



ASCENDAS REIT FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2017, Ascendas Reit and its subsidiaries (the "Group") have a diversified portfolio of 101 properties in Singapore, and 30 properties in Australia, with tenant base of around 1,370 customers across the following segments: Business & Science Park/Suburban Office, Integrated Development, Amenities & Retail, High-specifications Industrial Properties/Data Centres, Light Industrial Properties/Flatted Factories and Logistics & Distribution Centres.

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 SEPTEMBER 2017

	Note	Group		
		01/04/17 to 30/09/17 ('1H FY17/18') S\$'000	01/04/16 to 30/09/16 ('1H FY16/17') S\$'000	Variance %
Gross revenue		429,084	413,029	3.9%
Net property income		313,905	301,915	4.0%
Total amount available for distribution:		237,281	219,356	8.2%
- from operations		223,924	209,169	7.1%
- tax-exempt income	(a)	-	6,963	(100.0%)
- from capital	(b)	13,357	3,224	n.m.
		Cents per Unit		
Distribution per Unit ("DPU")		FY17/18	FY16/17 (Note c)	Variance %
For the quarter from 1 July to 30 September		4.059	4.016	1.1%
- from operations		3.830	3.822	0.2%
- tax-exempt income	(a)	-	0.096	(100.0%)
- from capital	(b)	0.229	0.098	133.7%
For the period from 1 April to 30 September		8.108	7.898	2.7%
- from operations		7.652	7.531	1.6%
- tax-exempt income	(a)	-	0.252	(100.0%)
- from capital	(b)	0.456	0.115	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 1H FY17/18 (1H FY16/17: S\$0.3 million or 0.012 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 20 October 2016, the Group had announced an estimated DPU of 4.03 cents for 2Q FY16/17 and 7.912 cents for 1H FY16/17 respectively on the basis that no Exchangeable Collateralised Securities (“ECS”) will be exchanged into Units before the book closure date (“BCD” or 28 October 2016) for the 52nd distribution that was paid out on 29 November 2016. The Group had subsequently announced an actual DPU of 4.016 cents for 2Q FY16/17 and 7.898 cents for 1H 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		
	2Q FY17/18	2Q FY16/17	Variance %
Actual DPU	4.059	4.016	1.1%
Estimated DPU (as announced on 20 October 2016)	4.059	4.030	0.7%

	Group		
	1H FY17/18	1H FY16/17	Variance %
Actual DPU	8.108	7.898	2.7%
Estimated DPU (as announced on 20 October 2016)	8.108	7.912	2.5%

DISTRIBUTION DETAILS

Distribution period	1 April 2017 to 30 September 2017			
Distribution Type	Taxable	Tax-exempt	Capital	Total
Estimated Distribution rate (cents per unit)	7.652	-	0.456	8.108
Book closure date	7 November 2017 (Tuesday)			
Payment date	29 November 2017 (Wednesday)			

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

		Group (Note a)					
		01/07/17 to 30/09/17 ('2Q FY17/18')	01/07/16 to 30/09/16 ('2Q FY16/17')	Variance	1H FY17/18	1H FY16/17	Variance
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Statement of Total Return							
	Note						
Gross revenue	(b)	215,825	205,441	5.1%	429,084	413,029	3.9%
Property services fees		(8,186)	(8,091)	1.2%	(16,365)	(16,077)	1.8%
Property tax		(15,050)	(10,207)	47.4%	(29,739)	(25,393)	17.1%
Other property operating expenses		(32,048)	(34,708)	(7.7%)	(69,075)	(69,644)	(0.8%)
Property operating expenses	(c)	(55,284)	(53,006)	4.3%	(115,179)	(111,114)	3.7%
Net property income		160,541	152,435	5.3%	313,905	301,915	4.0%
Management fees	(d)	(12,771)	(13,435)	(4.9%)	(25,229)	(25,465)	(0.9%)
Trust and other expenses	(e)	(1,990)	(2,300)	(13.5%)	(3,984)	(5,135)	(22.4%)
Finance income	(j)	2,288	1,813	26.2%	4,337	2,695	60.9%
Finance costs	(i)	(27,227)	(29,984)	(9.2%)	(54,072)	(67,641)	(20.1%)
Foreign exchange gain/(loss)	(f)	6,236	(14,394)	(143.3%)	23,268	(38,136)	(161.0%)
Gain on divestment of subsidiaries	(g)	-	5,722	(100.0%)	-	5,066	(100.0%)
Gain on disposal of investment properties	(h)	4,585	-	n.m.	4,585	-	n.m.
Derecognition of finance lease receivables	(i)	-	-	n.m.	-	(2,079)	(100.0%)
Net non property expenses		(28,879)	(52,578)	(45.1%)	(51,095)	(130,695)	(60.9%)
Net income	(j)	131,662	99,857	31.9%	262,810	171,220	53.5%
Net change in fair value of financial derivatives	(k)	(2,021)	1,166	n.m.	(15,822)	18,358	(186.2%)
Share of joint venture's results	(l)	127	104	22.1%	247	206	19.9%
Total return for the period before tax		129,768	101,127	28.3%	247,235	189,784	30.3%
Tax (expense)/credit	(m)	(1,395)	13,707	(110.2%)	(675)	11,651	(105.8%)
Total return for the period		128,373	114,834	11.8%	246,560	201,435	22.4%
Attributable to:							
Unitholders and perpetual securities holders		128,376	114,848	11.8%	246,564	201,429	22.4%
Non-controlling interests		(3)	(14)	(78.6%)	(4)	6	(166.7%)
		128,373	114,834	11.8%	246,560	201,435	22.4%
Distribution Statement							
Total return for the period attributable to Unitholders and perpetual securities holders		128,376	114,848	11.8%	246,564	201,429	22.4%
Less: Amount reserved for distribution to perpetual securities holders	(n)	(3,592)	(3,592)	0.0%	(7,145)	(7,145)	0.0%
Other net non (taxable income)/ tax deductible expenses and other adjustments	(o)	(12,703)	(4,166)	n.m.	(15,495)	15,062	n.m.
Income available for distribution		112,081	107,090	4.7%	223,924	209,346	7.0%
Comprising:							
- Taxable income		112,081	107,090	4.7%	223,924	209,169	7.1%
- Tax-exempt income	(p)	-	-	n.m.	-	177	(100.0%)
Income available for distribution		112,081	107,090	4.7%	223,924	209,346	7.0%
Tax-exempt income (Australia)	(q)	-	1,109	(100.0%)	-	3,683	(100.0%)
Tax-exempt income (China)	(r)	-	1,551	(100.0%)	-	3,103	(100.0%)
Distribution from capital (Australia)	(s)	6,702	2,283	193.6%	13,357	2,283	n.m.
Distribution from capital (China)	(t)	-	470	(100.0%)	-	941	(100.0%)
Total amount available for distribution		118,783	112,503	5.6%	237,281	219,356	8.2%

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

Explanatory notes to the statement of total return and distribution statement

- (a) The Group had 131 properties as at 30 September 2017 and 2016. Since September 2016, the Group completed (i) the acquisition of 12, 14 and 16 Science Park Drive (“DNV/DSO”) in February 2017, (ii) the acquisition of 52 Fox Drive, Dandenong South (formerly known as Stage 4 Power Park Estate) in Melbourne in April 2017, (iii) the acquisition of No. 100 Wickham Street in Queensland in September 2017, (iv) the divestment of A-REIT City @ Jinqiao in November 2016, (v) the divestment of 10 Woodlands Link in July 2017, and (vi) the divestment of No.13 International Business Park in August 2017.

- (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 3.9% mainly attributable to contributions from the acquisition of 197-201 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 by 3.7% from 1HFY16/17 mainly due to (i) lower property tax expense in 1HFY16/17 arising from retrospective downward revisions in the annual value of certain properties with effect from 2Q FY16/17 whereas there are no such revision in the current financial period, and (ii) higher operating expenses from the acquisitions of new properties in Australia and Singapore.

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

Management fees are comparable in 1H FY17/18 and 1H FY16/17 because of the similar value of deposited property under management for both financial periods.

- (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 \$1.2 million to S\$4.0 million in 1H 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 owned Ascendas Z-Link, and Shanghai (JQ) Investment Holdings Pte Ltd, which indirectly owned 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 (k) below.

1H FY17/18 recorded a foreign exchange gain of S\$23.3 million (1H FY16/17: loss of S\$38.1 million), mainly from the strengthening of SGD against JPY and HKD in relation to the JPY and HKD denominated Medium Term Notes (“MTN”) respectively. 1HFY16/17 recorded a loss of S\$38.1 million, mainly from the weakening of SGD against the JPY and HKD in relation to the JPY and HKD denominated MTN respectively.

- (g) The gain on divestment of subsidiaries recorded in 1H FY16/17 was related to the divestment of AZPark, which indirectly owned Ascendas Z-Link, as well as ARJW, which indirectly owned A-REIT Jiashan Logistics Centre. The gain on divestment as compared to the initial cost of acquisition would be approximately S\$99.6 million.
- (h) The gain on disposal of investment properties arose from the disposal of 10 Woodlands Link and No.13 International Business Park in 2Q FY17/18. Both properties are located in Singapore.
- (i) The finance lease receivable in relation to Four Acres Singapore was derecognised subsequent to the sale of the said property in April 2016.
- (j) The following items have been included in net income:

Note	Group					
	2Q FY17/18 S\$'000	2Q FY16/17 S\$'000	Variance %	1H FY17/18 S\$'000	1H FY16/17 S\$'000	Variance %
Gross revenue						
Gross rental income	197,069	186,275	5.8%	391,175	375,567	4.2%
Other income	18,756	19,166	(2.1%)	37,909	37,462	1.2%
Property operating expenses						
Reversal/(Provision) of allowance for impairment loss on doubtful receivables	(36)	36	n.m.	(38)	20	n.m.
Depreciation of plant and equipment	-	(7)	(100.0%)	-	(15)	(100.0%)
Finance income (1)						
Interest income	2,288	1,813	26.2%	4,337	2,695	60.9%
	2,288	1,813	26.2%	4,337	2,695	60.9%
Finance costs (2)						
Interest expense	(26,360)	(25,507)	3.3%	(52,357)	(51,923)	0.8%
Other borrowing costs	(867)	(2,524)	(65.6%)	(1,715)	(3,412)	(49.7%)
Loss on fair value of ECS	-	(1,953)	(100.0%)	-	(12,306)	(100.0%)
	(27,227)	(29,984)	(9.2%)	(54,072)	(67,641)	(20.1%)

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

- Finance income comprises interest income from interest rate swaps and bank deposits.
 - 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.
- (k) 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					
	2Q FY17/18 S\$'000	2Q FY16/17 S\$'000	Variance %	1H FY17/18 S\$'000	1H FY16/17 S\$'000	Variance %
Fair value (loss)/gain on:						
- interest rate swaps	4,315	(1,743)	n.m.	(704)	(16,225)	(95.7%)
- cross currency swaps	(6,529)	6,142	n.m.	(15,645)	34,680	(145.1%)
- foreign exchange forward contracts	193	(3,233)	(106.0%)	527	(97)	n.m.
Net change in fair value of financial derivatives	(2,021)	1,166	n.m.	(15,822)	18,358	(186.2%)

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

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

- (m) Tax expense in 1H FY17/18 includes tax provided on (i) finance lease interest income received from a tenant and (ii) 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 30 properties in Australia (the "Australian Portfolio"), to Singapore.

The tax credit in 1H FY16/17 was primarily due to the reversal of deferred tax provisions (net of the estimated capital gains) in relation to the fair value gains of Ascendas Z-Link and A-REIT Jiashan Logistics Centre subsequent to the divestment of those properties.

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

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

Note	Group						
	2Q FY17/18 S\$'000	2Q FY16/17 S\$'000	Variance %	1H FY17/18 S\$'000	1H FY16/17 S\$'000	Variance %	
Management fees paid/payable in units	2,556	2,408	6.1%	5,046	4,814	4.8%	
Trustee fee	670	732	(8.5%)	1,429	1,467	(2.6%)	
Gain on divestment of subsidiaries	-	(5,722)	(100.0%)	-	(5,066)	(100.0%)	
Gain on disposal of investment properties	(4,585)	-	n.m.	(4,585)	-	n.m.	
Derecognition of finance lease receivables	-	-	n.m.	-	2,079	(100.0%)	
Net change in fair value of financial derivatives	2,021	(1,166)	n.m.	15,822	(18,358)	(186.2%)	
Net change in fair value of ECS	-	1,953	(100.0%)	-	12,306	(100.0%)	
Foreign exchange (gain)/loss	(6,236)	14,394	(143.3%)	(23,268)	38,136	(161.0%)	
Other net non tax deductible expenses and other adjustments	A	9,715	7,299	33.1%	13,827	13,163	5.0%
Income from subsidiaries and joint venture	B	(16,844)	(24,064)	(30.0%)	(29,617)	(33,479)	(11.5%)
Rollover adjustment from prior years	C	-	-	n.m.	5,851	-	n.m.
Other net non (taxable income)/ tax deductible expenses and other adjustments		(12,703)	(4,166)	n.m.	(15,495)	15,062	n.m.

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

- A. Other net non-tax deductible expenses and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, accretion adjustments for refundable security deposits, gains arising from the divestment of investment properties, incentive payments received as income support relating to A-REIT City @Jinqiao and 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 1H 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.

- (p) 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.
- (q) 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.
- (r) 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.
- (s) 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.
- (t) 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) Statements of Financial Position

		Group		Trust	
		30/09/17	31/03/17	30/09/17	31/03/17
		S\$'000	S\$'000	S\$'000	S\$'000
	Note				
Non-current assets					
Investment properties		10,067,563	9,874,204	8,624,244	8,567,210
Investment properties under development	(a)	92,077	125,062	92,077	125,062
Finance lease receivables		54,482	55,627	54,482	55,627
Interest in subsidiaries	(b)	-	-	849,335	774,851
Investment in joint venture	(c)	129	126	-	-
Derivative assets	(d)	17,954	16,042	17,819	16,014
		10,232,205	10,071,061	9,637,957	9,538,764
Current assets					
Finance lease receivables		2,241	2,104	2,241	2,104
Trade and other receivables	(e)	21,846	63,497	25,166	35,506
Derivative assets	(d)	8,627	12,156	8,627	12,156
Cash and cash equivalents	(f)	24,919	22,000	1,635	4,684
		57,633	99,757	37,669	54,450
Current liabilities					
Trade and other payables		173,938	192,717	156,463	186,482
Security deposits		44,047	41,946	43,994	41,887
Derivative liabilities	(d)	33,782	32,837	33,782	32,837
Short term borrowings	(g)	370,911	592,638	370,911	592,638
Term loans	(g)	199,163	-	199,163	-
Medium term notes	(g)	223,729	231,548	223,729	231,548
Provision for taxation	(f)	7,414	30,316	1,836	24,738
		1,052,984	1,122,002	1,029,878	1,110,130
Non-current liabilities					
Security deposits		76,491	78,873	74,971	77,371
Derivative liabilities	(d)	72,220	58,943	68,398	53,307
Amount due to a subsidiary		-	-	26,951	26,951
Medium term notes	(g)	1,411,993	1,230,850	1,411,993	1,230,850
Term loans and borrowings	(g)	1,151,368	1,345,030	548,565	745,087
		2,712,072	2,713,696	2,130,878	2,133,566
Net assets					
		6,524,782	6,335,120	6,514,870	6,349,518
Represented by:					
Unitholders' funds		6,220,336	6,030,710	6,210,448	6,045,136
Perpetual securities holders	(h)	304,422	304,382	304,422	304,382
Non-controlling interests		24	28	-	-
		6,524,782	6,335,120	6,514,870	6,349,518

Gross borrowings

		Group		Trust	
		30/09/17	31/03/17	30/09/17	31/03/17
		S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings					
Amount repayable after one year		604,749	602,436	-	-
Unsecured borrowings					
Amount repayable after one year		1,964,615	1,981,617	1,964,615	1,981,617
Amount repayable within one year		794,663	824,238	794,663	824,238
		3,364,027	3,408,291	2,759,278	2,805,855

Explanatory notes to the statements 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 in 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) 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.
- (g) **Details of borrowings**

Secured Syndicated Loans

As at 30 September 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\$1,071.8 million as at 30 September 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\$1,696.7 million (comprising S\$875.0 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 Statements 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 September 2017, 79.3% (31 March 2017: 78.9%) of the Group’s interest rate exposure was fixed with an overall weighted average tenure of 3.1 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 September 2017 was 2.91% (31 March 2017: 3.00%).

- (h) 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			
	2Q FY17/18 S\$'000	2Q FY16/17 S\$'000	1H FY17/18 S\$'000	1H FY16/17 S\$'000
Cash flows from operating activities				
Total return for the period before tax	129,768	101,127	247,235	189,784
Adjustments for				
Provision/(reversal) of allowance for impairment loss on doubtful receivables	36	(36)	38	(20)
Depreciation of plant and equipment	-	7	-	15
Derecognition of finance lease receivables	-	-	-	2,079
Finance income	(2,288)	(1,813)	(4,337)	(2,695)
Finance costs	27,227	29,984	54,072	67,641
Foreign exchange (gain)/loss	(6,236)	14,394	(23,268)	38,136
Gain on divestment of subsidiaries	-	(5,722)	-	(5,066)
Gain from disposal of investment properties	(4,585)	-	(4,585)	-
Management fees paid/payable in units	2,556	2,408	5,046	4,814
Net change in fair value of financial derivatives	2,021	(1,166)	15,822	(18,358)
Share of joint venture's results	(127)	(104)	(247)	(206)
Operating income before working capital changes	148,372	139,079	289,776	276,124
Changes in working capital				
Trade and other receivables	2,071	(1,872)	17,607	(14,420)
Trade and other payables	4,858	6,401	(11,296)	(9,699)
Cash generated from operating activities	155,301	143,608	296,087	252,005
Income tax paid	(1,158)	(2,299)	(23,585)	(5,708)
Net cash generated from operating activities	154,143	141,309	272,502	246,297
Cash flows from investing activities				
Deposits received for the divestment of subsidiaries	-	11,039	-	24,087
Deposits paid for the acquisition of investment properties	-	(1,285)	-	(1,285)
Dividend received from a joint venture company	138	43	244	43
Purchase of investment property	(96,333)	(155,215)	(97,564)	(155,215)
Payment for investment property under development	(12,451)	-	(33,444)	(3,512)
Payment for capital improvement on investment properties	(25,728)	(27,401)	(50,508)	(48,100)
Proceeds from the divestment of subsidiaries	-	143,495	-	168,775
Proceeds from the divestment of investment properties	44,080	-	44,080	-
Proceeds from the derecognition of finance lease receivables	-	-	-	34,000
Interest received	2,935	1,140	11,134	8,465
Net cash (used in)/generated from investing activities	(87,359)	(28,184)	(126,058)	27,258
Cash flows from financing activities				
Proceeds from issue of units	-	154,688	-	154,688
Equity issue costs paid	-	(2,368)	-	(2,437)
Distributions paid to Unitholders	-	(155,094)	(57,296)	(266,967)
Distributions paid to perpetual securities holders	-	-	(7,105)	(7,145)
Finance costs paid	(29,856)	(31,522)	(56,214)	(55,818)
Transaction costs paid in respect of borrowings	(185)	(317)	(185)	(682)
Proceeds from borrowings	205,264	431,753	280,656	753,065
Repayment of borrowings	(180,523)	(541,673)	(342,190)	(877,847)
Net cash used in financing activities	(5,300)	(144,533)	(182,334)	(303,143)
Net increase/(decrease) in cash and cash equivalents	61,484	(31,408)	(35,890)	(29,588)
Cash and cash equivalents at beginning of the period	(75,663)	56,769	22,000	56,236
Effect of exchange rate changes on cash balances	390	1,363	101	76
Cash and cash equivalents at end of the financial period	(13,789)	26,724	(13,789)	26,724

Note:

Included in cash and cash equivalents was a bank overdraft amounting to approximately S\$38.7 million as at 30 September 2017 (Nil as at 31 March 2017 and 30 September 2016).

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

	Note	Group		Trust	
		2Q FY17/18 S\$'000	2Q FY16/17 S\$'000	2Q FY17/18 S\$'000	2Q FY16/17 S\$'000
Unitholders' Funds					
Balance at beginning of the financial period		6,080,424	5,449,275	6,091,776	5,423,940
<u>Operations</u>					
Total return for the period attributable to Unitholders and perpetual securities holders		128,376	114,848	119,708	178,766
Less: Amount reserved for distribution to perpetual securities holders		(3,592)	(3,592)	(3,592)	(3,592)
Net increase in net assets from operations		124,784	111,256	116,116	175,174
Movement in general reserve					
Movement in foreign currency translation reserve	(a)	12,572	17,070	-	-
Divestment of subsidiary	(b)	-	(1,060)	-	-
<u>Unitholders' transactions</u>					
New Units issued	(c)	-	346,390	-	346,390
Equity issue costs		-	(2,600)	-	(2,600)
Management fees paid/payable in Units		2,556	2,408	2,556	2,408
Distributions to Unitholders	(d)	-	(155,094)	-	(155,094)
Net decrease in net assets from Unitholders' transactions		2,556	191,104	2,556	191,104
Balance at end of the financial period		6,220,336	5,767,645	6,210,448	5,790,218
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		300,830	300,829	300,830	300,829
Amount reserved for distribution to perpetual securities holders		3,592	3,592	3,592	3,592
Balance at end of the financial period		304,422	304,421	304,422	304,421
Non-controlling interests					
Balance at beginning of the financial period		27	41	-	-
Total return for the period attributable to non-controlling interests		(3)	(14)	-	-
Balance at end of the financial period		24	27	-	-
Total		6,524,782	6,072,093	6,514,870	6,094,639

Footnotes

- (a) This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries.
- (b) This relates to the decrease in other reserves subsequent to the divestment of one of the China subsidiaries, namely Ascendas Hi-Tech Development Beijing Co., Limited in July 2016.
- (c) This relates to the issuance of new Units on 11 August 2016 pursuant to a private placement of 64,000,000 Units at an issue price of S\$2.417 per Unit and the issuance of new Units on 15 August 2016 pursuant to Exchange Notices received to convert S\$157.25 million of ECS into Units at an adjusted conversion price of S\$2.0187.
- (d) The distribution paid in 2Q FY16/17 comprised of income available for distribution to unitholders for the period from 1 April 2016 to 10 August 2016.

Footnotes

Note	Group		Trust	
	1H FY17/18 S\$'000	1H FY16/17 S\$'000	1H FY17/18 S\$'000	1H FY16/17 S\$'000
<u>Unitholders' Funds</u>				
Balance at beginning of the financial period	6,030,710	5,480,879	6,045,136	5,411,443
<u>Operations</u>				
Total return for the period attributable to Unitholders of the Trust	246,564	201,429	224,707	290,283
Less: Amount reserved for distribution to perpetual securities holders	(7,145)	(7,145)	(7,145)	(7,145)
Net increase in net assets from operations	239,419	194,284	217,562	283,138
Movement in foreign currency translation reserve (a)	2,457	(2,095)	-	-
Divestment of subsidiary (b)	-	(1,060)	-	-
<u>Unitholders' transactions</u>				
New Units issued (c)	-	360,390	-	360,390
Equity issue costs	-	(2,600)	-	(2,600)
Management fees paid/payable in Units	5,046	4,814	5,046	4,814
Distributions to Unitholders (d)	(57,296)	(266,967)	(57,296)	(266,967)
Net increase in net assets from Unitholders' transactions	(52,250)	95,637	(52,250)	95,637
Balance at end of the financial period	6,220,336	5,767,645	6,210,448	5,790,218
<u>Perpetual Securities Holders' Funds</u>				
Balance at beginning of the financial period	304,382	304,421	304,382	304,421
Amount reserved for distribution to perpetual securities holders	7,145	7,145	7,145	7,145
Distributions to Perpetual Securities Holders	(7,105)	(7,145)	(7,105)	(7,145)
Balance at end of the financial period	304,422	304,421	304,422	304,421
<u>Non-controlling interests</u>				
Balance at beginning of the financial period	28	21	-	-
Total return for the period attributable to non-controlling interests	(4)	6	-	-
Balance at end of the financial period	24	27	-	-
Total	6,524,782	6,072,093	6,514,870	6,094,639

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

(b) Please refer to Para 1(d)(i)(b) on Page 12 for details.

(c) In FY16/17, this was related to the issuance of new Units on (i) 9 May 2016 pursuant to Exchange Notice received to convert S\$14.0 million of ECS into Units at an adjusted conversion price of S\$2.0505, (ii) 11 August 2016 pursuant to a private placement of 64,000,000 Units at an issue price of S\$2.417 per Unit and (iii) on 15 August 2016 pursuant to Exchange Notices received to convert S\$157.25 million of ECS into Units at an adjusted conversion price of S\$2.0187.

(d) The distribution paid in 1H FY17/18 consist of income available for distribution to unitholders for the period from 1 February 2017 to 31 March 2017. The distribution paid in 1H FY16/17 comprised of income available for distribution to unitholders for the period from 1 April 2016 to 10 August 2016 and the remaining distributable income from previous distributions.

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

	Group and Trust			
	2Q FY17/18 Units	2Q FY16/17 Units	1H FY17/18 Units	1H FY16/17 Units
Issued Units at beginning of the financial period	2,926,605,491	2,674,444,670	2,924,767,194	2,665,576,050
Issue of new Units:				
- Management fees paid in Units	-	-	1,838,297	2,041,017
- Equity fund raising	-	64,000,000	-	64,000,000
- Conversion of ECS	-	77,896,659	-	84,724,262
Issued Units at the end of the financial period	2,926,605,491	2,816,341,329	2,926,605,491	2,816,341,329
Units to be issued:				
Management fees payable in Units	1,261,842	1,303,413	1,261,842	1,303,413
Units issued and issuable at end of the financial period	2,927,867,333	2,817,644,742	2,927,867,333	2,817,644,742

As at 30 September 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 September 2016, S\$171.25 million of the S\$300 million ECS had been converted into units. Assuming the outstanding ECS amounting to S\$128.75 million 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 63,778,669 representing 2.3% of the total number of Ascendas Reit's Units in issue as at 30 September 2016.

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 September 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		2Q FY17/18	2Q FY16/17	1H FY17/18	1H FY16/17
<u>EPU</u>					
<u>Basic EPU</u>					
	Weighted average number of Units	2,926,619,207	2,749,732,131	2,925,858,986	2,710,039,868
(a)	Earnings per Unit in cents	4.264	4.046	8.183	7.169
<u>Diluted EPU</u>					
	Weighted average number of Units	2,926,619,207	2,813,510,800	2,925,858,986	2,710,039,868
(b)	Earnings per Unit in cents (diluted)	4.264	4.020	8.183	7.169
<u>DPU</u>					
	Number of Units in issue	2,926,605,491	2,816,341,329	2,926,605,491	2,816,341,329
	Distribution per Unit in cents	4.059	4.016	8.108	7.898

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 2Q FY17/18 and 1H FY17/18, the diluted EPU is equivalent to the basic EPU.

For 2Q FY16/17, the diluted EPU was computed based on the adjusted total return for the period derived by adding back the interest expense on ECS of S\$0.5 million and the loss on fair valuation of ECS of S\$2.0 million from the total return for the period after income tax. The adjusted weighted average number of Units for 2Q FY16/17 took into account the potential dilutive Units of 63,778,669. For 1H 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 at the end of the period

		Group		Trust	
Note		30/09/17 cents	31/03/17 cents	30/09/17 cents	31/03/17 cents
		213	206	212	207
	(a)	204	204	205	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				
	2Q FY17/18 (A) S\$'000	1Q FY17/18 (B) S\$'000	Variance (A) vs (B) %	2Q FY16/17 (C) S\$'000	Variance (A) vs (C) %
Gross revenue	215,825	213,259	1.2%	205,441	5.1%
Property operating expenses	(55,284)	(59,895)	(7.7%)	(53,006)	4.3%
Net property income	160,541	153,364	4.7%	152,435	5.3%
Non property expenses	(14,761)	(14,452)	2.1%	(15,735)	(6.2%)
Net finance costs	(24,939)	(24,796)	0.6%	(28,171)	(11.5%)
Foreign exchange gain/(loss)	6,236	17,032	(63.4%)	(14,394)	(143.3%)
Gain on divestment of subsidiaries	-	-	n.m.	5,722	(100.0%)
Gain on disposal of investment properties	4,585	-	n.m.	-	n.m.
	(28,879)	(22,216)	30.0%	(52,578)	(45.1%)
Net income	131,662	131,148	0.4%	99,857	31.9%
Net change in fair value of financial derivatives	(2,021)	(13,801)	(85.4%)	1,166	n.m.
Share of joint venture's results	127	120	5.8%	104	22.1%
Total return for the period before tax	129,768	117,467	10.5%	101,127	28.3%
Tax (expense)/credit	(1,395)	720	n.m.	13,707	(110.2%)
Total return for the period	128,373	118,187	8.6%	114,834	11.8%
Attributable to:					
Unitholders and perpetual securities holders	128,376	118,188	8.6%	114,848	11.8%
Non-controlling interests	(3)	(1)	n.m.	(14)	(78.6%)
Total return for the period	128,373	118,187	8.6%	114,834	11.8%

Statement of distribution

Total return for the period attributable to Unitholders and perpetual securities holders	128,376	118,188	8.6%	114,848	11.8%
Less: Amount reserved for distribution to perpetual securities holders	(3,592)	(3,553)	1.1%	(3,592)	0.0%
Net effect of non (taxable income) / tax deductible expenses and other adjustments	(12,703)	(2,792)	n.m.	(4,166)	n.m.
Income available for distribution	112,081	111,843	0.2%	107,090	4.7%
Comprising:					
- Taxable income	112,081	111,843	0.2%	107,090	4.7%
- Tax-exempt income	-	-	n.m.	-	n.m.
Income available for distribution	112,081	111,843	0.2%	107,090	4.7%
Tax-exempt income (Australia)	-	-	n.m.	1,109	(100.0%)
Tax-exempt income (China)	-	-	n.m.	1,551	(100.0%)
Distribution from capital (Australia)	6,702	6,655	0.7%	2,283	193.6%
Distribution from capital (China)	-	-	n.m.	470	(100.0%)
Total amount available for distribution	118,783	118,498	0.2%	112,503	5.6%
EPU/DPU after performance fees					
Earnings per unit (cents)	4.264	3.919	8.8%	4.046	5.4%
Distribution per unit (cents)	4.059	4.049	0.2%	4.016	1.1%

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

2Q FY17/18 vs 1Q FY17/18

Gross revenue of S\$215.8 million in 2Q FY17/18 was comparable to that achieved in 1Q FY17/18.

Property operating expenses in 2Q FY17/18 decreased by S\$4.6 million or 7.7%. This is mainly as a result of reversal of certain accrued property operating expenses amounted to S\$2.5 million following the finalisation of the amounts payable as these balances were no longer required. If the effects of the reversal made in 2Q FY17/18 were excluded, the property operating expenses would increase in tandem with the increase in the gross revenue from 1Q FY17/18.

2Q FY17/18 recorded a further foreign exchange gain of S\$6.2 million (1Q FY17/18: gain of S\$17.0 million), mainly from further strengthening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN.

A gain from disposal of investment properties amounted to S\$4.6 million was recorded in 2Q FY17/18. This arose from the disposal to two properties in Singapore, namely 10 Woodlands Link in July 2017 and No. 13 International Business Park in August 2017.

Net change in fair value of financial derivatives in 2Q FY17/18 was made up of a S\$6.5 million fair value loss on cross currency swaps (1Q FY17/18: loss of S\$9.1 million), a S\$4.3 million fair value gain on interest rates swaps (1Q FY17/18: loss of S\$5.0 million) and a S\$0.2 million fair value gain on foreign exchange forward contracts (1Q FY17/18: gain of S\$0.3 million).

The tax expenses in 2Q FY17/18 was mainly related to withholding tax provided on the interest income on the loans made to the Australian subsidiaries. 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.

2Q FY17/18 vs 2Q FY16/17

Net property income increased by 5.3%, 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 A-REIT City @ Jinqiao.

Non property expenses decreased by 6.2%, mainly due to lower trust level expenses incurred subsequent to the divestment of the China Portfolio.

Net finance costs were S\$3.2 million or 11.5% lower in 2Q FY17/18 mainly due to (i) a loss on fair value of ECS amounting to S\$2.0 million that was included in 2Q FY16/17 but nil in 2Q FY17/18, and (ii) lower net interest expense arising from the lower all-in weighted average borrowing cost during the quarter.

2Q FY17/18 recorded a foreign exchange gain of S\$6.2 million (2Q FY16/17: loss of S\$14.3 million), mainly from the strengthening of SGD against JPY and HKD in relation to the JPY and HKD denominated MTN respectively, while during 2Q FY16/17, the movement of SGD against the HKD and JPY was in the opposite direction.

The gain on divestment of subsidiaries recorded in 2Q FY16/17 was related to the divestment of AZPark, which indirectly owned Ascendas Z-Link, as well ARJW, which indirectly owned A-REIT Jiashan Logistics Centre. The gain on divestment compared to the initial cost of acquisition would be approximately S\$99.6 million.

A gain from disposal of investment properties amounted to S\$4.6 million was recorded in 2Q FY17/18. This arose from the disposal of two properties in Singapore, namely 10 Woodlands Link in July 2017 and No.13 International Business Park in August 2017.

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

The tax expenses in 2Q FY17/18 was primarily due to withholding tax provided on the interest income on the loans made to the Australian subsidiaries. The tax credit in 2Q FY16/17 was primarily due to the reversal of deferred tax provisions (net of the estimated capital gains) in relation to the fair value gains of Ascendas Z-Link and A-REIT Jiashan Logistics Centre subsequent to the divestment of those properties.

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 1Q FY17/18 Financial Results Announcement under Paragraph 10 from pages 18 to 19. 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.

The Singapore government expects 2017 GDP growth to come in at the upper half of its forecast of 2% to 3%, on the back of the 4.6% year-on-year GDP growth achieved in 3Q 2017 (source: Monetary Authority of Singapore, Ministry of Trade and Industry).

Some economists are optimistic that the world economies are slowly on the way to recovery. However, downside risks from the US's review of the North American Free Trade Agreement (NAFTA), increasing protectionist sentiments by various countries, and continuous discords between UK and the EU on the Brexit negotiations may pose a drag on global economic recovery.

In Singapore, companies continue to place a strong focus on improving efficiency and have remained conservative with their business expansion plans. The industrial property sector continues to face headwinds from new supply which has resulted in a higher island-wide vacancy rate of 11.4% as at 30 September 2017 (11.3% as at 30 June 2017). Rental rates and occupancy are expected to remain under pressure.

During the quarter, two properties located in Singapore were divested in line with the Manager's proactive asset management strategy to redeploy capital and optimise returns for total proceeds of S\$44.1m and at about 13.4% above book value. The asset value of the Singapore portfolio stood at S\$8.6 billion as at 30 September 2017.

Australia

Consensus 2017 GDP growth is forecast to be at about 2.3%. The rebalancing of the Australian economy from commodity investment to a broader range of industries (e.g. housing, tourism, agricultural exports and educational services) has been progressing relatively well.

The Australia portfolio continues to be profitable. Ascendas Reit expanded further into the suburban office space with the acquisition of No. 100 Wickham Street. This grew the asset value of the Australia portfolio to S\$1.4 billion.

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: Yes

(i) Name of distribution: **55nd distribution for the period from 1 April 2017 to 30 September 2017**

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Amount (cents per units)	7.652	-	0.456	8.108

Par value of units: Not applicable

Tax Rate: Taxable income distribution

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

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

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

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

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

Tax-exempt income distribution

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

Capital distribution

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

Books closure date: 7 November 2017

Payment date: 29 November 2017

(b) Corresponding financial period of the immediately preceding year

Any distributions declared for the current financial period: Yes

(i) Name of distribution: 51st distribution for the period from 1 April 2016 to 10 August 2016

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Amount (cents per units)	5.389	0.221	0.025	5.635

Par value of units: Not applicable

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

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

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

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

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

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

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

Book closure date: 10 August 2016

Payment date: 9 September 2016

(ii) Name of distribution: 52nd distribution for the period from 11 August 2016 to 30 September 2016

Distribution Type/ Rate	Taxable	Tax-exempt	Capital	Total
Estimated amount (cents per units)	2.156	0.031	0.090	2.277

Par value of units: Not applicable

Tax Rate: Taxable income distribution
 Individuals who receive such distribution as investment income (excluding income received through partnership) will be exempted from tax.
 Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their own marginal rate subsequently.
 Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to the respective CPF and SRS accounts.
 Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

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

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

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

Books closure date: 28 October 2016

Payment date: 29 November 2016

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

Not applicable.

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. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The Manager hereby certifies that in relation to the distribution to the Unitholders of Ascendas Reit for the period from 1 April 2017 to 30 September 2017:

The Manager is satisfied on reasonable grounds that, immediately after making the distribution, Ascendas Reit will be able to fulfill, from its deposited property, its liabilities as and when they fall due.

Ascendas Reit currently distributes 100% of its distributable income to Unitholders, other than gains on the sale of properties, and unrealised surplus on revaluation of investment properties and investment properties under development on a semi-annual basis at the discretion of the Manager. In the case of its overseas subsidiaries, income from these subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax, on a semi-annual basis at the discretion of the Manager.

15. Use of proceeds from equity fund raising

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

Intended use of proceeds¹	Announced use of proceeds (\$'million)	Actual use of proceeds (\$'million)	Balance of proceeds (\$'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	23.8	16.2
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	138.5	16.2

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

16. 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.

17. 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.

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

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

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
30 October 2017



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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

30 Oct 2017

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the three-month and six-month periods ended
30 September 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 and six-month periods ended 30 September 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 September 2017;
- Portfolio statement of the Group as at 30 September 2017;
- Statement of total return of the Group for the three-month and six-month periods ended 30 September 2017;
- Distribution statement of the Group for the three-month and six-month periods ended 30 September 2017;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month and six-month periods ended 30 September 2017;
- Statement of cash flows of the Group for the six-month period ended 30 September 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)

30 Oct 2017

Scope of review

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

Conclusion

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

Restriction of use

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

Yours faithfully

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 October 2017