ASCENDAS REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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

Units in Ascendas Reit (“Units”) were allotted in November 2002 based on a prospectus dated 5 November 2002. These Units were subsequently listed on the Singapore Exchange Securities Trading Limited on 19 November 2002.

As at 30 June 2017, Ascendas Reit and its subsidiaries (the “Group”) have a diversified portfolio of 103 properties in Singapore, and 29 properties in Australia, with tenant base of around 1,380 customers across the following segments: Business & Science Park, Hi-Specs Industrial, Light Industrial, Logistics & Distribution Centres, and Integrated Development, Amenities & Retail.

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

SUMMARY OF ASCENDAS REIT GROUP RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

		Group		
	Note	01/04/17 to 30/06/17 **('1Q FY17/18')** S$'000	01/04/16 to 30/06/16 **('1Q FY16/17')** S$'000	Variance %
Gross revenue		**213,259**	**207,588**	**2.7%**
Net property income		**153,364**	**149,480**	**2.6%**
Total amount available for distribution:		**118,498**	**106,853**	**10.9%**
- from operations		111,843	102,079	9.6%
- tax-exempt income	(a)	-	4,303	(100.0%)
- from capital	(b)	6,655	471	n.m.
		Cents per Unit		
Distribution per Unit ("DPU")		FY17/18	FY16/17 (Note c)	Variance %
For the quarter from 1 April to 30 June		**4.049**	**3.882**	**4.3%**
- from operations		3.822	3.709	3.0%
- tax-exempt income	(a)	-	0.156	(100.0%)
- from capital	(b)	0.227	0.017	n.m.

Note: “n.m.” denotes “not meaningful”

Footnotes

(a) This includes the distribution of (i) income relating to the properties in Australia and China that has been received in Singapore (net of applicable tax and/or withholding tax) following the repatriation of profits to Singapore (ii) finance lease interest income (net of Singapore corporate tax) received from a tenant and (iii) incentive payment (net of Singapore corporate tax) received as income support relating to A-REIT City @ Jinqiao. As tax has been withheld on these incomes, the distribution is exempt from tax in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets. There was no incentive payment (net of Singapore corporate tax) received and included as distributable income for 1Q FY17/18 (1Q FY16/17: S$0.7 million or 0.025 cents).

(b) This relates to the distribution of (i) tax deferred distributions received from Australia and (ii) net income from a property in China, where the profits have yet to be repatriated to Singapore for FY16/17. Both the distributions of income from overseas properties that are yet to be received in Singapore and the tax deferred distributions received from Australia are deemed to be capital distributions from a tax perspective. Such distributions are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

(c) On 21 July 2016, the Group had announced an estimated DPU of 3.996 cents for 1Q FY16/17 on the basis that no Exchangeable Collateralised Securities ("ECS") will be exchanged into Units before the book closure date for the 51st distribution that was paid out on 9 September 2016 ("BCD"). The Group had subsequently announced an actual DPU of 3.882 cents for 1Q FY16/17 after taking into consideration the new Units that will be issued pursuant to notice of exchange for the ECS received before the BCD. The below table summarises the actual and estimated DPU for both periods.

	Group		
	1Q FY17/18	1Q FY16/17	Variance %
Actual DPU	4.049	3.882	4.3%
Estimated DPU (as announced on 21 July 2016)	4.049	3.996	1.3%

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

		Group (Note a)		
Statement of Total Return	Note	01/04/17 to 30/06/17 **('1Q FY17/18')** S$'000	01/04/16 to 30/06/16 **('1Q FY16/17')** S$'000	Variance %
Gross revenue	(b)	**213,259**	**207,588**	**2.7%**
Property services fees		(8,179)	(7,986)	2.4%
Property tax		(14,689)	(15,186)	(3.3%)
Other property operating expenses		(37,027)	(34,936)	6.0%
Property operating expenses	(c)	**(59,895)**	**(58,108)**	**3.1%**
Net property income		**153,364**	**149,480**	**2.6%**
Management fees	(d)	(12,458)	(12,030)	3.6%
Trust and other expenses	(e)	(1,994)	(2,835)	(29.7%)
Finance income	(i)	2,049	1,416	44.7%
Finance costs	(i)	(26,845)	(38,191)	(29.7%)
Foreign exchange gain/(loss)	(f)	17,032	(23,742)	(171.7%)
Loss on divestment of subsidiaries	(g)	-	(656)	(100.0%)
Derecognition of finance lease receivables	(h)	-	(2,079)	(100.0%)
Net non property expenses		**(22,216)**	**(78,117)**	**(71.6%)**
Net income	(i)	**131,148**	**71,363**	**83.8%**
Net change in fair value of financial derivatives	(j)	(13,801)	17,192	(180.3%)
Share of joint venture's results	(k)	120	102	17.6%
Total return for the period before tax		**117,467**	**88,657**	**32.5%**
Tax credit/(expense)	(l)	720	(2,056)	(135.0%)
Total return for the period		**118,187**	**86,601**	**36.5%**
Attributable to:				
Unitholders and perpetual securities holders		118,188	86,581	36.5%
Non-controlling interests		(1)	20	(105.0%)
		118,187	**86,601**	**36.5%**
Distribution Statement				
Total return for the period attributable to Unitholders and perpetual securities holders		118,188	86,581	36.5%
Less: Amount reserved for distribution to perpetual securities holders	(m)	(3,553)	(3,553)	0.0%
Other net non (taxable income)/tax deductible expenses and other adjustments	(n)	(2,792)	19,228	(114.5%)
Income available for distribution		111,843	102,256	9.4%
Comprising:				
- Taxable income		111,843	102,079	9.6%
- Tax-exempt income	(o)	-	177	(100.0%)
Income available for distribution		111,843	102,256	9.4%
Tax-exempt income (Australia)	(p)	-	2,574	(100.0%)
Tax-exempt income (China)	(q)	-	1,552	(100.0%)
Distribution from capital (Australia)	(r)	6,655	-	n.m.
Distribution from capital (China)	(s)	-	471	(100.0%)
Total amount available for distribution		**118,498**	**106,853**	**10.9%**

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

Explanatory notes to the statement of total return and distribution statement

(a) The Group had 132 properties as at 30 June 2017 and 131 properties as at 30 June 2016. Since June 2016, the Group completed (i) the acquisition of the Group's first Australian business park property at 197-201 Coward Street in Sydney, in September 2016, (ii) the acquisition of 12, 14 and 16 Science Park Drive ("DNV/DSO") in February 2017, (iii) the acquisition of 52 Fox Drive, Dandenong South (formerly known as Stage 4 Power Park Estate) in Melbourne in April 2017, (iv) the divestment of Ascendas Z-Link in July 2016 and (v) the divestment of A-REIT City @ Jinqiao in November 2016.

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

Gross revenue increased by 2.7% mainly attributable to contributions from the acquisition of Coward Street in Sydney, 52 Fox Drive, Dandenong South in Melbourne and DNV/DSO in Singapore. This was partially offset by the divestment of Ascendas Z-Link and A-REIT City @ Jinqiao as well as the decommissioning of 50 Kallang Avenue for asset enhancement works.

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

Property operating expenses increased 3.1% against 1Q FY16/17, in tandem with the increase in the number of properties as well as the higher revenue.

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

Higher management fees in 1Q FY17/18 were mainly due to higher deposited property under management, contributed primarily by the new acquisitions made since the comparable period in the last financial year.

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

Trust and other expenses decreased by $0.8 million to S$2.0 million in 1Q FY17/18, mainly due to lower trust level expenses incurred subsequent to the divestment of A-REIT J.W. Investment Pte. Ltd. ("ARJW"), which indirectly owns A-REIT Jiashan Logistics Centre, Ascendas ZPark (Singapore) Pte. Ltd. ("AZPark"), which indirectly owns Ascendas Z-Link, and Shanghai (JQ) Investment Holdings Pte Ltd, which indirectly owns A-REIT City @ Jinqiao (together, the "China Portfolio").

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

1Q FY17/18 recorded a foreign exchange gain of S$17.0 million (1Q FY16/17: loss of S$23.7 million), mainly from the strengthening of SGD against JPY and HKD in relation to the JPY and HKD denominated Medium Term Notes ("MTN") respectively.

(g) The loss on divestment of subsidiaries recorded in 1Q FY16/17 was in relation to the divestment of ARJW, which indirectly owned A-REIT Jiashan Logistics Centre. The gain on divestment compared to the initial cost of acquisition would be approximately $4.0 million.

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

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

	Note	Group		
		1Q FY17/18 S$'000	1Q FY16/17 S$'000	Variance %
Gross revenue				
Gross rental income		194,106	189,292	2.5%
Other income		19,153	18,296	4.7%
Property operating expenses				
Provision of allowance for impairment loss on doubtful receivables		(2)	(16)	(87.5%)
Depreciation of plant and equipment		-	(8)	(100.0%)
Finance income	(1)			
Interest income		2,049	882	132.3%
Others		-	534	(100.0%)
		2,049	1,416	44.7%
Finance costs	(2)			
Interest expense		(25,997)	(26,416)	(1.6%)
Other borrowing costs		(848)	(1,422)	(40.4%)
Loss on fair value of ECS		-	(10,353)	(100.0%)
		(26,845)	(38,191)	(29.7%)

1. Finance income comprises interest income from interest rate swaps and bank deposits.

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

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

	Group		
	1Q FY17/18 S$'000	1Q FY16/17 S$'000	Variance %
Fair value (loss)/gain on:			
- interest rate swaps	(5,019)	(14,482)	(65.3%)
- cross currency swaps	(9,116)	28,538	(131.9%)
- foreign exchange forward contracts	334	3,136	(89.3%)
Net change in fair value of financial derivatives	(13,801)	17,192	(180.3%)

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

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

(l) Tax expense includes income tax expense relating to the Group's China subsidiaries as well as tax provided on (i) finance lease interest income received from a tenant, (ii) incentive payment received as income support in relation to A-REIT City @ Jinqiao and (iii) interest income in relation to a loan to a subsidiary. It also includes withholding tax recognised on the profits that were repatriated from Ascendas REIT Australia, which indirectly holds the 29 properties in Australia (the "Australian Portfolio"), to Singapore.

The tax credit in 1Q FY17/18 was primarily due to the reversal of excess tax provisions in relation to the divestment of AZPark, which indirectly owned Ascendas Z-Link, subsequent to the finalisation of the tax assessments with the China tax authority.

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

(n) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

		Group		
	Note	1Q FY17/18 S$'000	1Q FY16/17 S$'000	Variance %
Management fees paid/payable in units		2,490	2,406	3.5%
Trustee fee		759	735	3.3%
Gain on divestment of subsidiaries		-	656	(100.0%)
Derecognition of finance lease receivables		-	2,079	(100.0%)
Net change in fair value of financial derivatives		13,801	(17,192)	(180.3%)
Net change in fair value of ECS		-	10,353	(100.0%)
Foreign exchange (gain)/loss		(17,032)	23,742	(171.7%)
Other net non taxable income and other adjustments	A	4,112	5,864	(29.9%)
Income from subsidiaries and joint venture	B	(12,773)	(9,415)	35.7%
Rollover adjustment from prior years	C	5,851	-	n.m.
Other net non (taxable income)/tax deductible expenses and other adjustments		(2,792)	19,228	(114.5%)

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

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

B. This relates to the net income from the Trust's subsidiaries and joint venture (please refer to Para 1(b)(i)(b) on Page 9 for details of the Trust's interests in subsidiaries and investment in joint venture) as well as the effects of consolidation.

C. The one-off distribution of rollover adjustments from prior years amounting to S$5.9 million (DPU impact of 0.200 cents) in 1Q FY17/18 arose mainly from a ruling by IRAS on the non tax deductibility of certain upfront fees for certain credit facilities incurred in FY11/12.

(o) This was in relation to the distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. As tax had been withheld on this income, the distribution was exempted from tax in the hands of the Unitholders.

(p) This relates to the distribution of income relating to the Australian Portfolio that has been received in Singapore (net of Australian withholding tax) following the repatriation of profits to Singapore, after deducting funding costs that are directly attributable to the Group's investment in Australia. As tax has been withheld on this income, the distribution is exempt from tax in the hands of Unitholders.

(q) This was in relation to the distribution of (i) incentive payment (net of Singapore corporate tax) received as income support relating to a property in China and (ii) income relating to China properties that had been received in Singapore (net of China withholding tax) after the repatriation of profits to Singapore. As tax had been withheld on this income, such distribution was not taxable in the hands of Unitholders.

(r) This relates to the distribution of tax deferred distributions and repayment of shareholder's loan received from Australia. Such distributions are not subject to Australian withholding tax as they are treated as returns of capital for Australian tax purposes. In this regard, these tax deferred distributions are deemed to be capital distributions from a tax perspective and are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

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

1(b)(i) Statement of Financial Position

		Group		Trust	
		30/06/17	31/03/17	30/06/17	31/03/17
	Note	S$'000	S$'000	S$'000	S$'000
Non-current assets					
Investment properties		9,939,536	9,874,204	8,623,779	8,567,210
Investment properties under development	(a)	84,264	125,062	84,264	125,062
Finance lease receivables		55,059	55,627	55,059	55,627
Interest in subsidiaries	(b)	-	-	771,963	774,851
Investment in joint venture	(c)	140	126	-	-
Derivative assets	(d)	20,022	16,042	19,817	16,014
		10,099,021	**10,071,061**	**9,554,882**	**9,538,764**
Current assets					
Finance lease receivables		2,172	2,104	2,172	2,104
Trade and other receivables	(e)	19,791	63,497	21,504	35,506
Derivative assets	(d)	10,146	12,156	10,146	12,156
Cash and cash equivalents		35,030	22,000	8,231	4,684
Property held for sale	(f)	16,500	-	16,500	-
	(g)	**83,639**	**99,757**	**58,553**	**54,450**
Current liabilities					
Trade and other payables		170,983	192,717	165,384	186,482
Security deposits		45,733	41,946	45,674	41,887
Derivative liabilities	(d)	33,147	32,837	33,147	32,837
Short term borrowings	(h)	614,791	592,638	614,791	592,638
Medium term notes	(h)	227,067	231,548	227,067	231,548
Provision for taxation		7,161	30,316	1,583	24,738
	(g)	**1,098,882**	**1,122,002**	**1,087,646**	**1,110,130**
Non-current liabilities					
Security deposits		74,278	78,873	72,796	77,371
Derivative liabilities	(d)	74,301	58,943	69,054	53,307
Amount due to a subsidiary		-	-	26,951	26,951
Medium term notes	(h)	1,219,584	1,230,850	1,219,584	1,230,850
Term loans and borrowings	(h)	1,334,334	1,345,030	744,798	745,087
		2,702,497	**2,713,696**	**2,133,183**	**2,133,566**
Net assets		**6,381,281**	**6,335,120**	**6,392,606**	**6,349,518**
Represented by:					
Unitholders' funds		6,080,424	6,030,710	6,091,776	6,045,136
Perpetual securities holders	(i)	300,830	304,382	300,830	304,382
Non-controlling interests		27	28	-	-
		6,381,281	**6,335,120**	**6,392,606**	**6,349,518**

<u>Gross borrowings</u>	Group		Trust	
	30/06/17	31/03/17	30/06/17	31/03/17
	S$'000	S$'000	S$'000	S$'000
Secured borrowings				
Amount repayable after one year	591,713	602,435	-	-
Unsecured borrowings				
Amount repayable after one year	1,969,518	1,981,617	1,969,518	1,981,617
Amount repayable within one year	841,896	824,238	841,896	824,238
	3,403,127	3,408,290	2,811,414	2,805,855

Explanatory notes to the statement of financial position

(a) Investment properties under development ("IPUD") as at 31 March 2017 relates to the re-development projects undertaken by Ascendas Reit at 20 Tuas Avenue 1 (formerly known as 279 Jalan Ahmad Ibrahim) and 50 Kallang Avenue. Subsequent to the completion of development works, 50 Kallang Avenue has been reclassified to investment properties as at 30 June 2017.

(b) Interest in subsidiaries relates to Ascendas Reit's investment in PLC 8 Holdings Pte. Ltd. and its subsidiary, PLC 8 Development Pte. Ltd. as well as Australian REIT Australia and its sub-trusts.

(c) Investment in joint venture relates to Ascendas Reit's investment in CCP LLP. The results for CCP LLP are equity accounted for at the Group level.

(d) Derivative assets and derivative liabilities relates to favourable and unfavourably changes in the fair value of certain interest rate swaps and cross currency swaps respectively.

(e) The decrease in trade and other receivables was mainly due to the utilisation of amounts held in escrow in relation to (i) capital gain tax for the China properties and (ii) the purchase consideration for the acquisition of an Australian logistics property which was completed on 3 April 2017.

(f) As at 30 June 2017, 10 Woodlands Link was reclassified from investment properties to property held for sale. The divestment of the said property was completed on 12 July 2017.

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

(h) **Details of borrowings**

Secured Syndicated Loans
As at 30 June 2017, the Group has A$564.3 million (31 March 2017: A$564.3 million) secured syndicated term loans from Australian banks ("Syndicated Loans"). The Syndicated Loans are secured by way of a first mortgage over 26 properties (31 March 2017: 26 properties) in Australia and assets of their respective holding trusts, and guaranteed by Ascendas Reit. The carrying value of properties secured for the Syndicated Loans was S$1,046.6 million as at 30 June 2017 (31 March 2017: S$1,060.1 million).

Medium Term Notes
Ascendas Reit established an S$1.0 billion Multicurrency MTN Programme in March 2009 and the programme limit of S$1.0 billion was increased to S$5.0 billion from 2 March 2015.

As at the reporting date, S$1,496.7 million (comprising S$675.0 million, JPY24.6 billion and HKD2,683.0 million) MTNs remain outstanding. Ascendas Reit entered into cross currency swaps to hedge against the foreign exchange risk arising from the principal amount of all JPY-denominated MTNs and all HKD-denominated MTNs. The amount reflected in the Statement of Financial Position relates to the carrying amount of the MTNs translated using the rate at the reporting date, net of unamortised transaction costs.

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

As at 30 June 2017, 72.2% (31 March 2017: 78.9%) of the Group's interest rate exposure was fixed with an overall weighted average tenure of 3.2 years (31 March 2017: 3.2 years) remaining (after taking into consideration effects of the interest rate swaps). The overall weighted average cost of borrowings for the period ended 30 June 2017 was 2.88% (31 March 2017: 3.00%).

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

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

	Group	
	1Q FY17/18 S$'000	1Q FY16/17 S$'000
Cash flows from operating activities		
Total return for the period before tax	117,467	88,657
Adjustments for		
Provision of allowance for impairment loss on doubtful receivables	2	16
Depreciation of plant and equipment	-	8
Derecognition of finance lease receivables	-	2,079
Finance income	(2,049)	(1,416)
Finance costs	26,845	38,191
Foreign exchange (gain)/loss	(17,032)	23,742
Loss on divestment of subsidiaries	-	656
Management fees paid/payable in units	2,490	2,406
Net change in fair value of financial derivatives	13,801	(17,192)
Share of joint venture's results	(120)	(102)
Operating income before working capital changes	141,404	137,045
Changes in working capital		
Trade and other receivables	15,536	(12,548)
Trade and other payables	(16,154)	(16,100)
Cash generated from operating activities	140,786	108,397
Income tax paid	(22,427)	(3,409)
Net cash generated from operating activities	**118,359**	**104,988**
Cash flows from investing activities		
Deposits received for the divestment of subsidiaries	-	13,048
Dividend received from a joint venture company	106	-
Purchase of investment property	(1,231)	-
Payment for investment property under development	(20,993)	(3,512)
Payment for capital improvement on investment properties	(24,780)	(20,699)
Proceeds from the divestment of subsidiaries	-	25,280
Proceeds from the derecognition of finance lease receivables	-	34,000
Interest received	8,199	7,325
Net cash (used in)/generated from investing activities	**(38,699)**	**55,442**
Cash flows from financing activities		
Equity issue costs paid	-	(69)
Distributions paid to Unitholders	(57,296)	(111,873)
Distributions paid to perpetual securities holders	(7,105)	(7,145)
Finance costs paid	(26,358)	(24,296)
Transaction costs paid in respect of borrowings	-	(365)
Proceeds from borrowings	75,392	321,312
Repayment of borrowings	(161,667)	(336,174)
Net cash used in financing activities	**(177,034)**	**(158,610)**
Net (decrease)/increase in cash and cash equivalents	**(97,374)**	**1,820**
Cash and cash equivalents at beginning of the period	22,000	56,236
Effect of exchange rate changes on cash balances	(289)	(1,287)
Cash and cash equivalents at end of the financial period	**(75,663)**	**56,769**

Note:
Included in cash and cash equivalents was a bank overdraft amounting to approximately S$110.7 million as at 30 June 2017 (Nil as at 30 June 2016).

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

	Note	Group		Trust	
		1Q FY17/18 S$'000	1Q FY16/17 S$'000	1Q FY17/18 S$'000	1Q FY16/17 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**6,030,710**	**5,480,879**	**6,045,136**	**5,411,443**
Operations					
Total return for the period attributable to Unitholders and perpetual securities holders		118,188	86,581	104,999	111,517
Less: Amount reserved for distribution to perpetual securities holders		(3,553)	(3,553)	(3,553)	(3,553)
Net increase in net assets from operations		114,635	83,028	101,446	107,964
Movement in foreign currency translation reserve	(a)	(10,115)	(19,165)	-	-
Unitholders' transactions					
New Units issued	(b)	-	14,000	-	14,000
Management fees paid/payable in Units		2,490	2,406	2,490	2,406
Distributions to Unitholders		(57,296)	(111,873)	(57,296)	(111,873)
Net decrease in net assets from Unitholders' transactions		(54,806)	(95,467)	(54,806)	(95,467)
Balance at end of the financial period		**6,080,424**	**5,449,275**	**6,091,776**	**5,423,940**
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		304,382	304,421	304,382	304,421
Amount reserved for distribution to perpetual securities holders		3,553	3,553	3,553	3,553
Distributions to Perpetual Securities Holders		(7,105)	(7,145)	(7,105)	(7,145)
Balance at end of the financial period		**300,830**	**300,829**	**300,830**	**300,829**
Non-controlling interests					
Balance at beginning of the financial period		28	21	-	-
Total return for the period attributable to non-controlling interests		(1)	20	-	-
Balance at end of the financial period		**27**	**41**	**-**	**-**
Total		**6,381,281**	**5,750,145**	**6,392,606**	**5,724,769**

Footnotes

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

(b) In 1Q FY16/17, new Units were issued on 9 May 2016 pursuant to Exchange Notice received to convert S$14.0 million of ECS into Units at an adjusted conversion price of S$2.0505.

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

	Group and Trust	
	1Q FY17/18 Units	1Q FY16/17 Units
Issued Units at beginning of the financial period	**2,924,767,194**	**2,665,576,050**
Issue of new Units:		
- Management fees paid in Units	1,838,297	2,041,017
- Conversion of ECS	-	6,827,603
Issued Units at the end of the financial period	**2,926,605,491**	**2,674,444,670**
Units to be issued:		
Management fees payable in Units	307,112	324,085
Units issued and issuable at end of the financial period	**2,926,912,603**	**2,674,768,755**

As at 30 June 2017, there were no units that may be issued on the conversion of any convertible securities as all the ECS have been exchanged and cancelled in accordance with the terms and conditions of the ECS.

As at 30 June 2016, assuming the outstanding ECS was fully converted into Units based on the adjusted conversion price of S$2.0187 per Unit, the number of new Units to be issued would be 141,675,335 representing 5.3% of the total number of Ascendas Reit's Units in issue.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

There are no treasury Units in issue as at 30 June 2017 and 31 March 2017. The total number of issued Units are as disclosed in paragraph 1d(ii).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

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

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

Please see attached review report.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 31 March 2017.

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

Please refer to item 4 above.

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

		Group	
	Note	1Q FY17/18	1Q FY16/17
EPU			
Basic EPU			
Weighted average number of Units		2,925,093,786	2,669,914,988
Earnings per Unit in cents	(a)	3.919	3.110
Diluted EPU			
Weighted average number of Units		2,925,093,786	2,669,914,988
Earnings per Unit in cents (diluted)	(b)	3.919	3.110
DPU			
Number of Units in issue		2,926,605,491	2,674,444,670
Distribution per Unit in cents		4.049	3.882

Footnotes

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

(b) The disclosure of diluted EPU is in relation to the ECS which has a convertible option to convert the ECS into Units. Dilutive instruments shall be treated as dilutive only when their conversion to Units would decrease EPU.

For 1Q FY17/18, the diluted EPU is the same as basic EPU as no dilutive instruments were in issue as at 30 June 2017. For 1Q FY16/17, the impact of the conversion of ECS was not dilutive and was excluded from the calculation of dilutive EPU.

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

		Group		Trust	
	Note	30/06/17 cents	31/03/17 cents	30/06/17 cents	31/03/17 cents
Net asset value per Unit		208	206	208	207
Adjusted net asset value per Unit	(a)	204	204	204	205

Footnote

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

8. Review of Performance

	Group				
	1Q FY17/18 (A) S$'000	4Q FY16/17 (B) S$'000	Variance (A) vs (B) %	1Q FY16/17 (C) S$'000	Variance (A) vs (C) %
Gross revenue	213,259	208,937	2.1%	207,588	2.7%
Property operating expenses	(59,895)	(54,868)	9.2%	(58,108)	3.1%
Net property income	**153,364**	**154,069**	**(0.5%)**	**149,480**	**2.6%**
Non property expenses	(14,452)	(16,659)	(13.2%)	(14,865)	(2.8%)
Net finance costs	(24,796)	(34,277)	(27.7%)	(36,775)	(32.6%)
Foreign exchange gain/(loss)	17,032	26,000	(34.5%)	(23,742)	(171.7%)
Loss on divestment of subsidiaries	-	-	n.m.	(656)	(100.0%)
Derecognition of finance lease receivables	-	2,320	(100.0%)	(2,079)	(100.0%)
	(22,216)	(22,616)	(1.8%)	(78,117)	(71.6%)
Net income	**131,148**	**131,453**	**(0.2%)**	**71,363**	**83.8%**
Net change in fair value of financial derivatives	(13,801)	(34,252)	(59.7%)	17,192	(180.3%)
Net change in fair value of investment properties	-	(18,360)	(100.0%)	-	n.m.
Share of joint venture's results	120	124	(3.2%)	102	17.6%
Total return for the period before tax	**117,467**	**78,965**	**48.8%**	**88,657**	**32.5%**
Tax credit/(expense)	720	(1,499)	(148.0%)	(2,056)	(135.0%)
Total return for the period	**118,187**	**77,466**	**52.6%**	**86,601**	**36.5%**
Attributable to:					
Unitholders and perpetual securities holders	118,188	77,466	52.6%	86,581	36.5%
Non-controlling interests	(1)	-	n.m.	20	(105.0%)
Total return for the period	**118,187**	**77,466**	**52.6%**	**86,601**	**36.5%**
Statement of distribution					
Total return for the period attributable to Unitholders and perpetual securities holders	118,188	77,466	52.6%	86,581	36.5%
Less: Amount reserved for distribution to perpetual securities holders	(3,553)	(3,514)	1.1%	(3,553)	0.0%
Net effect of non (taxable income) / tax deductible expenses and other adjustments	(2,792)	11,521	(124.2%)	19,228	(114.5%)
Net change in fair value of investment properties	-	18,360	(100.0%)	-	n.m.
Income available for distribution	**111,843**	**103,833**	**7.7%**	**102,256**	**9.4%**
Comprising:					
- Taxable income	111,843	103,833	7.7%	102,079	9.6%
- Tax-exempt income	-	-	n.m.	177	(100.0%)
Income available for distribution	111,843	103,833	7.7%	102,256	9.4%
Tax-exempt income (China)	-	1,552	(100.0%)	1,552	(100.0%)
Tax-exempt income (Australia)	-	-	n.m.	2,574	(100.0%)
Distribution from capital (China)	-	471	(100.0%)	471	(100.0%)
Distribution from capital (Australia)	6,655	6,006	10.8%	-	n.m.
Total amount available for distribution	**118,498**	**111,862**	**5.9%**	**106,853**	**10.9%**
EPU/DPU after performance fees					
Earnings per unit (cents)	3.919	2.554	53.4%	3.110	26.0%
Distribution per unit (cents)	4.049	3.852	5.1%	3.882	4.3%

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

1Q FY17/18 vs 4Q FY16/17

Gross revenue increased by 2.1%, mainly attributable to (i) the full quarter contribution from DNV/DSO which was acquired in February 2017 and (ii) the contribution from the acquisition of 52 Fox Drive, Melbourne in April 2017.

Property operating expenses increased by 9.2%, as included in 4Q FY16/17 was an adjustment to property tax expenses (amounting to approximately S$4.5 million) due to a retrospective downward revisions in the annual value of certain properties. There were no such adjustments in 1Q FY17/18. Excluding the effects of this adjustment in 4Q FY1617, property operating expenses would have increased by 0.9% instead.

Non property expenses decreased by 13.2%, mainly due to the provision of S$1.9 million performance fees in 4Q FY16/17 (1Q FY17/18: Nil).

Net finance costs were 27.7% lower in 1Q FY17/18 mainly due a loss on fair value of ECS amounting to S$3.9 million in 4Q FY16/17 (1Q FY17/18: Nil).

1Q FY17/18 recorded a foreign exchange gain of S$17.0 million (4Q FY16/17: gain of S$26.0 million), mainly from the strengthening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN.

A gain on de-recognition of finance lease receivables of S$2.3 million was recognised in 4Q FY16/17 subsequent to Ascendas Reit obtaining a remission of seller’s stamp duty in relation to the divestment during the quarter.

Net change in fair value of financial derivatives in 1Q FY17/18 was made up of a S$9.1 million fair value loss on cross currency swaps (4Q FY16/17: loss of S$25.8 million), a S$5.0 million fair value loss on interest rates swaps (4Q FY16/17: loss of S$8.1 million) and a S$0.3 million fair value gain on foreign exchange forward contracts (4Q FY16/17: loss of S$0.4 million).

The tax credit in 1Q FY17/18 was primarily due to the reversal of excess tax provisions in relation to the divestment AZPark, which indirectly owned Ascendas Z-Link, subsequent to the finalisation of the tax assessments with the China tax authority. The tax expense in 4Q FY16/17 was primarily due to the withholding tax recognised on the profits that were repatriated from the Australian Portfolio to Singapore as well as tax provision made on the interest income in relation to a loan to a subsidiary.

1Q FY17/18 vs 1Q FY16/17

Net property income increased by 2.6%, mainly attributable to contributions from the acquisition of Coward Street in Sydney, 52 Fox Drive, Dandenong South in Melbourne and DNV/DSO in Singapore. This was partially offset by the divestment of Ascendas Z-Link and A-REIT City @ Jinqiao as well as the decommissioning of 50 Kallang Avenue for asset enhancement works.

Non property expenses decreased by 17.9%, mainly due to lower trust level expenses incurred subsequent to the divestment of the China Portfolio.

Net finance costs were 32.6% lower in 1Q FY17/18 mainly due to (i) a loss on fair value of ECS amounting to S$10.4 million that was included in 1Q FY16/17 but nil in 1Q FY17/18, and (ii) lower net interest expense arising from the lower average debt balance during the quarter.

1Q FY17/18 recorded a foreign exchange gain of S$17.0 million (1Q FY16/17: loss of S$23.7 million), mainly from the strengthening of SGD against JPY and HKD in relation to the JPY and HKD denominated MTN respectively.

The loss on divestment of subsidiaries recorded in 1Q FY16/17 was in relation to the divestment of ARJW, which indirectly owned A-REIT Jiashan Logistics Centre. The gain on divestment compared to the initial cost of acquisition would be approximately $4.0 million.

Net change in fair value of financial derivatives in 1Q FY17/18 was made up of a S$9.1 million fair value loss on cross currency swaps (1Q FY16/17: gain of S$28.5 million), a S$5.0 million fair value loss on interest rates swaps (1Q FY16/17: loss of S$14.4 million) and a S$0.3 million fair value gain on foreign exchange forward contracts (1Q FY16/17: gain of S$3.1 million).

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

The tax credit in 1Q FY17/18 was primarily due to the reversal of excess tax provisions in relation to the divestment AZPark, which indirectly owned Ascendas Z-Link, subsequent to the finalisation of the tax assessments with the China tax authority. The tax expense in 1Q FY16/17 was primarily due to the withholding tax recognised on the profits that were repatriated from the Australian Portfolio.

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 4Q FY16/17 Financial Results Announcement under Paragraph 10 from pages 19 to 20. The Trust has not disclosed any financial forecast to the market.

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

Singapore

The Manager continues to see various prevailing economic uncertainties created by the potentially inward looking trade policies of the USA government, geopolitical tensions, continuous discords between UK and the EU on the Brexit negotiations, plus an uncertain future growth for the ASEAN countries due to the demise of the TPP without US participation.

However, there is growing optimism over global economic prospects with consolidation of trade initiatives among EU, China and Japan. Some economists are optimistic that the world economies are slowly on the way to recovery.

In Singapore, Ascendas Reit is faced with some headwinds. The Singapore government maintained its GDP forecast 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 have remained conservative with their business expansion plans. With island-wide vacancy for industrial property at 11.3% as at June 2017, the incoming supply of about 1.4 million sq m of industrial space (source: JTC) in the second half of 2017 will put pressure on rental rates and occupancy.

The current trend is for the government to sell shorter leases of industrial land i.e. previously with a 60 year tenure to generally a tenure now of 30 years or less. The shorter land leases render the development of investment properties less feasible due to the gap between rental expectations and the reluctance of tenants to sign on longer lease terms in this uncertain economic climate.

The Manager will actively evaluate the third party market for high-quality accretive investments. In addition, Ascendas Reit continues to have access to the Sponsor's pipeline, comprising over S$1 billion of business and science park properties in Singapore.

Australia

Consensus 2017 GDP growth is forecasted 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).

The resilient Australian economy and the recently concluded free-trade agreements with China, Japan and Korea should lend support for demand of logistics space. New supply in Sydney and Melbourne remains largely pre-committed. Jones Lang LaSalle expects prime rents in precincts such as the Outer Central West Sydney and West Melbourne to rise by a compound annual growth rate of 2.5% and 2.1% respectively between 2017 and 2021.

High-quality investment assets remain attractive to investors on the back of positive property fundamentals. Prime yields have reached record lows in Sydney and Melbourne but are expected to compress further in the near term in view of the strong investment appetite. With increasing investment outlay, this may result in potentially lower yields for new acquisitions.
Others

The US Federal Reserve remained dovish in its recent announcement in view of the weakening US inflation data. Prospects of another interest rate hike by the end of the year have dimmed. As interest rates are not expected to rise as fast as expected, there may be a lower impact on DPU.

Conclusion

Although the outlook of the global economy has improved, uncertainties remain. Ascendas Reit’s performance for FY17/18 is expected to remain stable.

11. Distributions

(a) Current financial period

Any distributions declared for
the current financial period: No

(b) Corresponding financial period of the immediately preceding year

Any distributions declared for
the current financial period: No

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

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

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

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

14. Use of proceeds from equity fund raising

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

Intended use of proceeds[1]	Announced use of proceeds (S$'million)	Actual use of proceeds (S$'million)	Balance of proceeds (S$'million)
To partially fund the acquisitions of a business park property located in Sydney, Australia (now known as 197-201 Coward Street) and a logistics property located in Melbourne, Australia (now known as 52 Fox Drive, Dandenong South) and the associated costs	112.1	112.1	-
To fund the asset enhancement of a HiSpecs property located in Singapore to convert the property from a multi-tenant building to a single-tenant building	40.0	22.0	18.0
To pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Ascendas Reit in connection with the Private Placement	2.6	2.6	-
Total	**154.7**	**136.7**	**18.0**

[1] As set out in the Close of Placement Announcement dated 1 August 2016.

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

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

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

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

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

Mary Judith de Souza
Company Secretary
27 July 2017

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27 July 2017

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

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the three-month period ended 30 June 2017

Introduction

We have reviewed the accompanying interim financial information of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") for the three-month period ended 30 June 2017 (the "Interim Financial Information"). The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 30 June 2017;
- Portfolio statement of the Group as at 30 June 2017;
- Statement of total return of the Group for the three-month period ended 30 June 2017;
- Distribution statement of the Group for the three-month period ended 30 June 2017;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month period ended 30 June 2017;
- Statement of cash flows of the Group for the three-month period ended 30 June 2017; and
- Certain explanatory notes to the above Interim Financial Information.

Ascendas Funds Management (S) Limited, the Manager of the Trust, is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the Institute of Singapore Chartered Accountants. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

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

Scope of review

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

Conclusion

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

Restriction of use

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

Ernst + Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 July 2017