3 Mr Lim Hock San joined the Board on 1 July 2016.

4 Mr Teo Eng Cheong retired from the Board on 30 September 2016. All FY16/17 Director's fees payable to Mr Teo Eng Cheong was paid in cash to Surbana Jurong Pte Ltd. Mr Teo is the CEO (International) of Surbana Jurong Pte Ltd.

CORPORATE GOVERNANCE

The remuneration of the CEO in bands of S$250,000, and a breakdown of the remuneration of the top five key executives (including the CEO) of the Manager in percentage terms, are provided below:

FY16/17 Key Management Personnel's Remuneration

Total Remuneration Bands	Fixed Compensation and employer's CPF[1]	Short-term Incentives and employer's CPF[2]	Long-term Incentives[3]	Total
Above S$1,500,000 to S$1,750,000				
1. Mr Chia Nam Toon	30%	59%	11%	100%
Key Officers				
2. Ms Koo Lee Sze 3. Ms Karen Lee 4. Mr Matthew John Meredith[4] 5. Mr Lawden Tan[5]	51%	41%	8%	100%
Total for top five key executives (including CEO):		**S$3,424,647**		

(1) The amount disclosed includes base salary, Annual Wage Supplement, allowances, other fixed benefits and employer's CPF contribution accrued for FY16/17.

(2) The amount disclosed includes bonuses and other variable benefits accrued for FY16/17.

(3) This refers to the FY16/17 grant. The pay-out will be based on the achievement of the pre-determined performance targets over a period of three years.

(4) Mr Matthew John Meredith resigned as General Manager, Australia and his last day of service was 12 May 2017. His eligibility for the FY16/17 short-term incentive was forfeited in accordance with the Company's policy. The long-term incentives granted during the year have lapsed in accordance with the Company's policy.

(5) Mr Lawden Tan was appointed as Head, Investment and Business Development with effect from 15 January 2017. The fixed remuneration disclosed is pro-rated based on his service period. He is not eligible for the FY16/17 short-term and long-term incentives in accordance with the Company's policy.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: *Accountability*

The Board is responsible for presenting a balanced and comprehensive assessment of Ascendas Reit's performance, position and prospects, including interim and other price sensitive public reports and reports to the regulators (if required). To assist the Board in this regard, the Management provides timely, complete, adequate information to the Board through the most expedient means, including emails.

Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNet, press releases, the Ascendas Reit's website, and media and analyst briefings.

Management provides all members of the Board with management reports and such explanation and information on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the performance, position and prospects of Ascendas Reit.

The Manager had, pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST, received undertakings from all its directors and key management that they each shall, in the exercise of their powers and duties as directors and officers comply to the best of their endeavour with the provisions of the Listing Rules of SGX-ST, the SFA, the Code on Takeovers & Mergers, and the Companies Act.

CORPORATE GOVERNANCE

Principle 11: *Risk Management and Internal Controls*

Risk Management

Risk Management is the cornerstone of the Manager's strategy to deliver sustainable distributions. The Board recognises its responsibility for the governance of risks and ensures that the Management maintains a sound system of risk management and internal controls for good corporate governance. The Management maintains a structured Enterprise Risk Management (ERM) framework for Ascendas Reit and its subsidiaries (Group). The ERM framework provides a structured and systematic process for identifying, assessing and treating key risks; and aims to reduce uncertainties, improve preparedness and heighten risk awareness of Ascendas Reit as it executes its strategies. The Board reviews the ERM framework, determines the risk appetite and ensures that there are relevant mitigation strategies and controls set up to manage risks.

The day-to-day management of risks is embedded into key organisational processes such as planning, budgeting and performance management activities. The Manager regularly monitors and reports on the relevant risks and controls. Meetings are held periodically to discuss and deliberate current and emerging risk issues, risk-related incidents, effectiveness and efficiency of existing internal controls, status of action plans for treating risks and key risk indicators.

The Board is supported by the AC and the ORMC in managing risks.

The AC has oversight of Ascendas Reit's ERM, reviews and guides the management in the design and formulating of Ascendas Reit's risk management policies and process to effectively identify, evaluate and manage any material risk and ensure that a robust risk management and internal control system is maintained. On a quarterly basis, the AC is updated on Ascendas Reit's overall risk profile and key risk areas. Any changes to the risk policies, risk parameters, risk management framework and risk profiles will also be discussed with the AC during the quarterly meetings and updated as necessary.

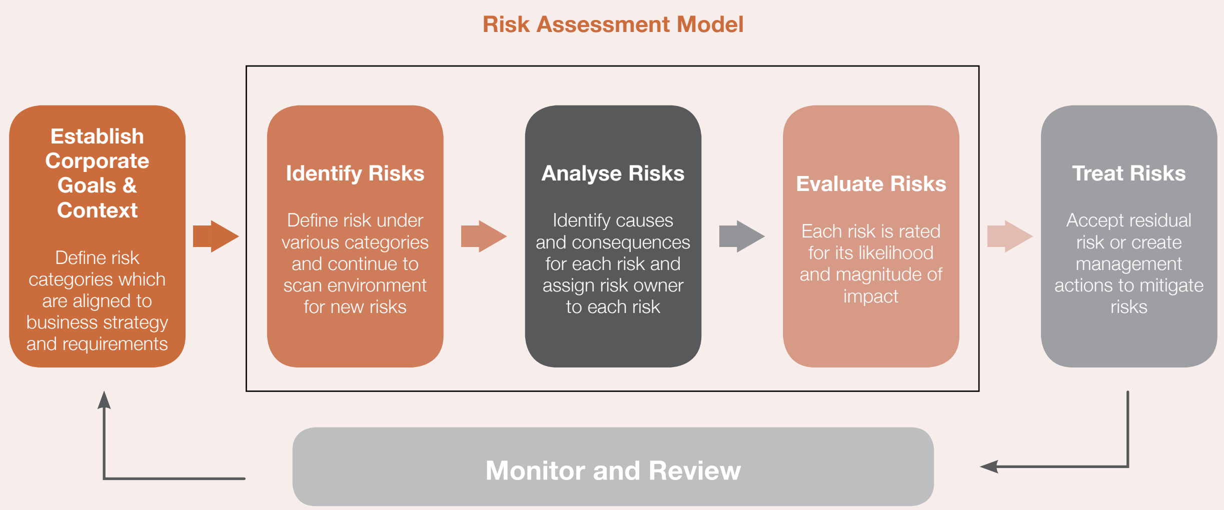
The ORMC assists both the AC and the Board on matters relating to the operational aspects of risk management. The ORMC provides oversight over Ascendas Reit's operations and corporate disclosure risks. The ORMC discusses and deliberates the operational risk issues faced by Ascendas Reit and ensures that appropriate processes are in place to identify, manage and treat these risks and ensure proper disclosures where necessary. The main duties of the ORMC are (i) overseeing the adequacy and effectiveness of the operational aspects of risk management; (ii) monitoring the effectiveness of the Group and its outsourced Property Manager's risk management system to ensure that a sound and robust risk management system is maintained; (iii) evaluating the adequacy of the effectiveness of the Group's disclosure controls and procedures; and (iv) assessing the materiality of specific events, developments and risks to the Group and the impact on the price of Ascendas Reit's unit.

In addition, the Management and the Board review key transactions relating to the Manager and Ascendas Reit, and the Group's external and internal auditors review the financial statements and internal controls covering key risk areas.

Ownership of risks lies with the Management with overall oversight by the Board. The Management regularly assesses the nature and extent of risks and maintains and updates a risk register which identifies risks and the internal controls in place to mitigate those risks. This register is submitted to the AC and the Board on a quarterly basis. The AC and the ORMC report to the Board on material findings and make recommendations in respect of any material risk issues. The risk reports will be relied upon as part of the basis for the Board and the AC to assess the adequacy and effectiveness of the risk management and internal control systems.

CORPORATE GOVERNANCE

Risk Management Process



The key risks identified include but are not limited to:

Strategic Risks

The Manager is cognisant of risks that will impact fulfilling the vision and mission of Ascendas Reit. The value of the properties and the rental revenue collected may be adversely affected by changes in real estate conditions, such as the attractiveness of competing business spaces and industrial properties and/or if there is an oversupply of business and industrial space. The Manager constantly monitors the economic, political and real estate markets in the countries where the Group invests and operates in.

External Risks

Ascendas Reit's portfolio comprises properties located in Singapore and Australia, which exposes Ascendas Reit to the risk of a prolonged downturn in economic and real estate conditions in both countries. The Manager conducts regular country and market research to manage country risks. External risks are also managed by maintaining a well-diversified and high quality portfolio and adopting a disciplined investment strategy.

Financial Risks

The key financial risks include liquidity risks, interest rate risks and foreign currency risks. The Manager regularly reviews Ascendas Reit's debt and capital management and updates the Board through quarterly meetings. A system of controls is in place to maintain an acceptable balance between the benefits derived from managing risks and the cost of managing them. The Manager mitigates liquidity risks by diversifying the sources of funding and ensuring a well-spread debt maturity profile. Exposure to interest rate and foreign exchange volatility are mitigated via the fixed rate management policy, interest rate, cross currency and forward swaps.

Operational Risks

This refers to risks relating to business operations, including procurement, property management and facilities management that result from inadequate or failed internal processes, people or systems. Catastrophic events could result in business disruption, financial losses or even loss of lives. Ascendas Reit is also exposed to outsourcing risks such as the delay in completion of projects by contractors, unsatisfactory quality levels of service or work or failure to perform by service providers.

CORPORATE GOVERNANCE

The Manager has in place a monitoring and reporting framework to manage its day-to-day activities and mitigate operational risks. These include periodic meetings with the ORMC to identify potential operational risks, reviewing and resolving operational issues, regular review of Standard Operating Procedures (SOP) and benchmarking against industry best practices where appropriate. Internal audits and control self-assessments are also carried out periodically to review compliance with SOPs, and identify and rectify any lapses in procedures. The Property Manager also conducts regular site inspections, audits and monthly reviews to ensure the safety of Ascendas Reit's tenants, contractors, employees and visitors.

A business continuity plan is in place and is reviewed and tested regularly to minimise operational disruptions to its critical business activities during catastrophic events. Adequate insurance coverage is also procured to protect against unforeseen losses. Suppliers are subjected to a stringent procurement process, which includes screening of their financial, health and safety records to ensure that supply chain and outsourcing risks are minimised.

Investment and Development Risks

The Manager acquires properties and undertakes development projects to ensure sustainable growth of Ascendas Reit. Asset enhancement projects are also carried out from time to time to maintain the relevance and competitiveness of the properties.

The Manager adheres to a stringent set of policies and procedures when evaluating all investment activities and comprehensive due diligence which includes the legal, financial and physical property aspects is carried out. Investment criteria include expected yield and returns, financial impact, asset quality and location. The overall economic, industrial property market conditions and country risks, where applicable, are also taken into consideration during evaluation. New development projects usually take a few years to complete, depending on the project size and complexity. To mitigate the risk of development delays, the Manager has put in place stringent pre-qualifications of consultants and contractors and conduct regular reviews of the progress of projects.

Regulatory Compliance Risks

As a listed entity, Ascendas Reit is accountable to its investors and to the regulators. Therefore, it has a zero tolerance for governance-related risks. The Manager is responsible for ensuring compliance with prevailing laws and regulations such as the Listing Rules of SGX-ST, the CIS Code issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. Non-compliance may result in penalties, fines and revocation of CMS licence. The Manager has in place internal controls and procedures to embed compliance into its day-to-day operations and also proactively identifies applicable new rules and regulations or changes to existing rules and regulations.

Information Technology (IT) Risks

IT risks comprise the loss or leakage of information, system downtime and IT infrastructure security. The IT team from the Sponsor has set in place policies and procedures to govern IT security, access controls and the security of data. In addition, a Disaster Recovery Plan is in place and is tested regularly.

Internal Controls

The Group-wide system of internal controls, which includes a code of conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes, constitute an important part of the ERM system.

The Manager has in place, a control self-assessment program whereby process owners will self-assess their respective internal controls via self-assessment questionnaires on an annual basis. Action plans are then drawn up to mitigate the control gaps. The self-assessment exercise is subsequently validated by Ascendas Reit's internal auditors.

The AC is assisted by internal and external auditors to assess and to ensure that key internal controls and risk management processes are adequate and effective.

CORPORATE GOVERNANCE

The internal and external auditors will report to the AC on any material non-compliance or weaknesses in internal controls and make recommendations to further improve the internal controls. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are unsatisfactory.

The Management meets regularly to review the operations of the Group. The Manager has documented procedures that cover financial reporting, new investments, project appraisal, valuation of properties, equity fund raising, borrowings through banks, compliance and other risk management issues, as well as comprehensive insurance coverage and a business continuity plan.

The Manager recognises that there is a significant amount of risk inherent in making property transaction decisions and carefully examines whether the anticipated return on investment is appropriate having regard to the level of risk of the investment. Accordingly, the Manager has set out procedures to be followed when making such decisions and ensures that comprehensive due diligence is carried out in relation to each proposed property transaction.

In assessing business risks, the Board also considers the economic environment and property industry risks. The Board, at times by the Investment Committee, reviews and approves all investment decisions.

The Manager has a Whistleblowing Policy which reflects the Manager's commitment to conduct its business within a framework that fosters the highest ethical and legal standards. The Whistleblowing Policy aims to provide an avenue to raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is kept informed of all concerns raised in whistleblowing channels.

Directors' Opinion On Internal Controls

The CEO and the CFO have provided their confirmation to the Board that to the best of their knowledge, based on outcomes of on-going reviews on risk management and internal controls, and in the absence of contradictory evidence, the system of risk management and internal controls is adequate and effective, financial records have been properly maintained and the financial statements give a true and fair view of Ascendas Reit's operations and finances.

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms their overall responsibility for the systems of internal controls, including financial, operational, regulatory compliance and information technology controls, and risk management of Ascendas Reit, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by key executive officers of the Manager with oversight by the AC and ORMC.

The internal control systems include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practice, and the management of business risks. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives and provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board also notes that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

The Board has also received assurance from the CEO and the CFO of the Manager that:

(i) The financial records have been properly maintained and the financial statements give a true and fair view of Ascendas Reit's operations and finances; and

(ii) The system of risk management and internal controls to address material financial, operational, regulatory compliance and information technology risks is adequate and remains effective.

CORPORATE GOVERNANCE

Based on the system of risk management and internal controls established and maintained by the Manager, work performed by the internal and external auditors, reviews performed by Management, various Board Committees and the Board and the assurance from the CEO and the CFO, the Board concurs with the AC and is of the opinion that the system of risk management and internal controls addressing financial, operational, regulatory compliance and information technology risks of Ascendas Reit and its subsidiaries were adequate and effective as at 31 March 2017 in addressing material risks.

Principle 12: *Audit Committee*

The Board appoints the AC from among the Directors, the majority of whom (including the Chairman of the AC) are independent Directors. The members of the AC are Mr Chan Pengee, Adrian (Chairman), Mr Teo Choon Chye, Marc and Mr Wong Yew Meng.

The Board is of the view that the members of the AC bring with them invaluable recent and relevant managerial and professional expertise in accounting and financial management, as well as legal expertise and experience, and hence are appropriately qualified to discharge their responsibilities. Mr Wong Yew Meng and Mr Teo Choon Chye, Marc have extensive accounting and financial management expertise and experience and Mr Chan Pengee, Adrian is a qualified lawyer with considerable experience and expertise.

The core functions and the responsibilities of the AC are set out in the AC's written terms of reference and comprise oversight of the integrity of the financial statements and related disclosures, oversight, assessment and review of internal controls, review of the internal and external auditors' findings on internal controls, making recommendations to the Board on the appointment, reappointment of the external auditor and the remuneration of the external auditor. The AC also reviews the quality and reliability of information prepared for inclusion in financial reports. The AC is responsible for the nomination of external auditors and reviewing the adequacy of existing audits in respect of cost, scope and performance. The AC also reviews the quarterly and annual financial statements before submission to the Board for approval, including the interested person transactions (IPTs).

For the year under review, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has also met with the external and internal auditors without the presence of the Management. The aggregate amount of the audit fees paid and payable by Ascendas Reit and its subsidiaries to the external auditors for FY16/17 was S$391,000, of which audit and non-audit fees amounted to S$325,000 and S$66,000 respectively. In appointing the audit firm for Ascendas Reit, the AC is satisfied that Ascendas Reit has complied with the requirements of Rules 712 and 715 of the Listing Manual.

AC meetings are generally held after the end of every quarter before the official announcement of results in relation to that quarter. The AC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of Ascendas Reit.

CORPORATE GOVERNANCE

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditor and reviewed by the AC:

Significant matter	Review and Decision by the AC
Valuation of investment properties	The annual valuation for the 129 investment properties in Ascendas Reit's portfolio as at 31 March 2017 was performed by seven independent external professional property valuers. The AC considered the methodology applied to the valuation model in assessing the valuation of investment properties conducted by these valuers, and also evaluated the valuers' objectivity and competency. As required by the CIS Code, the independent valuer should not value the same property for more than two consecutive financial years. The management applies a rigorous process every two years to select valuers based on their independence, track record, professional and relevant expertise in the respective cluster of properties. The AC reviewed the outcomes of the annual external valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains/losses during the period under review. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties, including capitalisation rates and discount rates. The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017. Refer to pages 126 and 127 of this Annual Report. No other significant matter came to the attention of the AC in the course of the review.

External Audit

Ernst & Young LLP (E&Y) was appointed as the external auditor of Ascendas Reit on 28 June 2016. The AC approved the scope and audit plans undertaken by the external auditor, reviewed the results of the audits, significant findings and recommendations as well as the Management's responses.

The AC assessed the independence and quality of the external auditor throughout the year and also met with the external auditor without the presence of the Management. The external auditor provided regular updates to the AC on relevant changes to the accounting standards and the implications on the financial statements.

The AC received a report from the Management on their evaluation of the performance and effectiveness of the external auditor. This report assessed the quality of the external auditor across a number of evaluation criteria, including measures of relevance and quality of its work as well as its level of independence.

The Management has referred to the Checklist for Evaluation of External Auditors in the Guidebook for Audit Committees in Singapore and the Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework, to set the evaluation criteria.

On the basis of their own interactions with E&Y and based on the Management's report, the AC assessed and concluded that E&Y has fulfilled its responsibilities as external auditor. The Board concurred with the AC's endorsement. Accordingly, the Board recommends the reappointment of E&Y at the coming AGM.

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Principle 13: *Internal Audit*

The internal audit function is outsourced to KPMG Services Pte. Ltd. (KPMG). Staffed by qualified executives, KPMG has unrestricted access to the AC. KPMG reports to the Chairman of the AC and is guided by the Standards for the Professional Practice of Internal Auditing. These standards cover attributes as well as performance and implementation standards. The AC will review and approve the appointment, reappointment of the internal auditor and the remuneration of the internal auditor.

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: *Unitholder Rights*

Principle 15: *Communication with Unitholders*

Principle 16: *Conduct Of Unitholder Meetings*

The Manager has in place a dedicated team performing the investor relations function and also has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies in order to provide Unitholders and prospective investors of Ascendas Reit with the information necessary to make well-informed investment decisions and to ensure a level playing field.

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investment community. The Manager's disclosure policy requires timely and full disclosure of all material information relating to Ascendas Reit by way of public releases or announcements through the SGX-ST via SGXNet at first instance and then publishing the release on Ascendas Reit's website at www.ascendas-reit.com.

The Manager also conducts regular half-yearly briefings for analysts and media representatives, which will generally coincide with the release of Ascendas Reit's financial results. During these briefings, the Manager will review Ascendas Reit's most recent performance as well as discuss the business outlook for Ascendas Reit. In line with the Manager's objective of transparent communication, briefing materials are released to the SGX-ST and also made available on Ascendas Reit's website.

The ORMC reviews and evaluates the adequacy of the effectiveness of the Group's disclosure controls and procedures so as to ensure that accurate and complete information regarding the operations, financial performance and other material information of Ascendas Reit that are required to be disclosed, are recorded, processed, summarised and reported to Unitholders and the investment community in a timely manner and in compliance with the requirements of all applicable laws.

During the year under review, the Manager also met or teleconferenced with institutional investors based in Singapore, and other countries such as Hong Kong, Europe, USA and Australia. In addition, the Manager pursues opportunities to educate and keep retail investors informed of the REIT industry through seminars organised by the SGX-ST, REIT Association of Singapore (REITAS) and other public associations. The annual Unitholders' meeting allowed the Manager to engage with the investors, particularly retail investors, allowing them direct access to the Manager to obtain responses to any queries which the investors might have.

Unitholders are informed of meetings through notices accompanied by annual reports or circulars sent to them. Unitholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Any Unitholders who are not able to attend these meetings are allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. The Manager has also taken measures to cater for the newly introduced multiple proxy regime, in anticipation of attendance by beneficial unitholders (e.g. those holding Units through the CPF Investment Scheme) at General Meetings. Directors together with the management and the auditors will be in attendance at these meetings to address questions from Unitholders.

CORPORATE GOVERNANCE

Unitholders are accorded the opportunity to raise relevant questions and to communicate their views at Unitholders' meetings. At the Unitholders' meetings, each matter is proposed as a separate resolution. To ensure transparency, the Manager conducts electronic poll voting for the Unitholders/proxies present at the meeting for all resolutions proposed at the Unitholders' meetings. All votes cast for or against and their respective percentages will be displayed live immediately at the meeting after the conduct of each poll. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the meeting via SGXNet.

The Company Secretary prepares the minutes of the Unitholders' meetings incorporating substantial comments or queries from the Unitholders together with the responses of the Board and Management. The minutes are available to Unitholders upon their request.

(E) ADDITIONAL INFORMATION

Trading of Ascendas Reit's Units

The Manager has in place a policy which prohibits Directors and employees of the Manager and Property Manager from trading in the Units in the following circumstances:

1. during the period commencing two weeks before the public announcement of Ascendas Reit's financial statements for each quarter of its financial year, or one month before the full year results, as the case may be, and ending on the date of announcement of the relevant results; and

2. at any time whilst in possession of price sensitive information that is not available in the market.

The Directors and employees of the Manager are reminded regularly through email that they are prohibited from trading in the Units while in the possession of inside information concerning Ascendas Reit. In addition, while in possession of inside information, the Directors and employees of the Manager must not advise others to trade in the Units or communicate such information to another person. The Manager has implemented an automated process for use by Directors and relevant employees to seek approval for any trades carried out by them, in compliance with the relevant regulations.

Directors and employees of the Manager are also advised not to deal in the Units on short-term considerations.

The Manager has also undertaken that it will not deal in the Units during the period commencing two weeks before the public announcement of Ascendas Reit's quarterly financial results or one month before the full year results, and ending on the date of announcement of the relevant results.

Dealing with Conflicts of Interest

The Manager has put in place several procedures to address potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing Ascendas Reit. Examples of these are:

1. the Manager will be a dedicated manager to Ascendas Reit and will not manage any other real estate investment trust or be involved in any other real estate or property business;

2. all executive officers are employed by the Manager;

3. the entry into any IPT must be reviewed and recommended by the AC to the Board, who may approve the IPT with a majority vote of the Directors, including the votes of at least two independent Directors;

CORPORATE GOVERNANCE

4. in respect of matters in which Temasek, JTC and/or their subsidiaries (which includes the Ascendas Group) has a direct or indirect interest, any nominees appointed by Temasek, JTC or any of its subsidiaries to the Board shall abstain from voting. In such matters, the quorum must comprise a majority of the independent Directors of the Manager and must exclude the representatives or nominees of Temasek, JTC and/or its subsidiaries; and

5. the Manager and its Associates (as defined in the Trust Deed) are prohibited under the Trust Deed from voting with their Units at, or being part of a quorum for, any meeting of Unitholders convened to approve any matter in which the Manager or any of its Associates has a material interest in the business to be conducted (save for a resolution to remove the Manager as provided in the Trust Deed).

The Manager has also established a Conflict of Interest Policy for its employees and major service providers to ensure that any conflicts of interest or potential conflicts of interest are disclosed and approvals are sought where required.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to a breach of any agreement entered into by the Trustee for and on behalf of Ascendas Reit with an affiliate of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Ascendas Reit, has prima facie evidence against the person allegedly in breach of such agreements, the Manager shall be obliged to take appropriate action with reference to such agreements. The Directors will have a duty to ensure that the Manager complies with the Trust Deed.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Ascendas Reit with an affiliate of the Manager. The Trustee may then take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an affiliate of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such affiliate of the Manager.

Dealing with Interested Person Transactions

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all transactions involving, among others, the Trustee, as the trustee for Ascendas Reit, and an Interested Person of the Manager are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. The Manager would have to demonstrate this to the AC, which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining a valuation from an independent valuer (in accordance with the Property Funds Appendix). In addition, regulatory requirements relating to IPTs, including the need for approvals and disclosure, are strictly observed by the Manager.

Where matters concerning Ascendas Reit relate to transactions entered into or to be entered into by the Trustee for and on behalf of Ascendas Reit with an Interested Person of the Manager, the Trustee is required to ensure that such transactions are conducted at arm's length in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Further, the Trustee, as trustee for Ascendas Reit, has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Person of the Manager. If the Trustee is to sign any contract with an Interested Person of the Trustee or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to IPTs in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to IPTs (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

All IPTs will be subject to regular reviews by the AC and the Manager discloses in Ascendas Reit's Annual Report the aggregate value of IPTs conducted during the relevant financial year.

In addition, the following procedures have been undertaken, some of which go beyond the prescribed Listing Manual requirements:

1. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding $100,000 in value but below 1.0% of the Group's latest audited net tangible assets or $15 million (whichever is the lower) will be subject to review by the AC at regular intervals.

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2. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 1.0% of the Group's latest audited net tangible assets or $15 million (whichever is the lower) but below 3.0% of the Group's latest audited net tangible assets will be subject to the review and approval of the AC. Such approval shall only be given if the transactions are on arm's length commercial terms and consistent with similar types of transactions made by the Trustees with third parties which are unrelated to the Manager.

3. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% of the Group's latest audited net tangible assets but below 5.0% of the Group's latest audited net tangible assets will be reviewed and approved by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. An announcement will be made on SGXNet in accordance with the Listing Manual requirements.

4. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of the Group's latest audited net tangible assets will be reviewed and approved by the AC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would require approval by Unitholders. An announcement will also be made on SGXNet in accordance with the Listing Manual requirements.

The Manager maintains a register to record all IPTs (and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by the Group. The Manager incorporates into its internal audit plan a review of all IPTs entered into by the Group. The AC reviews the internal audit reports to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee will also review such audit reports to ascertain that the Property Funds Appendix have been complied with.

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of Ascendas Reit on the SGX-ST in November 2002 and in an Extraordinary General Meeting held on 28 June 2007 (where the Unitholders approved the amendment of the Trust Deed, inter alia, to allow the Manager to receive development management fees), and are therefore not subject to Rules 905 and 906 of the Listing Manual of the SGX-ST. The entry into and the fees payable pursuant to the Singapore Property Management Agreement, China Property Management Agreement and Lease Management Agreement have been approved by the Unitholders in an Extraordinary General Meeting held on 28 June 2012, and such fees shall not be subject to aggregation or further Unitholders' approval requirements under Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the property management fees and related expenses thereunder which are adverse to Ascendas Reit.

Fees Payable to the Manager

Pursuant to the revised CIS Code issued by MAS which come into effect on 1 January 2016, the Manager is to disclose the methodology and justifications of fees which are payable out of the deposited property of a property fund.

The Manager is entitled to the following fees:

i. Base Fee

The Base Fee covers the operational and administrative expenses incurred by the Manager in executing its responsibilities to manage Ascendas Reit's portfolio. In accordance with clause 15.1.1 of the Trust Deed, the Base Fee is calculated at 0.5% per annum of the Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders, which is an appropriate metric in determining the resources for managing the assets, and shall be paid to the Manager in the form of cash and/or units (as the Manager may elect).

With effect from 19 November 2007, the Manager has elected to receive 20.0% of the Base Fee in units and 80.0% in cash for all properties. In accordance with clause 15.1.1 of the Trust Deed, the cash component of the Base Fee will be paid monthly in arrears and the units component will be paid on a six-monthly basis in arrears.

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ii. Performance Fee

In accordance with clause 15.1.2 of the Trust Deed, the Manager is entitled to a Performance Fee of:

(i) 0.1% per annum of the Deposited Property, provided that the annual growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 2.5%; and

(ii) an additional 0.1% per annum of the Deposited Property, provided that the growth in distribution per unit (DPU) in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 5.0%.

The Performance Fee is pegged to the growth in Ascendas Reit's DPU. DPU growth takes into consideration the Manager's overall performance in managing and growing the portfolio and balancing the financing risks to maximise returns for Unitholders. The interests of the Manager are aligned with the interests of Unitholders as the Performance Fee would commensurate with the value that the Manager delivers to Unitholders in the form of DPU. It also ensures that the Manager is motivated and incentivised to grow DPU on a long-term and sustainable basis through its three-pronged strategy of proactive portfolio management, disciplined value-adding investments and prudent capital and risk management. By pegging the Performance Fee to DPU growth, the Manager will not take on excessive short-term risks that will affect the stability and sustainability of returns to Unitholders.

With effect from 17 November 2004, the Manager in accordance with clause 15.1.2 of the Trust Deed, may elect to receive Performance Fee in cash and/or units, in such proportion as may be determined by the Manager. The Performance Fee is payable on an annual basis, within 60 days from the last day of every financial year in accordance with clause 15.1.2 of the Trust Deed.

The Manager will also unilaterally waive part of its Performance Fee to ensure equitable distribution of the growth in distributable income such that any increase in DPU (which is calculated before accounting for the Performance Fee) would not result in Unitholders receiving less DPU than the threshold percentage as a result of the payment of the Performance Fee. Such arrangements shall continue until further notice by the Manager.

iii. Acquisition Fee

The Acquisition Fee, as contained in clause 15.2.1 (i) of the Trust Deed, is earned by the Manager upon the successful completion of an acquisition. The fee seeks to motivate and compensate the Manager for the time and effort spent in sourcing, evaluating and executing acquisitions that meet Ascendas Reit's investment criteria and increase long-term returns for Unitholders. Additional resources and costs incurred by the Manager in the course of seeking out new acquisition opportunities include, but are not limited to, due diligence efforts and man hours spent in evaluating the transactions.

In accordance with clause 15.2.1 (i) of the Trust Deed, the Acquisition Fee is calculated at 1.0% of the purchase price of the investment property acquired by the Trustee on behalf of the Trust and subject to the Property Funds Appendix, shall be paid to the Manager in the form of cash and/or units (as the Manager may elect).

As required by the Property Funds Appendix, where an acquisition constitutes an interested party transaction, the Acquisition Fee payable to the Manager will be in the form of units which shall not be sold within one year from the date of issuance.

iv. Divestment Fee

The Divestment Fee, as contained in clause 15.2.1 (ii) of the Trust Deed, is earned by the Manager upon the successful completion of a divestment. This fee seeks to motivate and compensate the Manager for its efforts in maximising value for Unitholders by selectively divesting properties that have reached a stage which offers limited scope for further income growth and to recycle capital and optimise Ascendas Reit's portfolio. The fee covers additional costs and resources incurred by the Manager, including but not limited to, due diligence efforts and man hours spent in the course of the transactions.

CORPORATE GOVERNANCE

In accordance with clause 15.2.1 (ii) of the Trust Deed, the Divestment fee is calculated at 0.5% of the sale price of the investment property sold or divested by the Trustee on behalf of the Trust and subject to the Property Funds Appendix, shall be paid to the Manager in the form of cash and/or units (as the Manager may elect).

As required by the Property Funds Appendix, where a divestment constitutes an interested party transaction, the Divestment Fee payable to the Manager will be in the form of units, which shall not be sold within one year from the date of issuance.

The Divestment Fee is lower than the Acquisition Fee because the sourcing, evaluating and executing of potential acquisition opportunities generally require more resources, effort and time on the part of the Manager as compared to divestments.

v. Development Management Fee

A development project is a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust. It does not include refurbishment, retrofitting or renovations.

In accordance with clause 15.6 of the Trust Deed, the Manager is entitled to receive a Development Management Fee not exceeding 3.0% of the total project costs incurred in development projects undertaken and managed by the Manager. Any increase in the fees above the permitted limit or any change in the structure of the fees shall be approved by an Extraordinary Resolution of a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. The fee allows the Manager to recover the cost of providing resources to manage the development projects, which is outside the scope of the usual operations of the Manager. This serves to incentivise the Manager to undertake development projects that will enhance returns for Unitholders, thereby aligning the Manager's interests with the interests of Unitholders.

For the avoidance of doubt, no Acquisition Fee shall be paid when the Manager receives the Development Management Fee for a development project.

In accordance with clause 15.6 of the Trust Deed, the Development Management Fee is payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs is finalised and shall be paid to the Manager in the form of cash.

vi. Lease Management Services

Under clause 8.2 of the Lease Management Agreement entered into between the Trustee and the Manager on 1 July 2012, the Manager or its nominees are entitled to a fee for performing lease management services for Ascendas Reit's properties located in Singapore and China calculated at 1.0% per annum of the Adjusted Gross Revenue of each property.

Pursuant to clause 8.3 of the Lease Management Agreement, the Manager is also entitled to commissions in relation to the renewal of leases as well as new take-up of space by an existing tenant or where space is taken up by a new tenant introduced by an existing tenant. These commissions are computed based on a certain number of months of gross rent depending on the length of tenancy secured. The Manager believes that having longer lease tenancies will be beneficial to Unitholders as it provides greater certainty and predictability of Ascendas Reit's income stream. Hence, lease commissions are charge on a tiered basis to incentivise the Manager or its nominees to sign longer term leases.

The lease management fees are payable every month in cash.

The rationale for the fees under the lease management services agreement is to motivate and compensate the Manager or its nominees for the time, effort and costs incurred in its duties including but not limited to, engaging the tenants and maintaining operational and financial data systems relating to lease management.

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vi. Strategic Management Fee

Under clause 5.2 of the Strategic Management Agreement entered into between the Manager, Perpetual Corporate Trust Limited as trustee of Ascendas REIT Australia[1] (the MIT[1] and the trustee of the MIT, the MIT Trustee) and Ascendas Funds Management (Australia) Pty Ltd[2] (AFMA[2]) on 18 November 2015, AFMA or its nominees are entitled to 1.0% per annum of the Adjusted Gross Revenue of the Australian properties from time to time acquired or developed by the MIT for which the following services are provided by AFMA:

(i) strategic management in relation to the Australian properties such as proactive portfolio management, engagement with tenants and reviewing the tenants' business plans to facilitate their growth and expansion needs;

(ii) supervising and providing instructions to the third-party licensed real estate agents who will be providing the property management services in respect of the Australian properties; and

(iii) providing contract administration functions (including the management of billing functions) in relation to the various property management agreements entered into between the relevant Sub-Trusts (as defined herein) and the relevant third-party licensed real estate agents, to the extent that the provision of such services do not require AFMA to hold the relevant Australian estate agents licence (the Strategic Management Services).

Pursuant to clause 5.4 of the Strategic Management Agreement, to the extent that the fees paid to AFMA under the Asset Management Agreement exceeds the fees charged by the third-party licensed real estate agent (the Licensed Real Estate Agent Fees) and borne by AFMA, thus resulting in a net positive balance to AFMA (the Excess), the Strategic Management Fees paid to AFMA under the Strategic Management Agreement shall be reduced such that the aggregate fees payable to AFMA under both the Strategic Management Agreement and Asset Management Agreement will not exceed 1.0% per annum of the Adjusted Gross Revenue of the Australian properties from time to time acquired or developed by the MIT.

Pursuant to clause 5.3 of the Strategic Management Agreement, the Strategic Management Fees are payable monthly in arrears in cash.

The rationale for the Strategic Management Fees is to compensate AFMA or its nominees for the time, effort and costs incurred in its performance of the Strategic Management Services.

viii. Asset Management Fee

Under clause 4.1 of the Asset Management Agreement entered into between AFMA, the Trust Company (Australia) Ltd, in its capacity as trustee of the wholly-owned trust in Australia established by the MIT by the name of Ascendas Logistics Trust and the trustees of the various wholly-owned intermediate sub-trusts and property-holding sub-trusts (collectively, the Sub-Trusts) holding the Australian properties on 18 November 2015, AFMA or its nominees are entitled to fees for providing asset management services to the Sub-Trusts, which includes retaining the services of one or more third-party licensed real estate agents and providing contract administration in respect of such property management agreements with the licensed real estate agents (the Asset Management Services). As mentioned above, under both the Strategic Management Agreement and the Asset Management Agreement, AFMA or its nominees are effectively entitled to an aggregate fee of 1.0% per annum of the Adjusted Gross Revenue of the Australian properties for which AFMA provides Strategic Management Services.

Pursuant to clause 4.2 of the Asset Management Agreement, the Asset Management Fees are payable monthly in arrears in cash.

The rationale for the Asset Management Fees is to compensate AFMA or its nominees for the time, effort and costs incurred in its performance of the Asset Management Services at the operational Sub-Trusts level.

[1] The MIT is wholly-owned (directly and indirectly) by Ascendas Reit.

[2] AFMA is a wholly-owned subsidiary of the Manager.

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SGX DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of the guidelines on disclosure of remuneration where the Manager has provided the reasons on page 105 of the Corporate Governance Report where partial disclosure was made in relation to the remuneration of the CEO and the top five key executive officers of the Manager.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Remuneration Matters on pages 103 to 106 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors and key executive officers, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 on The Board's Conduct of Affairs.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to Principle 2 on Board Composition and Guidance.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to Principle 2 on Board Composition and Guidance.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Please refer to Principle 2 on Board Composition and Guidance and Principle 4 on Board Membership.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes. Please refer to Principle 4 on Board Membership.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to Principle 4 on Board Membership.

CORPORATE GOVERNANCE

SGX DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	As a guide, Directors should not have more than six listed company board representations. Please refer to Principle 4 on Board Membership.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable. Please refer to the response to Guideline 4.4(a) above.
	(c) What are the specific considerations in deciding on the capacity of directors?	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to Principle 5 on Board Performance.
	(b) Has the Board met its performance objectives?	Based on the Board assessment exercise, the Board is satisfied that it has achieved its performance objectives for FY16/17 and that all Directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties. Please refer to Principle 5 on Board Performance.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Please refer to Principle 2 on Board Composition and Guidance.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.

CORPORATE GOVERNANCE

SGX DISCLOSURE GUIDE

Guideline	Questions		How has the Company complied?
Disclosure of Remuneration			
Guideline 9.2		Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to (B) Remuneration Matters - Principle 7 on Procedures for Developing Remuneration Policies, Principle 8 on Level and Mix of Remuneration, and Principle 9 on Disclosure on Remuneration. The Manager has also provided the reasons for non-disclosure on page 105 of the Corporate Governance Report in relation to the CEO's remuneration.
Guideline 9.3	(a)	Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to page 105 of the Corporate Governance Report, where the Manager has provided reasons for the non-disclosure of the top five key executive officers' remuneration.
	(b)	Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to page 105 of the Corporate Governance Report, where the Manager has provided reasons for the non-disclosure of the top five key executive officers' remuneration.
Guideline 9.4		Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	There were no employees of the Manager who were immediate family members of a Director or the CEO during FY16/17.
Guideline 9.6	(a)	Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to pages 103 to 106 of the Corporate Governance Report on Key Executive Officers' Remuneration.
	(b)	What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to pages 103 to 106 of the Corporate Governance Report on Key Executive Officers' Remuneration.
	(c)	Were all of these performance conditions met? If not, what were the reasons?	Please refer to pages 103 to 106 of the Corporate Governance Report on Key Executive Officers' Remuneration.
Risk Management and Internal Controls			
Guideline 6.1		What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 on Access to Information and Principle 11 on Risk Management and Internal Controls.
Guideline 13.1		Does the Company have an internal audit function? If not, please explain why.	Yes. The internal audit function is outsourced to KPMG, an international auditing firm. Please refer to Principle 13 on Internal Audit.

CORPORATE GOVERNANCE

SGX DISCLOSURE GUIDE

Guideline	Questions		How has the Company complied?
Guideline 11.3	(a)	In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to Principle 11 on Risk Management and Internal Controls.
	(b)	In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. Please refer to pages 110 to 111 of the Corporate Governance Report on Directors' Opinion on Internal Controls.
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to Principle 12 on Audit Committee.
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to page 112 of the Corporate Governance Report on External Audit.
Communication with Shareholders			
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Please refer to Principle 14 on Unitholder Rights, Principle 15 on Communication with Unitholders, and Principle 16 on Conduct of Unitholder Meetings.
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Yes. Please refer to Principle 14 on Unitholder Rights, Principle 15 on Communication with Unitholders, and Principle 16 on Conduct of Unitholder Meetings.
Guideline 15.5		If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. Please refer to the Distribution Statements on page 133 of the Annual Report.

REPORT OF THE TRUSTEE

YEAR ENDED 31 MARCH 2017

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Ascendas Funds Management (S) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 October 2002 (as amended and restated)[1] between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 130 to 221, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Esther Fong
Senior Vice President, Trustee Services

[1] As amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006, the First Amending and Restating Deed dated 11 June 2008, the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010, the Eleventh Supplemental Deed dated 14 October 2011, the Twelfth Supplemental Deed dated 19 October 2015 and the Thirteenth Supplemental Deed dated 26 January 2016.

STATEMENT BY THE MANAGER

In the opinion of the directors of Ascendas Funds Management (S) Limited (the "Manager"), the accompanying financial statements set out on pages 130 to 221 comprising the Statements of Financial Position and Statements of Movements in Unitholders' Funds of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, Statement of Total Return, Distribution Statement, Investment Properties Portfolio Statement and Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 March 2017, the financial performance, distributable income, movements in Unitholders' funds and cash flows of the Group for the year then ended 31 March 2017, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Ascendas Funds Management (S) Limited

Chia Nam Toon
Director

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2017

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a Trust Deed dated 9 October 2002
(as amended and restated) in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 31 March 2017, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 130 to 221.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2017 and the consolidated financial performance, consolidated movements in unitholders' funds and consolidated cash flows of the Group and movement in unitholders' fund of the Trust for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Valuation of Investment Properties</u>

The Group owns a portfolio of investment properties, comprising business and science park properties, integrated development, amenities and retail properties, hi-specifications industrial properties and data centres, light industrial and flatted factories and logistics and distribution centres, located mainly in Singapore and Australia. As at 31 March 2017, the investment properties, with a carrying amount of approximately $9.9 billion, represent the single largest asset category on the statement of financial position.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2017

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a Trust Deed dated 9 October 2002
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The investment properties are stated at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to changes in the key assumptions applied, particularly those relating to capitalisation, discount and terminal yield rates, and price per square metre.

We assessed the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and the review of the valuation reports issued by the external valuers. We evaluated the independence, qualifications and competence of the external valuers. We also read the terms of engagement of the valuers entered into with the Group to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations in the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We assessed the reasonableness of the projected cash flows used in the valuations by comparing to supporting leases and external industry and economic data where available. We also assessed the reasonableness of the capitalisation, discount and terminal yield rates, and price per square metre used in the valuations by comparing them against historical rates and industry data where available, taking into consideration comparability and market factors.

We further reviewed the appropriateness of the disclosures in Note 4 to the financial statements.

Other Matter

The financial statements of the Group and Trust for the financial year ended 31 March 2016, were audited by another auditor who expressed an unmodified opinion on these financial statements on 20 May 2016.

Other Information

The Manager of the Trust (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease Group's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2017

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a Trust Deed dated 9 October 2002
(as amended and restated) in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2017

Unitholders of Ascendas Real Estate Investment Trust
(Constituted under a Trust Deed dated 9 October 2002
(as amended and restated) in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nagaraj Sivaram.

Ernst + Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
19 May 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	Group 31/3/2017 $'000	Group 31/3/2016 $'000	Trust 31/3/2017 $'000	Trust 31/3/2016 $'000
Non-current assets					
Investment properties	4	9,874,204	9,598,654	8,567,210	8,142,650
Investment properties under development	5	125,062	–	125,062	–
Plant and equipment	6	–	68	–	–
Finance lease receivables	7	55,627	57,731	55,627	57,731
Interests in subsidiaries	8	–	–	774,851	704,689
Investment in joint venture	9	126	44	–	–
Derivative assets	14	16,042	32,592	16,014	32,592
		10,071,061	9,689,089	9,538,764	8,937,662
Current assets					
Finance lease receivables	7	2,104	35,269	2,104	35,269
Trade and other receivables	10	63,497	89,285	35,506	84,095
Derivative assets	14	12,156	356	12,156	356
Cash and cash equivalents	11	22,000	56,236	4,684	6,052
		99,757	181,146	54,450	125,772
Current liabilities					
Trade and other payables	12	192,717	171,971	186,482	154,579
Security deposits	13	41,946	34,065	41,887	32,580
Derivative liabilities	14	32,837	1,595	32,837	1,595
Short term borrowings	15	592,638	601,138	592,638	510,695
Term loans	15	–	224,942	–	224,732
Medium term notes	15	231,548	–	231,548	–
Exchangeable collateralised securities	16	–	354,000	–	–
Collateral loan	16	–	–	–	354,000
Provision for taxation		30,316	7,851	24,738	1,929
		1,122,002	1,395,562	1,110,130	1,280,110

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	Group 31/3/2017 $'000	Group 31/3/2016 $'000	Trust 31/3/2017 $'000	Trust 31/3/2016 $'000
Non-current liabilities					
Other payables	12	–	1,675	–	1,675
Security deposits	13	78,873	77,659	77,371	74,172
Derivative liabilities	14	58,943	82,596	53,307	75,345
Amount due to a subsidiary		–	–	26,951	26,473
Term loans	15	1,345,030	1,340,990	745,087	745,681
Medium term notes	15	1,230,850	1,143,508	1,230,850	1,143,508
Deferred tax liabilities	17	–	42,924	–	606
		2,713,696	2,689,352	2,133,566	2,067,460
Net assets		6,335,120	5,785,321	6,349,518	5,715,864
Represented by:					
Unitholders' funds		6,030,710	5,480,879	6,045,136	5,411,443
Perpetual securities holders' funds	18	304,382	304,421	304,382	304,421
		6,335,092	5,785,300	6,349,518	5,715,864
Non-controlling interests	19	28	21	–	–
		6,335,120	5,785,321	6,349,518	5,715,864
Units in issue ('000)	20	2,924,767	2,665,576	2,924,767	2,665,576
Net asset value per unit ($)		2.06	2.06	2.07	2.03

STATEMENT OF TOTAL RETURN

YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Gross revenue	21	830,592	760,988
Property operating expenses	22	(219,638)	(227,287)
Net property income		610,954	533,701
Management fees	23		
- Base management fee		(48,398)	(42,999)
- Performance fee		(1,902)	(17,436)
Trust expenses	24	(10,412)	(6,993)
Finance income	25	6,832	16,150
Finance costs	25	(117,694)	(93,603)
Net foreign exchange loss		(22,987)	(16,005)
Gain on divestment of subsidiaries		21,385	–
Derecognition of finance lease receivables		241	–
Net income		438,019	372,815
Net change in fair value of financial derivatives		(11,659)	(1,236)
Net fair value losses on investment properties	4	(18,360)	(2,349)
Share of joint venture's results	9	475	43
Total return for the year before tax		408,475	369,273
Tax credit/(expense)	26	19,012	(25,140)
Total return for the year		427,487	344,133
Attributable to:			
Unitholders of the Trust and perpetual securities holders		427,480	344,151
Non-controlling interests	19	7	(18)
Total return for the year		427,487	344,133
Earnings per unit (cents)			
- Basic	27	14.827	13.742
- Diluted	27	14.827	12.692

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

YEAR ENDED 31 MARCH 2017

	Group 2017 $'000	Group 2016 $'000
Total amount available for distribution to Unitholders at beginning of the year	112,283	176,047
Total return for the year attributable to Unitholders and perpetual securities holders	427,480	344,151
Less: Amount reserved for distribution to perpetual securities holders	(14,250)	(6,637)
Distribution adjustments (Note A)	7,095	32,816
	420,325 [(1)]	370,330 [(1)]
Tax-exempt income (prior periods)	6,207	1,663
Tax-exempt income (current period)	3,683	2,689
Distribution from capital (prior periods)	1,883	1,768
Distribution from capital (current period)	14,206	1,871
Total amount available for distribution to Unitholders for the year	446,304	378,321
Distribution of 5.886 cents per unit for the period from 01/10/16 to 15/02/17	(169,649)	-
Distribution of 2.263 cents per unit for the period from 11/08/16 to 30/09/16	(64,277)	-
Distribution of 5.635 cents per unit for the period from 01/04/16 to 10/08/16	(155,094)	-
Distribution of 1.191 cents per unit for the period from 01/03/16 to 31/03/16	(1,125)	-
Distribution of 4.296 cents per unit for the period from 18/12/15 to 31/03/16	(110,748)	-
Distribution of 3.060 cents per unit for the period from 01/10/15 to 17/12/15	-	(73,789)
Distribution of 8.001 cents per unit for the period from 01/04/15 to 30/09/15	-	(192,648)
Distribution of 7.300 cents per unit for the period from 01/10/14 to 31/03/15	-	(175,648)
	(500,893)	(442,085)
Total amount available for distribution to Unitholders at end of the year	57,694	112,283
Distribution per unit (cents)	15.743	15.357
[(1)] Comprises:		
- Taxable income	420,148	367,538
- Tax-exempt income	177	2,792
	420,325	370,330

Note A - Distribution adjustments comprise:

	2017	2016
Net change in fair value of financial derivatives	11,659	1,236
Net fair value losses on investment properties	18,360	2,349
Derecognition of finance lease receivables	(241)	–
Change in fair value of exchangeable collateralised securities ("ECS")	3,570	(12,024)
Foreign exchange loss	22,987	16,005
Management fee paid/payable in Units	9,691	8,600
Trustee fee	2,953	2,643
(Income)/Loss from subsidiaries	(68,258)	5,758
Gain on divestment of subsidiaries	(21,385)	–
Accretion loss on security deposits	6,840	840
Amount reserved for distribution to perpetual securities holders	14,250	6,637
Rollover adjustment from prior years	–	6,525
Others	6,669	(5,753)
Total distribution adjustments	7,095	32,816

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

YEAR ENDED 31 MARCH 2017

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Unitholders' Funds				
Balance at beginning of the financial year	5,480,879	5,013,551	5,411,443	4,875,873
Operations				
Total return for the year attributable to Unitholders of the Trust	427,480	344,151	525,288	409,106
Less: Amount reserved for distribution to perpetual securities holders	(14,250)	(6,637)	(14,250)	(6,637)
Net increase in net assets resulting from operations	413,230	337,514	511,038	402,469
Hedging transactions				
Effective portion of changes in fair value of financial derivatives	–	220	–	220
Changes in fair value of financial derivatives transferred to the Statement of Total Return	–	(218)	–	(218)
Net increase in net assets resulting from hedging transactions	–	2	–	2
Movement in foreign currency translation reserve	15,006	(3,287)	–	–
Divestment of subsidiaries	(1,060)	–	–	–
Unitholders' transactions				
Units issued through equity fund raising	512,257	344,892	512,257	344,892
Consideration Units for acquisition of properties	100,000	210,000	100,000	210,000
Divestment fees paid in Units	–	124	–	124
Acquisition fees paid/payable in Units	4,200	14,419	4,200	14,419
Management fees paid/payable in Units	9,691	8,600	9,691	8,600
Unit issue costs	(2,600)	(2,851)	(2,600)	(2,851)
Distributions to Unitholders	(500,893)	(442,085)	(500,893)	(442,085)
Net increase in net assets resulting from Unitholders' transactions	122,655	133,099	122,655	133,099
Balance at end of the financial year	6,030,710	5,480,879	6,045,136	5,411,443
Perpetual Securities Holders' Funds				
Balance at beginning of the financial year	304,421	–	304,421	–
Issue of perpetual securities	–	300,000	–	300,000
Issue costs	–	(2,216)	–	(2,216)
Amount reserved for distribution to perpetual securities holders	14,250	6,637	14,250	6,637
Distribution to perpetual securities holders	(14,289)	–	(14,289)	–
Balance at end of the financial year	304,382	304,421	304,382	304,421
Non-controlling interests				
Balance at beginning of the financial year	21	39	–	–
Total return for the year attributable to non-controlling interests	7	(18)	–	–
Balance at end of the financial year	28	21	–	–
Total	6,335,120	5,785,321	6,349,518	5,715,864

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Group

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount		Percentage of Net Assets	
								2017	2016	2017	2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Business & Science Park Properties											
The Alpha	19 Nov 2002	Leasehold	60 years	18 Nov 2062	10 Science Park Road	122,300	31 Mar 2017	122,300	115,300	1.93	1.99
The Aries, Gemini & Sparkle[i]	19 Nov 2002	Leasehold	60 years	18 Nov 2062	41, 45 & 51 Science Park Road	207,000	31 Mar 2017	207,000	205,100	3.27	3.55
The Capricorn	19 Nov 2002	Leasehold	60 years	18 Nov 2062	1 Science Park Road	126,500	31 Mar 2017	126,500	129,500	2.00	2.24
Honeywell Building	19 Nov 2002	Leasehold	60 years[a]	15 Dec 2058[a]	17 Changi Business Park Central 1	73,100	31 Mar 2017	73,100	73,500	1.15	1.27
1 Changi Business Park Avenue 1	30 Oct 2003	Leasehold	60 years[a]	31 Jan 2061[a]	1 Changi Business Park Avenue 1	43,000	31 Mar 2017	43,000	43,000	0.68	0.74
Techquest	05 Oct 2005	Leasehold	60 years	15 Jun 2055	7 International Business Park	26,700	31 Mar 2017	26,700	25,400	0.42	0.44
TÜV SÜD PSB Building (formerly known as "PSB Science Park Building")	18 Nov 2005	Leasehold	95.5 years	30 Jun 2080	1 Science Park Drive	85,500	31 Mar 2017	85,500	82,000	1.35	1.42
13 International Business Park	10 Oct 2006	Leasehold	60 years[a]	15 Jul 2064[a]	13 International Business Park	22,400	31 Mar 2017	22,400	22,400	0.35	0.39
iQuest @ IBP	12 Jan 2007	Leasehold	60 years[a]	30 Nov 2055[a]	27 International Business Park	36,400	31 Mar 2017	36,400	35,900	0.57	0.62
Hansapoint@CBP	22 Jan 2008	Leasehold	60 years[a]	31 Oct 2066[a]	10 Changi Business Park Central 2	99,800	31 Mar 2017	99,800	90,700	1.58	1.57
Acer Building	19 Mar 2008	Leasehold	60 years[a]	30 Apr 2056[a]	29 International Business Park	94,900	31 Mar 2017	94,900	83,000	1.50	1.43
Balance carried forward – (Business & Science Park Properties)						937,600		937,600	905,800	14.80	15.66

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Business & Science Park Properties (continued)											
Balance brought forward – (Business & Science Park Properties)						937,600		937,600	905,800	14.80	15.66
The Rutherford & Oasis	26 Mar 2008	Leasehold	60 years	25 Mar 2068	87 & 89 Science Park Drive	95,900	31 Mar 2017	95,900	91,300	1.51	1.58
31 International Business Park	26 Jun 2008	Leasehold	60 years[a]	15 Dec 2054[a]	31 International Business Park	227,600	31 Mar 2017	227,600	227,700	3.59	3.93
1, 3 & 5 Changi Business Park Crescent	16 Feb 2009, 25 Sep 2009 & 31 Dec 2010	Leasehold	60 years[a]	30 Sep 2067[a]	1, 3 & 5 Changi Business Park Crescent	315,200	31 Mar 2017	315,200	312,400	4.98	5.40
DBS Asia Hub	31 Mar 2010 15 April 2015	Leasehold	60 years[a]	30 Sep 2067[a]	2&2A Changi Business Park Crescent	165,600	31 Mar 2017	165,600	168,200	2.61	2.91
Neuros & Immunos	31 Mar 2011	Leasehold	60 years[a]	31 Jan 2065[a]	8/8A Biomedical Grove	122,600	31 Mar 2017	122,600	121,400	1.94	2.10
Nordic European Centre	08 Jul 2011	Leasehold	60 years[a]	31 Mar 2057[a]	3 International Business Park	113,500	31 Mar 2017	113,500	113,200	1.79	1.95
AkzoNobel House	08 Dec 2011	Leasehold	60 years[a]	28 Feb 2061[a]	3 Changi Business Park Vista	68,700	31 Mar 2017	68,700	62,500	1.08	1.08
Balance carried forward – (Business & Science Park Properties)						2,046,700		2,046,700	2,002,500	32.30	34.61

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INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Business & Science Park Properties (continued)											
Balance brought forward – (Business & Science Park Properties)						2,046,700		2,046,700	2,002,500	32.30	34.61
Cintech I	29 Mar 2012	Leasehold	56 years	25 Mar 2068	73 Science Park Drive	59,400	31 Mar 2017	59,400	56,900	0.94	0.98
Cintech II	29 Mar 2012	Leasehold	56 years	25 Mar 2068	75 Science Park Drive	47,300	31 Mar 2017	47,300	46,400	0.75	0.80
Cintech III & IV	29 Mar 2012	Leasehold	56 years	25 Mar 2068	77 & 79 Science Park Drive	127,400	31 Mar 2017	127,400	128,500	2.01	2.22
The Galen	25 Mar 2013	Leasehold	66 years	24 Mar 2079	61 Science Park Road	144,600	31 Mar 2017	144,600	153,300	2.28	2.65
Nexus @one-north	04 Sep 2013	Leasehold	60 years	07 Jun 2071	1 & 3 Fusionopolis Link	191,400	31 Mar 2017	191,400	191,400	3.02	3.31
The Kendall	30 Mar 2015	Leasehold	64 years	24 Mar 2079	50 Science Park Road	132,200	31 Mar 2017	132,200	127,700	2.09	2.21
ONE@Changi City [ii]	01 Mar 2016	Leasehold	60 years	29 Apr 2069	1 Changi Business Park Central 1	446,300	31 Mar 2017	446,300	439,000	7.04	7.59
12,14&16 Science Park Drive [iii]	16 Feb 2017	Leasehold	99 years	31 May 2081	12, 14 and 16 Science Park Drive	440,000	31 Mar 2017	440,000	–	6.95	–
Total Singapore Business & Science Park Properties						3,635,300		3,635,300	3,145,700	57.38	54.37
Integrated Development, Amenities & Retail Properties											
Courts Megastore	30 Nov 2006	Leasehold	30 years	31 Dec 2035	50 Tampines North Drive 2	65,100	31 Mar 2017	65,100	65,300	1.03	1.13
Giant Hypermart	06 Feb 2007	Leasehold	30 years	31 Dec 2035	21 Tampines North Drive 2	85,200	31 Mar 2017	85,200	86,000	1.34	1.49
Aperia	08 Aug 2014	Leasehold	60 years	21 Feb 2072	8, 10 & 12 Kallang Avenue	572,600	31 Mar 2017	572,600	558,600	9.04	9.65
Total Singapore Integrated Development, Amenities & Retail Properties						722,900		722,900	709,900	11.41	12.27

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount		Percentage of Net Assets	
								2017	2016	2017	2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Hi-Specifications Industrial Properties & Data Centres											
Techlink	19 Nov 2002	Leasehold	60 years	24 Sep 2053	31 Kaki Bukit Road 3	126,400	31 Mar 2017	126,400	124,000	2.00	2.14
Siemens Centre	12 Mar 2004	Leasehold	60 years[(a)]	15 Dec 2061[(a)]	60 MacPherson Road	99,700	31 Mar 2017	99,700	102,900	1.57	1.78
Infineon Building #	01 Dec 2004	Leasehold	47 years[(c)]	30 Jun 2050[(c)]	8 Kallang Sector	86,000	31 Mar 2017	86,000	85,000	1.36	1.47
Techpoint #	01 Dec 2004	Leasehold	65 years	31 Mar 2052	10 Ang Mo Kio Street 65	151,100	31 Mar 2017	151,100	149,700	2.39	2.59
Wisma Gulab #	01 Dec 2004	Freehold	Freehold	–	190 MacPherson Road	82,000	31 Mar 2017	82,000	77,000	1.29	1.33
KA Centre #	02 Mar 2005	Leasehold	99 years	31 May 2058	150 Kampong Ampat	46,790	31 Mar 2017	46,790	45,200	0.74	0.78
KA Place #	02 Mar 2005	Leasehold	99 years	31 May 2058	159 Kampong Ampat	21,520	31 Mar 2017	21,520	20,700	0.34	0.36
Kim Chuan Telecommunications Complex #	02 Mar 2005	Leasehold	99 years	30 Mar 2091	38 Kim Chuan Road	142,000	31 Mar 2017	142,000	142,000	2.24	2.45
Pacific Tech Centre	01 Jul 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang Timor	90,000	31 Mar 2017	90,000	91,000	1.42	1.57
Techview	05 Oct 2005	Leasehold	60 years	08 Jul 2056	1 Kaki Bukit View	141,400	31 Mar 2017	141,400	138,500	2.23	2.40
1 Jalan Kilang	27 Oct 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang	27,000	31 Mar 2017	27,000	27,300	0.43	0.47
30 Tampines Industrial Avenue 3	15 Nov 2005	Leasehold	60 years[(a)]	31 Dec 2063[(a)]	30 Tampines Industrial Avenue 3	37,000	31 Mar 2017	37,000	36,100	0.58	0.62
Balance carried forward – (Hi-Specifications Industrial Properties & Data Centres)						1,050,910		1,050,910	1,039,400	16.59	17.96

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount		Percentage of Net Assets	
								2017	2016	2017	2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Hi-Specifications Industrial Properties & Data Centres (continued)											
Balance brought forward – (Hi-Specifications Industrial Properties & Data Centres)						1,050,910		1,050,910	1,039,400	16.59	17.96
50 Kallang Avenue[(iv)]	27 Feb 2006	Leasehold	60 years	15 Nov 2055	50 Kallang Avenue	–	N.A	–	42,200	–	0.73
138 Depot Road	15 Mar 2006	Leasehold	60 years[(a)]	30 Nov 2064[(a)]	138 Depot Road	69,000	31 Mar 2017	69,000	69,500	1.09	1.20
2 Changi South Lane	01 Feb 2007	Leasehold	60 years[(a)]	15 Oct 2057[(a)]	2 Changi South Lane	36,800	31 Mar 2017	36,800	36,600	0.58	0.63
CGG Veritas Hub	25 Mar 2008	Leasehold	60 years[(a)]	31 Dec 2066[(a)]	9 Serangoon North Avenue 5	24,000	31 Mar 2017	24,000	23,700	0.38	0.41
38A Kim Chuan Road	11 Dec 2009	Leasehold	99 years	30 Mar 2091	38A Kim Chuan Road	123,100	31 Mar 2017	123,100	123,100	1.94	2.13
Corporation Place	08 Dec 2011	Leasehold	60 years	30 Sep 2050	2 Corporation Road	117,000	31 Mar 2017	117,000	116,000	1.85	2.01
Telepark #	02 Mar 2005	Leasehold	99 years	01 Apr 2091	5 Tampines Central 6	275,000	31 Mar 2017	275,000	271,900	4.34	4.70
31 Ubi Road 1	21 Feb 2006	Leasehold	60 years[(a)]	28 Feb 2050[(a)]	31 Ubi Road 1	35,000	31 Mar 2017	35,000	35,000	0.55	0.61
Hyflux Innovation Centre	30 Jun 2014	Leasehold	58.9 years	30 Dec 2068	80 Bendemeer Road	212,000	31 Mar 2017	212,000	212,000	3.35	3.66
Total Singapore Hi-Specifications Industrial Properties & Data Centres						1,942,810		1,942,810	1,969,400	30.67	34.04

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Light Industrial Properties & Flatted Factories											
Techplace I	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 4008-4012 Ang Mo Kio Avenue 10	141,900	31 Mar 2017	141,900	141,900	2.24	2.45
Techplace II	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 5000-5004, 5008-5014 Ang Mo Kio Avenue 5	189,800	31 Mar 2017	189,800	191,000	3.00	3.30
OSIM Headquarters	20 Jun 2003	Leasehold	60 years	09 Mar 2057	65 Ubi Avenue 1	39,500	31 Mar 2017	39,500	39,500	0.62	0.68
41 Changi South Avenue 2	13 Oct 2003	Leasehold	60 years[a]	28 Feb 2055[a]	41 Changi South Avenue 2	11,600	31 Mar 2017	11,600	11,900	0.18	0.21
12 Woodlands Loop #	29 Jul 2004	Leasehold	60 years[a]	15 Jan 2056[a]	12 Woodlands Loop	28,200	31 Mar 2017	28,200	28,200	0.45	0.49
SB Building #	26 Nov 2004	Leasehold	60 years[a]	30 Sep 2057[a]	25 Changi South Street 1	21,600	31 Mar 2017	21,600	22,500	0.34	0.39
247 Alexandra Road #	01 Dec 2004	Leasehold	99 years	25 Sep 2051	247 Alexandra Road	66,000	31 Mar 2017	66,000	66,000	1.04	1.14
5 Tai Seng Drive	01 Dec 2004	Leasehold	60 years	30 Nov 2049	5 Tai Seng Drive	18,900	31 Mar 2017	18,900	18,900	0.30	0.33
35 Tampines Street 92 (formerly known as "Volex Building") #	01 Dec 2004	Leasehold	60 years[a]	31 Jan 2052[a]	35 Tampines Street 92	12,600	31 Mar 2017	12,600	12,900	0.20	0.22
53 Serangoon North Avenue 4 #	27 Dec 2004	Leasehold	60 years[a]	30 Nov 2055[a]	53 Serangoon North Avenue 4	13,400	31 Mar 2017	13,400	14,100	0.21	0.24
3 Tai Seng Drive	01 Apr 2005	Leasehold	60 years	30 Nov 2049	3 Tai Seng Drive	19,100	31 Mar 2017	19,100	19,100	0.30	0.33
27 Ubi Road 4 #	01 Apr 2005	Leasehold	60 years[a]	31 Oct 2055[a]	27 Ubi Road 4	13,200	31 Mar 2017	13,200	13,500	0.21	0.23
52 Serangoon North Avenue 4 #	04 Apr 2005	Leasehold	60 years[a]	15 Sep 2055[a]	52 Serangoon North Avenue 4	21,400	31 Mar 2017	21,400	21,600	0.34	0.37
Balance carried forward – (Light Industrial Properties & Flatted Factories)						597,200		597,200	601,100	9.43	10.38

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Light Industrial Properties & Flatted Factories (continued)											
Balance brought forward – (Light Industrial Properties & Flatted Factories)						597,200		597,200	601,100	9.43	10.38
Hyflux Building #	04 Apr 2005	Leasehold	60 years	15 Jan 2041	202 Kallang Bahru	21,700	31 Mar 2017	21,700	21,700	0.34	0.38
25 Ubi Road 4	16 May 2005	Leasehold	60 years[a]	29 Feb 2056[a]	25 Ubi Road 4	10,800	31 Mar 2017	10,800	11,000	0.17	0.19
Tampines Biz-Hub	05 Oct 2005	Leasehold	60 years[a]	30 Nov 2049[a]	11 Tampines Street 92	23,800	31 Mar 2017	23,800	23,500	0.37	0.41
84 Genting Lane	05 Oct 2005	Leasehold	43 years[f]	30 Nov 2039[f]	84 Genting Lane	15,800	31 Mar 2017	15,800	15,800	0.25	0.27
Hoya Building	05 Oct 2005	Leasehold	30 years	15 May 2033	455A Jalan Ahmad Ibrahim	7,800	31 Mar 2017	7,800	7,800	0.12	0.13
10 Woodlands Link (formerly known as "NNB Industrial Building")	05 Oct 2005	Leasehold	60 years[a]	15 Jan 2056[a]	10 Woodlands Link	16,500	31 Mar 2017	16,500	16,800	0.26	0.29
37A Tampines Street 92	01 Dec 2005	Leasehold	60 years[a]	31 Aug 2054[a]	37A Tampines Street 92	15,200	31 Mar 2017	15,200	16,500	0.24	0.29
Hamilton Sundstrand Building	09 Dec 2005	Leasehold	60 years[a]	28 Feb 2065[a]	11 Changi North Rise	41,000	31 Mar 2017	41,000	39,000	0.65	0.67
Thales Building (I&II)	03 Jan 2006 & 20 Mar 2008	Leasehold	42 years[g]	30 Jun 2047[g]	21 Changi North Rise	12,000	31 Mar 2017	12,000	11,300	0.19	0.20
Balance carried forward – (Light Industrial Properties & Flatted Factories)						761,800		761,800	764,500	12.02	13.21

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Light Industrial Properties & Flatted Factories (continued)											
Balance brought forward – (Light Industrial Properties & Flatted Factories)						761,800		761,800	764,500	12.02	13.21
Ubi Biz-Hub	27 Mar 2006	Leasehold	60 years[(a)]	30 Jun 2056[(a)]	150 Ubi Avenue 4	18,400	31 Mar 2017	18,400	19,500	0.29	0.34
2 Senoko South Road	08 Jan 2007	Leasehold	60 years[(a)]	31 May 2056[(a)]	2 Senoko South Road	36,700	31 Mar 2017	36,700	37,800	0.58	0.65
18 Woodlands Loop	01 Feb 2007	Leasehold	60 years[(a)]	15 Feb 2057[(a)]	18 Woodlands Loop	30,300	31 Mar 2017	30,300	29,900	0.48	0.52
9 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[(a)]	31 Dec 2054[(a)]	9 Woodlands Terrace	3,600	31 Mar 2017	3,600	3,550	0.06	0.06
11 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[(a)]	15 Jan 2056[(a)]	11 Woodlands Terrace	4,700	31 Mar 2017	4,700	4,600	0.07	0.08
FoodAxis @ Senoko	15 May 2007	Leasehold	60 years[(a)]	15 Nov 2044[(a)]	1 Senoko Avenue	84,700	31 Mar 2017	84,700	83,300	1.34	1.44
8 Loyang Way 1	05 May 2008	Leasehold	30 years[(h)]	15 Jul 2052[(h)]	8 Loyang Way 1	23,600	31 Mar 2017	23,600	23,600	0.37	0.41
31 Joo Koon Circle	30 Mar 2010	Leasehold	60 years[(a)]	15 Aug 2055[(a)]	31 Joo Koon Circle	19,400	31 Mar 2017	19,400	19,000	0.31	0.33
Total Singapore Light Industrial Properties & Flatted Factories						983,200		983,200	985,750	15.52	17.04

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

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Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
SINGAPORE											
Logistics & Distribution Centres											
20 Tuas Avenue 1 (formerly known as "IDS Logistics Corporate HQ") [(iv)]	19 Feb 2004	Leasehold	58 years[(b)]	31 Aug 2056[(b)]	20 Tuas Avenue 1 (formerly known as "279 Jalan Ahmad Ibrahim")	–	N.A	–	40,800	–	0.71
LogisTech	04 Mar 2004	Leasehold	60 years	15 Nov 2056	3 Changi North Street 2	49,800	31 Mar 2017	49,800	49,800	0.79	0.86
10 Toh Guan Road	05 Mar 2004	Leasehold	60 years[(a)]	15 Oct 2055[(a)]	10 Toh Guan Road	126,700	31 Mar 2017	126,700	126,700	2.00	2.19
Changi Logistics Centre	09 Mar 2004	Leasehold	60 years[(a)]	15 Oct 2050[(a)]	19 Loyang Way	84,800	31 Mar 2017	84,800	86,200	1.34	1.49
4 Changi South Lane (formerly known as "Nan Wah Building")	31 May 2004	Leasehold	60 years[(a)]	15 Oct 2057[(a)]	4 Changi South Lane	27,400	31 Mar 2017	27,400	27,400	0.43	0.47
40 Penjuru Lane	21 Jul 2004	Leasehold	48 years[(d)]	31 Dec 2049[(d)]	40 Penjuru Lane	245,500	31 Mar 2017	245,500	246,900	3.88	4.27
Xilin Districentre Building A&B [#]	02 Dec 2004	Leasehold	60 years[(a)]	31 May 2054[(a)]	3 Changi South Street 2	34,900	31 Mar 2017	34,900	34,900	0.55	0.60
20 Tuas Avenue 6 (formerly known as "MacDermid Building")[#]	02 Dec 2004	Leasehold	60 years[(a)]	15 Jul 2050[(a)]	20 Tuas Avenue 6	7,400	31 Mar 2017	7,400	7,400	0.12	0.13
Xilin Districentre Building D	09 Dec 2004	Leasehold	60 years[(a)]	31 Oct 2055[(a)]	6 Changi South Street 2	25,300	31 Mar 2017	25,300	25,300	0.40	0.44
9 Changi South Street 3 [#]	28 Dec 2004	Leasehold	60 years[(a)]	30 Apr 2055[(a)]	9 Changi South Street 3	40,800	31 Mar 2017	40,800	39,900	0.64	0.69
5 Toh Guan Road East [#]	28 Dec 2004	Leasehold	60 years[(a)]	15 Dec 2049[(a)]	5 Toh Guan Road East	30,300	31 Mar 2017	30,300	30,300	0.48	0.52
Xilin Districentre Building C	05 May 2005	Leasehold	60 years[(a)]	30 Sep 2054[(a)]	7 Changi South Street 2	26,400	31 Mar 2017	26,400	26,400	0.42	0.46
19 & 21 Pandan Avenue (formerly known as "Senkee Logistics Hub (Phase I and II)")	23 Sep 2005 & 01 Feb 2008	Leasehold	45 years[(e)]	31 Jan 2049[(e)]	19 & 21 Pandan Avenue	124,300	31 Mar 2017	124,300	124,800	1.96	2.16
Balance carried forward – (Logistics & Distribution Centres)						823,600		823,600	866,800	13.01	14.99

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

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Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation $'000	Valuation Date	Carrying Amount 2017 $'000	Carrying Amount 2016 $'000	Percentage of Net Assets 2017 %	Percentage of Net Assets 2016 %
SINGAPORE											
Logistics & Distribution Centres (continued)											
Balance brought forward – (Logistics & Distribution Centres)						823,600		823,600	866,800	13.01	14.99
1 Changi South Lane	05 Oct 2005	Leasehold	60 years	31 Aug 2058	1 Changi South Lane	45,700	31 Mar 2017	45,700	44,700	0.72	0.77
Logis Hub @ Clementi	05 Oct 2005	Leasehold	60 years[a]	15 May 2053[a]	2 Clementi Loop	32,000	31 Mar 2017	32,000	33,700	0.50	0.58
11 Changi North Way (formerly known as "Serial I-Tech Building")	18 Nov 2005	Leasehold	60 years[a]	15 Nov 2063[a]	11 Changi North Way	16,400	31 Mar 2017	16,400	16,400	0.26	0.28
21 Jalan Buroh	14 Jun 2006	Leasehold	58 years[a]	30 Sep 2055[a]	21 Jalan Buroh	78,700	31 Mar 2017	78,700	78,700	1.24	1.36
30 Old Toh Tuck Road	14 Jun 2006	Leasehold	60 years[a]	15 Feb 2057[a]	30 Old Toh Tuck Road	20,300	31 Mar 2017	20,300	21,900	0.32	0.38
21 Changi South Avenue 2 (formerly known as "Sim Siang Choon Building")	19 Mar 2008	Leasehold	60 years[a]	30 Sep 2054[a]	21 Changi South Avenue 2	26,100	31 Mar 2017	26,100	29,000	0.41	0.50
15 Changi North Way	29 Jul 2008	Leasehold	60 years[a]	31 Dec 2066[a]	15 Changi North Way	48,400	31 Mar 2017	48,400	48,400	0.76	0.84
Pioneer Hub	12 Aug 2008	Leasehold	30 years	30 Nov 2036	15 Pioneer Walk	119,800	31 Mar 2017	119,800	119,800	1.89	2.07
71 Alps Avenue	02 Sep 2009	Leasehold	60 years[a]	14 Aug 2068[a]	71 Alps Avenue	21,600	31 Mar 2017	21,600	22,100	0.34	0.38
90 Alps Avenue	20 Jan 2012	Leasehold	60 years[a]	22 Oct 2070[a]	90 Alps Avenue	50,400	31 Mar 2017	50,400	50,400	0.80	0.87
Total Singapore Logistics & Distribution Centres						1,283,000		1,283,000	1,331,900	20.25	23.02
Total Singapore investment properties						8,567,210		8,567,210	8,142,650	135.23	140.74

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

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Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation $'000	Valuation Date	Carrying Amount 2017 $'000	Carrying Amount 2016 $'000	Percentage of Net Assets 2017 %	Percentage of Net Assets 2016 %
CHINA											
Business & Science Park Properties											
Ascendas Z-Link[v]	03 Oct 2011	Leasehold	50 years	27 Aug 2054	17 Zhongguancun Software Park, 8 Dongbeiwang West Road, Haidian District, Beijing 100094, China	–	N.A	–	144,693	–	2.50
A-REIT City @ Jinqiao[v]	12 Jul 2013	Leasehold	35.6 years	04 Aug 2046	No. 200 Jinsu Road, Jinqiao Economic and Technological Zone, Pudong New District, Shanghai, China	–	N.A	–	204,038	–	3.53
Total China Business & Science Park Properties						–		–	348,731	–	6.03
Logistics & Distribution Centres											
A-REIT Jiashan Logistics Centre[v]	17 Mar 2016	Leasehold	50 years	20 Apr 2065	No. 137 Wan Tai Road, Yao Zhuang Town, Jia Shan County, Zhejiang Province, China	–	N.A	–	25,164	–	0.43
Total China Logistics & Distribution Centres						–		–	25,164	–	0.43
Total China investment properties						–		–	373,895	–	6.46

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
AUSTRALIA											
Logistics & Distribution Centres(vi)											
9 Andretti Court ^	18 Nov 2015	Freehold	Freehold	–	9 Andretti Court, Truganina	29,250	31 Mar 2017	29,250	28,234	0.46	0.49
Lot 4 Honeycomb Drive^	18 Nov 2015	Freehold	Freehold	–	Lot 4 Honeycomb Drive, Eastern Creek	39,925	31 Mar 2017	39,925	36,662	0.63	0.63
5 Eucalyptus Place^	18 Nov 2015	Freehold	Freehold	–	5 Eucalyptus Place, Eastern Creek	25,940	31 Mar 2017	25,940	23,218	0.41	0.40
81-89 Drake Boulevard^	18 Nov 2015	Freehold	Freehold	–	81-89 Drake Boulevard, Altona	17,294	31 Mar 2017	17,294	16,676	0.27	0.29
1A & 1B Raffles Glade^	18 Nov 2015	Freehold	Freehold	–	1A & 1B Raffles Glade, Eastern Creek	42,700	31 Mar 2017	42,700	40,075	0.67	0.69
7 Grevillea Street^	18 Nov 2015	Freehold	Freehold	–	7 Grevillea Street, Eastern Creek	130,235	31 Mar 2017	130,235	116,347	2.06	2.01
2-16 Aylesbury Drive^	18 Nov 2015	Freehold	Freehold	–	2-16 Aylesbury Drive, Altona	19,589	31 Mar 2017	19,589	18,822	0.31	0.33
162 Australis Drive^	18 Nov 2015	Freehold	Freehold	–	162 Australis Drive, Derrimut	26,261	31 Mar 2017	26,261	25,338	0.41	0.44
1 Distribution Place^	18 Nov 2015	Freehold	Freehold	–	1 Distribution Place, Seven Hills	31,064	31 Mar 2017	31,064	28,596	0.49	0.49
1-15 Kellet Close^	18 Nov 2015	Freehold	Freehold	–	1-15 Kellet Close, Erskine Park	45,903	31 Mar 2017	45,903	43,436	0.72	0.75
35-61 South Park Drive^	18 Nov 2015	Freehold	Freehold	–	35-61 South Park Drive, Dandenong South	36,509	31 Mar 2017	36,509	36,921	0.58	0.64
Balance carried forward – (Logistics & Distribution Centres)						444,670		444,670	414,325	7.01	7.16

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
AUSTRALIA											
Logistics & Distribution Centres(vi) (continued)											
Balance brought forward – (Logistics & Distribution Centres)						444,670		444,670	414,325	7.01	7.16
31 Permas Way^	18 Nov 2015	Freehold	Freehold	–	31 Permas Way, Truganina	48,571	31 Mar 2017	48,571	46,229	0.77	0.80
99 Radius Drive^	18 Nov 2015	Freehold	Freehold	–	99 Radius Drive, Larapinta	25,727	31 Mar 2017	25,727	24,924	0.41	0.43
14-28 Ordish Road^	18 Nov 2015	Freehold	Freehold	–	14-28 Ordish Road, Dandenong South	48,892	31 Mar 2017	48,892	47,366	0.77	0.82
77 Logistics Place^	18 Nov 2015	Freehold	Freehold	–	77 Logistics Place, Larapinta	28,609	31 Mar 2017	28,609	27,717	0.45	0.48
94 Lenore Drive^	18 Nov 2015	Freehold	Freehold	–	94 Lenore Drive, Erskine Park	42,220	31 Mar 2017	42,220	38,886	0.67	0.67
676-698 Kororoit Creek Road^	23 Oct 2015	Freehold	Freehold	–	676-698 Kororoit Creek Road, Altona North	59,246	31 Mar 2017	59,246	57,398	0.94	0.99
700-718 Kororoit Creek Road^	23 Oct 2015	Freehold	Freehold	–	700-718 Kororoit Creek Road, Altona North	32,559	31 Mar 2017	32,559	30,819	0.51	0.53
484-490 Great Western Highway^	23 Oct 2015	Freehold	Freehold	–	484-490 Great Western Highway, Arndell Park	22,253	31 Mar 2017	22,253	20,167	0.35	0.35
Balance carried forward – (Logistics & Distribution Centres)						752,747		752,747	707,831	11.88	12.23

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
AUSTRALIA											
Logistics & Distribution Centres[vi] (continued)											
Balance brought forward – (Logistics & Distribution Centres)						752,747		752,747	707,831	11.88	12.23
494-500 Great^	23 Oct 2015	Freehold	Freehold	–	494-500 Great Western Highway, Arndell Park	37,736	31 Mar 2017	37,736	33,405	0.60	0.58
82 Noosa Street^	23 Oct 2015	Freehold	Freehold	–	82 Noosa Street, Heathwood	60,314	31 Mar 2017	60,314	57,036	0.95	0.99
62 Stradbroke Street^	23 Oct 2015	Freehold	Freehold	–	62 Stradbroke Street, Heathwood	33,306	31 Mar 2017	33,306	30,716	0.53	0.53
62 Sandstone Place^	23 Oct 2015	Freehold	Freehold	–	62 Sandstone Place, Parkinson	22,845	31 Mar 2017	22,845	22,132	0.36	0.38
92 Sandstone Place^	23 Oct 2015	Freehold	Freehold	–	92 Sandstone Place, Parkinson	26,367	31 Mar 2017	26,367	25,855	0.42	0.45
2-56 Australand Drive^	23 Oct 2015	Freehold	Freehold	–	2-56 Australand Drive, Berrinba	86,468	31 Mar 2017	86,468	83,046	1.36	1.44
35 Baile Road^	23 Oct 2015	Freehold	Freehold	–	35 Baile Road, Canning Vale	40,352	31 Mar 2017	40,352	39,455	0.64	0.68
6-20 Clunies Ross Street	22 Feb 2016	Freehold	Freehold	–	6-20 Clunies Ross Street, Pemulway	88,869	31 Mar 2017	88,869	82,633	1.40	1.43
Total Australia Logistics & Distribution Centres						1,149,004		1,149,004	1,082,109	18.14	18.71
Business & Science Park Property											
197-201 Coward Street[vii]	08 Sep 2016	Freehold	Freehold	–	197-201 Coward Street, Mascot	157,990	31 Mar 2017	157,990	–	2.49	–
Total Australia Business & Science Park Property						157,990		157,990	–	2.49	–
Total Australia investment properties						1,306,994		1,306,994	1,082,109	20.63	18.71

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Latest Valuation	Valuation Date	Carrying Amount 2017	Carrying Amount 2016	Percentage of Net Assets 2017	Percentage of Net Assets 2016
						$'000		$'000	$'000	%	%
Total Group's investment properties						9,874,204		9,874,204	9,598,654	155.86	165.91
Investment properties under development						125,062		125,062	–	1.97	–
Other assets and liabilities (net)								(3,664,146)	(3,813,333)	(57.83)	(65.91)
Net assets of the Group								6,335,120	5,785,321	100.00	100.00

Investment properties comprise a diverse portfolio of industrial properties that are leased to customers. Most of the leases for multi-tenant buildings contain an initial non-cancellable period ranging from one to three years. Subsequent renewals are negotiated with the respective lessees.

Independent valuations for 129 (2016: 133) properties were undertaken by the following valuers on the dates stated below:

Valuers	2017 Valuation date	2016 Valuation date
Savills Valuation and Professional Services (S) Pte Ltd	31 March 2017	31 March 2016
CBRE Valuations Pty Limited	31 March 2017	31 March 2016
CBRE Limited	–	31 March 2016
CBRE Pte. Ltd.	31 March 2017	31 March 2016
Edmund Tie & Company (SEA) Pte Ltd (formerly known as "DTZ Debenham Tie Leung (SEA) Pte Ltd")	31 March 2017	31 March 2016
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	31 March 2017	31 March 2016
Cushman & Wakefield VHS Pte Ltd	31 March 2017	31 March 2016
Knight Frank Pte Ltd	31 March 2017	31 March 2016
Jones Lang LaSalle Property Consultants Pte Ltd	31 March 2017	31 March 2016

These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flow analysis. As at 31 March 2017, the valuations adopted for investment properties amounted to $9,874.2 million (2016: $9,598.7 million). The net fair value losses on investment properties recognised in the Statement of Total Return is $18.4 million (2016: $2.4 million).

(i) The land titles of both The Aries and The Gemini have been amalgamated subsequent to the completion of asset enhancement works for Sparkle, a link block connecting the two buildings.

(ii) ONE@Changi City was acquired from Ascendas Frasers Pte Ltd, a related party of the Manager, in March 2016.

(iii) 12, 14 and 16 Science Park Drive were acquired from Ascendas Land (Singapore) Pte Ltd, a related party of the Manager, in February 2017.

(iv) 50 Kallang Avenue and 20 Tuas Avenue 1 were reclassified from investment properties to investment properties under development (Note 5) in December 2016 and April 2016 respectively as the buildings are currently undergoing re-development works.

(v) A-REIT J.W. Investment Pte. Ltd., which indirectly owns A-REIT Jiashan Logistics Centre through A-REIT J.W. Facilities Co., Limited, Ascendas ZPark (Singapore) Pte. Ltd., which indirectly owns Ascendas Z-Link through Ascendas Hi-Tech Development (Beijing) Co., Limited and Shanghai (JQ) Investment Holding Pte. Ltd., which indirectly owns A-REIT City @ Jinqiao through A-REIT (Shanghai) Realty Co., Limited, were divested by the Group in June, July and November 2016 respectively.

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2017

(vi) The 27 logistics and distribution centre properties in Australia were acquired in October 2015 (10 properties), November 2015 (16 properties) and February 2016 (1 property).

(vii) 197 - 201 Coward Street, a Business park property located in Australia was acquired in September 2016.

(a) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.
(b) Includes an option for the Trust to renew the land lease for a further term of 28 years upon expiry.
(c) Includes an option for the Trust to renew the land lease for a further term of 17 years upon expiry.
(d) Includes an option for the Trust to renew the land lease for a further term of 24.4 years upon expiry.
(e) Includes an option for the Trust to renew the land lease for a further term of 15 years upon expiry.
(f) Includes an option for the Trust to renew the land lease for a further term of 13 years upon expiry.
(g) Includes an option for the Trust to renew the land lease for a further term of 12 years upon expiry.
(h) At the end of the 30-year lease, the Trust has the option to renew the land lease for Building A for a further term of 26 years and to renew the land lease for Building B for a further term of 16 years, 4 months and 16 days.

^ These properties were pledged as securities in relation to the syndicated loans from Australian banks as at 31 March 2017 and 2016.

As at 31 March 2016, these properties were pledged as securities in relation to the $300.0 million exchangeable collateralised securities issued by Ruby Assets Pte. Ltd., a subsidiary of the Trust.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from operating activities			
Total return for the year before tax		408,475	369,273
Adjustments for:			
Reversal of impairment loss on doubtful receivables	10	(54)	(303)
Depreciation of plant and equipment	6	19	187
Derecognition of finance lease receivables		(241)	–
Finance income	25	(6,832)	(16,150)
Finance costs	25	117,694	93,603
Foreign exchange loss		22,987	16,005
Gain on divestment of subsidiaries		(21,385)	–
Management fees paid/payable in Units	23	9,691	8,600
Net change in fair value of financial derivatives		11,659	1,236
Net fair value loss on investment properties		18,360	2,349
Share of joint venture's result		(475)	(43)
Operating income before working capital changes		559,898	474,757
Changes in working capital:			
Trade and other receivables		(5,782)	8,228
Trade and other payables		(18,184)	3,217
Cash generated from operating activities		535,932	486,202
Income tax paid		(6,664)	(4,488)
Net cash generated from operating activities		529,268	481,714
Cash flows from investing activities			
Deposits received for the divestment of subsidiaries		24,087	–
Deposits paid for the acquisition of investment properties		(25,496)	–
Acquisition of subsidiaries, net of cash acquired	A	–	(638,539)
Purchase of investment properties	B	(468,903)	(738,672)
Payment for capital improvement on investment properties		(76,999)	(136,335)
Payment for investment properties under development		(25,953)	(21,301)
Proceeds from divestment of subsidiaries	C	381,503	–
Proceeds from divestment of investment properties		–	38,700
Proceeds from derecognition of finance lease receivables		34,000	–
Purchase of plant and equipment		–	(189)
Dividend received from a joint venture company	9	393	–
Interest received		19,728	4,013
Net cash used in investing activities		(137,640)	(1,492,323)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from financing activities			
Proceeds from issuance of perpetual securities		–	300,000
Issue costs for perpetual securities paid		–	(2,029)
Proceeds from issue of Units through equity fund raising		154,688	344,892
Unit issue costs paid		(2,690)	(2,726)
Distributions paid to Unitholders		(500,893)	(442,085)
Distributions paid to perpetual securities holders		(14,289)	–
Finance costs paid		(111,511)	(87,211)
Transaction costs paid in respect of borrowings		(1,830)	(4,244)
Proceeds from borrowings		1,513,304	1,986,790
Repayment of borrowings		(1,462,915)	(1,066,434)
Net cash (used in)/generated from financing activities		(426,136)	1,026,953
Net (decrease)/increase in cash and cash equivalents		(34,508)	16,344
Cash and cash equivalents at beginning of financial year	11	56,236	41,590
Effect of exchange rate changes on cash balances		272	(1,698)
Cash and cash equivalents at end of financial year	11	22,000	56,236

Notes:

(A) Net cash outflow on acquisition of subsidiaries

Net cash outflow on acquisition of subsidiaries for the financial year ended 31 March 2016 is set out below:

	Group 2016 $'000
Investment property (including acquisition costs)	646,901
Other assets	1,111
Accrued expenses	(810)
Other liabilities	(2,536)
Net identifiable assets acquired	644,666
Total consideration	644,666
Less: Acquisition costs payable in form of Units	(6,127)
Net cash outflow	638,539

Details of the subsidiaries acquired are set out in Note 8.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

(B) Net cash outflow on purchase of investment properties (including acquisition costs)

Net cash outflow on purchase of investment properties (including acquisition costs) is set out below:

	Group 2017 $'000	Group 2016 $'000
Investment properties (including acquisition costs)	596,022	961,360
Other payables	(2,919)	(4,396)
Net identifiable assets acquired	593,103	956,964
Total consideration	593,103	956,964
Deferred payment within one year from the acquisition	(20,000)	–
Consideration paid in the form of Units	(100,000)	(210,000)
Acquisition costs paid in the form of Units	(4,200)	(8,292)
Net cash outflow	468,903	738,672

(C) Net cash inflow from divestment of subsidiaries

Net cash inflow from divestment of subsidiaries for the financial year ended 31 March 2017 is set out below:

	Group 2017 $'000
Investment properties	(370,776)
Plant and equipment	(49)
Trade and other receivables	(5,931)
Trade and other payables	9,092
Provision for taxation	(595)
Short term borrowings	10,792
Deferred tax liabilities	(5,588)
Net assets disposed	(363,055)
Transfer from foreign currency translation reserve	116
Transfer from other reserve	1,061
	(361,878)
Sale proceeds	391,458
Provision for divestment costs	(8,195)
Gain on disposal of subsidiaries	21,385
Net sales consideration	391,458
Receivables from vendor	(9,955)
Net cash inflow	381,503

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

(D) Significant non-cash transactions

During the financial year ended 31 March 2017

- 4,074,004 new Units amounting to $9,557,000 were issued at issue prices ranging from $2.3225 to $2.3691 per unit as payment for 20% of the base management fee to the Manager in Units.
- 1,694,710 new Units amounting to $4,200,000 were issued at issue prices $2.4783 per unit as payment of acquisition fees to the Manager for the acquisition of 12, 14 & 16 Science Park Drive.
- 40,834,660 new Units amounting to $100,000,000 were issued on 15 February 2017, at an issue price of $2.4489 per unit as partial consideration for the acquisition of 12, 14 & 16 Science Park Drive. These units will not be entitled to distributions for the period preceding the date of issue, and will only be entitled to distributions from the date of their issue. Save as set out above, these units will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.
- 148,587,770 new Units were issued at issue prices from $2.0144 to $2.0505 per unit pursuant to the conversion of ECS on various dates during the financial year ended 31 March 2017. These units will not be entitled to distributions for the period preceding the date of issue, and will only be entitled to distributions from the date of their issue. Save as set out above, these units will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.

During the financial year ended 31 March 2016

- 3,410,058 Units amounting to $8,075,000 were issued at issue prices ranging from $2.3107 to $2.4318 per unit as payment for 20% of the base management fee relating to the period from 1 December 2014 to 30 November 2015.
- 6,650,105 Units amounting to $15,539,000 were issued at issue prices ranging from $2.2504 to $2.6361 per unit as payment for the acquisition fees to the Manager in relation to the acquisition of The Kendall, 26 Australia properties and ONE@Changi City.
- 48,431 Units amounting to $124,000 were issued at $2.5603 per unit as payment for the divestment fee to the Manager in relation to the divestment of 26 Senoko Way.
- 94,466,936 Units amounting to $210,000,000 were issued to related parties of the Manager at $2.2230 per unit in satisfaction of 50% of the consideration for ONE@Changi City.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 19 May 2017.

1. GENERAL

Ascendas Real Estate Investment Trust (the "Trust" or "Ascendas Reit") is a Singapore-domiciled real estate investment trust constituted pursuant to the trust deed dated 9 October 2002 between Ascendas Funds Management (S) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), as supplemented and amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006, the First Amending and Restating Deed dated 11 June 2008, the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010, the Eleventh Supplemental Deed dated 14 October 2011, the Twelfth Supplemental Deed dated 19 October 2015 and the Thirteenth Supplemental Deed dated 26 January 2016 (collectively, the "Trust Deed").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 2002 and was included under the Central Provident Fund ("CPF") Investment Scheme on 15 October 2002.

The principal activity of the Trust is to invest in a diverse portfolio of properties and property related assets with the primary objective of achieving an attractive level of return and long-term capital growth. The principal activities of the subsidiaries are set out in Note 8.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in an equity-accounted investee.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

1.1 Trustee fee

Trustee fee shall not exceed 0.25% per annum of the value of all the gross assets of the Group ("Deposited Property") (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. Based on the current agreement between the Manager and the Trustee, the Trustee charges 0.03% per annum of the Deposited Property. The Trustee fee is payable out of the Deposited Property of the Group monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1.2 Management fees

The Manager is entitled to receive the following remuneration:

(i) a base management fee of 0.5% per annum of the Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) an annual performance fee of:

- 0.1% per annum of the Deposited Property, provided that the annual growth in distribution per unit in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 2.5%; and
- an additional 0.1% per annum of the Deposited Property, provided that the growth in distribution per unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) exceeds 5.0%.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL (CONTINUED)

1.2 Management fees (continued)

(iii) an acquisition fee of 1.0% of the purchase price of investment property acquired by the Trustee on behalf of the Trust.

(iv) a divestment fee of 0.5% of the sale price of investment property sold or divested by the Trustee on behalf of the Trust.

(v) a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Trust. In cases where the market pricing for comparable services is materially lower, the Manager will reduce the development management fee to less than 3.0%. In addition, when the estimated total project cost is greater than $100.0 million, the Trustee and the Manager's independent directors will review and approve the quantum of the development management fee.

With effect from 1 April 2014, the Manager has improved the basis of determining management fees by excluding derivative assets and investment properties under development from the computation of Deposited Property (the "Adjusted Deposited Property").

The Manager will also unilaterally waive part of its performance fee to ensure equitable distribution of the growth in distributable income such that any increase in DPU (which is calculated before accounting for the performance fee) would not result in Unitholders receiving less DPU than the threshold percentage as a result of the payment of the performance fee. In addition, the performance fee payable will be based on 0.1% per annum, or as the case may be, 0.2% per annum of the Adjusted Deposited Property instead of the Deposited Property.

With effect from 19 November 2007, the Manager has elected to receive 20.0% of the base management fee in Units and 80.0% in cash for all properties.

With effect from 17 November 2004, the Manager may elect to receive performance fee in cash and/or Units, in such proportion as may be determined by the Manager. The Manager has elected to receive 100% of the performance fee in the form of cash for the financial year ended 31 March 2017 and 31 March 2016.

The cash component of the base management fees will be paid monthly in arrears and the units component will be paid on a six-monthly basis in arrears. The performance fee will be paid within 60 days from the last day of every financial year.

1.3 Fees under the property management agreements (for the Singapore and China properties)

(i) Property management services

For property management services, the Group will pay Ascendas Services Pte Ltd ("ASPL") and Ascendas China Pte Ltd ("ACPL") (jointly the "Property Managers"), a fee of 2.0% per annum of the adjusted gross revenue of each property, managed by the Property Managers, and in the event that the Property Managers only manage such property for less than one calendar year, such amount to be pro-rated based on the number of days which the Property Managers manage such property divided by the number of days in such year.

(ii) Marketing services

For marketing services, the Group will pay the Property Managers the following commissions, subject to a refund of 50.0% of the commission paid to the Property Managers if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Trust for the pre-termination (taking into account the loss of income and related expenses), the Property Managers need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Property Managers would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL (CONTINUED)

1.3 Fees under the property management agreements (for the Singapore and China properties) (continued)

(ii) Marketing services (continued)

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years with the terms of the lease subject to the prior approval of the Manager, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge;
- if a third party agent secures a tenancy, the Property Managers shall pay to the third party agent the same fees as stated above. Prior approval of the Manager is required for the Property Managers to pay a third party agent a commission that is less than as set out above. For the avoidance of doubt, there will not be double charging of commission payable to the third party agents and the Property Managers as the commissions payable to such third party agents shall be paid out of the Property Managers' fee; and
- an administrative charge of 20.0% of the commission is payable to the Manager or the Property Managers in the case of a new lease take-up which involves a third party agent for the marketing support and administrative services to be rendered either by the Manager or the Property Managers.

(iii) Project management services

For project management services, the Group will pay the Property Managers the following fees for the (i) development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), refurbishment, retrofitting and renovation works to a property where submission to the relevant authorities for the approval of such works is required or (ii) routine maintenance where the expenses for the routine maintenance of the property results in such expenses being classified as capital expenditure under the Singapore Financial Reporting Standards ("FRS"):

- a fee of 3.00% of the construction costs, where the construction costs are $2.0 million or less in Singapore, or RMB2.0 million or less in the People's Republic of China (the "PRC");
- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million in Singapore, or exceed RMB2.0 million but do not exceed RMB12.0 million in the PRC;
- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million in Singapore, or exceed RMB12.0 million but do not exceed RMB40.0 million in the PRC;
- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million in Singapore, or exceed RMB40.0 million but do not exceed RMB70.0 million in the PRC;

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL (CONTINUED)

1.3 Fees under the property management agreements (for the Singapore and China properties) (continued)

(iii) Project management services (continued)

- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million in Singapore, or exceed RMB70.0 million but do not exceed RMB100.0 million in the PRC; and

- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million in Singapore, or exceed RMB100.0 million in the PRC.

For purpose of calculating the fees payable to the Property Managers, construction costs means all construction costs and expenditure valued by the quantity surveyor engaged by the Group for the project, but excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

(iv) Energy audit services

For energy audit services, the Group will pay the Property Managers $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in a property located in Singapore (being the base energy audit fee) and RMB10,000 per chiller in a property located in the PRC. In addition to these fees, the Trust will pay ASPL 40.0% of the cost savings achieved in each property during the first three years after the completion of the works in such property, subject to a maximum of $40,000 per property for properties located in Singapore (such amount shall be inclusive of the base energy audit fee and the fees based on the savings achieved).

(v) Car park management services

For car park management services, the Trust will pay ASPL the following fees in relation to properties located in Singapore:

- in relation to the car parks located at certain 33 properties as set out in the property management agreements ("Managed Car Parks"), a management fee of $2.16 million per annum ("Base Car Park Fee") and 40.0% of hourly parking collections for such car parks (excluding goods and services tax). For the avoidance of doubt, any hourly car park rebates given to car park users will not be included in the hourly car park collections for the computation of fees.

- in the event that additional car parks are added or subsequently removed from the Managed Car Parks, the Base Car Park Fee shall be adjusted as follows:

  - in relation to a property which has up to 100 car park lots – the Base Car Park Fee shall be increased or decreased by $35 per car park lot per month multiplied by the number of car park lots in such property.

  - in relation to a property which has more than 100 car park lots – the Base Car Park Fee shall be increased or decreased by $25 per car park lot per month multiplied by the number of car park lots in such property.

ACPL is not required to provide any car park management services.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL (CONTINUED)

1.4 Fees under the lease management agreement (for the Singapore and China properties)

(i) Lease management services

For lease management services, the Group will pay the Manager or its nominees (as the Manager may direct), a fee of 1.0% per annum of the adjusted gross revenue of each property. In addition to the above fee, the Group will pay the Manager or its nominees the following fees, subject to a refund of 50.0% of the commission paid to the Manager or its nominees if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Group for the pre-termination (taking into account the loss of income and related expenses), the Manager or its nominees need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Manager or its nominees would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid.

In relation to a tenancy which is renewed, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 0.5 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than one year;

- 0.5 month's gross rent inclusive of service charge for securing a tenancy of one year or more but less than or equivalent to three years;

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;

- 1.0 month's gross rent inclusive of service charge for securing a tenancy of five years; and

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to one and a half months' gross rent inclusive of service charge.

In relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;

- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;

- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;

- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years; and

- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. GENERAL (CONTINUED)

1.4 Fees under the lease management agreement (for the Singapore and China properties) (continued)

(ii) Property tax services

For property tax services, the Manager or its nominees (as the Manager may direct) are entitled to the following fees if as a result of the Manager's or the nominees' objections to the tax authorities, the proposed annual value is reduced resulting in property tax savings for the property:

- a fee of 7.5% of the property tax savings, where the proposed reduction in annual value is $1.0 million or less in Singapore, or RMB1.0 million or less in the PRC;
- a fee of 5.5% of the property tax savings, where the proposed reduction in annual value is more than $1.0 million but does not exceed $5.0 million in Singapore, or more than RMB1.0 million but does not exceed RMB5.0 million in the PRC; and
- a fee of 5.0% of the property tax savings, where the proposed reduction in annual value is more than $5.0 million in Singapore, or more than RMB5.0 million in the PRC.

The above mentioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period less the expenses incurred to obtain the property tax savings and is not payable to the Manager if the Manager's objections are not successful or if the reduction in annual value results from an appeal to the valuation review board.

1.5 Fees under the strategic and asset management agreements (for the Australia properties)

For strategic management services, the Group will pay the Ascendas Funds Management (Australia) Pty Ltd ("AFMA"), a wholly owned subsidiary of the Manager, a strategic management fee of 1.0% per annum of the adjusted gross revenue of each property.

For asset management services, the Group will pay AFMA an asset management fee (to be mutually agreed between the Group and AFMA) under the asset management agreement. To the extent that the asset management fees payable to AFMA exceeds the fees charged to AFMA by third-party licensed real estate agents and results in a net positive balance for any financial year to AFMA (an "Excess"), the fees payable to AFMA under the strategic management agreement will be reduced by the Excess such that the total fee payable to AFMA under both the strategic management agreement and the asset management agreement, after taking into consideration the fees charged by the third-party licensed real estate agents, will not exceed the aggregate fee of 1.0% per annum of the adjusted gross revenue of the properties for which strategic management services and asset management services are provided.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

2. BASIS OF PREPARATION (CONTINUED)

2.2 Functional and presentation currency

The financial statements are presented in Singapore dollars ("SGD"), which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.3 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, investment properties and development, and certain financial assets and financial liabilities which are stated at fair value as described in Note 3.

As at 31 March 2017, the Group and the Trust's current liabilities exceed its current assets by $1,022.2 million (2016: $1,214.4 million) and $1,055.7 million (2016: $1,154.3 million) respectively. Notwithstanding the net current liabilities position, based on the Group and the Trust's existing financial resources, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities of the end of each reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 4 – Acquisition of investment properties through subsidiaries

Information about significant areas of estimation that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 32 (d) – Valuation of investment properties
- Note 32 (b) and (c) – Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (continued)

Measurement of fair values (continued)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32 (d) – Valuation of investment properties
- Note 32 (b) and 32 (c) – Valuation of financial instruments

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities which addresses changes in accounting policies.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Interest in subsidiaries and joint venture are stated in the Trust's Statement of Financial Position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (continued)

Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the Statement of Total Return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, which are recognised in Unitholders' funds.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve ("translation reserve") in Unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the Statement of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

3.3 Investment properties and investment properties under development

Investment properties are properties held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business. Investment properties under development include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

(i) in such manner and frequency required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of the investment properties.

Subsequent expenditure on investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For income tax purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefit in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is provided on the straight-line basis over the estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and fixtures	5 - 7 years
Equipment	5 - 10 years
Computers and office equipment	1 - 5 years

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Total Return on the date of retirement or disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

3.5 Leases

(i) Operating lease

Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.13. Contingent rents are recognised as revenue in the period in which they are earned.

Lessee

Payments made under operating leases (net of any incentives received from the lessor) are recognised in the Statements of Total Return on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Lessor

Leases which the Group has substantially transferred all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised as finance lease receivable on the Statement of Financial Position. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned interest income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned interest income. The interest income is recognised in the Statement of Total Return on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Statement of Total Return when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in Statement of Total Return.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in Statement of Total Return when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(ii) Financial liabilities (continued)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect total return.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect total return, the effective portion of changes in fair value of the derivative is taken to the hedging reserve in Unitholders' funds. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the Statement of Total Return.

When the hedged item is a non-financial asset, the amount accumulated in the Unitholders' funds is reclassified to the Statement of Total Return in the same period or periods during which the non-financial item affects total return. In other cases, the amount accumulated in the Unitholders' funds is reclassified to the Statement of Total Return in the same period that the hedged item affects total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is reclassified to the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (continued)

(iii) Derivative financial instruments (continued)

Other derivative financial instruments

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised in the Statement of Total Return.

3.7 Impairment

(i) Financial assets

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar credit risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date.

(ii) Non-financial assets

The carrying amounts of Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in the Statement of Total Return if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Statement of Total Return, unless it reverses a previous revaluation credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (continued)

(ii) Non-financial assets (continued)

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Taxation

(i) Current tax and deferred tax

Current and deferred tax are recognised in the Statement of Total Return, except to the extent that they relate to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in Singapore and Australia, the presumption that the carrying amounts will be recovered through sale has not been rebutted. This presumption is rebutted for investment properties in the PRC held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Taxation (continued)

(i) Current tax and deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its public listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling, the Trustee will not be assessed to tax on the taxable income of the Trust distributed in the same financial year. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate of 17.0% from the distributions made to Unitholders that are made out of the taxable income of the Trust in that financial year.

However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to the extent that the beneficial Unitholders are:

(i) individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a Singapore partnership);

(ii) companies incorporated and tax resident in Singapore;

(iii) Singapore branches of foreign companies which have presented a letter of approval from the IRAS granting waiver from tax deducted at source in respect of distributions from the Trust;

(iv) non-corporate Singapore constituted or registered entities (e.g. town councils, statutory boards, charitable organisations, management corporations, clubs and trade and industry associations constituted, incorporated, registered or organised in Singapore);

(v) Central Provident Fund ("CPF") members who use their CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts; and

(vi) individuals who use their Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Taxation (continued)

(i) Current tax and deferred tax (continued)

The Trustee and the Manager will deduct tax at the reduced concessionary rate of 10.0% from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to beneficial Unitholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have a permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units in the Trust are not obtained from that operation.

The reduced concessionary tax rate of 10.0% has been extended to 31 March 2020.

(ii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

3.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

3.10 Distribution policy

The Trust's distribution policy is to distribute 100% of its taxable income to Unitholders, other than gains on the sale of properties that are determined by IRAS to be trading gains. Distributions are made semi-annually, for the six months ending 30 September and 31 March each year. Income from the overseas subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax payable, at the discretion of the Manager.

3.11 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs related to expenses incurred in connection with the issue of Units. These expenses are deducted directly against unitholders funds.

3.12 Perpetual securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity.

The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue recognition

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Other income

Other income comprises interest income received from finance lease receivable, car park charges, utilities income and sundry income. Interest income received from finance lease receivable is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Except for interest income received from finance lease receivable, other income is recognised when the right to receive payment is established, after services have been rendered.

3.14 Expenses

Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are fees incurred under the Property Management Agreements and Lease Management Agreement which are based on the applicable formula stipulated in Note 1.3 and Note 1.4 respectively.

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Total Return on a straight-line basis over the term of leases.

Management fees

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1.2.

Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee fee which is based on the applicable formula stipulated in Note 1.1.

3.15 Finance costs

Finance costs comprise interest expense on borrowings, amortisation of borrowing-related transaction costs, transaction costs directly attributable to financial liabilities measured at fair value through profit or loss, fair value losses on financial instruments measured at fair value through profit or loss, and accretion adjustments on security deposits.

Interest expense on borrowings, amortisation of borrowing-related transaction costs and accretion adjustments on security deposits are recognised in the Statement of Total Return using the effective interest method over the period of borrowings, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Earnings per unit

The Group presents basic and diluted earnings per unit data for its Units. Basic earnings per unit is calculated by dividing the total return for the year attributable to Unitholders of the Trust by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return for the year after tax attributable to Unitholders of the Trust and the weighted average number of Units outstanding, adjusting for the effects of all dilutive potential units arising from the conversion of the exchangeable collaterised securities ("ECS") issued by the Group.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at back and on hand, and short term fixed deposits that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

3.18 New standards and interpretations not adopted

The Group has not adopted the following standards as applicable to the Group that been issued but not yet effective:

	Effective for annual periods beginning on or after
Amendments to FRS 40 *Transfer of investment properties*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from contracts with customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

- Amendments to FRS 40 amended the paragraphs in relation to when a property shall transfer to or from investment properties.

  The Group does not expect any significant impact to arise from these changes.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

  The Group does not expect any significant impact to arise from these changes.

- FRS 115 and Amendments to FRS 115 adopts a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

  The Group does not expect any significant impact to arise from these changes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 New standards and interpretations not adopted (continued)

- FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

  The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

4. INVESTMENT PROPERTIES

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 April	9,598,654	7,867,930	8,142,650	7,558,780
Acquisition of investment properties	596,022	961,360	437,495	437,329
Acquisition of a subsidiary	–	646,901	–	–
Transfer to investment properties under development	(93,537)	–	(93,537)	–
Capital expenditure incurred	61,911	132,670	60,919	108,734
Transfer from other receivables	58,716	–	60,068	–
Disposal of investment properties	–	(13,900)	–	(13,900)
Disposal of subsidiaries	(370,776)	–	–	–
Exchange differences	36,539	6,042	–	–
Fair value (losses)/gains	(13,325)	(2,349)	(40,385)	51,707
At 31 March	9,874,204	9,598,654	8,567,210	8,142,650
Statement of Total Return:				
Fair value (losses)/gains of investment properties	(13,325)	(2,349)	(40,385)	51,707
Effect of lease incentive and marketing fee amortisation	(5,035)	–	(3,342)	–
Net fair value (losses)/gains on investment properties recognised in the Statement of Total Return (unrealised)	(18,360)	(2,349)	(43,727)	51,707

Details of the properties are shown in the Portfolio Statement.

Investment properties are leased to both related and non-related parties under operating lease or finance lease (Note 21 and Note 29).

As at 31 March 2017, investment properties with an aggregate carrying amount of $1,060,100,000 have been pledged as collateral for certain term loans taken out by the Group (Note 15).

As at 31 March 2016, investment properties with an aggregate carrying amount of $2,103,976,000 were pledged as collateral for the exchangeable collateralised securities ("ECS") and certain term loans taken out by the Group (Note 15 and 16). All the ECS have been fully converted to the Units of Ascendas Reit during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

4. INVESTMENT PROPERTIES (CONTINUED)

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 March 2017 and 31 March 2016. Information on the fair value assessment of investment properties is disclosed in Note 32(d).

Critical judgements made in accounting for acquisitions

The Group acquires subsidiaries that own real estate, and individual real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Group considers whether significant processes such as strategic management and operational processes are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of a business. Where the acquisition of the subsidiary or real estate does not represent a business, it is accounted for as an acquisition of group of assets and liabilities.

The Group assessed the acquisition of the subsidiaries for the financial years presented as acquisitions of assets as no strategic management function and operational processes were acquired along with the investment properties.

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
At 1 April	–	–	–	–
Transfer from investment property	93,537	–	93,537	–
Capital expenditure incurred	31,525	–	31,525	–
At 31 March	125,062	–	125,062	–

During the financial year ended 31 March 2017, the Trust transferred two properties, namely 20 Tuas Avenue 1 (formerly known as "279 Jalan Ahmad Ibrahim") and 50 Kallang Avenue to investment properties under development due to ongoing re-development work. The re-development work is expected to be completed by end of financial year ended 31 March 2018. The carrying amount of investment properties under development is stated at fair value based on internal valuation. Information on the fair value assessment of investment properties under development is disclosed in Note 32(d).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

6. PLANT AND EQUIPMENT

	Furniture and fixtures $'000	Equipment $'000	Computers and office equipment $'000	Total $'000
Group				
Cost				
At 1 April 2015	2,880	5,829	527	9,236
Additions	–	–	1	1
Effects of movement in exchange rates	(2)	(2)	(7)	(11)
At 31 March 2016	2,878	5,827	521	9,226
Divestment of subsidiaries	(26)	(32)	(90)	(148)
At 31 March 2017	2,852	5,795	431	9,078
Accumulated depreciation				
At 1 April 2015	2,857	5,653	466	8,976
Depreciation charge for the year	4	158	25	187
Effects of movement in exchange rates	–	(1)	(4)	(5)
At 31 March 2016	2,861	5,810	487	9,158
Depreciation charge for the year	2	4	13	19
Divestment of subsidiaries	(11)	(19)	(69)	(99)
At 31 March 2017	2,852	5,795	431	9,078
Carrying amounts				
At 31 March 2016	17	17	34	68
At 31 March 2017	–	–	–	–
Trust				
Cost				
At 1 April 2015, 1 April 2016 and 31 March 2017	2,852	5,795	431	9,078
Accumulated depreciation				
At 1 April 2015	2,852	5,643	431	8,926
Depreciation charge for the year	–	152	–	152
At 31 March 2016, 1 April 2016 and 31 March 2017	2,852	5,795	431	9,078
Carrying amounts				
At 31 March 2016	–	–	–	–
At 31 March 2017	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

7. FINANCE LEASE RECEIVABLES

	2017		2016	
	Carrying amount $'000	Face value $'000	Carrying amount $'000	Face value $'000
Group and Trust				
Finance lease receivables				
- Current	2,104	6,128	35,269	159,354
- Non-current	55,627	84,925	57,731	91,054
	57,731	91,053	93,000	250,408

Finance lease receivables are receivable from the lessees as follows:

	Gross receivable 2017 $'000	Unearned interest income 2017 $'000	Net receivable 2017 $'000	Gross receivable 2016 $'000	Unearned interest income 2016 $'000	Net receivable 2016 $'000
Group and Trust						
Within 1 year	6,128	4,024	2,104	159,354	124,085	35,269
After 1 year but within 5 years	25,764	14,302	11,462	25,259	15,065	10,194
After 5 years	59,161	14,996	44,165	65,795	18,258	47,537
	91,053	33,322	57,731	250,408	157,408	93,000

The Group has a credit policy in place to monitor its credit rating on an ongoing basis. The lessee would be required to provide a security deposit if the credit rating falls below the agreed terms. The Manager believes that no impairment allowance is necessary in respect of the finance lease receivables.

8. INTERESTS IN SUBSIDIARIES

	Trust	
	2017 $'000	2016 $'000
Equity investment, at cost		
At 1 April	422,177	43,607
Divestment	(43,607)	–
Addition	80,693	378,570
At 31 March	459,263	422,177
Loans to subsidiaries	315,588	282,512
	774,851	704,689

As at 31 March 2017, a loan to a subsidiary amounting to $162,600,000 bears interest of BBSY+2.3% per annum. The interest is payable annually while the settlement of principal was neither planned nor likely to occur in the foreseeable future. The other loans to subsidiaries were interest free and unsecured. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

8. INTERESTS IN SUBSIDIARIES (CONTINUED)

As at 31 March 2016, the loans to subsidiaries were interest free and unsecured. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future.

As loans to subsidiaries for both financial year ended 31 March 2017 and 31 March 2016 were, in substance, a part of the Trust's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses.

Details of interests in subsidiaries:

Name of subsidiary	Principal activity	Principal of business	Effective equity held by the Trust 2017 %	Effective equity held by the Trust 2016 %
(i) Direct subsidiaries				
Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark")#	Investment holding	Singapore	–	100
Shanghai (JQ) Investment Holdings Pte Ltd ("SHJQ")#	Investment holding	Singapore	–	100
PLC 8 Holdings Pte. Ltd. ("PLC8H")*	Investment holding	Singapore	100	100
A-REIT JW Investment Pte. Ltd. ("AJW")#	Investment holding	Singapore	–	100
Ruby Assets Pte. Ltd. *	To issue debt securities and grant collateral loan to the Trust	Singapore	–	–
Emerald Assets Limited @	To obtain credit facilities and grant credit facilities to the Trust	Singapore	–	–
Ascendas REIT Australia ("ARA")^	Investment holding	Australia	100	100
(ii) Indirect subsidiaries				
Ascendas Hi-Tech Development (Beijing) Co., Limited ("AHTDBC")&	Development, leasing and management of industrial properties including the provision of property management services	PRC	–	100
A-REIT (Shanghai) Realty Co., Limited ("ASRC")&	Development, leasing and management of industrial properties including the provision of property management services	PRC	–	100
PLC 8 Development Pte. Ltd. ("PLC8D")*	Real estate development	Singapore	100	100
A-REIT J.W. Facilities Co., Ltd. ("AJFC")&	Development, leasing and management of industrial properties including the provision of management services	PRC	–	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

8. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activity	Principal of business	Effective equity held by the Trust 2017 %	Effective equity held by the Trust 2016 %
(ii) Indirect subsidiaries (continued)				
Ascendas Logistics Trust ("ALT")^	Investment holding	Australia	100	100
Ascendas Logistics Trust 2 ("ALT2")^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.1^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.2^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.3^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.4^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.5^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.6^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.7^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.8^	Investment holding	Australia	100	100
Ascendas Longbeach Trust No.9^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.1^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.2^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.3^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.4^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.5^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.6^	Investment holding	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

8. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activity	Principal of business	Effective equity held by the Trust	
			2017	2016
			%	%
(ii) Indirect subsidiaries (continued)				
Ascendas Longbeach Sub-Trust No.7^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.8^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.9^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.10^	Investment holding	Australia	100	100
Ascendas Longbeach Sub-Trust No.11^	Investment holding	Australia	100	100
Ascendas Business Park Trust No.1^	Investment holding	Australia	100	–

* Audited by EY LLP Singapore for the financial year ended 31 March 2017 (2016: KPMG LLP Singapore).

^ Audited by a member firm of EY International for the financial year ended 31 March 2017 (2016: KPMG International).

\# Audited by KPMG LLP, Singapore for the financial year ended 31 March 2016. These subsidiaries were divested during the current financial year. The net cash flow from divestment of subsidiaries is disclosed in Note (c) to the Consolidated Statement of Cash Flows.

& Audited by a member firm of KPMG International for the financial year ended 31 March 2016. These subsidiaries were divested during the current financial year. The net cash flow from divestment of subsidiaries is disclosed in Note (c) to the Consolidated Statement of Cash Flows.

@ Dissolved on 13 February 2016

During the financial year ended 31 March 2016, the Trust incorporated ARA. ARA owns all the paid in capital of ALT which in turn owns all the paid in capital of the Ascendas Longbeach Trusts No. 1 to 8 and Ascendas Longbeach Sub-Trusts No. 1 to 11. ARA also owns all the paid in capital of ALT2, which in turns owns all the paid in capital in Ascendas Longbeach Trusts No. 9 and Ascendas Business Park Trust No. 1.

The Group does not hold any ownership interests in Ruby Assets and Emerald Assets. However, based on the terms of the agreements under which these entities were established, the Group has the ability to direct the activities of these entities for the benefit of the Group. Accordingly, both entities were consolidated by the Group. Emerald Assets was dissolved on 13 February 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

9. INVESTMENT IN JOINT VENTURE

	Group	
	2017	2016
	$'000	$'000
At 1 April	44	–
Addition	–	1
Share of post-acquisition reserve	475	43
Dividend received	(393)	–
At 31 March	126	44

Details of the joint venture is as follows:

Name of joint venture	Principal of business/ establishment	Effective equity held by the Group and Trust	
		2017	2016
		%	%
Changi City Carpark Operations LLP	Singapore	39.914	39.914

Changi City Carpark Operations LLP ("CCCO") is an unlisted joint arrangement in which the Group has joint control via a partnership agreement and 39.914% equity interest. CCCO manages and operates the car park at ONE@Changi City.

CCCO is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in CCCO as a joint venture, which is equity accounted.

10. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables, gross	4,231	5,389	2,365	3,594
Impairment losses	–	(189)	–	(189)
Trade receivables, net	4,231	5,200	2,365	3,405
Deposits	544	–	544	–
Interest receivables	8,368	7,216	8,368	7,123
Other receivables				
- Subsidiary	–	–	2,928	–
- Non-related parties	20,025	44,517	18,743	41,570
	20,025	44,517	21,671	41,570
	33,168	56,933	32,948	52,098
Prepayments	30,329	32,352	2,558	31,997
	63,497	89,285	35,506	84,095

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivable from a subsidiary is the interest receivable related to a loan to the subsidiary, which is receivable on demand.

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk for trade receivables at reporting date, by operating segments, is as follows:

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Business & Science Park Properties	1,108	2,483	979	2,281
Integrated Development, Amenities & Retail Properties	263	520	263	520
Hi-Specifications Industrial Properties & Data Centres	317	210	317	210
Light Industrial Properties & Flatted Factories	276	188	276	188
Logistics & Distribution Centres	2,267	1,799	530	206
	4,231	5,200	2,365	3,405

The amounts represented in the table above are fully secured by way of bankers' guarantees, insurance bonds or cash security deposits held by the Group, except for trade receivables balance which are impaired.

As a result of the default in rental by tenants, $2,597,000 (2016: $1,399,000) of cash security deposits were forfeited.

The ageing of trade receivables at the reporting date was:

	2017		2016	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	1,354	–	166	–
Past due 1 – 90 days	2,612	–	4,165	23
Past due over 90 days	265	–	1,058	166
	4,231	–	5,389	189
Trust				
Past due 1 – 90 days	2,171	–	3,073	23
Past due over 90 days	194	–	521	166
	2,365	–	3,594	189

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment losses

The movements in impairment losses recognised in respect of trade receivables during the year are as follows:

	2017 $'000	2016 $'000
Group and Trust		
At 1 April	189	724
Impairment losses reversed during the year	(54)	(303)
Amounts utilised during the year	(135)	(232)
At 31 March	–	189

The Manager believes that no impairment loss is necessary in respect of the remaining trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees, insurance bonds or cash security deposits.

11. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank	20,498	53,759	4,684	6,052
Fixed deposits	1,502	2,477	–	–
	22,000	56,236	4,684	6,052

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12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables				
- non-related parties	11,047	11,207	11,105	10,882
- the Manager	7,607	25,303	7,607	24,853
- the Property Manager	8,271	6,696	8,271	6,696
- the Trustee	743	738	743	738
- other related parties	796	450	796	450
GST payables	7,139	9,114	7,084	6,103
Accruals	80,362	74,807	70,601	50,320
Other payables	42,388	12,693	40,233	10,494
Amount owing to a subsidiary[(1)]	–	–	8,962	18,000
Property tax payable	9,295	7,783	9,295	7,652
Interest payable	14,683	17,031	13,552	14,855
Rental received in advance	10,386	7,824	8,233	5,211
	192,717	173,646	186,482	156,254
Current	192,717	171,971	186,482	154,579
Non-current	–	1,675	–	1,675
	192,717	173,646	186,482	156,254

(1) The amount owing to a subsidiary is unsecured and interest free, and is repayable on demand.

13. SECURITY DEPOSITS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current	41,946	34,065	41,887	32,580
Non-current	78,873	77,659	77,371	74,172
	120,819	111,724	119,258	106,752

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14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Derivative assets				
Current	12,156	356	12,156	356
Non-current	16,042	32,592	16,014	32,592
	28,198	32,948	28,170	32,948
Derivative liabilities				
Current	(32,837)	(1,595)	(32,837)	(1,595)
Non-current	(58,943)	(82,596)	(53,307)	(75,345)
	(91,780)	(84,191)	(86,144)	(76,940)
Total derivative financial instruments	(63,852)	(51,243)	(57,974)	(43,992)

	2017	2016
Group		
Derivative financial instruments as a percentage of net assets	1.00%	0.89%
Trust		
Derivative financial instruments as a percentage of net assets	0.91%	0.77%

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps with a total notional amount of $2,036.0 million (2016: $2,166.2 million) to provide fixed rate funding for terms of less than 1 year to 10 years (2016: 1 to 10 years). The Group also held certain floating rate interest rate swaps with an aggregate notional amount of $350.0 million (2016: $350.0 million) and basis interest rate swaps with an aggregate notional amount of $619.1 million (2016: $268.9 million) for efficient portfolio management and to maintain desired level of hedge and preferred floating benchmarks.

Where the interest rate swaps are designated as hedging instruments in qualifying cash flow hedges, the changes in fair value of the interest rate swaps relating to the effective portion are recorded in Unitholders' funds. For the financial year ended 31 March 2016, a net change in fair value $0.2 million relating to the effective portion of cash flow hedges were recognised in Unitholders' funds. Fair value changes relating to the ineffective portion are recognised in the Statement of Total Return.

As at 31 March 2017, the Group held cross currency swaps ("CCS") with notional amounts of JPY24.6 billion, HKD2.7 billion and USD141.6 million (2016: JPY24.6 billion and HKD1.76 billion), respectively, to provide Singapore dollar funding for terms of less than 1 year to 12.5 years (2016: 1 year to 13.5 years).

As at 31 March 2017, the Group also held CCS with notional amounts of AUD294.5 million (2016: AUD294.5 million) as a hedge for its investment in Australia for a term of 3.5 years (2016: 4.5 years).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group had also entered into forward exchange contracts to manage its foreign currency risk. The notional amount of the Group's outstanding forward exchange contracts as at 31 March 2017 was AUD18.4 million (2016: AUD8.0 million).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include derivative assets and derivative liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Statement of Financial Position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances, following the occurrence of a termination event as set out in the ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only the net amount is due or payable in settlement of all transactions.

The swaps presented below are not offset in the Statement of Financial Position as the right of set–off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

14 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting financial assets and financial liabilities (continued)

	Gross amounts of recognised financial assets/ liabilities $'000	Gross amounts of recognised financial liabilities/ assets offset in the Statement of Financial Position $'000	Net amounts of financial assets/ liabilities presented in the Statement of Financial Position $'000	Related amounts not offset in the Statement of Financial Position $'000	Net amount $'000
2017					
Group					
Types of financial assets					
Derivative assets	28,198	–	28,198	(12,827)	15,371
Types of financial liabilities					
Derivative liabilities	91,780	–	91,780	(12,827)	78,953
Trust					
Types of financial assets					
Derivative assets	28,170	–	28,170	(12,799)	15,371
Types of financial liabilities					
Derivative liabilities	86,144	–	86,144	(12,799)	73,345
2016					
Group					
Types of financial assets					
Derivative assets	32,948	–	32,948	(10,575)	22,373
Types of financial liabilities					
Derivative liabilities	84,191	–	84,191	(10,575)	73,616
Trust					
Types of financial assets					
Derivative assets	32,948	–	32,948	(10,575)	22,373
Types of financial liabilities					
Derivative liabilities	76,940	–	76,940	(10,575)	66,365

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the Statements of Financial Position at their fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

15. LOANS AND BORROWINGS

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Current				
Short term bank borrowings (unsecured)	592,638	601,188	592,638	510,745
Less: Unamortised transaction costs	–	(50)	–	(50)
	592,638	601,138	592,638	510,695
Term loans (unsecured)	–	225,210	–	225,000
Less: Unamortised transaction costs	–	(268)	–	(268)
	–	224,942	–	224,732
Medium term notes (unsecured)	231,600	–	231,600	–
Less: Unamortised transaction costs	(52)	–	(52)	–
	231,548	–	231,548	–
Total current loans and borrowings	824,186	826,080	824,186	735,427
Non-current				
Term loans				
- Secured	602,436	583,642	–	–
- Unsecured	747,777	764,155	747,777	750,000
Less: Unamortised transaction costs	(5,183)	(6,807)	(2,690)	(4,319)
	1,345,030	1,340,990	745,087	745,681
Medium term notes (unsecured)	1,233,840	1,146,440	1,233,840	1,146,440
Less: Unamortised transaction costs	(2,990)	(2,932)	(2,990)	(2,932)
	1,230,850	1,143,508	1,230,850	1,143,508
Total non-current loans and borrowings	2,575,880	2,484,498	1,975,937	1,889,189
Total loans and borrowings	3,400,066	3,310,578	2,800,123	2,624,616

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

15. LOANS AND BORROWINGS (CONTINUED)

Maturity of gross loans and borrowings:

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Within 1 year	824,238	826,398	824,238	735,745
After 1 year but within 5 years	1,937,713	1,765,877	1,335,277	1,168,080
After 5 years	646,340	728,360	646,340	728,360
	3,408,291	3,320,635	2,805,855	2,632,185

Short term bank borrowings

As at the reporting date, the Group has in place various bilateral short term banking credit facilities totalling $1,020.0 million (2016: $1,266.9 million), of which $592.6 million (2016: $601.2 million) has been utilised. Included in the amount of $1,020.0 million (2016: $1,266.9 million) is a sub-limit of $95.0 million (2016: $95.0 million) facility for the issuance of letters of guarantee.

Term loans

As at the reporting date, the Group has in place various term loans totalling $1,352.4 million (2016: $1,573.0 million), of which $1,352.4 million (2016: $1,573.0 million) has been utilised.

Included in the above was approximately $602.4 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 a guarantee from Ascendas Reit.

Medium term notes

In March 2009, the Trust established a $1.0 billion Multicurrency Medium Term Note ("MTN") Programme. Pursuant to the MTN Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue fixed or floating interest rate notes (the "Notes") in Singapore dollars or any other currency for up to a programme limit of $1.0 billion. In March 2016, the Trust upsized the programme limit to $5.0 billion.

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

The principal amount of the notes outstanding as at 31 March 2017 comprises $675.0 million (2016: $545.0 million) in SGD-denominated Notes, $307.5 million (2016: $295.2 million) in JPY-denominated Notes and $482.9 million (2016: $306.2 million) in HKD-denominated Notes. The Trust entered into cross currency swaps with notional amounts of JPY24.6 billion and HKD2.7 billion (2016: JPY24.6 billion and HKD1.76 billion) to hedge against the foreign currency risk arising from the principal amount of the JPY and HKD denominated Notes (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

15. LOANS AND BORROWINGS (CONTINUED)

Medium term notes (continued)

As at 31 March 2017, the Notes issued under MTN are as follows:

(i) JPY9.6 billion (2016: JPY9.6 billion) Series 003 Notes. The Series 003 Notes will mature on 24 February 2018 and bear an interest rate of 2.11% per annum, payable semi-annually in arrear.

(ii) $200.0 million (2016: $200.0 million) Series 004 Notes. The Series 004 Notes will mature on 3 February 2022 and bear an interest rate of 4.00% per annum, payable semi-annually in arrear.

(iii) JPY10.0 billion (2016: JPY10.0 billion) Series 005 Notes. The Series 005 Notes will mature on 23 April 2024 and bear an interest rate of 2.55% per annum, payable semi-annually in arrear.

(iv) JPY5.0 billion (2016: JPY5.0 billion) Series 006 Notes. The Series 006 Notes will mature on 29 March 2021 and bear an interest rate of 3-month JPY LIBOR plus 0.50% per annum, payable quarterly in arrear.

(v) $95.0 million (2016: $95.0 million) Series 007 Notes. The Series 007 Notes will mature on 16 May 2019 and bear an interest rate of 2.50% per annum, payable semi-annually in arrear.

(vi) HKD620.0 million (2016: HKD620.0 million) Series 008 Notes. The Series 008 Notes will mature on 26 February 2018 and bear a fixed interest rate of 1.67% per annum, payable quarterly in arrear.

(vii) HKD640.0 million (2016: HKD640.0 million) Series 009 Notes. The Series 009 Notes will mature on 4 September 2029 and bear a fixed interest rate of 3.64% per annum, payable annually in arrear.

(viii) $150.0 million (2016: $150.0 million) Series 010 Notes. The Series 010 Notes will mature on 3 June 2022 and bear a fixed interest rate of 3.20% per annum, payable semi-annually in arrear.

(ix) $100.0 million (2016: $100.0 million) Series 011 Notes. The Series 011 Notes will mature on 3 August 2020 and bear a fixed interest rate of 2.95% per annum, payable semi-annually in arrear.

(x) HKD500.0 million (2016: HKD500.0 million) Series 012 Notes. The Series 012 Notes will mature on 4 February 2026 and bear a fixed interest rate of 3.00% per annum, payable annually in arrear.

(xi) $130.0 million (2016: Nil) Series 013 Notes. The Series 013 Notes will mature on 7 April 2021 and bear a fixed interest rate of 2.655% per annum, payable semi-annually in arrear.

(xii) HKD923 million (2016: Nil) Series 014 Notes. The Series 014 Notes will mature on 3 August 2026 and bear an fixed interest rate of 2.77% per annum, payable annually in arrear.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

15. LOANS AND BORROWINGS (CONTINUED)

Medium term notes (continued)

The Trust has entered into cross currency swaps to swap the Series 003 Notes, the Series 005 Notes, the Series 006 Notes, the Series 008 Notes, the Series 009 Notes, the Series 012 Notes and the Series 014 Notes into Singapore dollars (Note 14).

The Group's weighted average all-in cost of borrowings, including interest rate swaps and amortised costs of borrowings as at 31 March 2017 is 3.00% (2016: 2.79%) per annum. Total borrowings have a weighted average term remaining of 3.3 years (2016: 3.3 years).

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2017				
Short term bank borrowings	SOR/COF^ + margin	2018	592,638	592,638
Term loans	SOR/COF^ + margin	2019 to 2020	1,350,213	1,345,030
Medium term notes	1.67 – 4.00/JPY LIBOR + 0.5	2018 to 2029	1,465,440	1,462,398
			3,408,291	3,400,066
2016				
Short term bank borrowings	SOR/COF^ + margin	2016	601,188	601,138
Term loans	SOR/COF^ + margin	2016 to 2020	1,573,007	1,565,932
Medium term notes	1.67 – 4.00/JPY LIBOR + 0.5	2018 to 2029	1,146,440	1,143,508
			3,320,635	3,310,578
Trust				
2017				
Short term bank borrowings	SOR/COF^ + margin	2018	592,638	592,638
Term loans	SOR/COF^ + margin	2019 to 2020	747,777	745,087
Medium term notes	1.67 – 4.00/JPY LIBOR + 0.5	2018 to 2029	1,465,440	1,462,398
			2,805,855	2,800,123
2016				
Short term bank borrowings	SOR / COF^ + margin	2016	510,745	510,695
Term loans	SOR + margin	2016 to 2019	975,000	970,413
Medium term notes	1.67 – 4.00/JPY LIBOR + 0.5	2018 to 2029	1,146,440	1,143,508
			2,632,185	2,624,616

^ COF denotes the lender's cost of funds

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

16. EXCHANGEABLE COLLATERALISED SECURITIES AND COLLATERAL LOAN

	2017 $'000	2016 $'000
Group		
Exchangeable collateralised securities ("ECS")		
At 1 April	354,000	366,024
Change in fair value of ECS	3,570	(12,024)
Exchanged to Units of Ascendas Reit	(357,570)	–
At 31 March	–	354,000
Current	–	354,000
	–	354,000
Trust		
Collateral loan		
At 1 April	354,000	366,024
Change in fair value of collateral loan	3,570	(12,024)
Repayment	(357,570)	–
At 31 March	–	354,000
Current	–	354,000
	–	354,000

In March 2010, a collateral loan of $300.0 million ("Collateral Loan") was granted by Ruby Assets Pte. Ltd. ("Ruby Assets") to the Trust. The maturity date of the Collateral Loan was 1 February 2017 and with a fixed interest rate of 1.60% per annum.

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

- a mortgage over 19 properties in the Trust portfolio;
- an assignment and charge of the rental proceeds and tenancy agreements of the above mentioned properties;
- an assignment of the insurance policies relating to the above mentioned properties; and
- a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

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

Upon maturity on 1 February 2017, all the ECS was exchanged and cancelled in accordance with the terms and conditions of the ECS and the Collateral Loan was fully repaid.

NOTES TO THE FINANCIAL STATEMENTS
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17. DEFERRED TAX LIABILITIES

The movements in the deferred tax assets and liabilities during the year are as follows:

	At 1 April 2015 $'000	Recognised in Statement of Total Return (Note 26) $'000	Exchange differences $'000	At 31 March 2016 $'000	Recognised in Statement of Total Return (Note 26) $'000	Divestment of subsidiaries $'000	At 31 March 2017 $'000
Group							
Deferred tax liabilities							
Investment properties	28,553	15,630	(2,067)	42,116	(47,704)	5,588	–
Unremitted earnings of overseas subsidiaries	–	808	–	808	(808)	–	–
	28,553	16,438	(2,067)	42,924	(48,512)	5,588	–
Trust							
Deferred tax liabilities							
Subsidiaries	–	606	–	606	(606)	–	–

As at 31 March 2016, deferred tax liabilities of $7,822,900 related to the unremitted earnings of overseas subsidiaries of $78,229,000, were not recognised as the Group controls the distribution of the subsidiaries. The distribution is not expected to be incurred in the foreseeable future.

18. PERPETUAL SECURITIES

In October 2015, the Trust issued $300.0 million perpetual securities. The key terms and conditions of the perpetual securities are as follows:

- the perpetual securities will 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 are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the perpetual securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the conditions) of the Issuer.

The perpetual securities are classified as equity instruments and recorded in equity in the Statement of Financial Position. The $304.4 million (2016: $304.4 million) presented in the Statement of Financial Position represents the carrying value of the $300.0 million (2016: $300.0 million) perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

19. NON-CONTROLLING INTERESTS

The following subsidiaries of the Group have material non-controlling interests ("NCI"):

Name of subsidiaries	Principal place of business	Effective equity held by NCI 2017 %	Effective equity held by NCI 2016 %
Emerald Assets Limited	Singapore	– [(1)]	– [(1)]
Ruby Assets Pte. Ltd.	Singapore	100	100

(1) Emerald Assets Limited was dissolved on 13 February 2016.

The following table summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

	Ruby Assets $'000	Emerald Assets $'000	Total $'000
2017			
Profit after tax representing total comprehensive income	7	–	
Attributable to NCI:			
- Profit after tax representing total comprehensive income	7	–	7
Current assets	128	–	
Current liabilities	(100)	–	
Net assets	28	–	
Net assets attributable to NCI	28	–	28
Cash flows generated from operating activities	9	–	
2016			
Profit/(loss) after tax representing total comprehensive income	11	(29)	
Attributable to NCI:			
- Profit/(loss) after tax representing total comprehensive income	11	(29)	(18)
Current assets	355,336	–	
Current liabilities	(1,315)	–	
Non-current liabilities	(354,000)	–	
Net assets	21	–	
Net assets attributable to NCI	21	–	21
Cash flows generated from/(used in) operating activities	70	(55)	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

20. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust 2017 ('000)	Group and Trust 2016 ('000)
Units issued:		
At the beginning of the financial year	2,665,576	2,405,707
Issue of new Units:		
- Management fees paid in Units	4,074	3,410
- Acquisition fees paid in Units	1,695	6,650
- Divestment fees paid in Units	–	48
- Equity fund raising	64,000	155,294
- Consideration Units for acquisition of property	40,835	94,467
- Conversion of ECS	148,587	–
At the end of the financial year	2,924,767	2,665,576
Units to be issued:		
Management fee payable in Units	1,293	1,281
Total Units issued and to be issued at the end of the financial year	2,926,060	2,666,857

During the financial year ended 31 March 2017:

- 4,074,004 new Units amounting to $9,557,000 were issued at issue prices ranging from $2.3225 to $2.3691 per unit for the payment of 20% base management fee to the Manager in Units.
- 1,694,710 new Units amounting to $4,200,000 were issued at issue prices $2.4783 per unit as payment of acquisition fees to the Manager for acquisitions of 12, 14 & 16 Science Park Drive.
- 64,000,000 new Units were issued on 11 August 2016 at an issue price of $2.4170 per unit pursuant to a private placement, amounting to $154,688,000. Unitholders on the register with The Central Depository (Pte) Limited ("CDP") on 10 August 2016 received an advance distribution on 15 August 2016 of 5.635 cents per Unit for the period from 1 April 2016 to 10 August 2016. Thereafter, the 64,000,000 new Units rank *pari passu* in all respects with the Units in issue prior to 11 August 216, including the entitlements to all future distributions.
- 40,834,660 new Units amounting to $100,000,000 were issued on 15 February 2017, at an issue price of $2.4489 per Unit as partial consideration for the acquisition of 12, 14 & 16 Science Park Drive. These Units will not be entitled to distributions for the period preceding the date of issue, and will only be entitled to distributions from the date of their issue. Save as set out above, these Units will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

20. UNITS IN ISSUE AND TO BE ISSUED (CONTINUED)

During the financial year ended 31 March 2017: (continued)

- 148,587,770 new Units were issued at issue prices from $2.0144 to $2.0505 per Unit pursuant to the conversion of ECS on various dates during the financial year ended 31 March 2017. These Units will not be entitled to distributions for the period preceding the date of issue, and will only be entitled to distributions from the date of their issue. Save as set out above, these Units will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.

During the financial year ended 31 March 2016:

- 3,410,058 new Units amounting to $8,075,000 were issued at issue prices ranging from $2.3107 to $2.4318 per Unit, for the payment of 20% base management fee to the Manager in Units.

- 6,650,105 new Units amounting to $15,539,000 were issued at an issue prices ranging from $2.2504 to $2.6361 per Unit as payment of acquisition fees to the Manager for acquisitions of The Kendall, the Australia portfolio and ONE@Changi City.

- 48,431 new Units amounting to $124,000 were issued at issue price of $2.5603 per unit as payment of divestment fees to the Manager for the divestment of 26 Senoko Way.

- 90,000,000 new Units were issued on 18 December 2015 at an issue price of $2.2230 per unit pursuant to a private placement, amounting to $200,070,000. Unitholders on the register with The Central Depository (Pte) Limited ("CDP") on 17 December 2015 received an advance distribution on 15 January 2016 of 3.060 cents per Unit for the period from 1 October 2015 to 17 December 2015. Thereafter, the 90,000,000 new Units rank *pari passu* in all respects with the Units in issue prior to 18 December 2015, including the entitlements to all future distributions.

- 65,293,948 new Units were issued on 20 January 2016 at an issue price of $2.2180 per Unit pursuant to a 3-for-80 preferential offering, amounting to $144,822,000. These Units rank *pari passu* in all respects with the units in issue prior to 20 January 2016, including the entitlements to all future distributions.

- 94,466,936 new Units amounting to $210,000,000 were issued on 1 March 2016, at an issue price of $2.2230 per Unit as partial consideration for the acquisition of ONE@Changi City. These Units will not be entitled to distributions for the period preceding the date of issue, and will only be entitled to distributions from the date of their issue. Save as set out above, these Units will rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of the Trust;

- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the issued units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and

- One vote per unit at a Unitholders' meeting.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

20. UNITS IN ISSUE AND TO BE ISSUED (CONTINUED)

The restrictions to a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

- A Unitholder has no right to request for redemption of their units while the units are listed on SGX-ST.

21. GROSS REVENUE

	Group	
	2017	2016
	$'000	$'000
Property rental income	757,116	681,853
Other income	73,476	79,135
	830,592	760,988

22. PROPERTY OPERATING EXPENSES

	Group	
	2017	2016
	$'000	$'000
Land rent	32,628	31,587
Maintenance and conservancy fees	34,943	30,706
Property service fees	32,418	30,316
Property tax	46,363	59,058
Utilities	38,719	49,357
Security services	8,641	9,951
Site staff cost	7,158	4,387
Carpark management fee expenses	4,768	4,943
Depreciation of plant and equipment	–	152
Other operating expenses	14,000	6,830
	219,638	227,287

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YEAR ENDED 31 MARCH 2017

23. MANAGEMENT FEES

Management fees comprise base management fee of $48,398,000 (2016: $42,999,000) and performance fee of $1,902,000 (2016: $17,436,000). Included in management fees is an aggregate of 5,366,905 (2016: 4,691,169) Units amounting to approximately $9,691,000 (2016: $8,600,000) that were issued or will be issued to the Manager as satisfaction of the management fee payable in Units at unit prices ranging from $2.3225 to $2.3691 (2016: $2.3107 to $2.4331) per unit.

24. TRUST EXPENSES

	Group	
	2017	2016
	$'000	$'000
Auditors' remuneration		
- audit fees	325	430
- non-audit fees	66	151
Professional fees	3,518	1,955
Valuation fees	791	414
Trustee fee	3,331	2,834
Other expenses	2,381	1,209
	10,412	6,993

Other expenses for the Group include depreciation of plant and equipment of $19,000 (2016: $35,000).

25. FINANCE INCOME AND FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest income	6,832	4,126
Change in fair value of ECS	–	12,024
Finance income	6,832	16,150
Interest expense	99,691	92,519
Amortisation of transaction costs	3,938	244
Accretion loss on security deposits	6,840	840
Change in fair value of ECS	3,570	–
Others	3,655	–
Finance costs	117,694	93,603

NOTES TO THE FINANCIAL STATEMENTS

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26. TAX (CREDIT)/EXPENSE

	Group	
	2017	2016
	$'000	$'000
Current tax expense		
- Current year	28,832	3,156
- Under provision in respect of prior year	668	5,546
	29,500	8,702
Deferred tax expense		
Origination and reversal of temporary differences (Note 17)	(48,512)	16,438
Tax (credit)/expense	(19,012)	25,140

Reconciliation of effective tax rate

	Group	
	2017	2016
	$'000	$'000
Total return for the year before tax	408,475	369,273
Tax calculated using Singapore tax rate of 17% (2016: 17%)	69,441	62,776
Effect of different tax rate in foreign jurisdiction	5,106	5,905
Non-tax deductible items, net	17,224	18,509
Income not subject to tax	(15,239)	(5,922)
Tax on overseas profits to be remitted	(808)	808
Under provision in respect of prior year	668	5,546
Derecognition of deferred tax provided by subsidiaries upon disposal	(47,704)	–
Tax provision on the disposal of overseas subsidiaries	23,725	–
Tax transparency	(71,425)	(62,482)
	(19,012)	25,140

27. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(a) Basic earnings per unit

The calculation of basic earnings per unit is based on the total return for the year and weighted average number of units during the year:

	Group	
	2017	2016
	$'000	$'000
Total return for the year attributable to Unitholders of the Trust	427,480	344,151
Less: Amount reserved for distribution to perpetual securities holders	(14,250)	(6,637)
Total return attributable to Unitholders	413,230	337,514

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

27. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT (CONTINUED)

(a) Basic earnings per unit (continued)

	Number of Units	
	2017 ('000)	2016 ('000)
Weighted average number of Units:		
- outstanding during the year	2,787,080	2,456,037
- to be issued as payment for management fee payable in Units	4	4
	2,787,084	2,456,041

	Group	
	2017	2016
Basic earnings per unit (cents)	14.827	13.742

(b) Diluted earnings per unit

As at 31 March 2017, the diluted earnings per unit was equivalent to the basic earnings per unit.

As at 31 March 2016, in calculating diluted earnings per unit, the total return for the year and weighted average number of units during the year are adjusted for the effects of all dilutive potential units:

	Group 2016 $'000
Total return for the year attributable to Unitholders of the Trust	344,151
Amount reserved for distribution to perpetual securities holders	(6,637)
Interest expense on ECS	4,800
Change in fair value of ECS	(12,024)
	330,290

	Number of Units 2016 ('000)
Weighted average number of units used in calculation of basic earnings per unit	2,456,041
Effect of conversion of ECS	146,306
Weighted average number of units (diluted)	2,602,347

The conversion option embedded in the ECS of the Group could potentially dilute basic earnings per unit in the future. Based on the adjusted conversion price of $2.0505, the ECS of the Group is convertible into approximately 146,305,779 Units, representing 5.5% of the total number of Units of the Trust in issue as at 31 March 2016.

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YEAR ENDED 31 MARCH 2017

27. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT (CONTINUED)

(b) Diluted earnings per unit (continued)

	Group 2016
Diluted earnings per unit (cents)	12.692

(c) Distribution per unit

The calculation of distribution per unit for the financial year is based on:

	Group	
	2017	2016
Total amount available for distribution for the year ($'000)	446,304	378,321
Distribution per unit (cents)	15.743	15.357

28. COMMITMENTS AND CONTINGENCIES

(a) The Trust is required to pay JTC Corporation ("JTC") and the Housing Development Board ("HDB") annual land rent (including licence fee payable for development projects) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. The land rent paid/payable to JTC and HDB amounted to $37,910,000 (2016: $38,780,000) and $2,170,000 (2016: $2,202,000), respectively, in relation to 74 (2016: 77) properties for the financial year ended 31 March 2017 (including amounts that have been directly recharged to tenants).

(b) The Group and the Trust lease out their investment properties under operating lease agreements. Non-cancellable operating lease rental receivables are as follows:

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within 1 year	710,806	683,994	629,686	593,274
After 1 year but within 5 years	1,620,563	1,475,136	1,381,047	1,222,040
After 5 years	896,254	706,230	764,961	581,859
	3,227,623	2,865,360	2,775,694	2,397,173

(c) As at 31 March 2017, the Group and the Trust had $75.2 million (2016: $35.0 million) and $48.7 million (2016: $21.3 million) of capital expenditure commitments that had been contracted for but not provided for in the financial statements, respectively.

(d) The Trust has provided a corporate guarantee amounting to $602.4 million (2016: $583.6 million) to banks for loans obtained by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of a significant Unitholder of the Trust.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the financial year, in addition to those disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group	
	2017	2016
	$'000	$'000
Acquisition fee paid/payable to the Manager and subsidiary of the Manager	5,674	15,196
Acquisition of properties from related parties of the Manager	420,000	420,000
Car park income received/receivable from the Property Manager	–	(272)
Car park management fee paid/payable to the Property Manager	4,766	4,954
Consideration received from surrender of lease to JTC	–	(24,800)
Development management fee paid/payable to the Manager	–	638
Divestment fee payable to the Manager	2,208	194
Land premium, land rent and water frontage, purchase of structural plans and administrative fee paid/payable to a related party	38,509	38,780
Lease rental, securities, utilities and car park income received from:		
- the Manager	(345)	(435)
- the Property Manager	(53)	(132)
- related parties of the Manager	(3,241)	(2,745)
- other related parties	(47,044)	(34,876)
Lease service fees paid/payable to the Manager and subsidiary of the Manager	17,592	12,932
Payment on behalf to the subsidiary of the Manager	5	–
Management fees paid/payable to the Manager and subsidiary of the Manager	48,398	42,999
Performance fees payable to the Manager	1,902	17,436
Property service fees paid to the Property Manager	20,916	24,165
Property service fees, service charges, reimbursements and receipts on behalf of and payable to related parties of the Manager	2,526	5,406
Reimbursements and receipts on behalf of the Property Manager	2,130	2,632
Reimbursements paid/payable to the Manager	126	786
Reimbursements of expenses from other related parties	(42)	(34)
Receipts on behalf by the Manager	(1,799)	(1,315)
Rental income of meeting rooms and receipts on behalf by the Property Manager	(259)	(81)
Utilities expenses, telephone charges, security deposits, M&C services and reimbursement of expenses to other related parties	11,361	22,030
Utilities income and recovery of expenses paid on behalf by related parties of the Manager	(156)	(370)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

30. FINANCIAL RATIOS

	Group	
	2017	2016
	%	%
Ratio of expenses to weighted average net asset value (1)	0.96	0.95
Ratio of expenses to weighted average net asset value (2)	1.00	1.28
Ratio of expenses to net asset value (3)	4.43	5.02
Portfolio turnover rate (4)	0.56	0.74

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, borrowing costs and performance component of management fees.

(2) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation are the same as in (1) above except that performance fee has been included.

(3) The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for the financial year and as a percentage of net asset value as at the end of the financial year.

(4) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. Risk management is integral to the whole business of the Group. The Manager of the Trust has a system of controls in place to create an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and business objectives is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee's oversight role is assisted by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) *Currency risk*

The Group operates in Singapore and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

The Group's exposure to fluctuations in foreign currency rates relates primarily to its bank borrowings, and medium term notes that are denominated in foreign currencies as well as investments in non-Singapore properties. The foreign currencies giving rise to this risk are mainly Unites States Dollars ("USD"), Australian Dollars ("AUD"), Japanese Yen ("JPY"), Hong Kong Dollar ("HKD") and Renminbi ("RMB").

The Group monitors its foreign currency exposure on an ongoing basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products. The Group and the Trust concurrently enter into CCS with banks to manage currency risk.

In relation to foreign currency risk arising from investments in non-Singapore properties, the Group and the Trust had borrowed in the foreign currency of underlying investments to achieve a natural hedge. The Group and the Trust had also entered into forward exchange contracts to hedge the cash flows from overseas investments (Note 14).

The Group's currency exposure is as follows:

	SGD $'000	USD $'000	AUD $'000	HKD $'000	JPY $'000	Total $'000
2017						
Financial assets						
Cash and cash equivalents	5,735	–	16,265	–	–	22,000
Trade and other receivables	29,981	–	3,187	–	–	33,168
Finance lease receivables	57,731	–	–	–	–	57,731
	93,447	–	19,452	–	–	112,899
Financial liabilities						
Trade and other payables[1]	(167,958)	–	(7,234)	–	–	(175,192)
Security deposits	(119,258)	–	(1,561)	–	–	(120,819)
Loans and borrowings - Gross	(1,625,000)	(197,777)	(795,074)	(482,940)	(307,500)	(3,408,291)
	(1,912,216)	(197,777)	(803,869)	(482,940)	(307,500)	(3,704,302)
Net financial liabilities	(1,818,769)	(197,777)	(784,417)	(482,940)	(307,500)	(3,591,403)
Less: Net financial assets denominated in the respective entities' functional currency	1,818,769	–	595,216	–	–	2,413,985
Less: Cross currency swap		197,777	192,638	482,940	307,500	1,180,855
Currency exposure	–	–	3,437	–	–	3,437

(1) Excludes rental received in advance and GST payables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Currency risk (continued)*

The Group's currency exposure is as follows: (continued)

	SGD $'000	RMB $'000	AUD $'000	HKD $'000	JPY $'000	Total $'000
2016						
Financial assets						
Cash and cash equivalents	8,953	29,257	18,026	–	–	56,236
Trade and other receivables	20,464	593	3,018	–	–	24,075
Finance lease receivables	93,000	–	–	–	–	93,000
	122,417	29,850	21,044	–	–	173,311
Financial liabilities						
Trade and other payables[1]	(144,940)	(3,787)	(9,956)	–	–	(158,683)
Security deposits	(106,752)	(4,972)	–	–	–	(111,724)
Loans and borrowings	(1,818,000)	–	(901,195)	(306,240)	(295,200)	(3,320,635)
Exchangeable collateralised securities	(354,000)	–	–	–	–	(354,000)
	(2,423,692)	(8,759)	(911,151)	(306,240)	(295,200)	(3,945,042)
Net (financial liabilities)/assets	(2,301,275)	21,091	(890,107)	(306,240)	(295,200)	(3,771,731)
Less: Net financial assets denominated in the respective entities' functional currency	2,302,522	(21,091)	677,504	–	–	2,958,935
Less: Cross currency swap	–	–	212,745	306,240	295,200	814,185
Currency exposure	1,247	–	142	–	–	1,389

(1) Excludes rental received in advance and GST payables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Trust's currency exposure is as follows:

	SGD $'000	USD $'000	AUD $'000	HKD $'000	JPY $'000	Total $'000
2017						
Financial assets						
Cash and cash equivalents	4,175	–	509	–	–	4,684
Trade and other receivables	30,020	–	2,928	–	–	32,948
Finance lease receivables	57,731	–	–	–	–	57,731
	91,926	–	3,437	–	–	95,363
Financial liabilities						
Trade and other payables[1]	(171,165)	–	–	–	–	(171,165)
Security deposits	(119,258)	–	–	–	–	(119,258)
Loans and borrowings - Gross	(1,625,000)	(197,777)	(192,638)	(482,940)	(307,500)	(2,805,855)
	(1,915,423)	(197,777)	(192,638)	(482,940)	(307,500)	(3,096,278)
Net financial liabilities	(1,823,497)	(197,777)	(189,201)	(482,940)	(307,500)	(3,000,915)
Less: Net financial assets denominated in the respective entities' functional currency	1,823,497	–	–	–	–	1,823,497
Less: Cross currency swap	–	197,777	192,638	482,940	307,500	1,180,855
Currency exposure	–	–	3,437	–	–	3,437

	SGD $'000	RMB $'000	AUD $'000	HKD $'000	JPY $'000	Total $'000
2016						
Financial assets						
Cash and cash equivalents	5,910	–	142	–	–	6,052
Trade and other receivables	20,464	–	–	–	–	20,464
Finance lease receivables	93,000	–	–	–	–	93,000
	119,374	–	142	–	–	119,516
Financial liabilities						
Trade and the payables [1]	(144,940)	–	–	–	–	(144,940)
Security deposits	(106,752)	–	–	–	–	(106,752)
Loans and borrowings - gross	(1,818,000)	–	(212,745)	(306,240)	(295,200)	(2,632,185)
Collateral loan	(354,000)	–	–	–	–	(354,000)
	(2,423,692)	–	(212,745)	(306,240)	(295,200)	(3,237,877)
Net financial liabilities	(2,304,318)	–	(212,603)	(306,240)	(295,200)	(3,118,361)
Less: Net financial assets denominated in the respective entities' functional currency	2,304,318	–	–	–	–	2,304,318
Less: Cross currency swap	–	–	212,745	306,240	295,200	814,185
Currency exposure	–	–	142	–	–	142

[1] Excludes rental received in advance and GST payables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group and the Trust are not subject to significant currency risk after entering into cross currency swap for the financial assets or liabilities denominated in foreign currencies.

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain a certain level of its borrowings in fixed-rate instruments. The Group's and the Trust's exposure to cash flow interest rate risks arise mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's and Trust's borrowings at variable rates on which interest rate swaps have not been entered into, are denominated mainly in SGD (2016: SGD). If the SGD interest rates had increased/decreased by 100 basis point (2016: 100 basis point) with all other variables including tax rate being held constant, the total profit would have been lower/higher by $7,107,000 and $7,107,000 respectively (2016: $11,204,000 and $11,204,000 respectively) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Manager before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees, corporate guarantees or cash security deposits are obtained upon the commencement of the lease.

As at the reporting date, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset, including derivative financial instruments on the Statements of Financial Position.

The Group's major classes of financial assets are cash and cash equivalents, finance receivables and trade and other receivables.

The credit risk for net trade receivables based on the information provided to key management is disclosed in Note 10.

(i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short term deposits, and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are either past due or impaired

Information regarding financial asset that are either past due or impaired is disclosed in Note 10 (Trade and other receivables).

As at 31 March 2017 and 31 March 2016, the Group and the Trust had no other financial assets which it had determined to be impaired and there are no allowances for impairment provided for.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Group strives to maintain available banking facilities at a reasonable level to meet its investment opportunities. The Group has in place various bilateral banking credit facilities and a Multicurrency Medium Term Note Programme with a programme limit of $5.0 billion (Note 15).

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group			
2017			
Non-derivative financial liabilities			
Loans and borrowings	1,032,518	2,105,780	694,974
Trade and other payables [1]	175,192	–	–
Security deposits	41,946	66,627	12,246
	1,249,656	2,172,407	707,220
Derivative financial liabilities			
Interest rate swaps (net-settled)	2,078	12,136	962
Cross currency swaps (net-settled)	18,209	14,666	30,478
Forward exchange contracts	424	–	–
	20,711	26,802	31,440
	1,270,367	2,199,209	738,660

[1] Excludes rental received in advance and GST payables.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group			
2016			
Non-derivative financial liabilities			
Loans and borrowings	901,075	2,055,224	768,105
Exchangeable collateralised securities	304,037	–	–
Trade and other payables [1]	155,033	1,675	–
Security deposits	34,402	75,428	8,718
	1,394,547	2,132,327	776,823
Derivative financial liabilities			
Interest rate swaps (net-settled)	14,926	7,184	(2,037)
Cross currency swaps (net-settled)	5,754	41,778	19,333
Forward exchange contracts	158	–	–
	20,838	48,962	17,296
	1,415,385	2,181,289	794,119
Trust			
2017			
Non-derivative financial liabilities			
Loans and borrowings	1,017,608	1,478,334	694,974
Trade and other payables [1]	171,165	–	–
Security deposits	41,887	65,125	12,246
	1,236,660	1,543,459	707,220
Derivative financial liabilities			
Interest rate swaps (net-settled)	2,078	6,527	962
Cross currency swaps (net-settled)	18,209	14,667	30,478
Forward exchange contracts	424	–	–
	20,711	21,194	31,440
	1,251,371	1,564,653	738,660

[1] Excludes rental received in advance and GST payables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Trust			
2016			
Non-derivative financial liabilities			
Loans and borrowings	791,376	1,407,547	768,105
Collateral loan	304,037	–	–
Trade and other payables [1]	143,265	1,675	–
Security deposits	32,865	71,838	8,519
	1,271,543	1,481,060	776,624
Derivative financial liabilities			
Interest rate swaps (net-settled)	10,314	2,979	(2,037)
Cross currency swaps (net-settled)	5,754	41,778	19,333
Forward exchange contracts	158	–	–
	16,226	44,757	17,296
	1,287,769	1,525,817	793,920

[1] Excludes rental received in advance and GST payables.

The table below shows the contractual expiry by maturity of the Trust's corporate guarantee provided to the subsidiary (Note 28(d)). The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Trust			
2017			
Corporate guarantee	602,400	–	–
2016			
Corporate guarantee	583,600	–	–

(d) Capital management

The Group's and the Trust's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt, equity and convertible instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest service coverage and other ratios within approved limits.

The Board of Directors of the Manager (the "Board") reviews the Group's and the Trust's capital management as well as financing policy regularly so as to optimise the Group's and the Trust's funding structure. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management (continued)

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. With effect from 1 January 2016, the CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the Deposited Property. Prior to 1 January 2016, the Aggregate Leverage of a property fund may go up to a maximum of 60.0% if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public, and such credit rating is maintained and disclosed for so long as its Aggregate Leverage exceeds the previous lower limit of 35.0% of the Deposited Property.

Notwithstanding the change to a single tier Aggregate Leverage limit, the Trust continues to maintain an issuer rating of A3 by Moody's. As at 31 March 2017, the Aggregate Leverage of the Group is 33.8% (2016: 37.3%). The Group and the Trust are in compliance with the Aggregate Leverage limit of 45.0% during the financial year.

32. FAIR VALUE MEASUREMENT

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, pricing services or external valuations, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2017				
Financial assets				
Derivative assets	–	28,198	–	28,198
Total financial assets	–	28,198	–	28,198
Non-financial assets				
Investment properties	–	–	9,874,204	9,874,204
Investment properties under development	–	–	125,062	125,062
Total non-financial assets	–	–	9,999,266	9,999,266
Financial liabilities				
Derivative liabilities	–	(91,780)	–	(91,780)
Total financial liabilities	–	(91,780)	–	(91,780)
2016				
Financial assets				
Derivative assets	–	32,948	–	32,948
Total financial assets	–	32,948	–	32,948
Non-financial assets				
Investment properties	–	–	9,598,654	9,598,654
Total non-financial assets	–	–	9,598,654	9,598,654
Financial liabilities				
Derivative liabilities	–	(84,191)	–	(84,191)
Exchangeable collateralised securities	(354,000)	–	–	(354,000)
Total financial liabilities	(354,000)	(84,191)	–	(438,191)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(b) *Assets and liabilities measured at fair value (continued)*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust				
2017				
Financial assets				
Derivative assets	–	28,170	–	28,170
Total financial assets	–	28,170	–	28,170
Non-financial assets				
Investment properties	–	–	8,567,210	8,567,210
Investment properties under development	–	–	125,062	125,062
Total non-financial assets	–	–	8,692,272	8,692,272
Financial liabilities				
Derivative liabilities	–	(86,144)	–	(86,144)
Total financial liabilities	–	(86,144)	–	(86,144)
2016				
Financial assets				
Derivative assets	–	32,948	–	32,948
Total financial assets	–	32,948	–	32,948
Non-financial assets				
Investment properties	–	–	8,142,650	8,142,650
Total non-financial assets	–	–	8,142,650	8,142,650
Financial liabilities				
Derivative liabilities	–	(76,940)	–	(76,940)
Collateral loan	–	(354,000)	–	(354,000)
Total financial liabilities	–	(430,940)	–	(430,940)

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(c) *Level 2 fair value measurements (continued)*

Derivatives

The fair value of interest rate swaps, forward contracts and cross currency swaps are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurement*

Investment properties and investment properties under development

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair value of investment properties of the Group and the Trust was $9,874 million (2016: $9,599 million) and $8,567 million (2016: $8,143 million) as at 31 March 2017 respectively. The fair value of investment properties under development of the Group and the Trust was $125 million (2016: Nil) as at 31 March 2017.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(d) *Level 3 fair value measurements (continued)*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurement (continued)*

Investment properties and investment properties under development (continued)

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
	Group	
Capitalisation Approach	• Capitalisation rates of 5.50% to 7.50% (2016: 5.50% to 7.50%)	The estimated fair value would increase if the capitalisation rate, discount rate and terminal yield decreased. The estimated fair value would increase if the price psm increased.
Discounted Cash Flow Method	• Discount rates of 7.00% to 8.50% (2016: 7.50% to 9.50%)	
	• Terminal yields of 5.75% to 8.00% (2016: 5.75% to 7.75%)	
Direct Comparison Method	• Price (psm) of $1,018 to $4,818 (2016: $1,019 to $4,818)	
	Trust	
Capitalisation Approach	• Capitalisation rates of 5.50% to 7.50% (2016: 5.75% to 7.50%)	
Discounted Cash Flow Method	• Discount rates of 7.50% to 8.50% (2016: 7.50% to 8.50%)	
	• Terminal yields of 5.75% to 8.00% (2016: 6.00% to 7.75%)	
Direct Comparison Method	• Price (psm) of $1,018 to $4,818 (2016: $1,019 to $4,818)	

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The reconciliation for investment properties and investment properties under development measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 4 and Note 5 respectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(e) *Assets and liabilities not measured at fair value for which fair value is disclosed*

The following table shows an analysis of the Group and the Trust's other non-current assets and liabilities not measured at fair value for which fair value is disclosed:

	Fair value determined using significant unobservable inputs (level 3) Total $'000	Carrying amount $'000
Group		
2017		
Assets		
Finance lease receivables	70,898	55,627
Liabilities		
Security deposits	72,743	78,873
Medium term notes - gross	1,179,487	1,233,840
2016		
Assets		
Finance lease receivables	102,233	57,731
Liabilities		
Trade and other payables	1,599	1,675
Security deposits	81,074	77,659
Medium term notes – gross	1,263,239	1,146,440
Trust		
2017		
Assets		
Finance lease receivables	70,898	55,627
Liabilities		
Security deposits	71,361	77,370
Medium term notes - gross	1,179,487	1,233,840
2016		
Assets		
Finance lease receivables	102,233	57,731
Liabilities		
Trade and other payables	1,599	1,675
Security deposits	77,233	74,172
Medium term notes - gross	1,263,239	1,146,440

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

32. FAIR VALUE MEASUREMENT (CONTINUED)

(e) *Assets and liabilities not measured at fair value for which fair value is disclosed (continued)*

Interest rate used to discount the estimated cash flows were as following:

	Group and Trust	
	2017 %	2016 %
Finance lease receivable	2.51	2.18
Trade and other payables	–	2.05
Security deposits	2.75	1.39
Medium term notes	1.76 – 4.69	1.02 - 3.10

Determination of fair value

Finance lease receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate for instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Security deposits

The fair values of security deposits are calculated based on the present value of future cash outflows, discounted at the market interest rate at the reporting date.

Medium term notes

The fair values of the SGD-denominated medium term notes were obtained from market quotes. The fair value of the non-SGD-denominated medium term notes are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Collateral loan

The fair value of the collateral loan approximates the fair value of the exchangeable collateralised securities, which is used as a proxy for the purpose of determining the fair value of the collateral loan as the key features of the two instruments are identical.

Other non-current loans and borrowings

The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

Other financial assets and liabilities

The fair values of all other financial assets and liabilities are calculated based on the present value of future principal, discounted at the market interest rate of the instruments at the reporting date

(f) *Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value*

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loan and borrowings with floating interest rate approximate their fair value.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

33. OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the Chief Executive Officer, the Group's Chief Operating Decision Maker ("CODM") reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 Operating Segments.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODM for the purpose of assessment of segment performance. In addition, the CODM monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, performance fee, trust expenses, finance income, finance costs and related assets and liabilities.

Information regarding the Group's reportable segments is presented in the tables below.

Segment results

	Business & Science Park Properties		Integrated Development, Amenities & Retail Properties		Hi–Specifications Industrial Properties & Data Centres		Light Industrial Properties & Flatted Factories		Logistics & Distribution Centres		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross rental income	256,771	234,358	57,194	54,438	155,789	153,822	89,687	89,783	197,675	149,452	757,116	681,853
Other income	35,210	38,834	4,038	3,543	21,605	22,967	3,746	3,675	8,877	10,116	73,476	79,135
Gross revenue	291,981	273,192	61,232	57,981	177,394	176,789	93,433	93,458	206,552	159,568	830,592	760,988
Property operating expenses	(90,997)	(88,385)	(14,320)	(13,889)	(34,497)	(53,882)	(26,982)	(26,486)	(52,842)	(44,645)	(219,638)	(227,287)
Segment net property income	200,984	184,807	46,912	44,092	142,897	122,907	66,451	66,972	153,710	114,923	610,954	533,701
Unallocated												
- Gain on divestment of subsidiaries											21,385	–
- Finance income											6,832	16,150
- Finance costs											(117,694)	(93,603)
- Other net expenses											(83,458)	(83,433)
Net income											438,019	372,815
Unallocated net change in fair value of financial derivatives											(11,659)	(1,236)
Net appreciation/(depreciation) on revaluation of investment properties	14,287	63,409	(448)	39,733	(1,932)	21,692	(17,817)	(4,174)	(12,450)	(123,009)	(18,360)	(2,349)
Share of joint venture's result											475	43
Total return for the year before tax											408,475	369,273
Tax expense	–	(16,424)	–	(5,841)	–	–	–	–	–	(979)	–	(23,244)
Unallocated tax credit/(expense)											19,012	(1,896)
Total return for the year											427,487	344,133

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

33. OPERATING SEGMENTS (CONTINUED)

Segment assets and liability

Group	Business & Science Park Properties $'000	Integrated Development, Amenities & Retail Properties $'000	Hi–Specifications Industrial Properties & Data Centres $'000	Light Industrial Properties & Flatted Factories $'000	Logistics & Distribution Centres $'000	Total $'000
31 March 2017						
Assets and liabilities						
Segment assets	3,797,976	725,053	2,059,086	984,342	2,550,845	10,117,302
Unallocated assets						53,516
Total assets						10,170,818
Segment liabilities	124,108	25,114	47,144	32,884	68,357	297,607
Unallocated liabilities:						
- loans and borrowings						3,400,066
- others						138,025
Total liabilities						3,835,698
Other segmental information						
Capital expenditure						
- investment properties	23,759	534	16,409	6,379	14,830	61,911
- investment properties under development	–	–	5,785	–	25,740	31,525
Depreciation	19	–	–	–	–	19
Impairment losses reversed on trade receivables	–	(46)	(8)	–	–	(54)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

33. OPERATING SEGMENTS (CONTINUED)

Segment assets and liabilities (continued)

Group	Business & Science Park Properties $'000	Integrated Development, Amenities & Retail Properties $'000	Hi–Specifications Industrial Properties & Data Centres $'000	Light Industrial Properties & Flatted Factories $'000	Logistics & Distribution Centres $'000	Total $'000
31 March 2016						
Assets and liabilities						
Segment assets	3,577,969	726,633	2,040,216	994,168	2,490,238	9,829,224
Unallocated assets						41,011
Total assets						9,870,235
Segment liabilities	131,485	36,086	32,087	33,982	48,805	282,445
Unallocated liabilities:						
- loans and borrowings (including exchangeable collateralised securities)						3,664,578
- others						137,891
Total liabilities						4,084,914
Other segmental information						
Capital expenditure						
- investment properties	46,338	11,467	12,028	22,464	40,373	132,670
Depreciation	35	–	–	152	–	187
Impairment losses (reversed)/ recognised on trade receivables	(91)	74	(9)	13	(290)	(303)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

33. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of tenants. Segment assets are based on the geographical location of the assets. Information regarding the Group's geographical segments is presented in the tables below.

	---- Singapore ----		---- Australia ----		----- China -----		------ Total ------	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group								
External revenue	730,128	705,817	90,447	29,244	10,017	25,927	830,592	760,988
Non–current assets [(1)]	8,692,398	8,142,694	1,306,994	1,082,109	–	373,963	9,999,392	9,598,766

[(1)] Exclude financial assets.

34. SUBSEQUENT EVENTS

The Group completed the purchase of Stage 4, Power Park Estate, Dandenong South, located in Melbourne Australia, for a consideration of AUD24.8 million (approximately $26.5 million) on 3 April 2017.

The total cost of the acquisition is AUD25.6 million (approximately $27.3 million) which comprises (i) the purchase consideration of AUD24.8 million (approximately $26.5 million) and (ii) transaction costs of approximately AUD0.8 million (approximately $0.85 million), which includes stamp duty, professional advisory fees and the acquisition fee payable to the Manager (being 1% of the purchase consideration of AUD24.8 million, which amounts to approximately AUD0.248 million (approximately $0.26 million).

The total acquisition cost was funded through existing debt facilities.

STATISTICS OF UNITHOLDINGS

ISSUED AND FULLY PAID-UP UNITS

2,924,767,194 units (Voting rights: one vote per unit)
Market Capitalisation $7,575,147,032 (based on closing price of $2.59 as at 12 May 2017)

TOP 20 UNITHOLDERS AS AT 12 MAY 2017

As listed in the Register of Unitholders

	Name of Unitholder	No. of Units	% of Units in Issue
1	CITIBANK NOMINEES SINGAPORE PTE LTD	755,193,209	25.82
2	DBS NOMINEES (PRIVATE) LIMITED	708,177,735	24.21
3	ASCENDAS LAND (SINGAPORE) PTE LTD	517,001,996	17.68
4	HSBC (SINGAPORE) NOMINEES PTE LTD	287,016,664	9.81
5	DBSN SERVICES PTE. LTD.	198,484,219	6.79
6	RAFFLES NOMINEES (PTE) LIMITED	110,758,781	3.79
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	78,251,494	2.68
8	ASCENDAS FUNDS MANAGEMENT (S) LIMITED	64,391,435	2.20
9	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	27,711,848	0.95
10	DB NOMINEES (SINGAPORE) PTE LTD	12,047,108	0.41
11	SOCIETE GENERALE, SINGAPORE BRANCH	4,117,847	0.14
12	OCBC SECURITIES PRIVATE LIMITED	3,768,092	0.13
13	MERRILL LYNCH (SINGAPORE) PTE LTD	3,135,852	0.11
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,403,617	0.08
15	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,193,000	0.07
16	E M SERVICES PTE LTD	2,064,000	0.07
17	NOMURA SINGAPORE LIMITED	1,972,100	0.07
18	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,738,990	0.06
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,647,101	0.06
20	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,581,020	0.05
	TOTAL	2,783,656,108	95.18

UNITHOLDERS DISTRIBUTION AS AT 12 MAY 2017

Size of holdings	No. of Unitholders	No. of Units
1 - 99	32	560
100 - 1,000	1,327	1,113,371
1,001 - 10,000	7,043	35,022,518
10,001 - 1,000,000	2,555	99,527,433
1,000,001 AND ABOVE	24	2,789,103,312
GRAND TOTAL	10,981	2,924,767,194

STATISTICS OF UNITHOLDINGS

Pursuant to Listing Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities is at all times held by the public.

Base on the information made available to the Manager as at 12 May 2017, approximately 65.53% of Ascendas Reit's units are held in public hands.

SUBSTANTIAL UNITHOLDERS AS AT 12 MAY 2017

	Direct Interest	Deemed Interest	Percentage
Ascendas Land (Singapore) Pte Ltd	517,001,996	-	17.68%
Ascendas Pte Ltd	-	581,393,431[1]	19.88%
Ascendas-Singbridge Pte. Ltd.	-	581,393,431[1]	19.88%
TJ Holdings (III) Pte. Ltd.	-	581,393,431[1]	19.88%
Glenville Investments Pte. Ltd.	-	581,393,431[1]	19.88%
Mawson Peak Holdings Pte. Ltd.	-	581,393,431[1]	19.88%
Bartley Investments Pte. Ltd.	-	581,393,431[1]	19.88%
Tembusu Capital Pte. Ltd.	-	581,393,431[1]	19.88%
Temasek Holdings (Private) Limited	-	591,414,511[1]	20.22%
Jurong Town Corporation	-	581,393,431[1]	19.88%
Mondrian Investment Partners Limited	-	241,076,868[2]	8.24%
BlackRock, Inc.	-	175,491,594[3]	6.00%
The PNC Financial Services Group, Inc.	-	175,491,594[4]	6.00%

(1) Temasek Holdings (Private) Limited ("Temasek"), Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd., TJ Holdings (III) Pte. Ltd., Ascendas-Singbridge Pte. Ltd., Jurong Town Corporation and Ascendas Pte Ltd are deemed interested in the units held by Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited. Temasek is also deemed to have an interest in the units in which other subsidiaries and associated companies of Temasek hold or have deemed interests.

(2) Mondrian Investment Partners Limited is deemed interested in the units held by its subsidiaries.

(3) BlackRock, Inc. is deemed interested in the units held by its subsidiaries.

(4) The PNC Financial Services Group Inc. is deemed interested in the units held by the subsidiaries of BlackRock, Inc.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER AS AT 21 APRIL 2017

	Direct Interest	Deemed interest
Mr Koh Soo Keong	-	-
Mr Miguel Ko	-	-
Mr Manohar Khiatani	-	-
Mr Chia Nam Toon	112,100	-
Mr Chan Pengee, Adrian	-	-
Ms Chong Chiet Ping	-	-
Mr Lim Hock San	-	-
Ms Lim Sau Hoong	-	-
Mr Teo Choon Chye, Marc	26,000	-
Mr Wong Yew Meng	-	-

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

Transactions entered into with interested persons during the financial year falling under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS (excluding transactions of less than $100,000 each) are as follows:

Name of interested party	Aggregate value of all interested party transactions during the financial period under review (excluding transactions less than $100,000) $'000	Aggregate value of all interested party transactions conducted under unitholders' mandate during the financial period under review (excluding transactions less than $100,000) $'000
JTC Corporation		
– Land rent	38,509	–
Temasek Holdings (Private) Limited and its related companies		
– Acquisition fees	5,674 (1)	–
– Acquisition of property	420,000	–
– Carpark income	213	–
– Divestment fees	2,208 (2)	–
– Lease rental, service charge and utilities income	70,294	–
– Base management fees	48,398 (3)	–
– Marketing fees paid during the year	12,104	–
– Performance fees	1,902 (4)	–
– Property service fees	36,104	–
– Receipts/recovery of expenses paid on behalf and reimbursables	5,705	–
HSBC Institutional Trust Service (Shanghai) Ltd and its related companies		
– Trustee fees	2,953	–
– Rental and service charge	308	–
– Utilities income	52	–
	644,524	–

(1) Acquisition fee of 1.0% on the purchase price of investment properties acquired by the Group during the financial year.
(2) Divestment fee of 0.5% on the sale price of investment properties divested by the Group during the financial year.
(3) Base management fee of 0.5% per annum on the Adjusted Deposited Property. With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fee in units and 80% in cash for all properties.
(4) Performance fee of 0.2% on the average Adjusted Deposited Property as the growth in distributions per unit after performance fees for the financial year exceeds 5.0%.

Saved as disclosed above, there were no additional interested person transactions (excluding transactions of less than $100,000 each) entered into up to and including 31 March 2017 nor any material contracts entered by Ascendas Reit or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see Significant Related Party Transactions in Note 29 to the financial statements.

ADDITIONAL INFORMATION

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of Ascendas Reit on the SGX-ST in November 2002 and in an Extraordinary General Meeting held on 28 June 2007 (where the Unitholders approved the amendment of the Trust Deed, inter alia, to allow the Manager to receive development management fees), and are therefore not subject to Rules 905 and 906 of the Listing Manual. The entry into and the fees payable pursuant to the Property Management Agreements and Lease Management Agreement have been approved by the Unitholders in an Extra General Meeting held on 28 June 2012, and such fees shall not be subject to the aggregation or further Unitholders' approval requirement under Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the property management fees and related expenses thereunder which are adverse to Ascendas Reit.

FEES PAID TO THE MANAGER AND THE PROPERTY MANAGERS

Asset/Fund management fees	FY16/17 $'000	FY15/16 $'000
- Base fee	48,398	42,999
- Performance fee	1,902	17,436
Total fees paid to the Manager and subsidiary of the Manager	50,300	60,435
% of Total amount available for distribution (before all fees)	9.69%	13.17%
% of Total assets	0.49%	0.61%
- Lease management fee	7,270	6,722
- Property management fee	11,714	10,605
Total fees paid to the Property Managers	18,984	17,327
% of Total amount available for distribution (before all fees)	3.65%	3.78%
% of Total assets	0.19%	0.18%
Trustee's fee	3,331	2,834
Total fees paid to the Trustee	3,331	2,834
% of Total amount available for distribution (before all fees)	0.64%	0.62%
% of Total assets	0.03%	0.03%

Major transactional fees	FY16/17 $'000	FY15/16 $'000
- Acquisition fee	5,674	15,196
- Performance fee	1,902	17,436
- Divestment fee	2,208	194
Total transactional fees paid to Manager and subsidiary of the Manager	9,784	32,826
% of Total assets	0.10%	0.33%
- Project management fee	2,228	2,038
Total transactional fees paid to the Property Managers	2,228	2,038
% of Total assets	0.02%	0.02%

LISTING OF ASCENDAS REIT NEW UNITS

An aggregate of 259.2 million new Units were issued during the year bringing the total number of Units on issue to 2,924.8 million as at 31 March 2017.

GLOSSARY

3PL	Third-party logistics providers
AC	Audit Committee
ACPL	Ascendas (China) Pte Ltd
ACRA	Accounting and Corporate Regulatory Authority
AFM	Ascendas Funds Management (S) Limited
AFMA	Ascendas Funds Management (Australia) Pty Ltd
AGM	Annual General Meeting
ARA	Ascendas REIT Australia
Ascendas Reit	Ascendas Real Estate Investment Trust
ASB	Ascendas-Singbridge Pte Ltd
ASPL	Ascendas Services Pte Ltd
AUD	Australian Dollars
AUM	Asset Under Management
BTS	Build-to-Suit
Board	Board of Directors of the Manager
CBP	Changi Business Park
CCS	Cross Currency Swaps
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CIS	The Code of Collective Investment Schemes issued by the Monetary Authority of Singapore
CMS	Capital Markets Services
CODM	Chief Operating Decision Maker
CPF	Central Provident Fund
DPU	Distribution per unit
ECS	Exchangeable collateralised securities
EDB	Economic Development Board
ERM	Enterprise Risk Management
FRS	Singapore Financial Reporting Standards
GDP	Gross Domestic Product
GFA	Gross Floor Area which includes net lettable area and common areas, such as common corridors
Group	Ascendas Reit and its subsidiaries
HDB	Housing Development Board
HKD	Hong Kong Dollar
HQ	Headquarter
IBP	International Business Park
IC	Investment Committee
IDAR	Integrated Development, Amenities & Retail
IGLS	Industrial Government Land Sales
Interbank GIRO	General Interbank Recurring Order
Interested Person Transaction	Transaction made between the Trustee (as trustee of Ascendas Reit) and an "interested person", under the Listing Manual and the Property Funds Appendix
IPT	Interested Person Transaction
IRAS	Inland Revenue Authority of Singapore
ISDA	International Swaps and Derivatives Association
JPY	Japanese Yen
JTC	Jurong Town Corporation
Lease Management Agreement	The agreement made between the Trustee and the Manager, AFM, pursuant to which AFM will provide lease management services to all properties held by Ascendas Reit located in Singapore and the PRC with effect from 1 October 2012.
Listing Manual	The Listing Manual of SGX-ST
Manager	Ascendas Funds Management (S) Limited, as the Manager of Ascendas Reit
MAS	Monetary Authority of Singapore
MNCs	Multinational corporations
MTN	Medium Term Note
NLA/Net Lettable Area	Consists of the total gross floor area less the common areas, such as corridors, amenities' area and management offices
NHRRC	Nominating, Human Resource & Remuneration Committee
NPI	Net Property Income
ORMC	Operational Risk Management Committee
Property Management Agreements	(i) The agreement made between the Manager, the Trustee and ASPL pursuant to which ASPL will provide certain property management, marketing, project management and car park management services relating to all properties of Ascendas Reit located in Singapore with effect from 1 October 2012 and (ii) the agreement made between the Manager, the Trustee and ACPL pursuant to which ACPL will provide property management, marketing and project management services relating to all properties of Ascendas Reit located in the PRC with effect from 1 July 2012
PRC	People's Republic of China
Property Funds Appendix	Appendix 6 of the CIS Code issued by the MAS in relation to REITs
Property Managers	ASPL and ACPL
R&D	Research and development
RAP	Statement of Recommended Accounting Practice
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
REITAS	REIT Association of Singapore
RMB	Renminbi
SFA	Securities and Futures Act, Chapter 289 of Singapore
SGD	Singapore dollar
SGX-ST	Singapore Exchange Securities Trading Ltd
SOR	Swap Offer Rate
Sq m	Square metres
S-REIT	Singapore-listed REIT
Trust Deed	The Trust Deed dated 9 October 2002 made between the Trustee and the Manager constituting Ascendas Reit, as amended, modified, re-stated or supplemented, from time to time
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit
TUR	Total Unitholders Return
Unit(s)	An undivided interest in Ascendas Reit as provided for in the Trust Deed
Unitholder(s)	The Depositor whose securities account with CDP is credited with Unit(s)
URA	Urban Redevelopment Authority
USD	United States Dollars
WALE	Weighted Average Lease Expiry

APPENDIX

Total Return and Distribution	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12 (1)	FY 12/13 (1)	FY 13/14(1,2)	FY 14/15(1,2)	FY 15/16(1,2)	FY 16/17(1,2)
Gross Revenue (S$m)	22.8	65.9	129.0	227.2	283.0	322.3	396.5	413.7	447.6	503.3	575.8	613.6	673.5	761.0	830.6
Net Property Income (S$m)	16.5	50.3	96.1	173.6	210.3	243.5	296.6	320.0	339.4	368.3	408.8	436.0	462.7	533.7	611.0
Total Amount Available for Distribution (S$m)	15.2	45.5	84.2	142.6	163.8	187.3	210.9	234.9	248.0	281.7	305.6	342.0	351.1	378.3	446.3
Distribution per unit (cents)	7.630(3)	8.160(7)	9.560(7)	11.680(7)	12.750(7)	14.130(7)	15.180(7)	13.100	13.230(7)	13.560	13.740(7)	14.240	14.600	15.357(7)	15.743(7)

As at 31 March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012(1)	2013(1)	2014(1,2)	2015(1,2)	2016(1,2)	2017(1,2)
Number of Properties in Portfolio	8	16	36	64	77	84	89	93	93	102	103	105	107	133	131
Total Assets (S$m)	636	1,021	2,112	2,808	3,307	4,205	4,548	4,854	5,420	6,564	6,959	7,358	8,160	9,870	10,171
Number of Units in Issue (m)	545	707	1,161	1,277	1,322	1,326	1,684	1,871	1,874	2,085	2,399	2,403	2,406	2,666	2,925
Net Asset Value per unit (S$)(4)	0.91	0.98	1.23	1.34	1.49	1.84	1.61	1.57	1.76	1.88	1.942	2.02	2.08	2.06	2.06
Total Gross Borrowings (S$m)(5)	125	264	556	970	1,185	1,562	1,591	1,522	1,900	2,401	1,971	2,208	2,735	3,675	3,442
Aggregate Leverage(6)	19.6%	28.9%	30.2%	36.7%	37.3%	38.2%	35.5%	31.6%	35.2%	36.6%	28.3%	30.0%	35.5%	37.3%	33.8%

NOTES:

(1) With effect from FY11/12, results include the consolidation of the Trust's wholly owned subsidiaries.

(2) The Group adopted FRS 110 Consolidated Financial Statements with effect from 1 April 2014 which results in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited since 1Q FY14/15. FY13/14 figures have been restated on a similar basis for comparison.

(3) Annualised based on actual distribution per unit of 2.78 cents for the 133 days ended 31 March 2003.

(4) Prior to distribution of distributable income.

(5) Excludes fair value changes and amortised costs. Borrowings denominated in foreign currencies are translated at the prevailing exchange rates except for JPY/HKD-denominated debt issues, which are translated at the cross-currency swap rates that Ascendas Reit has committed to.

(6) Includes total borrowings and deferred payments on acquisition of properties but excludes fair value adjustments of the collateral loan.

(7) Distribution per unit after performance fees.

APPENDIX

DEVELOPMENT PROJECTS

Since Ascendas Reit embarked on its first development project in 2006, it has completed 14 development projects. Two of the development projects, Four Acres Singapore and A-REIT Jiashan Logistics Centre in China, were divested in FY16/17. For the remaining 12 projects, the total cumulative unrealised gains achieved was S$317.2 million (33.4% over cost of development).[1]

	Development	Sector	Development Cost (S$'m)	Revaluation as at 31 March 2017 (S$'m)	Completion
1	Courts Megastore	IDAR	46.0	65.1	Nov-06
2	Giant Hypermart	IDAR	65.4	85.2	Feb-07
3	Hansapoint@CBP	Business & Science Park Properties	26.1	99.8	Feb-08
4	15 Changi North Way	Logistics & Distribution Centres	36.2	48.4	Jul-08
5	Pioneer Hub	Logistics & Distribution Centres	79.3	119.8	Aug-08
6	1,3 & 5 Changi Business Park Crescent	Business & Science Park Properties	200.9	315.2	Feb-09 Sep-09 Dec-10
7	71 Alps Avenue	Logistics & Distribution Centres	25.6	21.6	Sep-09
8	38A Kim Chuan Road	High-Specifications Industrial Properties & Data Centre	170.0	183.9[2]	Dec-09
9	90 Alps Avenue	Logistics & Distribution Centres	37.9	50.4	Jan-12
10	FoodAxis @ Senoko[3]	Light Industrial Properties & Flatted Factories	57.8	84.7	Feb-12
11	Nexus @one-north	Business & Science Park Properties	181.3	191.4	Sep-13
12	DBS Asia Hub Phase 2	Business & Science Park Properties	21.8	N.A.[4]	Apr-15
	Total		948.3	1,265.5	

DIVESTED DEVELOPMENT PROJECTS

	Development	Sector	Development Cost (S$'m)	Divestment Date	Completion
13	Four Acres Singapore	Business & Science Park Properties	58.7	Apr-16	Apr-13
14	A–REIT Jiashan Logistics Centre	Logistics & Distribution Centres	22.1	Jun-16	Mar-16
	Total		80.8		

Notes:

(1) Excludes gains on Four Acres Singapore and A-REIT Jiashan Logistics Centre.

(2) 38A Kim Chuan Road was valued by independent valuer at S$183.9 million. Ascendas Reit has recorded the property at S$183.9 million comprising S$123.1 million in land and building, and S$60.8 million in M&E equipment.

(3) FoodAxis @ Senoko (previously known as 1 Senoko Avenue) was first acquired on 15 May 2007. It was subsequently redeveloped to maximise the allowable plot ratio.

(4) Valuation for DBS Asia Hub Phase 2 is not available. The entire property was valued at S$165.6 million.

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