ascendas Reit

MORE THAN

BUSINESS SPACES

Annual Report
FY17/18

MORE THAN

CONTENTS

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

OUR MISSION

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

About Ascendas Reit

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

Ascendas Reit has a well-diversified portfolio of 100 properties in Singapore and 31 properties in Australia as at 31 March 2018. These properties host a customer base of around 1,320 international and local companies from a wide range of industries and activities.

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

ascendas Reit

15TH ANNIVERSARY

A sincere thank you to all our Unitholders, customers and business partners.

Singapore Team

Australia Team

HIGHLIGHTS OF FY17/18

100 & 108 Wickham Street, Brisbane, Australia

Recycling Capital

S$60.8 million worth of divestments were completed in Singapore during the year to refine and improve the quality of the portfolio. The sales proceeds have been redeployed to enhance returns for Unitholders. Details on the divestments are on page 40.

Integrating Sustainability

Identifying and managing economic, environmental, social and governance issues is a continual process undertaken by the Manager to ensure resilient and sustainable business operations and performance. In FY17/18, nine issues have been identified as material to Ascendas Reit's ability to deliver sustainable value. Ascendas Reit's Integrated Sustainability Report is available for download at ir.ascendas-reit.com/ar.html.

FY17/18 Financial Performance

Total amount available for distribution rose 4.9% y-o-y to S$468.0 million and distribution per Unit rose 1.6% y-o-y to 15.988 cents in FY17/18. For more financial highlights, please refer to pages 6 to 7.

Diversifying & Reshaping the Portfolio

Ascendas Reit acquired two well-located suburban offices in Brisbane, Australia and a logistics facility in Queensland, Australia for S$225.8 million. Since Ascendas Reit's maiden investment of S$1.1 billion in FY15/16, the Australian portfolio has grown to S$1.5 billion or 15% of the total portfolio asset value. Read more about the new acquisitions on page 36.

In FY17/18, asset enhancements worth S$52.9 million were completed, including the redevelopment of 50 Kallang Avenue, Singapore. More details are on page 37.

52 Fox Drive, Melbourne, Australia

Singapore

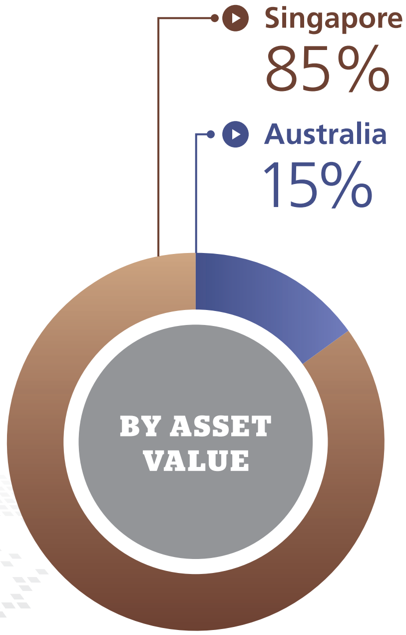
S$8.6 billion
INVESTMENT PROPERTIES UNDER MANAGEMENT

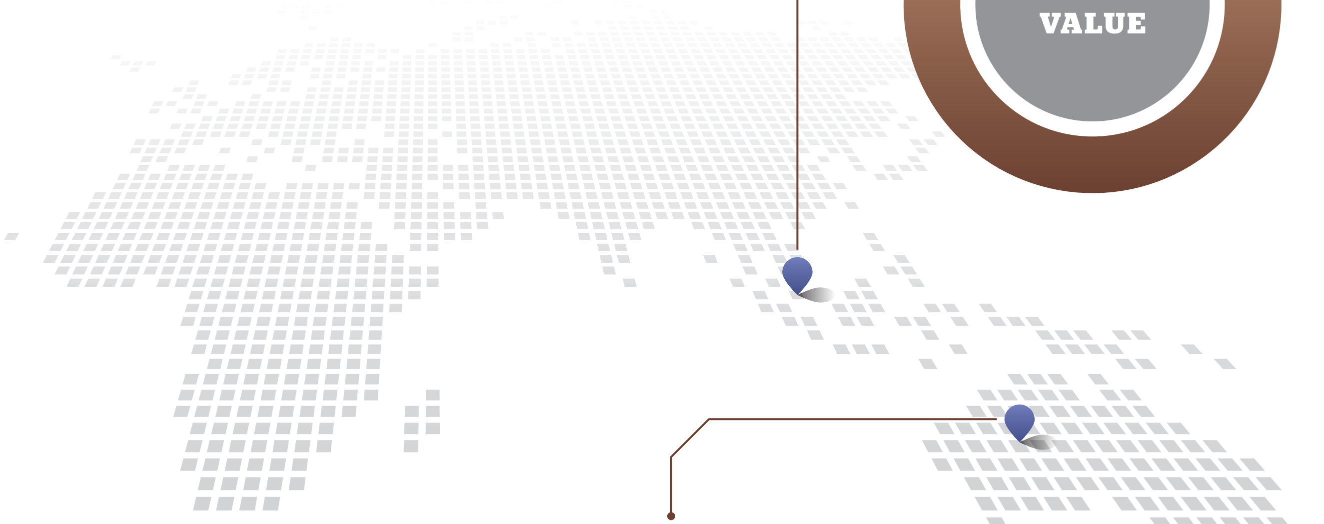
100
PROPERTIES

3.0 million sq m
AREA UNDER MANAGEMENT

89.5%
OCCUPANCY

1,260
NUMBER OF CUSTOMERS





AUSTRALIA

S$1.5 billion
INVESTMENT PROPERTIES UNDER MANAGEMENT

31
PROPERTIES

0.7 million sq m
AREA UNDER MANAGEMENT

98.5%
OCCUPANCY

60
NUMBER OF CUSTOMERS

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

Feedback

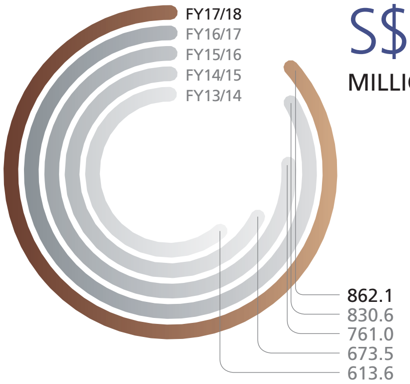
The Manager strives to continuously improve its business and sustainability practices. Stakeholders are encouraged to share their views, suggestions or feedback, which may be directed to **a-reit@ascendas-singbridge.com**.

Accessibility of Annual & Integrated Sustainability Reports

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

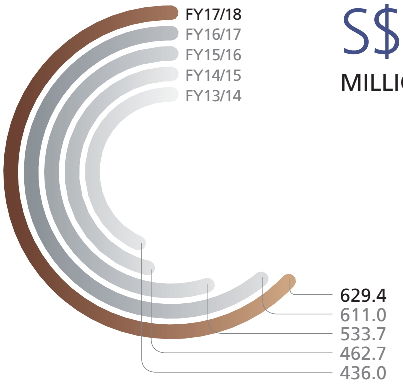
FINANCIAL HIGHLIGHTS

GROSS REVENUE
(S$ million)



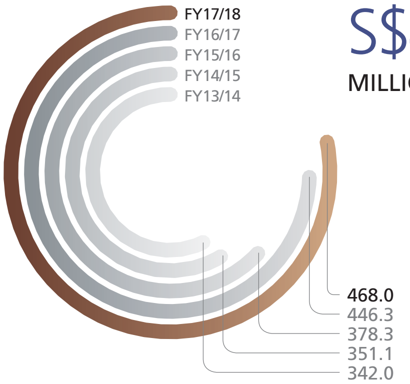
S$862.1
MILLION

NET PROPERTY INCOME
(S$ million)



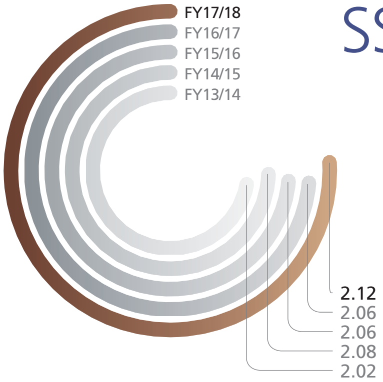
S$629.4
MILLION

TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION
(S$ million)



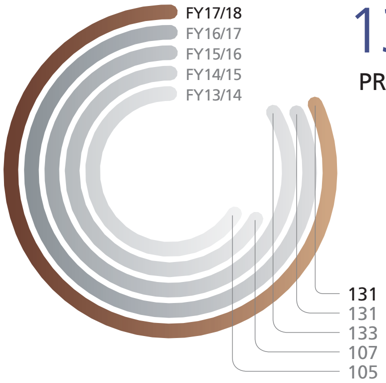
S$468.0
MILLION

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



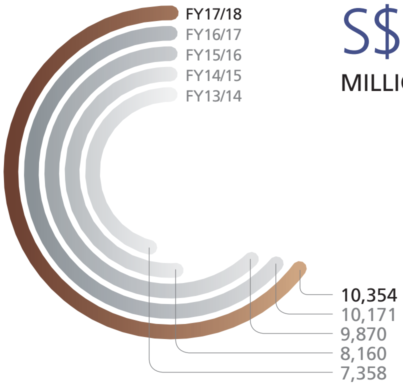
S$2.12

NUMBER OF PROPERTIES



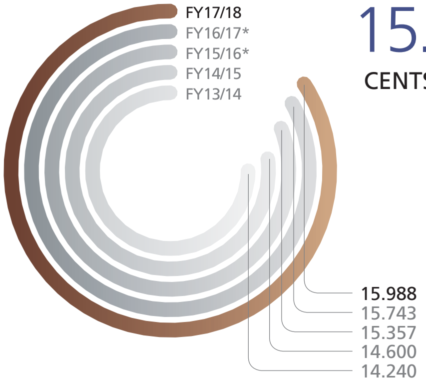
131
PROPERTIES

TOTAL ASSETS
(S$ million)



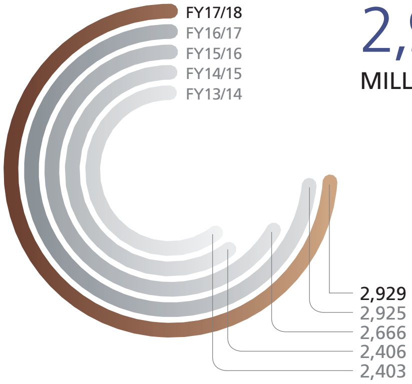
S$10,354
MILLION

DISTRIBUTION PER UNIT
(cents)



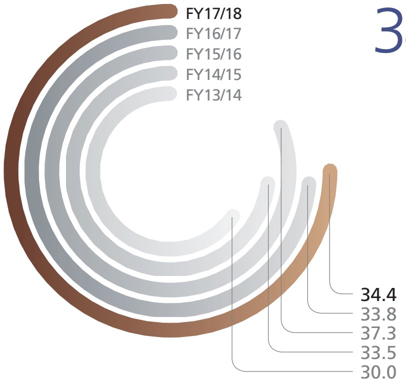
15.988
CENTS

UNITS IN ISSUE
(million)



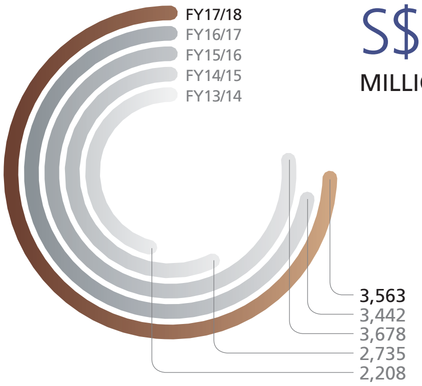
2,929
MILLION

AGGREGATE LEVERAGE(2)
(%)



34.4%

TOTAL GROSS BORROWING(3)
(S$ million)



S$3,563
MILLION

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

CHAIRMAN'S MESSAGE

DEAR UNITHOLDERS

On behalf of the Board of Directors of Ascendas Funds Management (S) Limited (AFM), the Manager of Ascendas Reit, we are pleased to present Ascendas Reit's Annual Report for the financial year ended 31 March 2018.

In 2017, Ascendas Reit marked its 15th anniversary. Portfolio asset value surpassed the S$10 billion mark, a significant milestone since our listing in November 2002 with a portfolio of just S$600 million.

Our growth was augmented by the successful entry into the Australian market in 2015 with the acquisition of a S$1.1 billion logistics portfolio.

Ascendas Reit's success would not have been possible if not for your support and I am grateful for the trust and confidence you have placed in the Board and the Manager over the years.

A STABLE FY17/18 PERFORMANCE

FY17/18 was a challenging year as there was stiff competition for customers as well as prime assets. The Singapore market saw another year of high levels of new industrial property completions which led to a weaker island-wide occupancy rate of 89.0% (vs. 89.4% as at 31 March 2017) and a decline in the rental index by 2.0% y-o-y. In Singapore and Australia, the race for prime industrial assets continued to be intense as the sector remains attractive to many investors.

Notwithstanding the difficult operating environment, Ascendas Reit achieved a 1.6% y-o-y increase in distribution per Unit (DPU) to 15.988 cents. The main drivers were newly acquired properties: 12, 14 & 16 Science Park Drive in Singapore, as well as 197-201 Coward Street and 100 Wickham Street in Australia.

Our operating performance remained stable, demonstrating the strength and resilience of Ascendas Reit's portfolio. Portfolio occupancy improved to 91.5% from 90.2% a year ago while average rental reversion of 0.7% was achieved.

We finished FY17/18 with a strong balance sheet – leverage at 34.4% and a debt-to-EBITDA ratio of 6.2x. We accessed the debt markets during the year at attractive terms, capitalising on our position as one of the few Singapore REITs with an A-level credit rating.

DIVERSIFYING AND RESHAPING OUR PORTFOLIO

We continued to pursue our diversification strategy in FY17/18, acquiring two suburban office properties and a logistics facility in Australia, for S$225.8 million, thereby scaling up our total investment in Australia to S$1.5 billion. The expansion into suburban offices will help to broaden and diversify our customer base in Australia. Mr Paul Toussaint, CEO, AFM Australia, has deep experience and a wide network in the industry, and he will help us grow and strengthen our Australian franchise further.

In Singapore, the logistics property at 20 Tuas Avenue 1, was redeveloped into a 3-storey ramp up facility. It has a high floor loading rooftop for parking of container trucks and storage of up to three tiers of empty containers. Such modern and efficient specifications are well sought after by logistics customers.

" With a robust strategy and strong management team in place, we are confident that Ascendas Reit is well positioned for the future and will continue to deliver value to our Unitholders. "

We continue to maximise the portfolio's performance through active asset management. The capital that was unlocked was redeployed into better opportunities. During the year, S$60.8 million worth of properties were sold at 11.2% above total book value of the assets. Capital gains of S$16.8 million were realised over the original costs.

MORE THAN JUST BUSINESS SPACES

Customers' requirements are ever changing. Our properties are progressively being upgraded to incorporate "work, live, learn and play" concepts, enhancing the vibrancy of our business spaces. We have also introduced collaborative spaces for the new generation workforce and refined our service standards to better engage our customers and communities.

In anticipation of increasing demand for more flexible workplaces, we have launched two innovative concepts – CoSpace Park, located in Sparkle at Singapore Science Park 2, and The Workshop at Techplace II. These concepts are ideal for small businesses which require flexibility in both workspaces and storage areas, with minimal capital investment.

Back in FY14/15, we launched our Service Culture Programme, H.O.S.T, to improve our solutions and service delivery and inculcate an even stronger customer-focused mindset amongst all employees. This year, the programme was extended to our support staff as well as our outsourced partners to ensure that all customers experience our signature services throughout their journey with us. These efforts have led to high satisfaction scores in our customer transactional surveys.

CHAIRMAN'S MESSAGE

OUTLOOK

Ascendas Reit's strength lies in its diversified portfolio and customer base, outstanding management team within the Manager as well as the strong support it receives from its Sponsor, the Ascendas-Singbridge Group (Ascendas-Singbridge). The Sponsor's pipeline of high quality business and science park properties continues to be attractive acquisition possibilities for Ascendas Reit in the near future.

We will focus our efforts on opportunities in Singapore and Australia, where we have now established a strong base. We shall also monitor other mature and developed markets for opportunities that could complement and enhance our returns.

One current trend identified this year through our recent stakeholder survey is "Embracing innovation and technology". We are mindful of the potential disruption as well as the benefits that innovative technology brings, and have been taking proactive steps to develop and deploy innovative systems and processes to improve our asset management capabilities, reduce costs and provide more delightful customer experiences.

The improving global economic outlook is expected to support demand for industrial space. Nevertheless, we remain cautious of the lingering downside risks, such as trade protectionist policies, geopolitical tensions, as well as rising interest rates and volatile financial conditions. With a prudent capital management strategy in place (e.g. 72% of our borrowings are at fixed interest rates) and a well-spread out debt expiry profile, we are well positioned to mitigate the impact of interest rate increases and maintain an optimal financial position.

ACKNOWLEDGMENTS

On behalf of the Board and management team, I wish to thank Mr Koh Soo Keong who retired as Chairman in September 2017 after eight years of invaluable service. We will not forget Soo Keong for his outstanding stewardship and dedication. His unassuming personality and openness made it a pleasure to work with him. We wish him the very best in his future endeavours.

Mr Chia Nam Toon stepped down as CEO of the Manager in November 2017. We thank Nam Toon for his notable service, support and contributions during his tenure with us. We also wish him success in his future endeavours.

Mr William Tay Wee Leong was appointed CEO of the Manager in February 2018. William was previously Deputy CEO, Singapore and South-East Asia, and CEO, South Korea of Ascendas-Singbridge. Given his wide experience in the real estate industry, we are confident that he will build on Ascendas Reit's achievements and bring it to greater heights.

Finally, I would like to thank the employees of the Manager for their hard work and commitment.

With a robust strategy and strong management team in place, we are confident that Ascendas Reit is well positioned for the future and will continue to deliver value to our Unitholders.

LIM HOCK SAN
Chairman
18 May 2018

INTERVIEW WITH CEO

AS THE NEW CEO, WHAT ARE YOUR STRATEGIC PLANS FOR ASCENDAS REIT?

Ascendas Reit is managed by a very capable team. My approach is to build on the team's strengths and leverage on our scale to drive growth and create value.

Underpinning our strategies are three Value pillars: Value Management, Value Creation and Value Add.

- **Value Management:** To uphold and improve our franchise value for our Unitholders. We will continue to be proactive in managing our assets. This includes adopting responsive leasing strategies and enhancing our customers' experience. We also conduct a thorough "Hold-Transform-Sell" analysis regularly to optimise returns.
- **Value Creation:** With today's changing landscape and the emergence of new technologies, there may be untapped value embedded in our properties and portfolio. We will actively identify these properties that can be transformed to future-proof our assets. A multi-year plan is in place to undertake more extensive asset enhancements. The impact to our income stream will be minimal given our large portfolio and customer base.
- **Value Add:** This encompasses our continuous effort to scale up in our existing markets in Singapore and Australia through strategic and good quality acquisitions that will be accretive to Unitholders. At the same time, we are actively exploring opportunities in new mature and developed markets.

INTERVIEW WITH CEO

PLEASE ELABORATE ON YOUR ACQUISITION STRATEGY. WHAT ARE THE OTHER MARKETS THAT ASCENDAS REIT IS ACTIVELY EXPLORING?

Today, Ascendas Reit's investment properties under management amounts to S$10.1 billion i.e. S$8.6 billion in Singapore and S$1.5 billion in Australia. Whilst we can count on the opportunities from our Sponsor's pipeline of about S$1 billion of business and science park properties in Singapore, we will continue to identify other third-party properties that fit our criteria.

In Australia, the plan is to scale up to S$2-3 billion over the next few years. We continue to seek additions that will include suburban offices and logistics properties in selected locations with favourable market dynamics.

The current platform can potentially be expanded to include other mature and developed markets such as UK, Europe and the United States. However, a meaningful penetration size and the potential to scale up in that new market are important considerations for us. As the potential acquisition may be sizeable, all factors will be carefully considered before a decision is made.

WHAT IS THE OUTLOOK ON THE SINGAPORE INDUSTRIAL PROPERTY MARKET?

Occupancy and rental rates of the Singapore industrial property market have been soft over the last three years due to new supply. Fortunately, we are now at the tail end of the high supply completions. Coupled with the strengthening of the manufacturing sector, there are market expectations of a gradual improvement in demand and a gradual recovery of the industrial property market.

Whilst leasing enquiries have improved in recent months, we are mindful that businesses are generally still cautious. Some companies are still right sizing and consolidating.

As the industrial sector embrace digitisation, robotics and automation, more R&D and technology-related activities can be expected in Singapore. In anticipation of these changes, we are focused on growing the business and science park, and high-specifications industrial property segments. Ascendas Reit is in a good position and have the right property mix to meet the demand arising from the higher value-added activities.

Co-working and incubator platforms are attractive for firms who embrace flexibility and a collaborative culture. We can maximise our existing space to accommodate these types of demands. Recently, Ascendas Reit launched two co-working spaces: "CoSpace Park" in Singapore Science Park 2, and "The Workshop" in Techplace II. Initial interest have been encouraging, and we will continue to improve our offerings and explore opportunities to expand these concepts to other properties.

HOW WILL ASCENDAS REIT COPE WITH THE EXPECTED RISE IN INTEREST RATES?

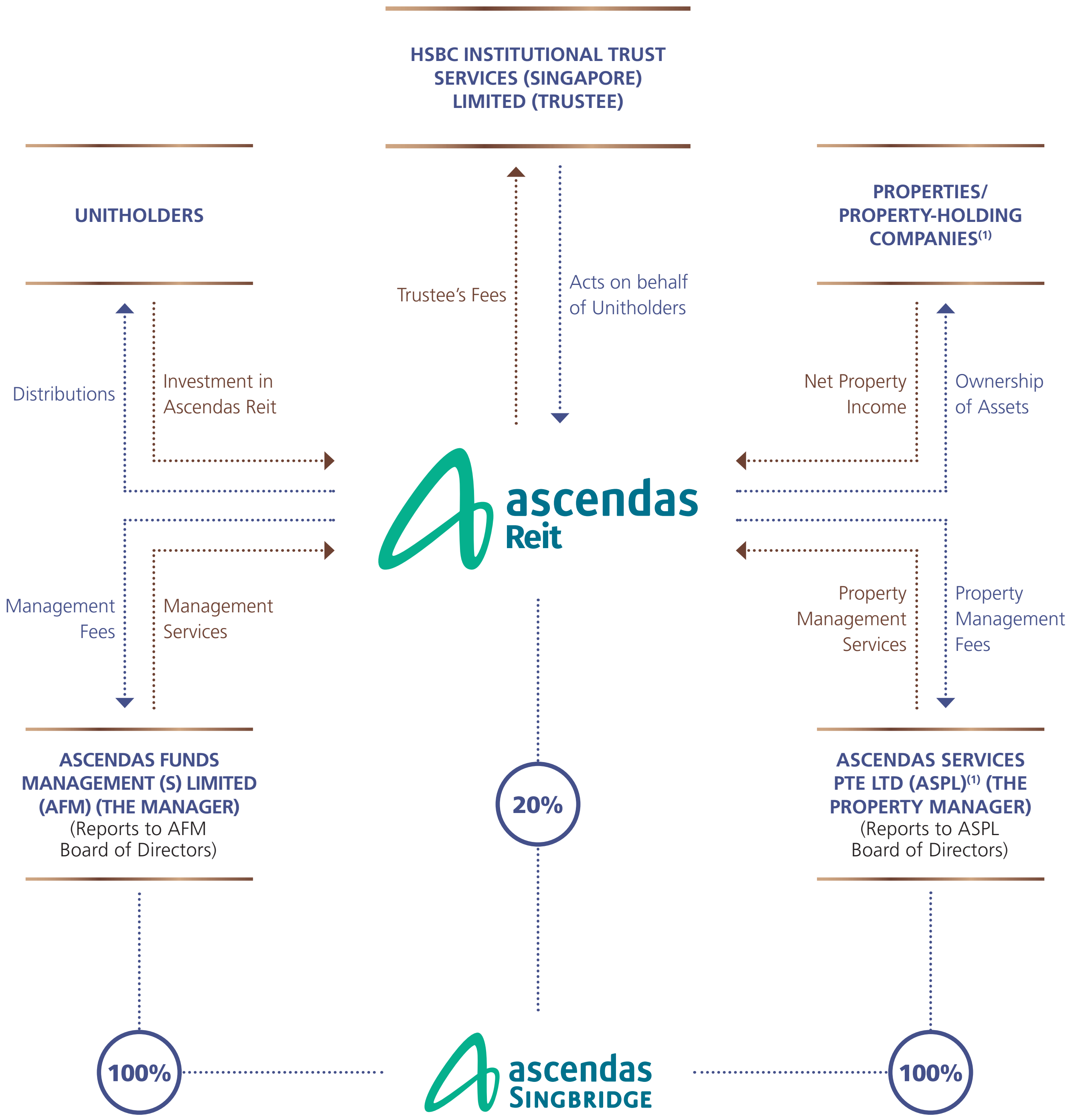
Our current leverage is healthy at 34.4%. As 71.9% of our S$3.6 billion borrowings are fixed, this will help to mitigate any rise in interest rates. Also, Ascendas Reit's debt expiry is well-staggered, with not more than 20% of debt due for refinancing in any single year.

For new borrowings, there are many options that we can tap on. For example, we work very closely with banks to raise foreign currency funding and swap back to Singapore dollars to take advantage of differences in currencies and interest rates to lower costs.

We can also tap into a wide variety of funding instruments such as equity, bank loans, convertible bonds, perpetual securities, etc. to manage our funding costs.

With our current strong standing in the market and Moody's A3 credit rating, we are in a good position to obtain competitive rates to fund future growth. Ascendas Reit is the only Singapore industrial REIT which has the high A3 rating.

ASCENDAS REIT'S STRUCTURE



(1) Ascendas Reit's properties located in Australia are held through wholly owned subsidiaries and sub-trusts of Ascendas Reit, and are managed by Ascendas Funds Management (Australia) Pty Ltd together with third-party managing agents.

BUSINESS MODEL

Ascendas Reit's mission is to deliver predictable distributions and long-term capital stability for its Unitholders. To achieve this, the Manager draws on an appropriate mix of six types of capitals[1] and employs a three-pronged strategy to drive its business activities. Please refer to Ascendas Reit's Integrated Sustainability Report FY17/18 for more information.

Resources

The Manager draws on an appropriate mix of six types of resources to deliver sustainable value for stakeholders.

Financial Capital
The available pool of funds utilised to optimise value for Unitholders.

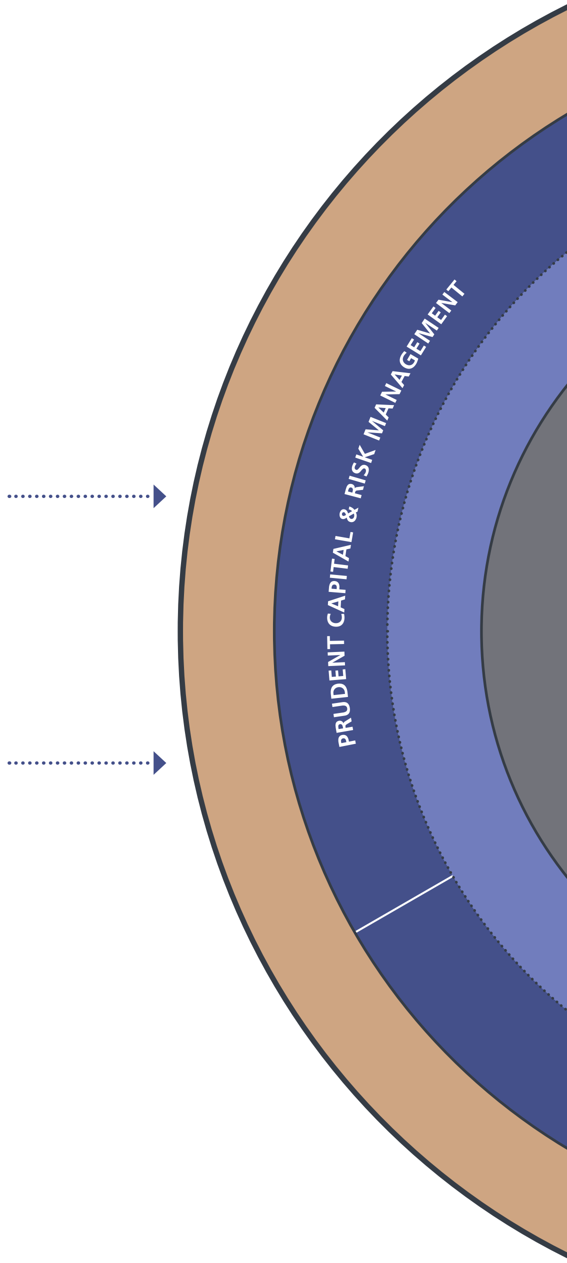
Intellectual Capital
The value of knowledge created, acquired and repositioned by the Manager.

Manufactured Capital
Capability to acquire and develop high-quality properties to achieve value-adding investments.

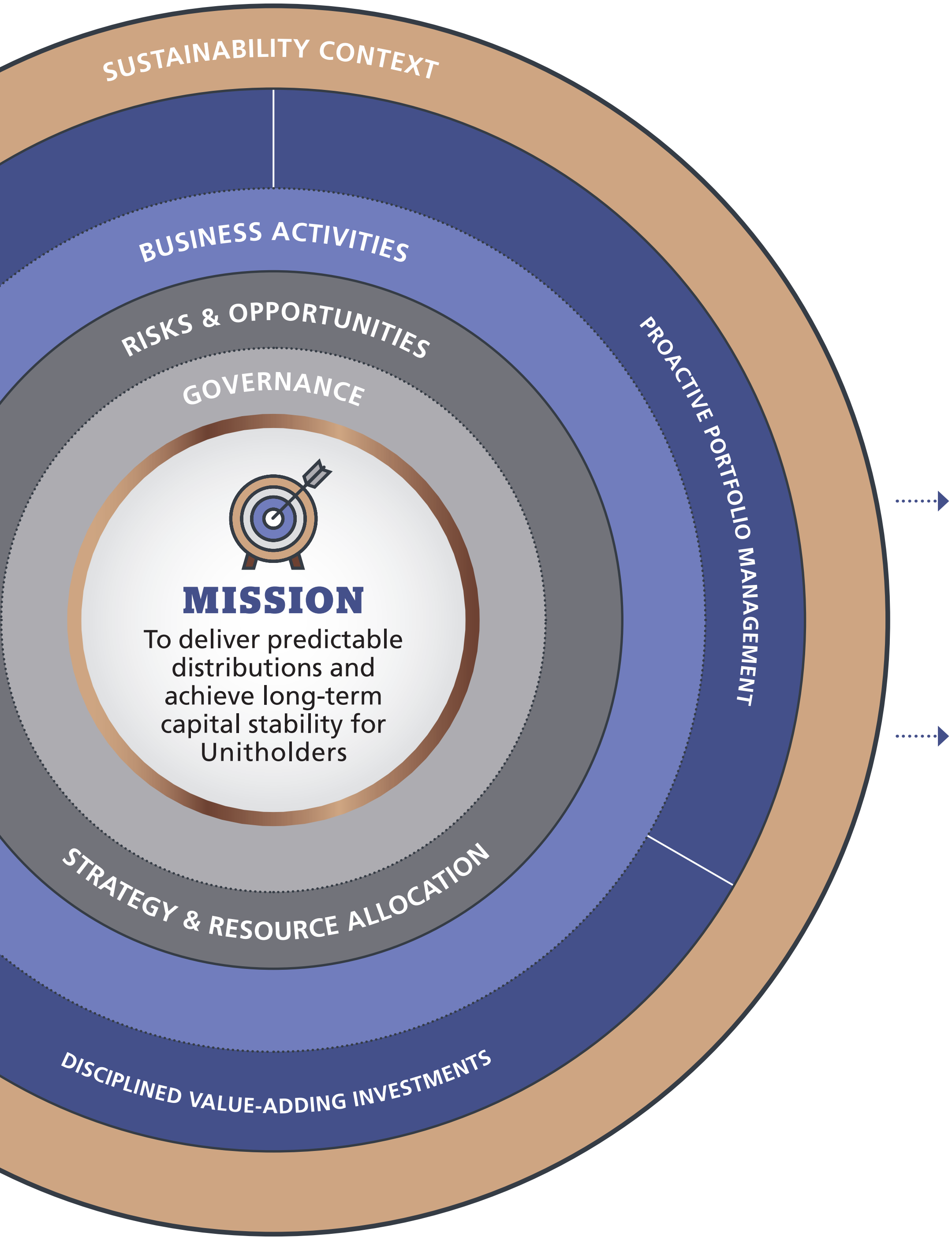
Human Capital
Having a capable group of employees contributes towards Ascendas Reit's business advancement.

Social and Relationship Capital
Brand and reputation are essential to ensure a sustainable business. Fostering strong relationships with stakeholders is a key priority of the Manager.

Natural Capital
Energy and water are important resources to the business operation of Ascendas Reit.



(1) As defined under the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.

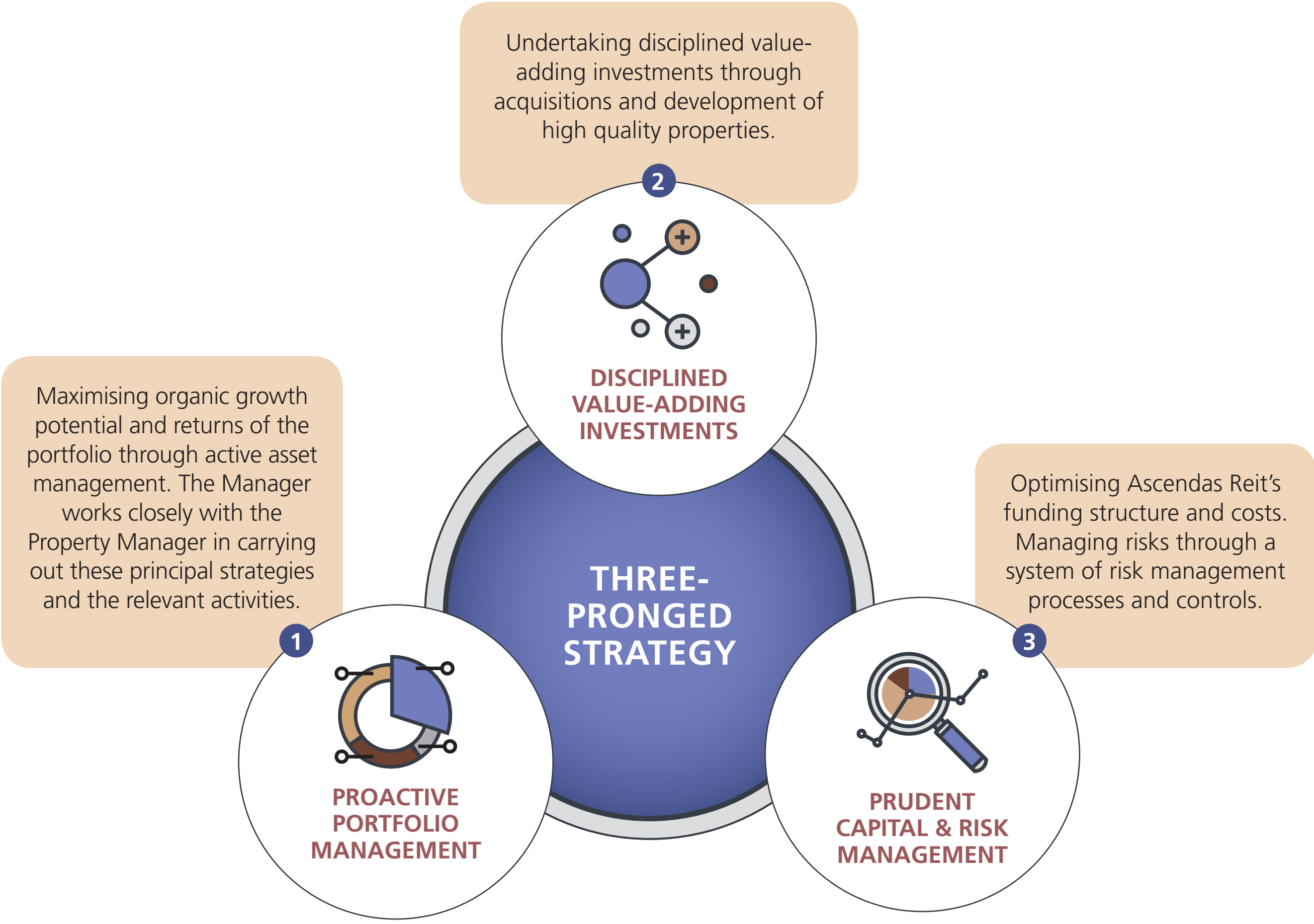


ENHANCING VALUE CAPITALS

Value of the six capitals are enhanced as a result of business activities and outputs. The Manager is committed to deliver sustainable value for Ascendas Reit value and its stakeholders.

BUSINESS MODEL

THREE-PRONGED STRATEGY



1

- Proactive marketing and leasing of spaces to achieve a healthy occupancy rate
- Providing high standards of property and customer services to customers
- Enhancing operational efficiency and optimisation of operating costs
- Carrying out asset enhancement initiatives

2

- Acquiring income-producing properties leased to established customers
- Acquiring high-quality properties with strong income stream and/or asset enhancement potential
- Developing built-to-suit projects to cater to prospective customers' operational requirements and specifications
- Selective development/redevelopment to capitalise on the Manager's development capabilities
- Sourcing of overseas investment opportunities to strengthen portfolio diversification and resilience

3

- Regular reviews of Ascendas Reit's debt and capital management, and financial policy
- Diversifying sources of funding, managing interest rate risk, liquidity risk, credit risk and foreign currency risk
- Monitoring Ascendas Reit's exposure to various risk elements and externally imposed requirements in the markets it operates in by closely adhering to clearly established management policies and procedures
- Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Ascendas Reit's strategic direction
- Creating an acceptable balance between the benefits derived from managing risks and the cost of managing those risks

WHAT WE INVEST IN

Business & Science Park Properties and Suburban Offices

Characteristics

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

In Australia, our suburban offices comprise high-quality office spaces located in precincts outside the central business districts. The properties are well-serviced by public transportation and surrounding amenities include F&B and shopping malls.

Typical Customers

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

Australia: Government departments, data centres, regional corporate HQs etc.

Integrated Development, Amenities & Retail (IDAR) Properties

Characteristics

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

Typical Customers

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

High-Specifications Industrial Properties and Data Centres

Characteristics

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

Typical Customers

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

Light Industrial Properties and Flatted Factories

Characteristics

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

Typical Customers

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

Logistics & Distribution Centres

Characteristics

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

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

Typical Customers

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

SIGNIFICANT EVENTS

APR 17

3^{rd}

Completed the acquisition of 52 Fox Drive in Melbourne, Australia for A$24.8 million (S$26.5 million).

25^{th}

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

JUN 17

12^{th}

Ascendas Reit was named one of the 'Top 100 Singapore Brands 2017' by Brand Finance, ranked 32^{nd}.

29^{th}

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

JUL 17

12^{th}

Completed the divestment of 10 Woodlands Link for S$19.3 million, realising capital gains of S$6.9 million over original costs.

18^{th}

Ascendas Reit was awarded the Silver Award for Best Investor Relations in the REITs & Business Trusts category at the Singapore Corporate Awards 2017.

27^{th}

Announced results for the three months ended 30 June 2017: Net property income grew by 2.6% y-o-y.

AUG 17

10^{th}

Issued S$200 million 6-year Medium Term Notes due 2023 at a fixed coupon of 2.47% per annum.

24^{th}

Completed the divestment of 13 International Business Park for S$24.8 million, realising capital gains of S$4.6 million over original costs.

30^{th}

Appointment of Mr Paul Toussaint as CEO, Ascendas Funds Management (Australia).

DEC 17

21st
Completed the acquisition of 108 Wickham Street in Brisbane, Australia for A$106.2 million (S$109.0 million).

OCT 17

1st
Appointment of Mr Lim Hock San as the Chairman of the Board, the Nominating and Remuneration Committee and the Operational Risk Management Committee.

11th
Ascendas Reit participated in the SGX-REITAS live webinar as part of its retail investor outreach programme.

30th
Announced results for the three months ended 30 September 2017: Net property income grew by 5.3% y-o-y.

SEP 17

25th
Completed the acquisition of 100 Wickham Street in Brisbane, Australia for A$83.8 million (S$90.3 million).

28th
Nexus @one-north was the winner at the ASEAN Energy Awards 2017 for Green Building (Large) Category.

30th
Mr Koh Soo Keong retired as Chairman of the Board and independent director after serving on the board for eight years.

JAN 18

19th
Completed the divestment of 84 Genting Lane for S$16.7 million, realising capital gains of S$5.3 million over original costs.

25th
Announced results for the three months ended 31 December 2017: Net property income grew by 1.7% y-o-y.

FEB 18

1st
Appointment of Mr William Tay Wee Leong as Chief Executive Officer and Executive Director of the Manager.

MAR 18

2nd
Issued S$200 million 7-year Medium Term Notes due 2025 at a fixed coupon of 3.14% per annum.

APR 18

23rd
Announced results for the financial year ended 31 March 2018: Net property income grew by 3.0% y-o-y. DPU increased by 1.6% y-o-y to 15.988 cents from 15.743 cents.

BOARD OF DIRECTORS

MR LIM HOCK SAN
Chairman,
Independent Director

MR WILLIAM TAY WEE LEONG
Executive Director,
CEO

MR CHAN PENGEE, ADRIAN
Independent Director

MS LIM SAU HOONG
Independent Director

MR MIGUEL KO
Vice Chairman,
Non-Executive Director

MR MANOHAR KHIATANI
Non-Executive Director

MS CHONG CHIET PING
Independent Director

MR TEO CHOON CHYE, MARC
Independent Director

MR WONG YEW MENG
Independent Director

BOARD OF DIRECTORS

MR LIM HOCK SAN
Chairman, Independent Director

Mr Lim is the President and Chief Executive Officer of United Industrial Corporation Limited, a real estate developer. Prior to that, he was the Director-General of Civil Aviation of the Civil Aviation Authority of Singapore (CAAS) from 1980 - 1992. Mr. Lim started his career in 1966 as an Assistant Tax Examiner with the then Inland Revenue Department of Singapore. He served as an Accountant of Mobil Oil Malaya Sdn Bhd since 1967 before joining the Port of Singapore Authority in 1968, working his way up to the position of Assistant Director, before joining CAAS.

Date of appointment as Director:
1 July 2016

Length of service as Director:
1 year 11 months

BOARD COMMITTEES SERVED ON:
- Nominating and Remuneration Committee (Chairman)
- Operational Risk Management Committee (Chairman)
- Investment Committee (Member)

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

PRESENT DIRECTORSHIPS

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

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

MAJOR APPOINTMENT
President & CEO, United Industrial Corporation Limited

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

MR MIGUEL KO

Vice Chairman, Non-Executive Director

Mr Ko is the Executive Director and Group CEO of Ascendas-Singbridge. Previously, he was Chairman and President of Starwood Asia Pacific Hotels & Resorts and prior to that Deputy Chairman and CEO of CDL Hotels International. Between 1992 and 1999, Mr Ko was the President of Asia-Pacific at Pepsi-Cola International. He is widely recognised for his knowledge and insights on business and culture in Asia Pacific, particularly in the travel, leisure and property development sectors. Mr Ko was voted as Regional Hotel Chief of the Year in 2007 and 2008 by the readers of the Travel Weekly and also won the Visionary Leader of the Year in 2007.

Date of appointment as Director:
1 January 2016

Length of service as Director:
2 years and 5 months

BOARD COMMITTEES SERVED ON:

- Investment Committee (Chairman)
- Nominating and Remuneration Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

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

PRESENT DIRECTORSHIPS

Listed companies

- Ascendas Hospitality Fund Management Pte Ltd (Manager of Ascendas Hospitality REIT) (Chairman)
- Ascendas Hospitality Trust Management Pte Ltd (Trustee-Manager of Ascendas Hospitality BT) (Chairman)

Others

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

MAJOR APPOINTMENT

- Group CEO, Ascendas-Singbridge Pte Ltd

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS

- Samsonite International S.A.
- Merlin Entertainments Group Ltd

MR MANOHAR KHIATANI

Non-Executive Director

Mr Khiatani is the Deputy Group CEO of Ascendas-Singbridge. Before joining Ascendas in 2013, Mr Khiatani served as the CEO of JTC Corporation (JTC), where he spearheaded the development of specialised infrastructure solutions for various sectors and positioned the organisation as an industrial infrastructure innovator. Prior to joining JTC in 2009, Mr Khiatani was the Deputy Managing Director at the Singapore Economic Development Board where he played an instrumental role in the development and transformation of important sectors in Singapore's economy. Between 1994 and 1999, Mr Khiatani was the Managing Director of Preussag SEA, a diversified German conglomerate, where he was responsible for developing the group's business in South-East Asia.

Date of appointment as Director:
10 June 2013

Length of service as Director:
4 years and 11 months

BOARD COMMITTEES SERVED ON:

- Investment Committee (Member)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Masters Degree (Naval Architecture), the University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

PRESENT DIRECTORSHIPS

Listed companies

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

Others

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

MAJOR APPOINTMENT

Deputy Group CEO, Ascendas-Singbridge Pte Ltd

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS

Nil

BOARD OF DIRECTORS

MR WILLIAM TAY WEE LEONG

Executive Director, CEO

Mr Tay is the Executive Director and CEO of Ascendas Funds Management (S) Limited, Manager of Ascendas Reit. Prior to this, he was the Deputy CEO of Singapore and South East Asia and CEO for South Korea of the Ascendas-Singbridge Group. Mr Tay has more than 22 years of wide-ranging experience in real estate, straddling both the public and private sectors as well as Singapore and overseas. He started his career with JTC Corporation where he spent 12 years involved in the development and marketing of Ready-Built Factories, Wafer Fabrication Parks and Logistics Parks, as well as strategic and corporate planning.

Date of appointment as Director:
1 February 2018

Length of service as Director:
4 months

BOARD COMMITTEES SERVED ON:

- Investment Committee (Member)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science (Estate Management), National University of Singapore

PRESENT DIRECTORSHIPS

Listed companies
Nil

Others

- Ascendas Funds Management (Australia) Pty Ltd

MAJOR APPOINTMENT

CEO, Ascendas Funds Management (S) Limited

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS

Nil

MR CHAN PENGEE, ADRIAN

Independent Director

Mr Chan is Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He is recommended as a leading corporate lawyer in many legal publications, including Chambers Global and The Asia Pacific Legal 500. He is a Board member of the Accounting and Corporate Regulatory Authority and was the First Vice-Chairman of the Singapore Institute of Directors. He served on the Corporate Governance and Directors' Duties Working Group of the Steering Committee established by the Ministry of Finance to rewrite the Companies Act and currently lectures on Corporate Governance for the Singapore Institute of Legal Education and the Bar Admissions and Examinations.

Date of appointment as Director:
1 December 2014

Length of service as Director:
3 years and 6 months

BOARD COMMITTEES SERVED ON:

- Audit Committee (Chairman)
- Operational Risk Management Committee (Member)

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Laws (Honours), National University of Singapore

PRESENT DIRECTORSHIPS

Listed companies

- Yoma Strategic Holdings Ltd
- Global Investments Limited
- Hong Fok Corporation Limited
- AEM Holdings Ltd
- Best World International Limited

Others

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

MAJOR APPOINTMENTS

- Head of Corporate, Lee & Lee
- Council member, the Law Society of Singapore
- Chairman, Panel of the Institute of Corporate Law
- Member, Legal Service Commission
- Honorary Secretary, Association of Small and Medium Enterprises
- Member, SGX Catalist Advisory Panel
- Member, Pro-Enterprise Panel
- Member, Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce

PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS

- Biosensors International Group, Ltd
- Nobel Design Holdings Ltd

MS CHONG CHIET PING
Independent Director

Ms Chong is the Managing Partner of Small World Group Incubator Pte Ltd as well as GreenMeadows Accelerator Pte Ltd. She is appointed as the Technical Advisor (Central Gap Fund) of National Research Foundation and is involved in early stage incubation of technology companies working in conjunction with National Research Foundation Holding and Spring Seed Capital. Ms Chong had worked for 33 years with Hewlett Packard and her last position was Senior Vice President of Operations, HP Asia Pacific. Her experience includes the areas of supply chain, logistics, process and information technology re-engineering.

Date of appointment as Director:
1 November 2015

Length of service as Director:
2 years and 7 months

BOARD COMMITTEES SERVED ON:
- Operational Risk Management Committee (Member)
- Nominating and Remuneration Committee (Member)

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

PRESENT DIRECTORSHIPS

Listed companies
Nil

Others
- Third Wave Power Pte Ltd
- Lean Care Solutions Corporation Pte Ltd
- GreenMeadows Accelerator Pte Ltd
- Nucleus Dynamics Pte Ltd
- Smart Animal Husbandry Care Pte Ltd

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

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

MS LIM SAU HOONG
Independent Director

Ms Lim was formally the CEO and Executive Creative Director of 10AM Communications, an advertising agency that she founded in 2000. Since its founding, 10AM has garnered more than 300 awards including Cannes, the One Show, the British Designer & Art Directors club, Clio and Communication Arts. Prior to the founding of 10AM communications, she spent 12 years in both BBDO Asia (Singapore) and Ogilvy & Mather (Singapore, Beijing & Shanghai) as the head of the creative teams, attaining more than 500 awards for the two agencies. She was nominated as one of the top three most influential persons in media, marketing, and advertising in Singapore.

Date of appointment as Director:
1 November 2015

Length of service as Director:
2 years and 7 months

BOARD COMMITTEES SERVED ON:
- Nominating and Remuneration Committee (Member)

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

PRESENT DIRECTORSHIPS

Listed companies
Nil

Others
- Hyfluxshop Holdings Ltd.
- Chinese Development Assistance Council
- NTUC Fairprice Co-operative Limited
- Singapore NTUC FairPrice Foundation

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

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

MR TEO CHOON CHYE, MARC
Independent Director

Mr Teo is currently the Senior Vice President and Head of Treasury at The Norinchukin Bank, Singapore Branch. He has 30 years of experience in the Treasury and Foreign Exchange business. He started his banking career at the Treasury Department of United Overseas Bank. He then worked as the Head of Treasury at National Bank of Canada, Singapore Branch.

Date of appointment as Director:
18 September 2012

Length of service as Director:
5 years and 8 months

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

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

PRESENT DIRECTORSHIPS

Listed companies
Nil

Others
Nil

MAJOR APPOINTMENT
Head of Treasury, The Norinchukin Bank, Singapore

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

MR WONG YEW MENG
Independent Director

Mr Wong was a Certified Public Accountant and an audit partner at PricewaterhouseCoopers, Singapore, before he retired in June 2008. He specialised in the audit of banks and financial institutions and had experience in auditing companies in a wide range of industries including manufacturing, telecommunication, IT development, trading and services. He helped build up the financial services practice in the then PriceWaterhouse, Singapore, and was the lead partner in charge of the Singapore financial services practice for 13 years.

Date of appointment as Director:
1 November 2015

Length of service as Director:
2 years and 7 months

BOARD COMMITTEES SERVED ON:
- Audit Committee (Member)

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

PRESENT DIRECTORSHIPS

Listed companies
- Venture Corporation Limited

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

MAJOR APPOINTMENT
Nil

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

THE ASCENDAS REIT TEAM

(From left to right)

Ms Karen Lee, Mr William Tay Wee Leong (CEO), Ms Yeow Kit Peng, Mr Lawden Tan, Mr Paul Toussaint, Ms Koo Lee Sze, Mr Harry Yan

THE ASCENDAS REIT TEAM

MR WILLIAM TAY WEE LEONG
Chief Executive Officer

William was appointed as Executive Director and CEO of the Manager of Ascendas Reit on 1 February 2018. Prior to his current appointment, William was the Deputy CEO of Singapore and South East Asia (SSEA) of the Ascendas-Singbridge Group. In addition to leading Ascendas-Singbridge SSEA regional teams in Singapore, Malaysia, Indonesia and Vietnam, he was concurrently the CEO for South Korea, overseeing the real estate private equity funds business and investments in South Korea.

William has more than 22 years of wide-ranging experience in real estate, straddling both the public and private sectors as well as Singapore and overseas. Since joining Ascendas-Singbridge in 2007, he held various leadership positions in investment, business development, asset and fund management as well as country operations. William started his career with JTC Corporation where he spent 12 years in the development and marketing of Ready-Built Factories, Wafer Fabrication Parks and Logistics Parks, as well as strategic and corporate planning.

William holds a Bachelor's Degree in Estate Management (Honours) from the National University of Singapore.

MS KOO LEE SZE
Chief Financial Officer

As Chief Financial Officer, Lee Sze oversees financial and regulatory reporting, compliance, risk management and corporate services. She develops key business strategies together with the management team, ensures principle base governance and executes the strategies through financial management.

Prior to joining the Manager, Lee Sze was the Director of Finance at Popular Holdings Limited where she was responsible for the financial accounting and reporting of various aspects of the businesses including retail and distribution, publishing and e-Learning.

Lee Sze started her career in the audit and assurance division of Deloitte & Touche after graduation. She has extensive exposure in real estate, manufacturing, retail and service industries; and has more than two decades of experience in key financial and managerial roles.

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

MS YEOW KIT PENG
Head, Capital Markets & Corporate Development

Kit Peng drives the capital structure, funding and hedging strategy, treasury, and corporate development of Ascendas Reit. She also heads up the Investor Relations function.

Kit Peng has established a strong network with both local and international financial institutions to maximise the capital market strategy of Ascendas Reit. In Investor Relations, she is intimately involved in the promotion of Ascendas Reit to investors globally.

She has over 25 years of professional experience that spans across buy-side and sell-side sectors of capital markets, as well as in corporate strategies and development. Her area of exposure and experience covers Asia Pacific. Her stint includes Corporate Strategies and Development in Ascendas, followed by Associate Director of Equity Research at Standard & Poor's. Prior to her joining the Manager, she was an Asian Property Analyst at Nomura Asset Management. Her role involved strategising on REITs and property investments in Asia Pacific.

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

MR PAUL TOUSSAINT
CEO, Ascendas Funds Management (Australia)

Paul is responsible for the overall performance of Ascendas Reit's Australian property portfolio and operations.

He was previously Chief Investment Officer of Commercial & Industrial Property Pty Ltd and was responsible for the development, strategy and performance of its investment management platform. He has over 25 years of real estate experience including funds management, property investment, client relationships, asset management, valuations and development. During his 15 years with ING Real Estate, Paul was Chief Executive Officer of ING Industrial Fund, an ASX-listed REIT which invested in industrial properties, business parks and office parks located in Australia, Canada and Western Europe. Prior to his current role, Paul held senior executive positions at Logos Australia, ING Real Estate, Heine Management and Knight Frank.

Paul holds a Diploma in Valuations from RMIT University in Melbourne, was appointed as a Valuer by the Valuers Qualification Board in 1988 and was admitted to the Australian Property Institute as an Associate Valuer in 1988 and Associate Land Economist in 1990.

MS KAREN LEE

Head, Singapore Portfolio Operations

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

Prior to joining the Manager, Karen served as Head of Lease Operations in JTC Corporation and Vice President in Trust Company Asia in charge of client services. Karen has over 17 years of experience in the real estate industry covering various areas of industrial lease and property management and marketing in Singapore and Vietnam.

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

MR LAWDEN TAN

Head, Investment and Business Development

Lawden is responsible for developing and executing Ascendas Reit's investment and business development strategy. He leads the team to actively look for suitable acquisitions and development opportunities to drive the portfolio growth in Singapore and overseas market.

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

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

MR HARRY YAN

Head, Singapore Revenue Management

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

Harry has more than 15 years of experience in the real estate industry which includes asset management and leasing, property management and also investment and business development in Singapore and China. He holds a Bachelor of Science, Estate Management (Hons) degree from the University of Reading, UK and a Master of Science (Real Estate) from the National University of Singapore.

THE PROPERTY MANAGER

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

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

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

More specifically, ASPL has the following responsibilities:

Marketing and Leasing

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

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

Property Management and Services

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

Cost Management

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

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

Project Management

The ASPL team provides expertise in the areas of construction and project management for development projects undertaken by Ascendas Reit. They liaise closely with the Manager and external professionals such as architects to ensure that each project is carried out in a timely and efficient manner.

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

Responsibilities of Ascendas Services Pte Ltd

MR JEFFREY CHUA
Chief Executive Officer

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

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

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

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

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

MR AYLWIN TAN
Chief Customer Solutions Officer

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

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

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

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

THE MANAGER'S REVIEW OF FY17/18

Highlights of FY17/18

+3.8%
Gross Revenue
FY17/18: S$862.1 million
FY16/17: S$830.6 million

+4.9%
Total Amount Available for Distribution
FY17/18: S$468.0 million
FY16/17: S$446.3 million

+1.8%
Total Assets
FY17/18: 10.35 billion
FY16/17: 10.17 billion

+1.6%
Distribution Per Unit (DPU)
FY17/18: 15.988 cents
FY16/17: 15.743 cents

+3.0%
Net Property Income (NPI)
FY17/18: S$629.4 million
FY16/17: S$611.0 million

PROACTIVE PORTFOLIO MANAGEMENT

- Overall portfolio occupancy improved to 91.5%
- Achieved positive rental reversion of 0.7% in FY17/18 despite intense competition for customers
- Completed one redevelopment project and one asset enhancement initiative for a combined cost of S$52.9 million

Portfolio Occupancy	Portfolio Rental Reversion
FY17/18: 91.5%	**FY17/18: 0.7%**
FY16/17: 90.2%	FY16/17: 3.1%

DISCIPLINED VALUE-ADDING INVESTMENTS AND DIVESTMENTS

- Acquired three properties in Australia for a combined purchase consideration of S$225.8 million:
  - 52 Fox Drive in Melbourne, a freehold single-storey modern logistics facility
  - 100 Wickham Street in Brisbane, a freehold 14-storey suburban office
  - 108 Wickham Street in Brisbane, a freehold 6-storey suburban office
- Divested three properties in Singapore for a combined sale price of S$60.8 million. Capital gains of S$16.8 million over original costs were realised from these properties:
  - 10 Woodlands Link, a leasehold 3-storey light industrial building
  - 13 International Business Park, a leasehold 7-storey business park
  - 84 Genting Lane, a leasehold 7-storey light industrial building
- Total valuation of 130 properties (excluding 20 Tuas Avenue 1 which was under redevelopment) was S$10.14 billion and portfolio capitalisation rate was 6.24% as at 31 March 2018

Portfolio Capitalisation Rate
FY17/18: 6.24%
FY16/17: 6.29%

PRUDENT CAPITAL AND RISK MANAGEMENT

- Maintained A3 credit rating from Moody's
- Aggregate leverage remained healthy at 34.4% as at 31 March 2018
- Weighted average all-in borrowing cost was at 2.9% per annum
- Weighted average term of debt at 3.2 years
- 71.9% of borrowings are at fixed interest rates for a weighted average duration of 3.3 years
- Raised S$400.0 million bonds at attractive spreads:
  - S$200.0 million 6-year notes at 60 bps spread and 2.47% coupon
  - S$200.0 million 7-year notes at 70 bps spread and 3.14% coupon

Aggregate Leverage
FY17/18: 34.4%
FY16/17: 33.8%

Weighted Average Term of Debt
FY17/18: 3.2 years
FY16/17: 3.3 years

Weighted Average All-in Borrowing Cost
FY17/18: 2.9%
FY16/17: 3.0%

THE MANAGER'S REVIEW OF FY17/18

FINANCIAL PERFORMANCE

	FY17/18	FY16/17	Variance
Number of Properties as at 31 March	131	131	–
Gross Revenue (S$ million)	862.1	830.6	+3.8%
NPI (S$ million)	629.4	611.0	+3.0%
Total Amount Available for Distribution (S$ million)	468.0	446.3	+4.9%
DPU for the Financial Year (cents)	15.988	15.743	+1.6%

Gross revenue increased 3.8% to S$862.1 million, mainly attributable to contributions from the acquisitions of 12, 14 and 16 Science Park Drive in Singapore, and 197-201 Coward Street, 100 Wickham Street, 108 Wickham Street and 52 Fox Drive in Australia. The completion of redevelopment works at 50 Kallang Avenue since June 2017 also contributed to the increase.

Net property income increased 3.0% from S$611.0 million to S$629.4 million.

Total amount available for distribution grew 4.9% to S$468.0 million. Included in the amount available for distribution was approximately S$1.9 million (or DPU of 0.065 cents) of income support in relation to certain properties that was received and paid to Unitholders in FY17/18.

DPU grew 1.6% to 15.988 cents in FY17/18 as compared to 15.743 cents in FY16/17. The Manager continues to pay out 100% of Ascendas Reit's taxable income available for distribution.

As at 31 March 2018, Ascendas Reit is the largest business space and industrial REIT listed on the SGX-ST with total assets and market capitalisation of S$10.4 billion and S$7.7 billion respectively.

INVESTMENT HIGHLIGHTS

During the financial year, the Manager further diversified and improved the quality of its portfolio to achieve a stable, predictable income stream with long-term growth prospects. In April 2017, the Manager completed the acquisition of 52 Fox Drive, Melbourne, Australia (formerly Stage 4 Power Park Estate) for A$24.8 million (S$26.5 million)[1]. The freehold property is a prime single-storey modern logistics facility, located in the industrial suburb of Dandenong South. 52 Fox Drive is 100.0% occupied as at 31 March 2018, and the key customers in the building are Bunzi Outsourcing Services and Icool Pacific.

In September 2017, Ascendas Reit acquired its second Australian suburban office, 100 Wickham Street, Brisbane, Australia for A$83.8 million (S$90.3 million)[2]. The freehold property is a 14-storey office building with two levels of basement carpark, located within the vibrant suburb of Fortitude Valley and 450 metres from Brisbane's Central Business District. 100 Wickham Street is 100.0% occupied by quality customers such as State of Queensland (Department of Health) and three data centre operators.

Subsequently, Ascendas Reit acquired its third Australian suburban office, 108 Wickham Street, Brisbane, Australia for A$106.2 million (S$109.0 million)[3] in December 2017. The freehold property is a 6-storey office building with 141 carpark lots, located next to 100 Wickham Street. 108 Wickham Street is 100.0% occupied by key customers such as the State of Queensland (Department of Health) and ARUP, a multinational professional services and consultancy firm.

The Manager is in the midst of completing two other acquisitions, 169 -177 Australis Drive, Melbourne, Australia and 1-7 Wayne Goss Drive, Brisbane, Australia. The total purchase consideration of these two properties is A$64.0 million (S$65.3 million)[4] and they are expected to complete within FY18/19.

To sustain and improve portfolio returns to unitholders, the Manager actively identifies assets that are suitable for

1 S$ amount based on exchange rate of A$1.00: S$1.0675 as announced on 3 April 2017.
2 S$ amount based on exchange rate of A$1.00: S$1.0778 as announced on 25 September 2017.
3 S$ amount based on exchange rate of A$1.00: S$1.0258 as announced on 22 December 2017.
4 S$ amount for 167 -177 Australis Drive is based on exchange rate of A$1.00: S$1.0133 as announced on 31 March 2018, while S$ amount for 1-7 Wayne Goss Drive is based on exchange rate of A$1.00: S$1.0258 as at 30 November 2017.

redevelopment and asset enhancement. During FY17/18, S$52.9 million was spent on one redevelopment project and one asset enhancement initiative. The redevelopment of 50 Kallang Avenue in Singapore entailed the conversion of the property into a single-tenant building, for the headquarters of a multinational customer Schneider Electric. The asset enhancement initiative completed within FY17/18 was at The Gemini, Singapore, a business park property located in Singapore Science Park 2. Beyond FY17/18, another redevelopment project, 20 Tuas Avenue 1 in Singapore, obtained its temporary occupation permit and was completed at an estimated cost of S$61.4 million.

During the year, the Manager also embarked on four new asset enhancement initiatives for a total estimated value of S$34.5 million. These projects are on-going as at 31 March 2018 and are expected to complete within FY18/19.

Investments In FY17/18 and FY18/19

Projects (Completed in FY17/18)	Country	Price (S$ million)	Completion Date
Acquisitions		**225.8**	
52 Fox Drive, Melbourne *(formerly Stage 4 Power Park Estate)*	Australia	26.5(1)	3 April 2017
100 Wickham Street, Brisbane	Australia	90.3(1)	25 September 2017
108 Wickham Street, Brisbane	Australia	109.0(1)	22 December 2017
Redevelopment Project and Asset Enhancement Initiative		**52.9**	
50 Kallang Avenue	Singapore	45.2	21 June 2017
The Gemini	Singapore	7.7	17 August 2017
Total		**278.7**	

Projects (Expected to Complete in FY18/19)	Country	Price (S$ million)	Estimated Completion Date
Proposed Acquisitions		**65.3**	
169 – 177 Australis Drive, Melbourne	Australia	34.5(1)	1Q FY18/19
1 – 7 Wayne Goss Drive, Brisbane	Australia	30.8(1)	3Q FY18/19
Redevelopment Project		**61.4**	
20 Tuas Avenue 1	Singapore	61.4	1Q FY18/19
Total		**126.7**	

On-going Asset Enhancement Initiatives as at 31 March 2018

Projects	Country	Estimated Cost (S$ million)	Estimated Completion Date
KA Centre, KA Place and 1 Jalan Kilang	Singapore	7.8	1Q FY18/19
21 Changi South Avenue 2 *(formerly Sim Siang Choon Building)*	Singapore	4.5	1Q FY18/19
Aperia	Singapore	13.7	3Q FY18/19
Nordic European Centre	Singapore	8.5	4Q FY18/19
Total		**34.5**	

(1) Valuation obtained at time of acquisition was the same value as the purchase consideration paid and was based on both the Capitalisation Approach and Discounted Cash Flow Analysis.

THE MANAGER'S REVIEW OF FY17/18

COMPLETED ACQUISITIONS

52 Fox Drive, Melbourne, Australia (formerly Stage 4 Power Park Estate)

52 Fox Drive, is a newly built single-storey modern logistics facility completed on 3 April 2017. The asset was purchased from Goodman Dandenong Trust and is located within Stage 4 of Goodman's 52ha Power Park Industrial Estate in the industrial suburb of Dandenong South, approximately 50 kilometres south east of the Melbourne Central Business District. It is well connected to Eastlink and the Monash Freeway, which provide access to the Port of Melbourne within 45 minutes. The freehold property has a land area of 33,107 square metre (sq m), and a total net lettable area of 18,041 sq m.

100 Wickham Street, Brisbane, Australia

100 Wickham Street is a 14-storey suburban office building with two levels of basement carpark. The property was acquired from 100W Pty Ltd, and is located approximately 450 metres from the Golden Triangle, Brisbane's premier corporate precinct. It is in close proximity to Fortitude Valley Train Station and Central Train station, and is served by multiple bus routes, the Story Bridge (linkage to South Bank) and three new inner city road tunnels. The freehold property is sited on a land area of 2,975 sq m, and has a total net lettable area of 13,131 sq m.

108 Wickham Street, Brisbane, Australia

108 Wickham Street, Brisbane, Australia is a 6-storey office building with 141 carpark lots. The property was purchased from 108 Wickham Pty Ltd, and is located next to 100 Wickham Street. The freehold property is sited on a land area of 2,796 sq m, and has a total net lettable area of 11,913 sq m.

COMPLETED REDEVELOPMENT PROJECT

50 Kallang Avenue, Singapore

50 Kallang Avenue is a high-specifications industrial building that was acquired from Noel Gifts International Limited in February 2006. The redevelopment involved upgrading the specifications of the property and converting it into a suitable single-tenant building for Schneider Electric. The works done included maximising the building's potential plot ratio of 2.5, reconfiguring the existing spaces and installing aluminium cladding and fins to the building's external façade. The building was also retrofitted with larger windows, new air-conditioning system and lifts. The building was repainted, while landscaping and internal fit-out works were done to create an attractive corporate headquarter that can uphold the reputation of the European multinational organisation. The redevelopment was completed on 21 June 2017.

COMPLETED ASSET ENHANCEMENT INITIATIVE

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

The Gemini is located in Singapore Science Park 2, and was part of Ascendas Reit's original portfolio of properties since its Initial Public Offering (IPO) in November 2002. The enhancement works involved upgrading the main and lift lobbies, passenger and cargo lifts, corridors and toilets to make these common spaces more appealing to customers and visitors. Efficient lighting and air-conditioning systems were upgraded to reduce operating expenses. The enhancement works were completed on 17 August 2017.

THE MANAGER'S REVIEW OF FY17/18

PROPOSED ACQUISITIONS

169 – 177 Australis Drive, Melbourne, Australia

169 – 177 Australis Drive is a modern logistics facility that was completed in 2013. The property will be acquired from Abacus Funds Management, and sits within the highly regarded West Park Industrial Estate, in the established industrial precinct of Derrimut. Serviced by the Western Ring Road, the Western Freeway and the Princes Freeway, the asset is located 16 kilometres west of the Melbourne Central Business District, 15 kilometres from the Port of Melbourne and 24 kilometres from Melbourne Airport. The freehold property has a land area of 56,330 sq m, and has a total net lettable area of 31,048 sq m.

1 – 7 Wayne Goss Drive, Brisbane, Australia

1 – 7 Wayne Goss Drive is a logistics facility that is currently being developed by Goodman Property Services (Aust) Pty Ltd. The layout of the facility will be generic and functional so that it can target a wide range of users. It is also designed with sub-division flexibility to accommodate up to two customers. The site is located in the established industrial precinct of Berrinba, 30 kilometres south of Brisbane Central Business District and has good access to Logan, Gateway and Pacific Motorways. The future property sits on a freehold site which has a land area of 30,196 sq m, and is expected to have total net lettable area of 17,880 sq m.

REDEVELOPMENT PROJECTS: ON-GOING

20 Tuas Avenue 1, Singapore

20 Tuas Avenue 1 is located in the Jurong industrial area and was acquired from IDS Logistics Services Pte. Ltd in February 2004 on a "sale-and-leaseback" basis. The redevelopment of the 3-storey ramp-up warehouse block optimises the plot ratio of the site by adding 19,251 sq m of extra net lettable area. The property will be well-equipped for future logistics users as it has efficient and regular floor plate sizes with a concrete roof carpark for 137 lots of 40 footer container and 37 lots for lorry parking. There will also be a ground floor open yard of 2,063 sq m for storage purposes. The property obtained its temporary occupation permit in 1Q FY18/19.

ASSET ENHANCEMENT PROJECTS: ON-GOING

Artist's impression

KA Centre, KA Place and 1 Jalan Kilang, Singapore

KA Centre and KA Place are located at Kampong Ampat and 1 Jalan Kilang is located at Jalan Kilang. KA Centre and KA Place were acquired from Singapore Telecommunications Limited on 2 March 2005, while 1 Jalan Kilang was acquired from Dynasty House Investment Pte Ltd on 27 October 2005. The asset enhancement works are aimed towards improving the main entrance, lift lobbies, cafeteria, landscape and drop-off area of the buildings to provide a more delightful environment for customers. The enhancement works are expected to complete around 1Q FY18/19.

Artist's impression

21 Changi South Avenue 2, Singapore (formerly Sim Siang Choon Building)

21 Changi South Avenue 2 is situated at Changi South Industrial Estate and was purchased from Sim Siang Choon Hardware (S) Pte Ltd in March 2008. The asset enhancement works will convert this single-tenant building into one that is suitable for multiple customers. Sub-division walls on the 3rd and 4th floors will be removed and the building's cargo lifts will be relocated to improve efficiency and ease the cargo movement for customers. Furthermore, the existing toilets will be upgraded, while new dock levellers, generator set, electrical main switch board, closed-circuit televisions and energy efficient lights will be installed. These enhancements coupled with modern fittings will create a pleasant environment that will meet the demands of customers and visitors. The enhancement works are expected to complete around 1Q FY18/19.

Artist's impression

Aperia, Singapore

Aperia is located in Kallang Industrial Park and was acquired from PLC8 Pte Ltd in August 2014. The asset enhancement works will include the repositioning of the retail mall to improve tenant mix with more food & beverage options and active lifestyle venues such as rock climbing, gym and yoga studio. A food street corridor will be created to house restaurants, cafes and take-away kiosks. The drop-off points and main lobby will also be upgraded to improve visitor experience. The enhancement works are expected to complete around 3Q FY18/19.

THE MANAGER'S REVIEW OF FY17/18

ASSET ENHANCEMENT PROJECTS: ON-GOING

Artist's impression

Nordic European Centre, Singapore

Nordic European Centre, located at International Business Park, and was acquired from Alpha Investment on 8 July 2011. The proposed works will focus on creating collaborative, multi-functional areas, such as new meeting rooms on level one, and two end-of-trip facilities to the basement and level two. The main lobby and open plaza will be upgraded, while the building façade will be repainted. Energy efficient fan coil units and an online platform will also be introduced to book the shared facilities. These initiatives will result in a vibrant corporate building that gives the asset an identity amongst the numerous buildings in International Business Park. The enhancement works are expected to complete in 4Q FY18/19.

DIVESTMENTS

During the financial year, the Manager completed three divestments. Two light industrial properties (10 Woodlands Link and 84 Genting Lane), and one business park property (13 International Business Park) were sold for a total sale price of S$60.8 million resulting in a total net gain (less divestment costs) of approximately S$16.8 million over initial purchase costs of S$42.0 million.

Beyond FY17/18, the Manager divested 30 Old Toh Tuck Road, a 5-storey ramp-up logistics building for S$24.0 million to Soon Bee Huat Trading Pte Ltd on 30 April 2018 for a total gain of approximately S$3.3 million over the initial purchase cost.

Divestments in FY17/18 and FY18/19

Projects	Country	Sale Price (S$ million)(1)	Valuation (S$ million)(2)	Buyer	Completion Date
Divestment Projects in FY17/18		**60.8**	**54.7**		
10 Woodlands Link	Singapore	19.3	16.5	Sengkang Import & Export Pte Ltd	12 July 2017
13 International Business Park	Singapore	24.8	22.4	Pension Real Estate Singapore Pte Ltd	24 August 2017
84 Genting Lane	Singapore	16.7	15.8	Axxel Marketing Pte Ltd	19 January 2018
Divestment Project Expected to Complete in FY18/19		**24.0**	**20.3**		
30 Old Toh Tuck Road	Singapore	24.0	20.3(3)	Soon Bee Huat Trading Pte Ltd	30 April 2018
Total		**84.8**	**75.0**		

(1) In accordance to Ascendas Reit's Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of the property.
(2) The valuations for these properties as at 31 March 2017 were based on the Capitalisation Approach and Discounted Cash Flow Analysis.
(3) The valuation for 30 Old Toh Tuck Road as at 31 March 2018 was based on the Capitalisation Approach and Discounted Cash Flow Analysis.

CAPITAL AND RISK MANAGEMENT

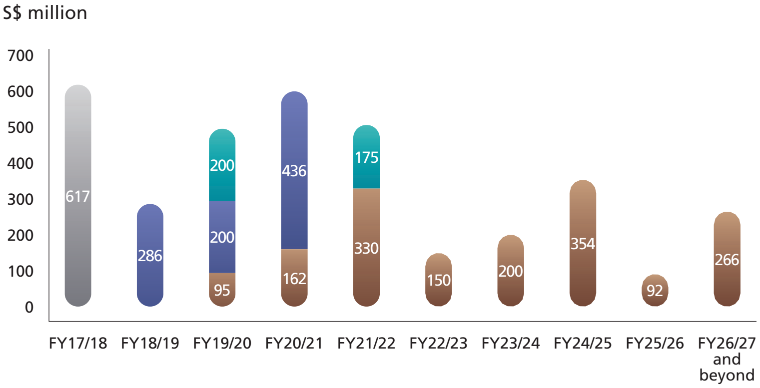
As at 31 March 2018, Ascendas Reit's balance sheet remained strong with healthy aggregate leverage at 34.4%. With a debt headroom of about S$1.0 billion before aggregate leverage reaches 40.0%, Ascendas Reit is well-positioned to seize investment opportunities when they arise.

Ascendas Reit's weighted average term of debt is 3.2 years as at 31 March 2018 with a weighted average all-in borrowing cost of 2.9% per annum. In addition to fixed rate debt issued, interest rate swaps are used to manage or hedge the interest rate exposure of its floating rate borrowings. About 71.9% of Ascendas Reit's borrowing are on fixed rates with a weighted average term of 3.3 years. To minimise financing risks, the Manager continues to keep a well-spread debt maturity profile.

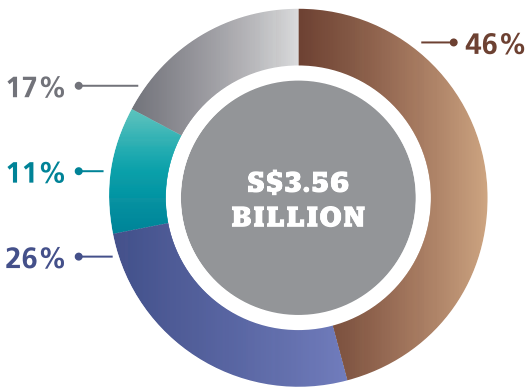
In FY17/18, the Manager issued S$400.0 million worth of Notes (comprising S$200.0 million 6-year Notes and S$200.0 million 7-year Notes) under its Medium Term Note Programme. All the notes were competitively priced at attractive spreads and were used to refinance existing borrowings, to fund new acquisitions and for working capital purposes.

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

Debt Maturity Profile (as at 31 March 2018)



Sources of Debt (as at 31 March 2018)



Medium Term Notes · Term Loan Facilities · Committed Revolving Credit Facilities · Revolving Credit Facilities

Key Debt Funding Indicators

Indicators	As at 31 March 2018	As at 31 March 2017
Aggregate Leverage	34.4%	33.8%
Total Debt (S$ million)(1)	3,563	3,442
Fixed Debt as a % of Total Debt	71.9%	78.9%
Weighted Average All-in Borrowing Cost	2.9%	3.0%
Weighted Average Term of Debt Outstanding (years)	3.2	3.3
Weighted Average Term of Fixed Debt Outstanding (years)	3.3	3.2
Interest Cover Ratio	5.9x	5.7x
Total Debt / EBITDA	6.2x	6.3x
Unencumbered Properties as % of Total Investment Properties(2)	89.7%	89.3%

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

THE MANAGER'S REVIEW OF FY17/18

Prior to FY17/18, total gross proceeds of S$157.4 million were raised in a private placement in August 2016 to partially fund two investment opportunities in Australia and the asset enhancement of 50 Kallang Avenue in Singapore. Most of the proceeds have been deployed in accordance with the intended use, pending S$0.5 million to be deployed towards 50 Kallang Avenue.

Use of Gross Proceeds from Private Placement in August 2016 (as at 31 March 2018)

Intended Use of Proceeds	Announced Use of Proceeds (S$ million)	Actual Use of Proceeds (S$ million)	Balance of Proceeds (S$ million)
To Partially Fund the Acquisitions of 197-201 Coward Street in Sydney, Australia and 52 Fox Drive in Melbourne, Australia and the Associated Costs	112.1	112.1	–
To Fund the Asset Enhancement of 50 Kallang Avenue Located in Singapore to Convert the Property from a Multi-tenant Building to a Single-tenant Building	40.0	39.5	0.5
To Pay the Fees and Expenses incurred by Ascendas Reit in Connection with New Unit Issuances	2.6	2.6	–
Total	**154.7**	**154.2**	**0.5**

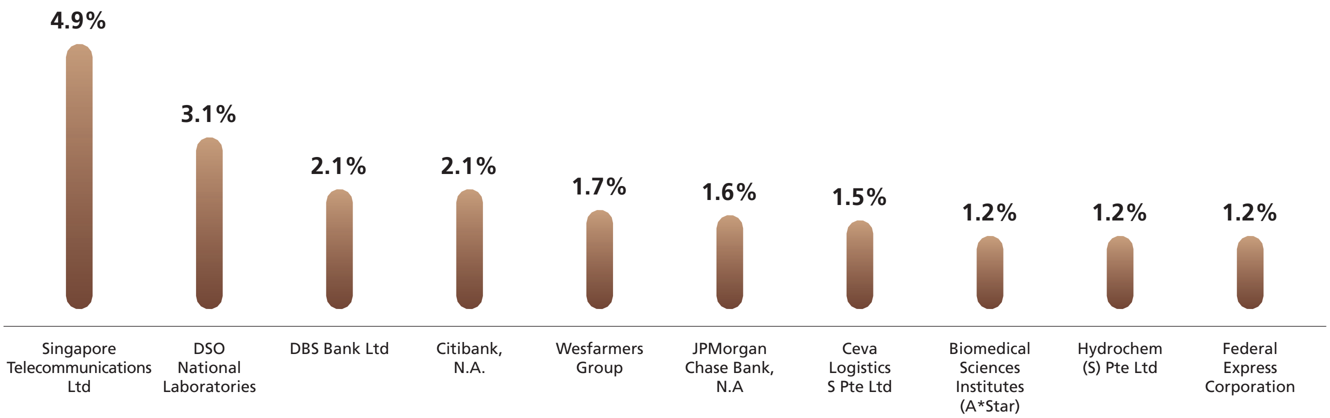
CUSTOMER CREDIT & CONCENTRATION RISK MANAGEMENT

To minimise customer credit risk, a credit evaluation process has been established to assess the creditworthiness of Ascendas Reit's customers. Based on standard industry practice in Singapore, one month's worth of gross rental is usually held as security deposit for each year's lease. However, for long-term leases in single-tenant properties, a larger sum of security deposit may be held. This is dependent on the length of the lease, the credit risks of such customers and commercial negotiation. The weighted average security deposit for the portfolio is approximately 5.5 months of rental income.

With a customer base of around 1,320 local and international companies, rigorous and conscientious effort has been put in to manage accounts receivables. About 91.6% of rental receipts are collected via interbank GIRO services. This enables us to react efficiently and appropriately towards any delinquency in payment.

Top 10 customers accounted for not more than 20.6% of Ascendas Reit's gross rental income and the majority of these tenants are either multinational or listed companies. Furthermore, no single property accounts for more than 5.4% of Ascendas Reit's monthly gross revenue, offering income diversity within the portfolio.

Top 10 Customers of Ascendas Reit by Gross Rental Income (as at 31 March 2018)



PORTFOLIO MANAGEMENT & PERFORMANCE

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

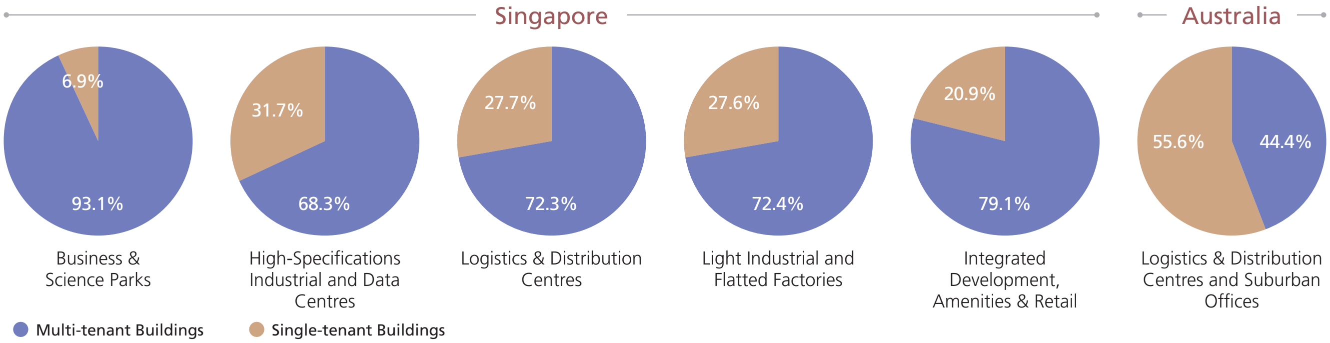
As at 31 March 2018, Ascendas Reit has 100 properties (85% by asset value) in Singapore and 31 properties (15% by asset value) in Australia.

In FY17/18, sources of new demand continued to be broad based ranging from conventional space requirements for transport and storage, information technology to higher value and knowledge intensive industries such as precision engineering and biomedical.

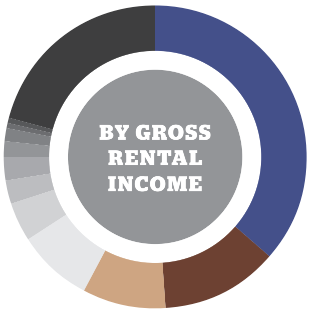
Well-diversified Portfolio (as at 31 March 2018)

Singapore	85%
Australia	15%
Business & Science Parks	37%
High-Specifications Industrial and Data Centres	21%
Logistics & Distribution Centres Singapore	11%
Light Industrial and Flatted Factories	9%
Integrated Development, Amenities & Retail	7%
Logistics & Distribution Centres Australia	11%
Suburban Offices Australia	4%

Breakdown of Multi-tenant and Single-tenant Buildings by Asset Value (as at 31 March 2018)



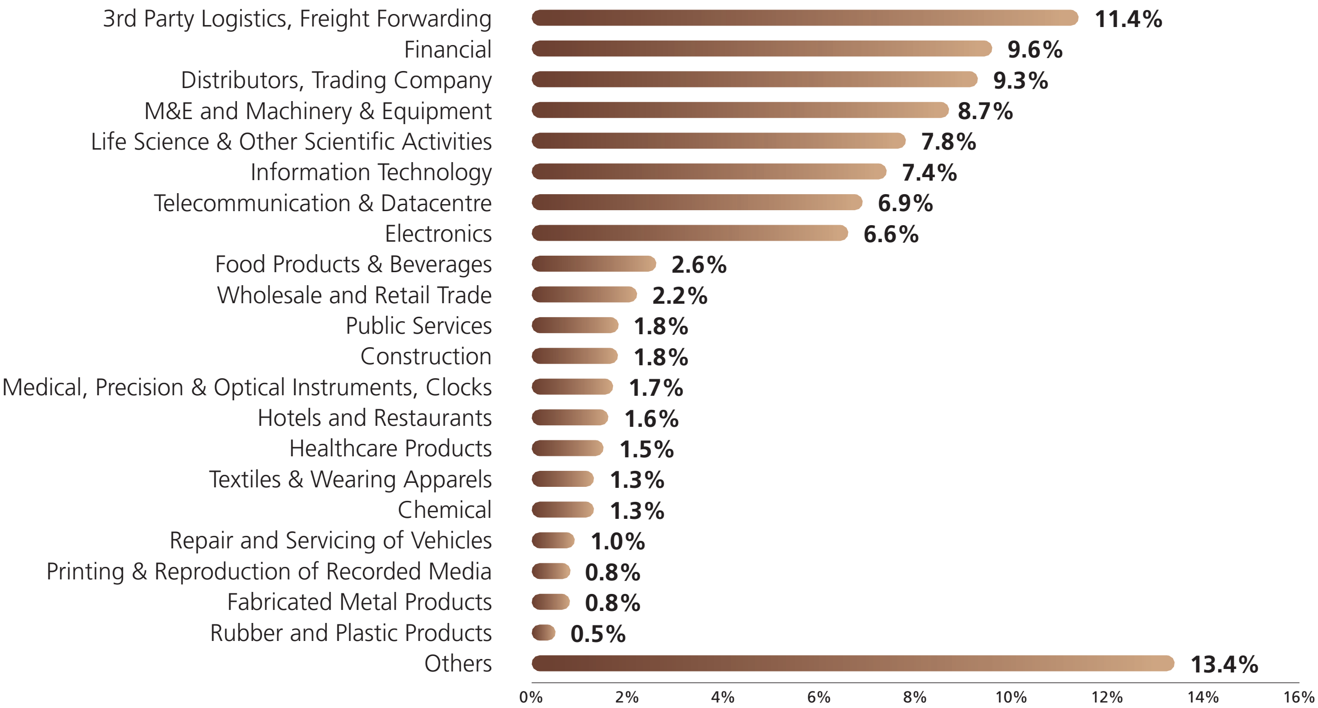
Sources of New Demand in FY17/18



Transport and Storage	36.4%
IT	12.7%
Precision Engineering	8.7%
Biomedical	8.2%
General Manufacturing	4.0%
Electronics	2.7%
Food Products & Beverages	2.4%
Lifestyle and Services	1.7%
Financial Service	1.3%
Structural Engineering	0.6%
Telecommunication & Datacentre	0.5%
Others	20.8%

THE MANAGER'S REVIEW OF FY17/18

Customer's Industry Diversification by Gross Rental Income



POSITIVE RENTAL REVERSION

For FY17/18, Ascendas Reit's portfolio achieved weighted average rental reversions ranging from -6.6% to +11.6% across the various property segments. Overall, the weighted average rental reversion was +0.7% for all the renewed leases in multi-tenant buildings signed during the year.

Achieved Positive Rental Reversion in FY17/18

Multi-tenant Buildings	% Change in Renewal Rates[1] FY17/18	FY16/17
Singapore	**0.5%**	**3.1%**
Business & Science Parks	3.9%	4.6%
Integrated Development, Amenities & Retail	11.6%	7.0%
High-Specifications Industrial and Data Centres	- 6.6%	0.4%
Light Industrial and Flatted Factories	0.4%	1.1%
Logistics & Distribution Centres	0.1%	- 6.5%
Australia	**1.8%**	**0.5%**
Suburban Offices	–[2]	–[2]
Logistics & Distribution Centres	1.8%	0.5%
Total Portfolio	**0.7%**	**3.1%**

(1) Percentage change of the average gross rent over the lease period of the renewed leases against the preceding average gross rent from lease start date. Takes into account renewed leases that were signed in their respective periods and average gross rents are weighted by area renewed.
(2) There were no renewals signed in the period for the respective segments.

LEASE STRUCTURE AND PROFILE

About 24.7% of Ascendas Reit's portfolio comprises long-term leases in single-tenant buildings. These leases provide stability in earnings growth as 20.2% of such leases have rental escalation pegged to the Consumer Price Index with a fixed rate floor and 76.4% incorporate fixed rate adjustments. The rest have varying quantum of periodic escalation. The remaining 75.3% of Ascendas Reit's portfolio comprises multi-tenant buildings, typically with three-year leases without any rental adjustments during their tenure. The rental rates for such leases are marked-to-market upon renewal and provide an opportunity for increase in earnings in an upmarket.

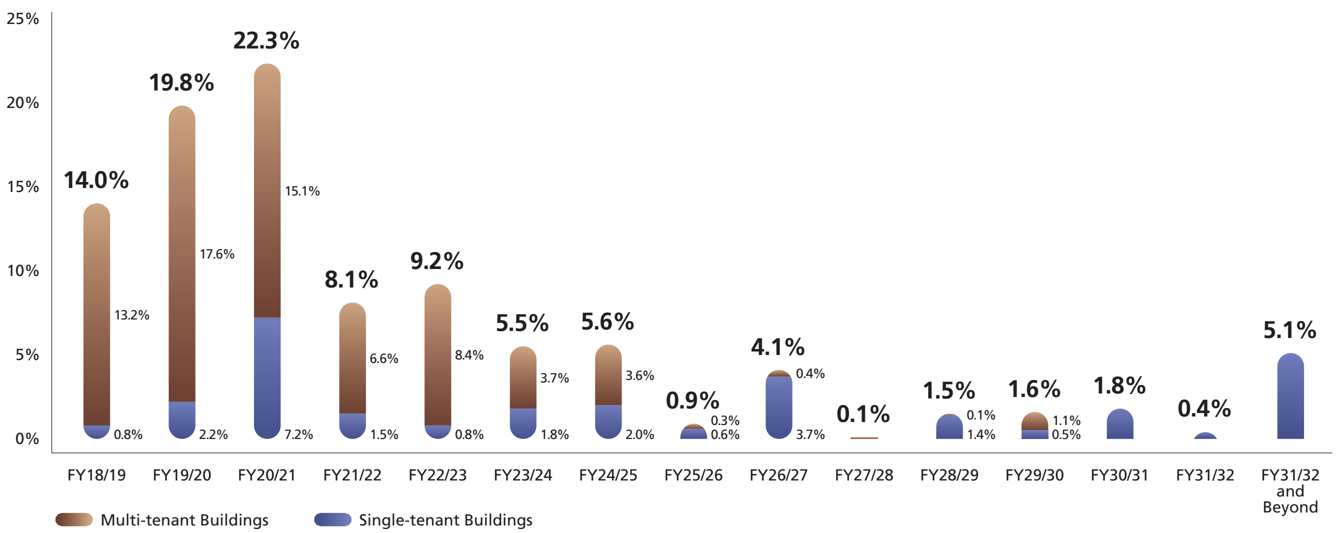
The weighted average lease to expiry[5] (WALE) for the portfolio is 4.2 years as at 31 March 2018. WALE in Australia was at 5.1 years, longer than the 4.0 years in Singapore. Weighted average lease term of new leases signed in FY17/18 was 3.6 years and they accounted for 9.1% of total gross rental income for FY17/18.

About 14.0% of Ascendas Reit's gross rental income is due for renewal in FY18/19. 0.8% are leases of single-tenant buildings and 13.2% are leases of multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

Breakdown of Single-tenant Buildings and Multi-tenant Buildings (as at 31 March 2018)

Multi-tenant Buildings	75.3%
Single-tenant Buildings	24.7%

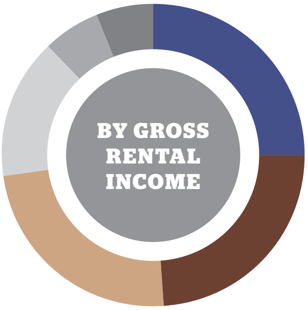
Ascendas Reit's Portfolio Lease Expiry Profile (as 31 March 2018)



5 Weighted average lease to expiry is calculated based on date of entry into the lease agreements, which is consistent with historical disclosures.

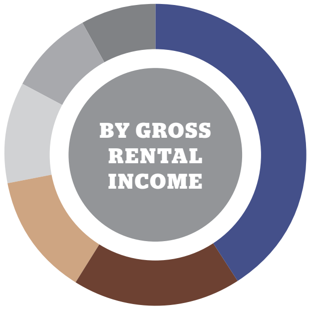
THE MANAGER'S REVIEW OF FY17/18

Breakdown of Expiring Leases for FY18/19 and FY19/20 (as at 31 March 2018)



FY18/19

- High-Specifications Industrial and Data Centres **25%**
- Logistics & Distribution Centres Singapore **24%**
- Business & Science Parks **24%**
- Light Industrial and Flatted Factories **15%**
- Integrated Development, Amenities & Retail **6%**
- Logistics & Distribution Centres and Suburban Offices Australia **6%**



FY19/20

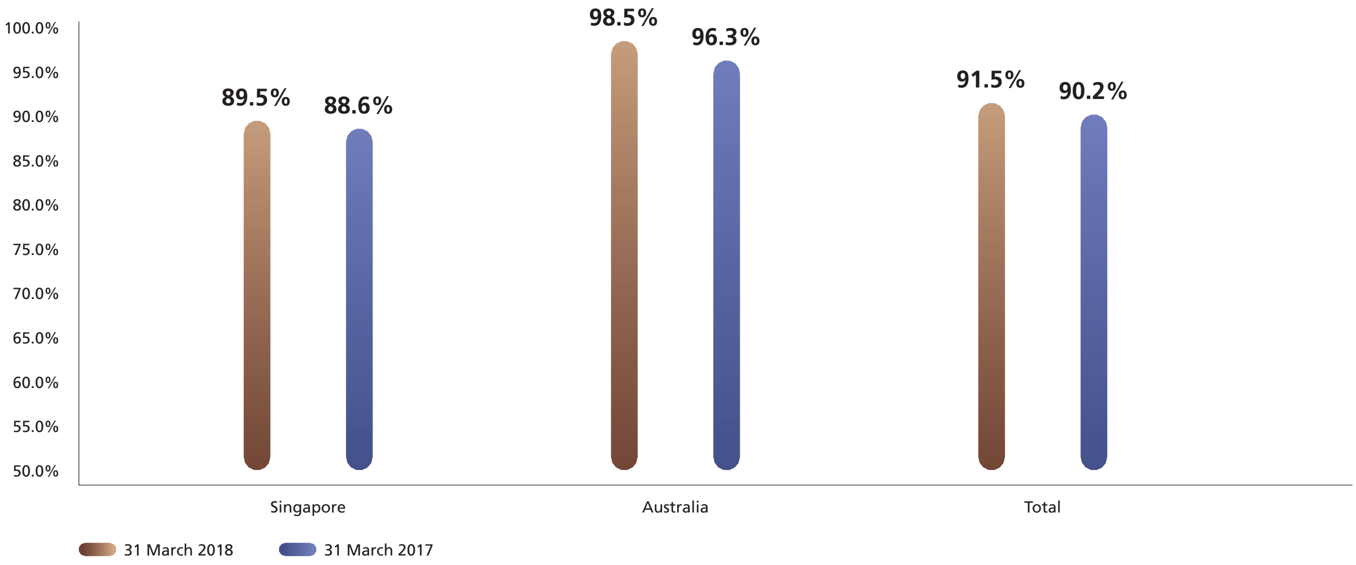
- Business & Science Parks **41%**
- High-Specifications Industrial and Data Centres **18%**
- Light Industrial and Flatted Factories **13%**
- Logistics & Distribution Centres Singapore **11%**
- Integrated Development, Amenities & Retail **9%**
- Logistics & Distribution Centres and Suburban Offices Australia **8%**

OCCUPANCY

As at 31 March 2018, the occupancy rate for Ascendas Reit's overall portfolio stood at 91.5% (from 90.2% as at 31 March 2017). The occupancy of the Singapore portfolio improved to 89.5% from 88.6% as at 31 March 2017. The large contributors came from 2 Senoko South Road which has an occupancy of 99.1% (from 64.0% as at 31 March 2017), Logistech at 94.2% (from 77.2% as at 31 March 2017) and 71 Alps Avenue at 96.1% (from 53.2% as at 31 March 2017).

The overall occupancy rate for Australia also improved overall to 98.5% (from 96.3% as at 31 March 2017) due to 62 Stradbroke Street, Brisbane, Australia and 494 Great Western Highway, Sydney, Australia which were both fully occupied as at 31 March 2018 (from 41.7% and 58.5% respectively as at 31 March 2017).

Overview of Portfolio Occupancy



Singapore Portfolio Occupancy

	As at 31 March 2018	As at 31 March 2017	Percentage/ Percentage Point Change
Total Singapore Portfolio Gross Floor Area (GFA) (sq m)	3,012,157(1)(2)	3,025,823(2)(3)	-0.5%
Singapore Portfolio Occupancy (same store)(4)	89.4%	89.1%	0.3%
Singapore Multi-tenant Building Occupancy (same store)(5)	85.9%	85.4%	0.5%
Overall Singapore Portfolio Occupancy	89.5%	88.6%	0.9%
Singapore Multi-tenant Building Occupancy	85.9%	84.9%	1.0%

Australia Portfolio Occupancy

	As at 31 March 2018	As at 31 March 2017	Percentage/ Percentage Point Change
Total Australian Portfolio GFA (sq m)	737,092	692,153	6.5%
Australian Portfolio Occupancy (same store)(4)	98.4%	96.3%	2.1%
Overall Australian Portfolio Occupancy	98.5%	96.3%	2.2%

(1) Excludes 10 Woodlands Link, 13 International Business Park and 84 Genting Lane which were divested on 12 July 2017, 24 August 2017 and 19 January 2018 respectively.
(2) Excludes 20 Tuas Avenue 1 which has been de-commissioned for redevelopment.
(3) Excludes 50 Kallang Avenue which was previously decommissioned for redevelopment.
(4) Same store portfolio occupancy rates for previous quarters are computed with the same list of properties as at 31 March 2018, excluding new investments and divestments completed in the last 12 months.
(5) Same store multi-tenant building occupancy rates for previous quarters are computed with the same list of properties as at 31 March 2018, excluding new investments, divestments and changes in classification of certain buildings from single-tenant to multi-tenant buildings or vice-versa in the last 12 months.

ANNUAL REVALUATION

It is a mandatory requirement to revalue the portfolio once a year. The total valuation of Ascendas Reit's 130 properties (excluding 20 Tuas Avenue 1 which was under redevelopment) was S$10,139 million as at 31 March 2018. This comprised of S$8,646 billion (85.3%) of investment properties in Singapore and S$1,493 million (14.7%) in Australia. As at 31 March 2018, certain investment properties recorded a depreciation in revaluation against their corresponding values as at 31 March 2017 due to changing market conditions. For more details on the movement in valuation of the investment properties, please refer to pages 56 to 79.

Weighted average land lease to expiry for the portfolio of properties (excluding freehold properties) is 45.5 years.

96.1% of Ascendas Reit's portfolio has a remaining land lease tenure of more than 30 years.

Land Lease Expiry Profile (by Country)

Land Tenure Expiry as at 31 March 2018	Singapore Asset Value (S$ million)(1)	Australia Asset Value (S$ million)	Total Asset Value (S$ million)(1)	Total (%)(1)
≤ 30 years left	397	–	397	3.9%
≤ 60 years left	6,822	–	6,822	67.3%
> 60 years left	1,344	–	1,344	13.3%
Freehold	83	1,493	1,576	15.5%
Total(1)	**8,646**	**1,493**	**10,139**	**100.0%**

Land Lease Expiry Profile (by Property Segment)

Land Tenure Expiry as at 31 March 2018	Business & Science Parks and Suburban Offices		Integrated Development, Amenities and Retail		High-Specifications Industrial and Data Centres		Light Industrial and Flatted Factories		Logistics & Distribution Centres		Total(1)	
	No. of Properties	Asset Value S$ million	No. of Properties	Asset Value S$ million	No. of Properties	Asset Value S$ million	No. of Properties	Asset Value S$ million	No. of Properties	Asset Value S$ million	No. of Properties	Asset Value S$ million
≤ 30 years left	–	–	2	152	–	–	4	125	1	120	7	397
≤ 40 years left	5	483	–	–	9	933	23	787	15	839	52	3,042
≤ 50 years left	14	1,694	–	–	8	414	1	41	3	104	26	2,253
≤ 60 years left	2	670	1	573	1	212	–	–	2	72	6	1,527
> 60 years left	4	811	–	–	3	533	–	–	–	–	7	1,344
FreeHold	3	343	–	–	1	83	–	–	28	1,150	32	1,576
Total(1)	**28**	**4,001**	**3**	**725**	**22**	**2,175**	**28**	**953**	**49**	**2,285**	**130**	**10,139**

(1) Excludes 20 Tuas Avenue 1 which was under-going redevelopment as at 31 March 2018 (investment properties under development). If 20 Tuas Avenue 1 was included, the average land lease expiry for the portfolio of properties (excluding freehold properties) will remain at 45.5 years, and 96.1% of Ascendas Reit's portfolio will have a remaining land lease of more than 30 years.

INTEGRATED SUSTAINABILITY REPORT

The Manager is pleased to present Ascendas Reit's inaugural Integrated Sustainability Report FY17/18 after issuing five Sustainability Reports since 2013. The report has been prepared in accordance with the SGX-ST Listing Manual Rule 711(B).

This year, a reassessment of material matters was conducted with the help of independent sustainability consultants. The Manager took into account the Economic aspect for the first time, transitioning from Environmental, Social and Governance (ESG) matters to Economic, Environmental, Social and Governance (EESG) matters. The Manager engaged both internal and external stakeholders during the prioritisation stage and considered the importance of the potential matters in the short to medium term (1 to 3 years), as well as in the long term (3 to 6 years). The selected matters were subsequently validated by the Board.

The Manager has adopted elements from the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework, such as showcasing how the Manager delivers sustainable value for its stakeholders through the six capitals which is encapsulated in the business model presented on pages 14 to 15 of the Annual Report FY17/18 and pages 4 to 5 of the Integrated Sustainability Report FY17/18.

This is also the first year that the report has adopted the Global Reporting Initiatives ("GRI") Standards framework, the latest version of GRI reporting framework. The GRI Standards require the Manager to provide a higher level of disclosure. The Integrated Sustainability Report is prepared in accordance with GRI Standards "Core" option, along with GRI's Real Estate Sector Supplement ("CRESS").

To showcase Ascendas Reit's pledge towards sustainability, the Manager has taken a step further to align its sustainability efforts with the 2030 Agenda for Sustainable Development, which has been adopted by the 193 member states of the United Nations in 2015.

An electronic version of the Integrated Sustainability Report is available on Ascendas Reit's website at ir.ascendas-reit.com/ar.html.

OUTLOOK

The Ministry of Trade & Industry expects Singapore's 2018 GDP growth to moderate to 1.5% to 3.5%, after recording a 3.6% y-o-y growth in 2017. The Monetary Authority of Singapore announced that it will be increasing slightly the slope of the S$ nominal effective exchange rate policy band to allow for "modest and gradual" appreciation of the currency.

In Australia, consensus GDP growth forecast for 2018 is stronger at 2.7% y-o-y, from 2.3% y-o-y in 2017 (source: Bloomberg). The Australian economy is underpinned by the accommodative monetary policy and the diminishing drag from the decline in mining investment.

A rebound in investment and trade has contributed to the cyclical recovery in the global economy. However, the global outlook is still subject to downside risks, including in particular the escalating trade tensions between the US and China.

On the back of an improving economy and the tapering off of new industrial property supply, there are market expectations of a gradual recovery of the Singapore industrial property market. Although leasing enquiries have improved in recent months, businesses are still cautious and some are still consolidating and right-sizing.

The Australian portfolio comprises 31 properties that are well-located in the key cities of Sydney, Melbourne and Brisbane. We expect our performance in Australia to remain stable.

The financial markets have been volatile. Interest rates are widely expected to continue rising in the months ahead. With a prudent capital management strategy in place (e.g. 71.9% of our borrowings are at fixed interest rates) and a well-spread out debt expiry profile, we are well-positioned to mitigate the impact of interest rate increases and maintain an optimal financial position.

INVESTOR RELATIONS

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

Ascendas Reit has been recognised by the investment community for its good investor relations practices and received the Silver Award for Best Investor Relations in the REITs and business trusts category at the prestigious Singapore Corporate Awards 2017.

During the financial year, the Manager met with over 300 fund managers and analysts through its participation in local and overseas conferences, one-on-one meetings, post results investor luncheons and teleconferences. To engage retail investors, the Manager participated in the annual REITs Symposium jointly organised by Shareinvestor and the REIT Association of Singapore (REITAS) in May 2017 and the SGX-REITAS Webinar in October 2017.

The Manager organised several property visits for institutional and retail investors as well as analysts to facilitate better understanding of Ascendas Reit's business operations and property portfolio. In October 2017, Singapore-based institutional investors were invited to a post-results lunch at the Sponsor's property, Ascent, located at Singapore Science Park 1. This provided investors an opportunity to visit one of the properties within the Sponsor's pipeline. The Manager also hosted a property tour organised by REITAS to LogisTech and ONE@Changi City for retail investors in June 2017.

Ascendas Reit's website is updated regularly, ensuring that all the materials relating to its quarterly financial results, investments, corporate actions and disclosures submitted to the SGX-ST are available to the investment community. Investors may also sign up for email alerts via the website to receive the latest updates.

In conjunction with the release of Ascendas Reit's half and full-year results, briefings were organised for the media and analysts. These briefings were helmed by the Chief Executive Officer/ Board member, Chief Financial Officer and Head of Capital Markets & Corporate Development. The video recordings of the briefings as well as transcripts of the Question and Answer segments are archived on Ascendas Reit's website.

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

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

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

UNITHOLDERS' ENQUIRIES

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

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

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

INVESTOR & MEDIA RELATIONS ACTIVITIES FY17/18

1ST Quarter

- Media & Analysts' Results Briefing for Full Year FY16/17 Financial Results
- FY16/17 Full Year Results Investors' Lunch hosted by Bank of America Merrill Lynch
- DBS Asean Conference (Hong Kong)
- REITs Symposium 2017 (Singapore)
- Nomura Investment Forum Asia 2017 (Singapore)
- REITAS-SGX property tour (Singapore)

2ND Quarter

- 1Q FY17/18 Financial Results Investors' Lunch hosted by Deutsche Bank
- Macquarie ASEAN Conference 2017 (Singapore)
- C-Suite Singapore REITs & Sponsor Corporate Day 2017 (Singapore)
- Bank of America Merrill Lynch 2017 Global Real Estate Conference (New York)
- Non-deal Roadshow arranged by Mizuho Securities (Tokyo)

3RD Quarter

- SGX-Credit Suisse Real Estate Corporate Day (Singapore)
- SGX-REITAS Webinar (Singapore)
- Media & Analysts' Results Briefing for 2Q FY17/18 Financial Results
- 2Q FY17/18 Financial Results Investors' Lunch hosted by the Manager at Ascent in Science Park (arranged by J.P. Morgan)
- J.P.Morgan SGX-JPM Real Estate Corporate Day (Sydney)

4TH Quarter

- DBS Pulse of Asia Conference (Singapore)
- 3Q FY17/18 Financial Results Investors' Lunch hosted by HSBC
- SGX-DBS-REITAS Singapore REITs Corporate Day (Seoul & Tokyo)
- Credit Suisse Asian Investment Conference (Hong Kong)
- Maybank Invest ASEAN Singapore 2018 (Singapore)

INVESTOR RELATIONS

FINANCIAL CALENDAR

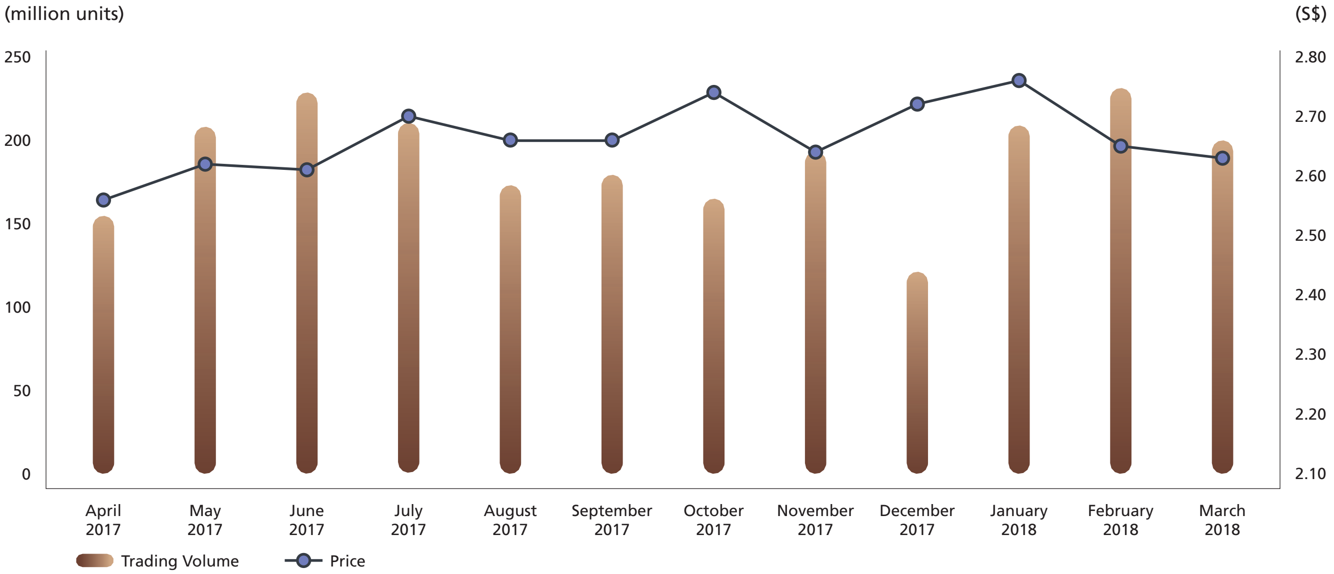
	FY17/18	FY18/19 (Tentative)
1st Quarter Results Announcement	27 July 2017	July 2018
2nd Quarter and Half-year Results Announcement	30 October 2017	October 2018
3rd Quarter Results Announcement	25 January 2018	January 2019
Full Year Results Announcement	23 April 2018	April 2019
Annual Unitholders' Meeting	28 June 2018	June 2019

ASCENDAS REIT UNIT PRICE PERFORMANCE

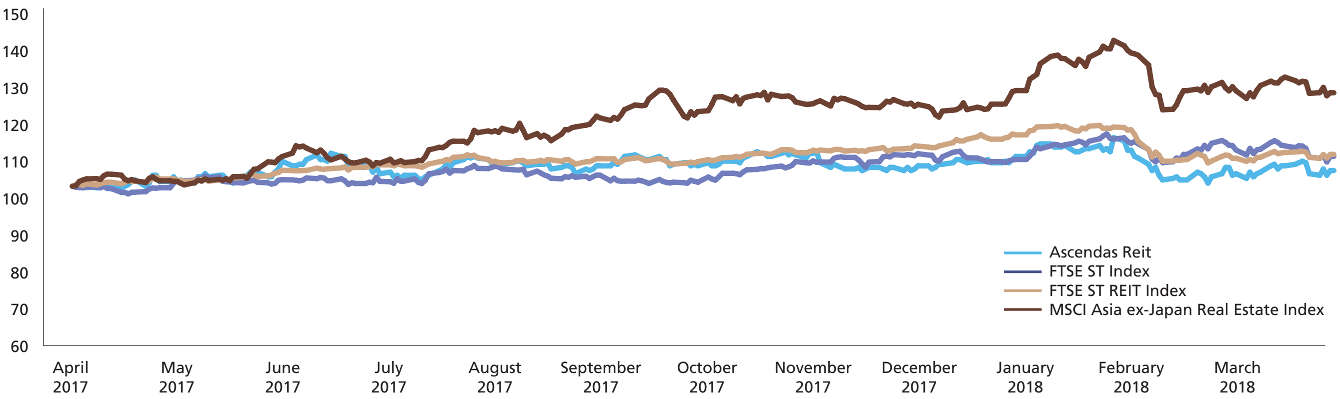
	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
Opening Price (S$)	2.60	2.26	2.60	2.38	2.53
Closing Price (S$)	2.26	2.59	2.39	2.52	2.63
High (S$)	2.86	2.63	2.68	2.56	2.84
Low (S$)	2.06	2.19	2.13	2.20	2.52
Trading Volume (million units)	2,045	1,862	2,544	2,730	2,273
% of S-REIT Trading Volume	10.2%	9.4%	12.3%	12.8%	8.5%
Net Asset Value per Unit (S$)(1)	2.02	2.08	2.06	2.06	2.12
Market Capitalisation (S$ million)(2)	5,430	6,231	6,371	7,370	7,702

Notes:
(1 Prior to distribution distributable income.
(2) Based on last trading date of the respective financial year.

ASCENDAS REIT MONTHLY TRADING PERFORMANCE IN FY17/18



ASCENDAS REIT UNIT PRICE PERFORMANCE IN FY17/18 VS MAJOR INDICES

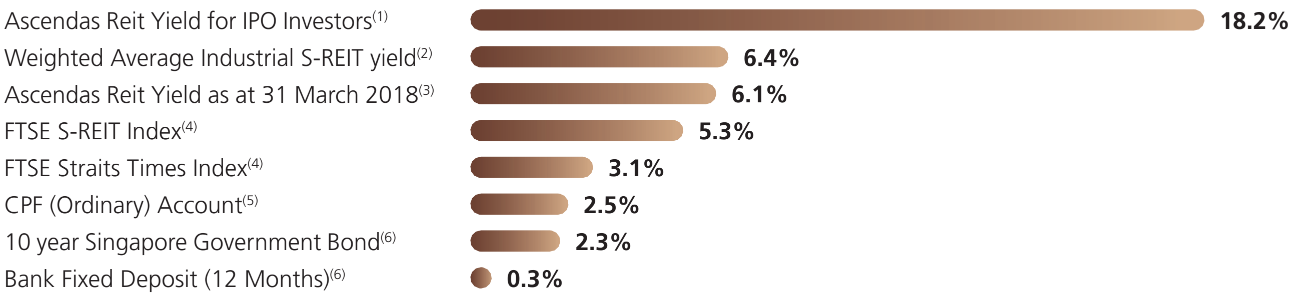


TOTAL UNITHOLDER RETURN

	1-year (1 April 2017 to 31 March 2018)	5-year (1 April 2013 to 31 March 2018)	Since listing (19 November 2002 to 31 March 2018)
Closing Unit Price on the Last Trading Day Prior to the Commencement of the Period / Unit Issue Price at Listing (S$)	2.52	2.60	0.88
Capital Appreciation (%)	4.4	1.2	198.9
Distribution Yield (%)	6.3	29.2	231.6
Total Return as at 31 March 2018 (%)	**10.7(1)**	**30.4(1)**	**430.5(2)**

(1) Sum of actual distributions and capital appreciation for the period over the closing unit price on the last trading day prior to the commencement of the period.
(2) Sum of actual distributions and capital appreciation for the period over the unit issue price at listing.

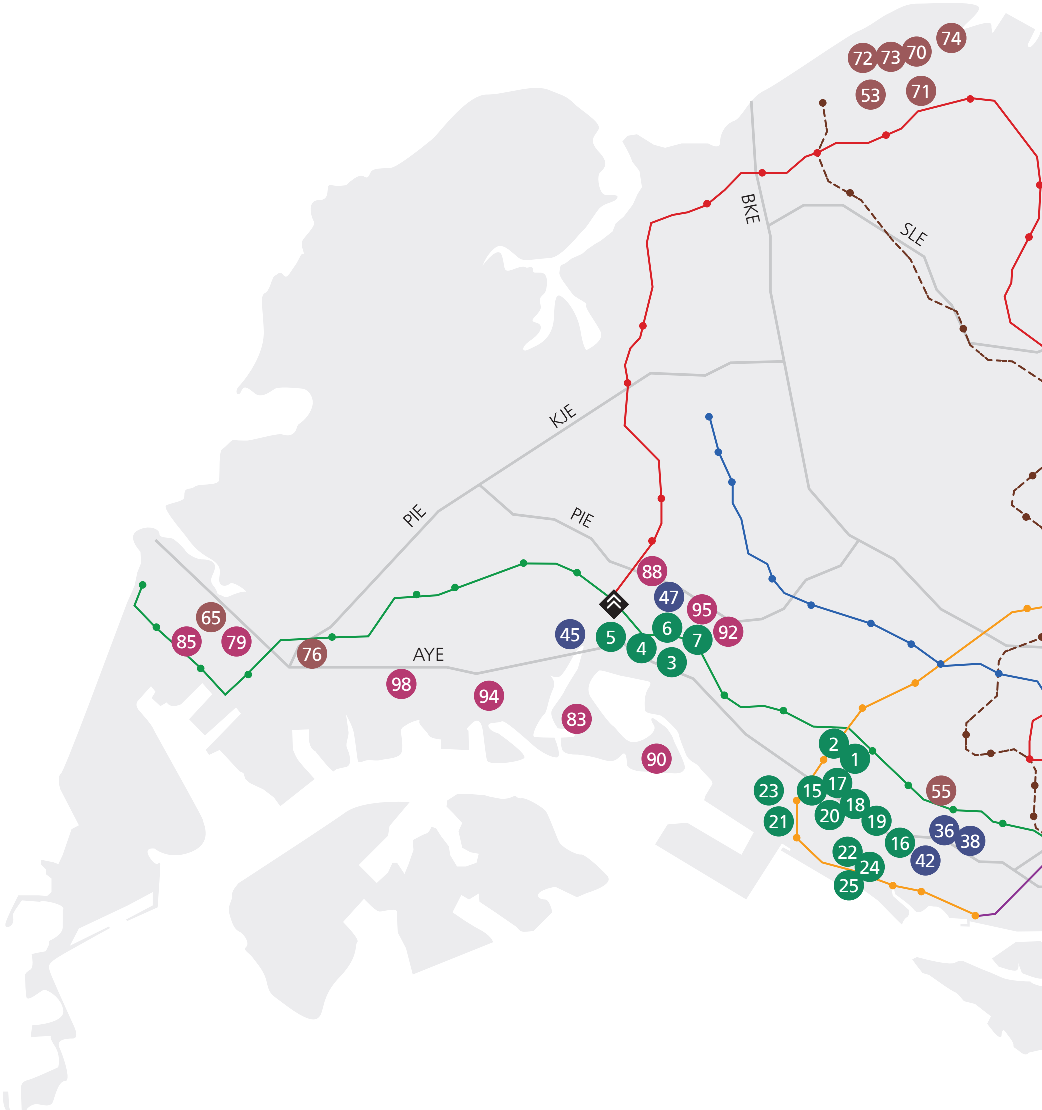
COMPETITIVE YIELD RETURNS



Notes:
(1) Based on Ascendas Reit's IPO price of S$0.88 per unit and DPU of 15.988 cents for FY17/18.
(2) Based on Ascendas Reit's internal research and Bloomberg.
(3) Based on Ascendas Reit's closing price of S$2.63 per unit as at 31 March 2018 and DPU of 15.988 cents for FY17/18.
(4) Based on dividend yield computed by Bloomberg as at 31 March 2018.
(5 Based on interest paid on Central Provident Fund (CPF) ordinary account from 1 January to 31 March 18. Source: CPF Website.
(6) Based on bond yields and rates published on the Monetary Authority of Singapore (MAS) website as at 31 March 2018. Source: MAS Website.

ASCENDAS REIT'S PORTFOLIO

AS AT 31 MARCH 2018



SINGAPORE

BUSINESS & SCIENCE PARK PROPERTIES

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

SINGAPORE

INTEGRATED DEVELOPMENT, AMENITIES & RETAIL PROPERTIES

26. Courts Megastore
27. Giant Hypermart
28. Aperia

SINGAPORE

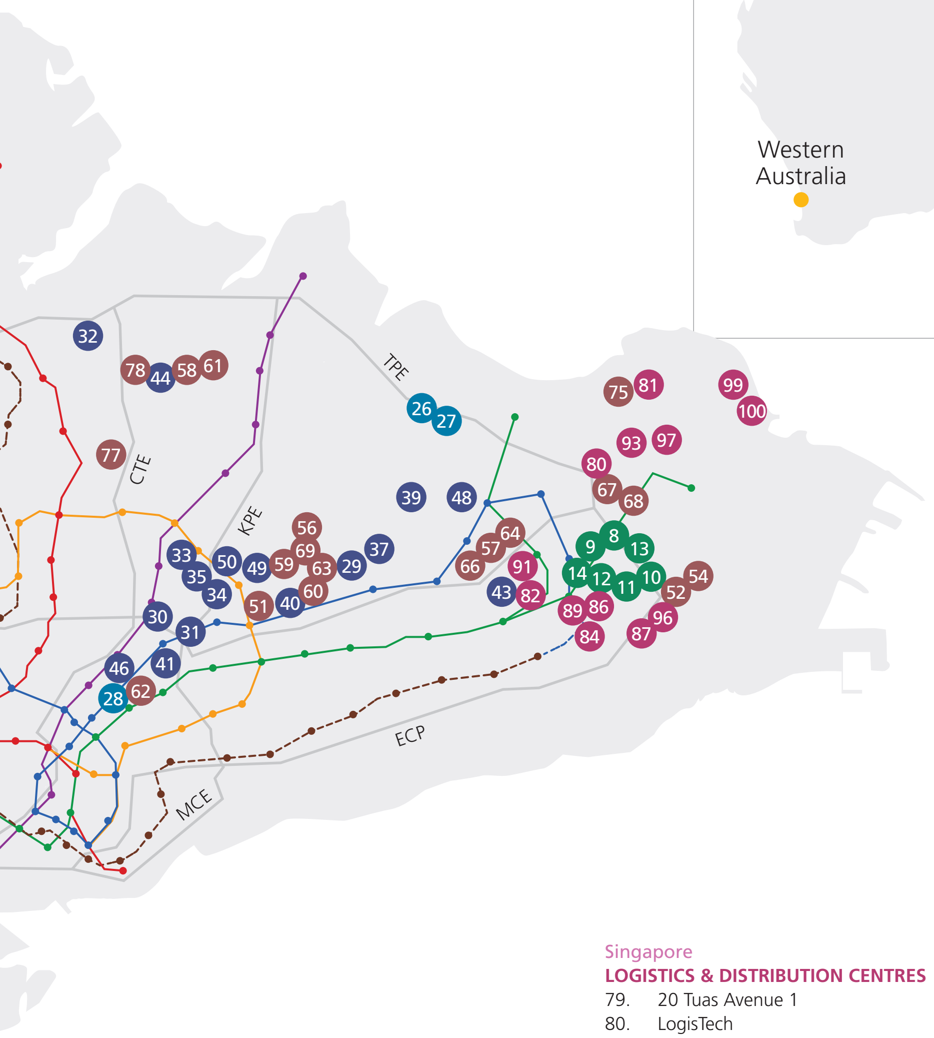
HIGH-SPECIFICATIONS INDUSTRIAL PROPERTIES AND DATA CENTRES

29. Techlink
30. Siemens Centre
31. Infineon Building
32. Techpoint
33. Wisma Gulab
34. KA Centre
35. KA Place
36. Pacific Tech Centre
37. Techview
38. 1 Jalan Kilang
39. 30 Tampines Industrial Avenue 3
40. 31 Ubi Road 1
41. 50 Kallang Avenue
42. 138 Depot Road
43. 2 Changi South Lane
44. CGG Veritas Hub
45. Corporation Place
46. Hyflux Innovation Centre
47. 10 Toh Guan Road
48. Telepark
49. Kim Chuan Telecommunications Complex
50. 38A Kim Chuan Road

SINGAPORE

LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES

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



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

Singapore

LOGISTICS & DISTRIBUTION CENTRES

79. 20 Tuas Avenue 1
80. LogisTech
81. Changi Logistics Centre
82. 4 Changi South Lane
83. 40 Penjuru Lane
84. Xilin Districentre Building A&B
85. 20 Tuas Avenue 6
86. Xilin Districentre Building D
87. 9 Changi South Street 3
88. 5 Toh Guan Road East
89. Xilin Districentre Building C
90. 19 & 21 Pandan Avenue
91. 1 Changi South Lane
92. Logis Hub @ Clementi
93. 11 Changi North Way
94. 21 Jalan Buroh
95. 30 Old Toh Tuck Road (divested on 30 April 2018)
96. 21 Changi South Avenue 2
97. 15 Changi North Way
98. Pioneer Hub
99. 71 Alps Avenue
100. 90 Alps Avenue

Australia

SUBURBAN OFFICES

Sydney, New South Wales

101. 197-201 Coward Street

Brisbane, Queensland

102. 100 Wickham Street
103. 108 Wickham Street

Australia

LOGISTICS & DISTRIBUTION CENTRES

Sydney, New South Wales

104. 484-490 Great Western Highway
105. 494-500 Great Western Highway
106. 1A & 1B Raffles Glade
107. 7 Grevillea Street
108. 5 Eucalyptus Place
109. 16 Kangaroo Avenue (formerly Lot 4 Honeycomb Drive)
110. 1-15 Kellet Close
111. 94 Lenore Drive
112. 1 Distribution Place
113. 6-20 Clunies Ross Street

Melbourne, Victoria

114. 676-698 Kororoit Creek Road
115. 700-718 Kororoit Creek Road
116. 14-28 Ordish Road
117. 35-61 South Park Drive
118. 2-16 Aylesbury Drive
119. 81-89 Drake Boulevard
120. 9 Andretti Court
121. 31 Permas Way
122. 162 Australis Drive
123. 52 Fox Drive (formerly Stage 4, Power Park Estate)

Brisbane, Queensland

124. 62 Sandstone Place
125. 92 Standstone Place
126. 62 Stradbroke Street
127. 82 Noosa Street
128. 95 Glimore Road (formerly 2-56 Australand Drive)
129. 77 Logistics Place
130. 99 Radius Drive

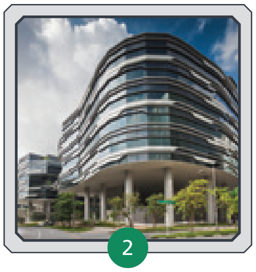
Perth, Western Australia

131. 35 Baile Road

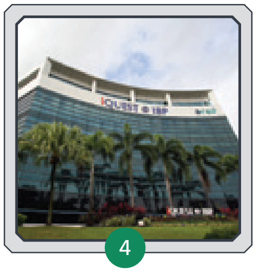
SINGAPORE

BUSINESS & SCIENCE PARK PROPERTIES


1
Neuros & Immunos


2
Nexus @one-north


3
Techquest

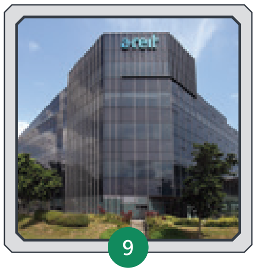

4
iQuest@IBP


5
Acer Building

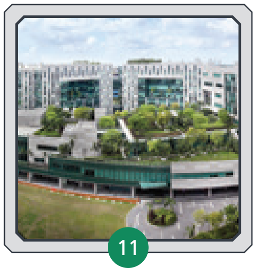

6
31 International Business Park


7
Nordic European Centre


8
Honeywell Building


9
1 Changi Business Park Avenue 1


10
Hansapoint@CBP


11
1, 3, & 5 Changi Business Park Crescent


12
DBS Asia Hub


13
AkzoNobel House

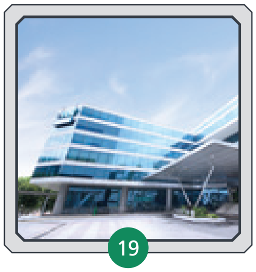

14
ONE@Changi City

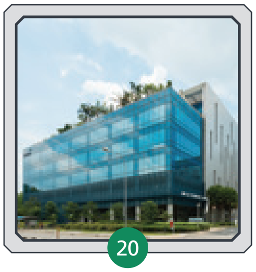

15
TÜV SÜD PSB Building

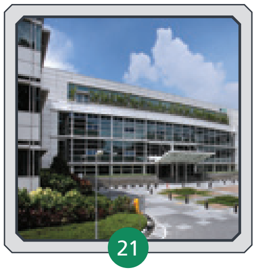

16
The Rutherford & Oasis


17
Cintech I


18
Cintech II


19
Cintech III & IV


20
12, 14 & 16 Science Park Drive



21 The Alpha

22 The Aries, Sparkle & Gemini

23 The Capricorn

24 The Galen

25 The Kendall

Customer's Industry Mix as at 31 March 2018

Financial	26.1%
Life Science & Other Scientific Activities	22.2%
M&E and Machinery and Equipment	7.7%
Information Technology	7.1%
Distributors, Trading Company	4.1%
Electronics	3.6%
Chemical	2.5%
Telecommunication and Datacentre	2.5%
Public Service	2.3%
Hotels and Restaurants	1.5%
Printing & Reproduction of Recorded Media	1.5%
Food Products and Beverages	1.2%
Medical, Precision & Optical Instruments, Clocks	1.2%
Construction	1.0%
3rd Party Logistics, Freight Forwarding, Shipping	0.5%
Fabricated Metal Products	0.2%
Healthcare Products	0.1%
Rubber and Plastic Products	0.1%
Wholesale and Retail Trade	0.1%
Others	14.5%

Business & Science Park Properties	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	23	2	25
No. of Customers	383	2	385
GFA (sq m)	735,182	77,870	813,052
Gross Revenue (S$ million)	276.6	17.1	293.7
Book Value/Valuation as at 31 March 2018 (S$ million)	3,403.6	254.0	3,657.6

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.1
Weighted Average Lease to Expiry (in Years)	4.1

BUSINESS & SCIENCE PARK PROPERTIES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018 (S$ million)
	One-north			
1	Neuros & Immunos#	31 Mar 11	125.6	139.0
2	Nexus @one-north	04 Sep 13	181.3	191.4
	Total (One-north)		**306.9**	**330.4**
	International Business Park			
3	Techquest**#	05 Oct 05	7.5	24.2
4	iQuest@IBP**	12 Jan 07	18.6	31.4
5	Acer Building	19 Mar 08	75.0	97.9
6	31 International Business Park**	26 Jun 08	246.8	216.9
7	Nordic European Centre**	08 Jul 11	121.6	111.9
	Total (International Business Park)		**469.5**	**482.3**
	Changi Business Park			
8	Honeywell Building#	19 Nov 02	32.8	74.3
9	1 Changi Business Park Avenue 1	30 Oct 03	18.0	52.2
10	Hansapoint@CBP	22 Jan 08	26.1	113.4
11	1, 3 & 5 Changi Business Park Crescent	16 Feb 09 25 Sep 09 31 Dec 10	200.9	323.4
12	DBS Asia Hub#^	31 Mar 10 15 Apr 15	137.8	166.0
13	AkzoNobel House	08 Dec 11	80.0	69.1
14	ONE@Changi City#	01 Mar 16	420.0	478.6
	Total (Changi Business Park)		**915.6**	**1,277.0**
	Singapore Science Park 1			
15	TÜV SÜD PSB Building	18 Nov 05	35.0	88.0
16	The Rutherford & Oasis#	26 Mar 08	51.5	100.0
17	Cintech I**#	29 Mar 12	47.1	58.8
18	Cintech II**#	29 Mar 12	35.3	45.0
19	Cintech III & IV#	29 Mar 12	100.7	130.5
20	12, 14 & 16 Science Park Drive#	16 Feb 17	420.0	450.0
	Total (Singapore Science Park 1)		**689.6**	**872.3**
	Singapore Science Park 2			
21	The Alpha**#	19 Nov 02	52.3	105.0
22	The Aries, Sparkle & Gemini**	19 Nov 02	129.2	204.4
23	The Capricorn**#	19 Nov 02	71.8	113.0
24	The Galen**#	25 Mar 13	126.0	143.2
25	The Kendall**#	30 Mar 15	112.0	130.0
	Total (Singapore Science Park 2)		**491.3**	**695.6**
	Total (Business & Science Parks Properties)		**2,872.9**	**3,657.6**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2018, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2017 due to changing market conditions.
# Acquired from the Ascendas-Singbridge Group.
^ DBS Asia Hub Phase 2, an extension of DBS Asis Hub was completed on 15 April 2015.

GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
36,931	26,035	8/8A Biomedical Grove	20.3	100.0%
25,511	20,669	1 & 3 Fusionopolis Link	15.2	98.1%
62,442	**46,704**		**35.5**	**99.2%**
9,079	6,723	7 International Business Park	1.7	55.7%
12,143	9,136	27 International Business Park	1.7	39.9%
29,185	22,489	29 International Business Park	7.3	66.4%
61,720	49,003	31 International Business Park	19.4	72.8%
28,378	21,817	3 International Business Park	10.2	71.1%
140,505	**109,168**		**40.3**	**67.3%**
18,123	14,398	17 Changi Business Park Central 1	6.8	85.3%
11,556	9,150	1 Changi Business Park Avenue 1	4.4	89.7%
19,448	16,417	10 Changi Business Park Central 2	10.0	100.0%
74,660	62,948	1, 3 & 5 Changi Business Park Crescent	28.1	99.5%
45,857	38,172	2 & 2A Changi Business Park Crescent	13.0	100.0%
19,225	15,071	3 Changi Business Park Vista	7.4	97.0%
71,158	61,218	1 Changi Business Park Central 1	34.6	96.2%
260,027	**217,374**		**104.3**	**97.1%**
32,013	21,343	1 Science Park Drive	4.1	100.0%
27,216	18,815	87/89 Science Park Drive	6.7	79.7%
14,943	10,529	73 Science Park Drive	4.9	73.6%
13,552	7,915	75 Science Park Drive	4.1	87.2%
25,622	18,459	77 & 79 Science Park Drive	11.2	87.4%
78,871	78,871	12, 14 & 16 Science Park Drive	29.9	100.0%
192,217	**155,932**		**60.9**	**93.6%**
28,533	20,788	10 Science Park Road	7.5	59.4%
49,851	36,405	41, 45 & 51 Science Park Road	15.3	71.3%
28,602	20,543	1 Science Park Road	8.1	61.5%
30,685	21,829	61 Science Park Road	9.1	56.6%
20,190	16,870	50 Science Park Road	12.7	93.7%
157,861	**116,435**		**52.7**	**67.9%**
813,052	**645,613**		**293.7**	**86.1%**

SINGAPORE

INTEGRATED DEVELOPMENT, AMENITIES & RETAIL PROPERTIES

26

Courts Megastore

27

Giant Hypermart

28

Aperia

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018 (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
26	Courts Megastore	30 Nov 06	46.0	65.7	28,410	28,410	50 Tampines North Drive 2	7.3	100.0%
27	Giant Hypermart	06 Feb 07	65.4	86.0	42,194	42,178	21 Tampines North Drive 2	8.5	100.0%
28	Aperia	08 Aug 14	458.0	573.3	86,696	68,714	8,10,12 Kallang Avenue	45.6	93.5%
	Total (Integrated Development, Amenities & Retail Properties)		**569.4**	**725.0**	**157,300**	**139,302**		**61.4**	**96.8%**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.

Customer's Industry Mix as at 31 March 2018

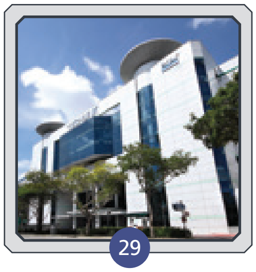
- Wholesale and Retail Trade 28.5%
- Distributors, Trading Company 19.0%
- Information Technology 17.3%
- Hotels and Restaurants 5.2%
- Construction 4.5%
- Financial 2.7%
- M&E and Machinery & Equipment 2.6%
- Food Products & Beverages 1.7%
- Telecommunication & Datacentre 0.8%
- Electronics 0.4%
- Others 17.3%

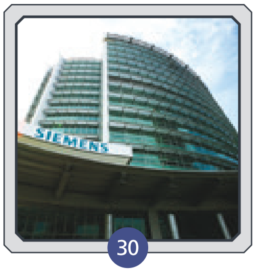
Integrated Development, Amenities & Retail Properties	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	1	2	3
No. of Customers	100	2	102
GFA (sq m)	86,696	70,604	157,300
Gross Revenue (S$ million)	45.6	15.8	61.4
Book Value/Valuation as at 31 March 2018 (S$ million)	573.3	151.7	725.0

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	5.9
Weighted Average Lease to Expiry (in Years)	5.3

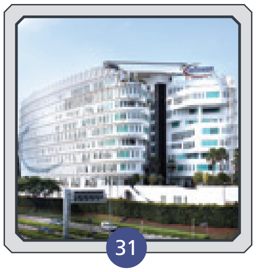
SINGAPORE

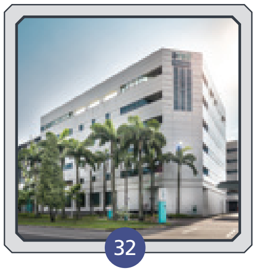
HIGH-SPECIFICATIONS INDUSTRIAL PROPERTIES AND DATA CENTRES


29
Techlink

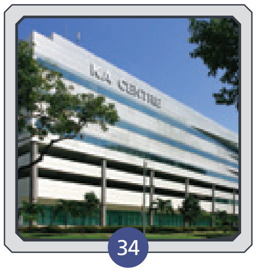


30
Siemens Centre


31
Infineon Building

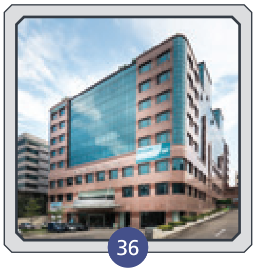

32
Techpoint

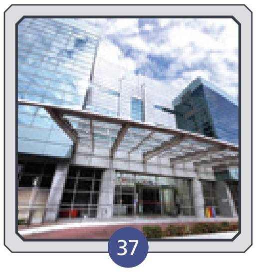

33
Wisma Gulab



34
KA Centre

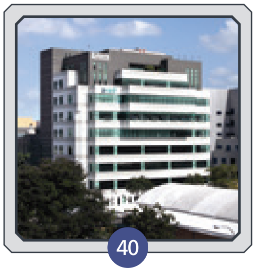

35
KA Place

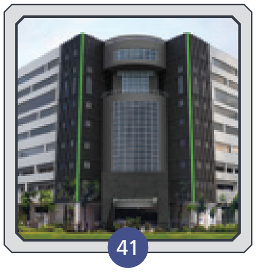

36
Pacific Tech Centre


37
Techview


38
1 Jalan Kilang

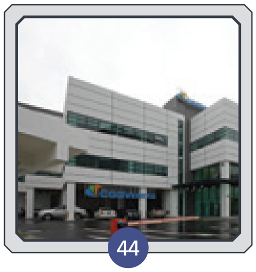

39
30 Tampines Industrial Avenue 3

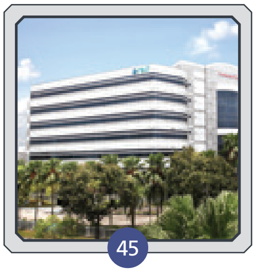

40
31 Ubi Road 1


41
50 Kallang Avenue

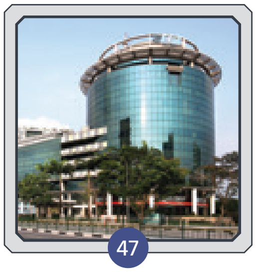

42
138 Depot Road

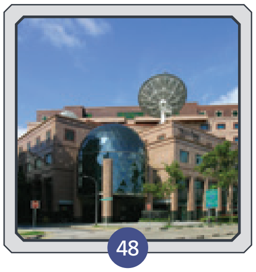

43
2 Changi South Lane


44
CGG Veritas Hub


45
Corporation Place

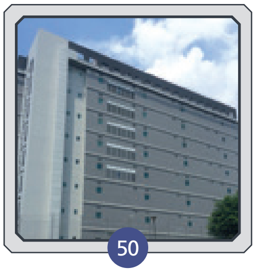

46
Hyflux Innovation Centre


47
10 Toh Guan Road


48
Telepark

49

Kim Chuan Telecommunications Complex



50

38A Kim Chuan Road

Customer's Industry Mix as at 31 March 2018

Telecommunication & Datacentre	26.3%
Electronics	17.9%
M&E and Machinery & Equipment	17.6%
Information Technology	6.3%
Distributors, Trading Company	4.2%
Medical, Precision & Optical Instruments, Clocks	3.7%
Financial	3.5%
Textiles & Wearing Apparels	3.1%
Chemical	2.1%
Life Science & Other Scientific Activities	1.5%
Fabricated Metal Products	0.8%
Construction	0.8%
Hotels and Restaurants	0.6%
3rd Party Logistics, Freight Forwarding	0.6%
Food Products & Beverages	0.4%
Printing & Reproduction of Recorded Media	0.2%
Wholesale and Retail Trade	0.2%
Rubber and Plastic Products	0.1%
Healthcare Products	0.1%
Others	10.0%

High-Specifications Industrial Properties and Data Centres	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	13	9	22
No. of Customers	265	9	274
GFA (sq m)	484,391	206,307	690,698
Gross Revenue (S$ million)	133.5	57.9	191.4
Book Value/Valuation as at 31 March 2018 (S$ million)	1,485.2	689.4	2,174.6

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.3
Weighted Average Lease to Expiry (in Years)	4.9

SINGAPORE

HIGH-SPECIFICATIONS INDUSTRIAL PROPERTIES AND DATA CENTRES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018 (S$ million)
	High-Specifications Industrial Properties			
29	Techlink#	19 Nov 02	69.8	126.4
30	Siemens Centre	12 Mar 04	65.8	101.1
31	Infineon Building#	01 Dec 04	50.9	87.2
32	Techpoint#	01 Dec 04	75.0	154.9
33	Wisma Gulab	01 Dec 04	55.7	82.5
34	KA Centre	02 Mar 05	19.2	49.0
35	KA Place	02 Mar 05	11.1	21.7
36	Pacific Tech Centre	01 Jul 05	62.0	90.5
37	Techview#	05 Oct 05	76.0	152.5
38	1 Jalan Kilang**	27 Oct 05	18.7	24.8
39	30 Tampines Industrial Avenue 3	15 Nov 05	22.0	37.4
40	31 Ubi Road 1**	21 Feb 06	23.0	31.7
41	50 Kallang Avenue^	27 Feb 06 & 21 Jun 17	28.6	90.0
42	138 Depot Road**#	15 Mar 06	42.3	65.6
43	2 Changi South Lane	01 Feb 07	30.0	37.0
44	CGG Veritas Hub#	25 Mar 08	18.3	24.1
45	Corporation Place	08 Dec 11	99.0	123.8
46	Hyflux Innovation Centre	30 Jun 14	191.2	212.3
47	10 Toh Guan Road	05 Mar 04	92.0	128.9
	Total (High-Specifications Industrial Properties)		**1,050.6**	**1,641.4**
	Data Centres			
48	Telepark**	02 Mar 05	186.0	267.6
49	Kim Chuan Telecommunications Complex	02 Mar 05	100.0	142.2
50	38A Kim Chuan Road##	11 Dec 09	98.4	123.4
	Total (Data Centres)		**384.4**	**533.2**
	Total (High-Specifications Industrial Properties and Data Centres)		**1,435.0**	**2,174.6**

Notes:

The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.

* Purchase Price excludes transaction cost associated with the purchase of the property.

** As at 31 March 2018, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2017 due to changing market conditions.

\# Acquired from the Ascendas-Singbridge Group.

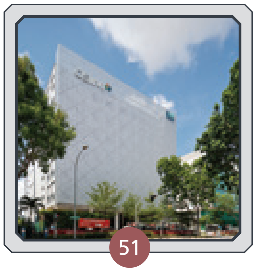
\#\# Property was valued by independent valuer at S$178.3 million. Ascendas Reit has recorded the property at S$178.3 million comprising S$123.4 million in land and building and S$54.9 million in M&E equipment.

^ 50 Kallang Avenue was first acquired on 27 February 2006 for S$28.6 million and was subsequently redeveloped into a single-tenant building for a multinational corporation. The redevelopment was completed on 21 June 2017.

GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
49,837	36,346	31 Kaki Bukit Road 3	12.5	83.1%
36,529	27,781	60 MacPherson Road	10.5	98.9%
27,278	27,278	8 Kallang Sector	9.0	100.0%
56,107	40,987	10 Ang Mo Kio Street 65	14.2	81.8%
15,557	11,821	190 MacPherson Road	5.3	100.0%
19,638	13,557	150 Kampong Ampat	4.9	82.0%
10,163	6,652	159 Kampong Ampat	2.0	79.5%
25,718	19,627	1 Jalan Kilang Timor	6.1	76.8%
50,985	37,645	1 Kaki Bukit View	14.3	72.9%
7,158	6,071	1 Jalan Kilang	2.4	82.1%
9,593	9,593	30 Tampines Industrial Ave 3	3.2	100.0%
15,934	12,987	31 Ubi Road 1	3.6	73.4%
18,970	18,970	50 Kallang Avenue	3.6	100%
29,626	26,485	138 Depot Road	8.8	100.0%
26,300	20,939	2 Changi South Lane	2.5	100.0%
9,782	8,671	9 Serangoon North Avenue 5	2.8	100.0%
76,185	55,711	2 Corporation Road	12.4	68.2%
43,435	34,955	80 Bendemeer Road	17.6	87.3%
52,147	39,955	10 Toh Guan Road	12.7	65.3%
580,942	**456,031**		**148.4**	**84.0%**
40,555	24,596	5 Tampines Central 6	20.3	99.9%
35,456	25,129	38 Kim Chuan Road	11.2	100.0%
33,745	32,885	38A Kim Chuan Road	11.5	100.0%
109,756	**82,610**		**43.0**	**100.0%**
690,698	**538,641**		**191.4**	**86.4%**

SINGAPORE

LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES



51 Osim Headquarters

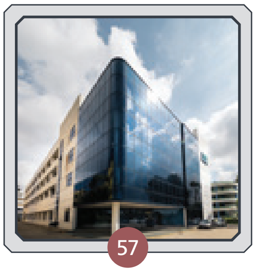
52 41 Changi South Avenue 2

53 12 Woodlands Loop

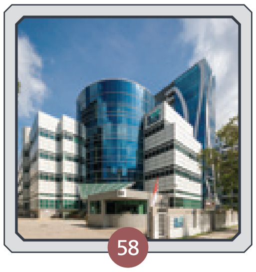
54 SB Building

55 247 Alexandra Road

56 5 Tai Seng Drive



57 35 Tampines Street 92



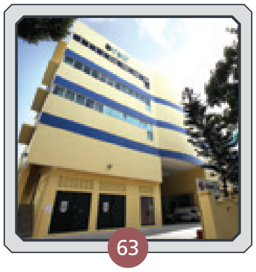
58 53 Serangoon North Avenue 4

59 3 Tai Seng Drive

60 27 Ubi Road 4

61 52 Serangoon North Avenue 4

62 Hyflux Building



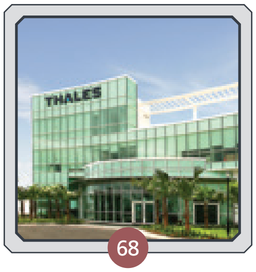
63 25 Ubi Road 4

64 Tampines Biz-Hub

65 Hoya Building

66 37A Tampines Street 92

67 Hamilton Sundstrand Building



68 Thales Building (I & II)

69 Ubi Biz-Hub

70 2 Senoko South Road

18 Woodlands Loop

9 Woodlands Terrace

11 Woodlands Terrace

FoodAxis @ Senoko

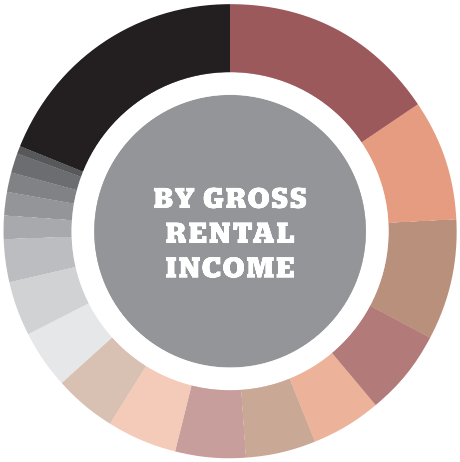
8 Loyang Way I

31 Joo Koon Circle

Techplace I

Techplace II

Customer's Industry Mix as at 31 March 2018



M&E and Machinery & Equipment	15.8%
Electronics	8.6%
Food Products & Beverages	8.4%
Repair and Servicing of Vehicles	6.3%
Healthcare Products	5.0%
Distributors, Trading Company	5.0%
Hotels and Restaurants	5.0%
Fabricated Metal Products	4.9%
Construction	4.5%
Information Technology	4.2%
Rubber and Plastic Products	3.9%
Medical, Precision & Optical Instruments, Clocks	2.9%
3rd Party Logistics, Freight Forwarding	1.8%
Textiles & Wearing Apparels	1.6%
Life Science & Other Scientific Activities	1.4%
Printing & Reproduction of Recorded Media	1.3%
Telecommunication & Datacentre	0.6%
Financial	0.1%
Others	18.7%

Light Industrial Properties and Flatted Factories	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	17	11	28
No. of Customers	407	11	418
GFA (sq m)	426,734	140,695	567,429
Gross Revenue (S$ million)	68.8	23.5	92.3
Book Value/Valuation as at 31 March 2018 (S$ million)	690.1	263.3	953.4

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.4
Weighted Average Lease to Expiry (in Years)	3.1

SINGAPORE

LIGHT INDUSTRIAL PROPERTIES AND FLATTED FACTORIES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018 (S$ million)
	Light Industrial Properties			
51	Osim Headquarters	20 Jun 03	35.0	39.5
52	41 Changi South Avenue 2	13 Oct 03	13.5	11.6
53	12 Woodlands Loop	29 Jul 04	24.8	28.2
54	SB Building	26 Nov 04	17.8	21.6
55	247 Alexandra Road	01 Dec 04	44.8	66.0
56	5 Tai Seng Drive	01 Dec 04	15.3	19.9
57	35 Tampines Street 92	01 Dec 04	9.4	12.6
58	53 Serangoon North Avenue 4	27 Dec 04	14.0	13.9
59	3 Tai Seng Drive	01 Apr 05	19.5	19.1
60	27 Ubi Road 4**	01 Apr 05	12.6	12.5
61	52 Serangoon North Avenue 4	04 Apr 05	14.0	21.8
62	Hyflux Building**	04 Apr 05	19.0	19.0
63	25 Ubi Road 4**	16 May 05	9.0	10.3
64	Tampines Biz-Hub	05 Oct 05	16.8	24.1
65	Hoya Building**#	05 Oct 05	5.3	7.2
66	37A Tampines Street 92	01 Dec 05	12.3	15.6
67	Hamilton Sundstrand Building#	09 Dec 05	31.0	41.0
68	Thales Building (I & II)#	03 Jan 06 & 20 Mar 08	5.8	12.0
69	Ubi Biz-Hub	27 Mar 06	13.2	18.4
70	2 Senoko South Road^	08 Jan 07 & 08 Apr 16	33.5	37.2
71	18 Woodlands Loop	01 Feb 07	17.2	30.3
72	9 Woodlands Terrace**	01 Feb 07	1.9	3.5
73	11 Woodlands Terrace**	01 Feb 07	1.9	4.6
74	FoodAxis @ Senoko^^	15 May 07 16 Feb 12	57.8	87.1
75	8 Loyang Way 1	05 May 08	25.0	23.6
76	31 Joo Koon Circle**	30 Mar 10	15.0	18.7
	Total (Light Industrial Properties)		**485.4**	**619.3**
	Flatted Factories			
77	TechPlace I#	19 Nov 02	105.3	144.3
78	TechPlace II#	19 Nov 02	128.9	189.8
	Total (Flatted Factories)		**234.2**	**334.1**
	Total (Light Industrial Properties and Flatted Factories)		**719.6**	**953.4**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2018, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2017 due to changing market conditions.
# Acquired from the Ascendas-Singbridge Group.
^ 2 Senoko South Road was first acquired on 08 Jan 2007 for S$33.5 m and subsequently underwent asset enhancement works which completed on 08 April 2016.
^^ FoodAxis @ Senoko (previously known as 1 Senoko Avenue) was first acquired on 15 May 2007 for S$11.2 m and was subsequently redeveloped to maximise the allowable plot ratio. The redevelopment was completed on 16 February 2012.

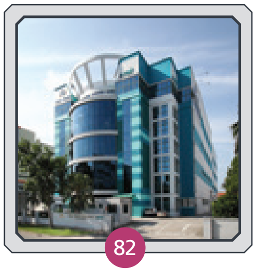
GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
17,683	15,068	65 Ubi Avenue 1	3.2	100.0%
8,046	6,154	41 Changi South Avenue 2	0.5	21.8%
19,887	16,077	12 Woodlands Loop	2.5	100.0%
13,998	11,895	25 Changi South Street 1	1.8	100.0%
13,699	12,803	247 Alexandra Road	5.1	100.0%
12,930	11,273	5 Tai Seng Drive	2.3	95.5%
8,931	8,060	35 Tampines Street 92	0.9	71.0%
10,589	8,034	53 Serangoon North Avenue 4	1.6	75.0%
14,929	11,845	3 Tai Seng Drive	2.2	91.8%
9,087	7,215	27 Ubi Road 4	2.0	72.7%
14,767	11,047	52 Serangoon North Avenue 4	2.8	95.6%
20,465	16,980	202 Kallang Bahru	1.9	100.0%
7,998	6,151	25 Ubi Road 4	1.4	95.3%
18,086	14,459	11 Tampines Street 92	2.2	56.2%
6,505	6,282	455A Jalan Ahmad Ibrahim	1.1	100.0%
12,011	9,725	37A Tampines Street 92	1.4	59.3%
17,737	16,744	11 Changi North Rise	3.5	100.0%
7,772	7,772	21 Changi North Rise	1.5	100.0%
12,978	10,697	150 Ubi Avenue 4	2.3	96.3%
23,457	17,632	2 Senoko South Road	4.2	99.1%
18,422	16,056	18 Woodlands Loop	4.2	100.0%
2,774	2,341	9 Woodlands Terrace	0.6	100.0%
2,810	2,219	11 Woodlands Terrace	0.7	100.0%
43,362	44,439	1 Senoko Avenue	9.9	95.3%
13,725	13,725	8 Loyang Way 1	2.0	100.0%
17,638	15,421	31 Joo Koon Circle	1.4	100.0%
370,286	**320,114**		**63.2**	**91.8%**
81,981	59,531	Blk 4008 - 4012 Ang Mo Kio Avenue 10	13.1	92.5%
115,162	83,200	Blk 5000 - 5004, 5008-5014 Ang Mo Kio Avenue 5	16.0	81.5%
197,143	**142,731**		**29.1**	**86.1%**
567,429	**462,845**		**92.3**	**90.0%**

SINGAPORE
LOGISTICS & DISTRIBUTION CENTRES


79
20 Tuas Avenue 1


80
LogisTech

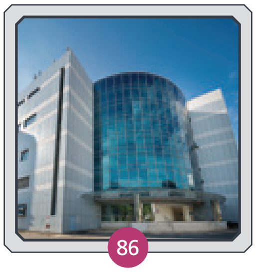

81
Changi Logistics Centre


82
4 Changi South Lane


83
40 Penjuru Lane


84
Xilin Districentre Building A&B


85
20 Tuas Avenue 6


86
Xilin Districentre Building D


87
9 Changi South Street 3

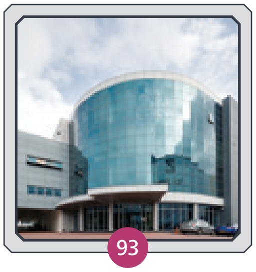

88
5 Toh Guan Road East

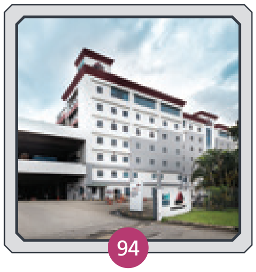

89
Xilin Districentre Building C


90
19 & 21 Pandan Avenue


91
1 Changi South Lane


92
Logis Hub @ Clementi


93
11 Changi North Way


94
21 Jalan Buroh


95
30 Old Toh Tuck Road (divested on 30 April 2018)

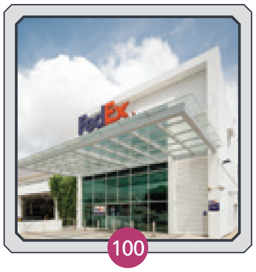

96
21 Changi South Avenue 2


97
15 Changi North Way


98
Pioneer Hub

99

71 Alps Avenue



100

90 Alps Avenue

Customer's Industry Mix as at 31 March 2018

3rd Party Logistics, Freight Forwarding	53.0%
Distributors, Trading Company	18.4%
Information Technology	10.8%
Electronics	2.4%
Public Service	1.5%
M&E and Machinery & Equipment	0.7%
Medical, Precision & Optical Instruments, Clocks	0.4%
Hotels and Restaurants	0.2%
Others	12.6%

Logistics & Distribution Centres	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	16	6	22
No. of Customers	113	6	119
GFA (sq m)	574,268	209,410	783,678
Gross Revenue (S$ million)	85.2	26.6	111.8
Book Value/Valuation as at 31 March 2018 (S$ million)	820.5	314.7	1,135.2

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.6
Weighted Average Lease to Expiry (in Years)	2.2

SINGAPORE

LOGISTICS & DISTRIBUTION CENTRES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018 (S$ million)
	Logistics & Distribution Centres			
79	20 Tuas Avenue 1^	19 Feb 04	50.0	–
80	LogisTech	04 Mar 04	32.0	49.8
81	Changi Logistics Centre**	09 Mar 04	45.6	80.8
82	4 Changi South Lane**	31 May 04	23.3	26.5
83	40 Penjuru Lane**	21 Jul 04	225.0	243.0
84	Xilin Districentre Building A&B**	02 Dec 04	31.1	34.5
85	20 Tuas Avenue 6	02 Dec 04	5.5	7.4
86	Xilin Districentre Building D	09 Dec 04	33.5	25.3
87	9 Changi South Street 3	28 Dec 04	32.0	42.6
88	5 Toh Guan Road East**	28 Dec 04	36.4	27.3
89	Xilin Districentre Building C	05 May 05	30.6	27.3
90	19 & 21 Pandan Avenue	23 Sep 05 & 01 Feb 08	105.2	124.4
91	1 Changi South Lane	05 Oct 05	34.8	47.4
92	Logis Hub @ Clementi#	05 Oct 05	18.1	32.0
93	11 Changi North Way	18 Nov 05	11.0	16.8
94	21 Jalan Buroh**	14 Jun 06	58.4	75.9
95	30 Old Toh Tuck Road	14 Jun 06	19.6	20.3
96	21 Changi South Avenue 2**^^	19 Mar 08	31.9	22.3
97	15 Changi North Way**	29 Jul 08	36.2	39.7
98	Pioneer Hub	12 Aug 08	79.3	119.8
99	71 Alps Avenue	02 Sep 09	25.6	21.6
100	90 Alps Avenue	20 Jan 12	37.9	50.5
	Total (Logistics & Distribution Centres)		**1,003.0**	**1,135.2**

Notes:
The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.
* Purchase Price excludes transaction cost associated with the purchase of the property.
** As at 31 March 2018, these properties recorded a depreciation on revaluation against their corresponding values as at 31 March 2017 due to chnaging market conditions.
# Acquired from the Ascendas-Singbridge Group.
^ 20 Tuas Avenue 1 (previously known as IDS Logistics Corporate HQ) was decommissioned for asset enhancement works to maximise the allowable plot ratio of the land.
^^ 7,200 sq m of space was decommissioned at 21 Changi South Avenue 2 for asset enhancement works.

GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
–	–	20 Tuas Avenue 1	–	–
37,554	30,144	3 Changi North Street 2	6.7	94.2%
51,742	39,460	19 Loyang Way	7.8	73.3%
18,794	15,306	4 Changi South Lane	2.7	96.2%
160,938	153,052	40 Penjuru Lane	19.8	85.0%
24,113	20,788	3 Changi South Street 2	4.6	100.0%
5,085	5,085	20 Tuas Avenue 6	0.3	100.0%
18,619	15,966	6 Changi South Street 2	2.7	100.0%
28,648	24,028	9 Changi South Street 3	5.0	85.9%
29,741	23,607	5 Toh Guan Road East	3.4	97.3%
18,708	13,035	7 Changi South Street 2	3.2	92.0%
87,842	71,749	19 & 21 Pandan Avenue	8.6	100.0%
25,768	23,528	1 Changi South Lane	5.1	96.8%
26,505	23,071	2 Clementi Loop	3.7	90.8%
10,107	9,494	11 Changi North Way	1.1	100.0%
48,139	48,167	21 Jalan Buroh	6.6	100.0%
16,353	14,103	30 Old Toh Tuck Road	1.7	86.1%
12,981	4,106	21 Changi South Avenue 2	0.7	100.0%
31,960	28,974	15 Changi North Way	4.4	100.0%
91,048	80,533	15 Pioneer Walk	16.4	99.3%
12,756	11,053	71 Alps Avenue	1.7	96.1%
26,277	26,277	90 Alps Avenue	5.6	100.0%
783,678	**681,526**		**111.8**	**93.2%**

AUSTRALIA

SUBURBAN OFFICES

SYDNEY

101

197 – 201 Coward Street

BRISBANE

102

100 Wickham Street

103

108 Wickham Street

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018^ (S$ million)	GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
	Sydney, New South Wales								
101	197 - 201 Coward Street	9 Sep 16	145.6	158.1	22,628	22,628	197 – 201 Coward Street, Mascot	13.2	98.7%
	Total (Suburban Offices, Sydney)		**145.6**	**158.1**	**22,628**	**22,628**		**13.2**	**98.7%**
	Brisbane, Queensland								
102	100 Wickham Street**^^	25 Sep 17	90.3	83.6	13,131	13,131	100 Wickham Street, Fortitude Valley	5.0	100.0%
103	108 Wickham Street**^^	22 Dec 17	109.0	101.6	11,913	11,913	108 Wickham Street, Fortitude Valley	2.1	100.0%
	Total (Suburban Offices, Brisbane)		**199.3**	**185.2**	**25,044**	**25,044**		**7.1**	**100.0%**
	Total (Suburban Offices, Australia)		**344.9**	**343.3**	**47,672**	**47,672**		**20.3**	**99.4%**

Notes:

The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.

* Purchase Price excludes transaction cost associated with the purchase of the property.

** Valuation amount excludes outstanding incentives reimbursed by the vendor.

^ Based on exchange rate of A$1.00: S$1.0133 as at 31 March 2018.

^^ Gross income from acquisition date to 31 March 2018.

Customer's Industry Mix as at 31 March 2018

●	3rd Party Logistics, Freight Forwarding	25.9%
●	Construction	23.6%
●	Information Technology	15.5%
●	Food Products & Beverages	5.2%
●	Public Services	4.3%
●	Medical, Precision & Optical Instruments, Clocks	3.0%
●	Others	22.5%

Suburban Offices (Australia)	Multi-tenant Buildings	Total
No. of Properties	3	3
No. of Customers	26	26
GFA (sq m)	47,672	47,672
Gross Revenue (S$ million)	20.3	20.3
Book Value/Valuation as at 31 March 2018 (S$ million)	343.3	343.3

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.4
Weighted Average Lease to Expiry (in Years)	4.6

AUSTRALIA

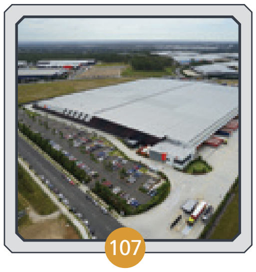
LOGISTICS & DISTRIBUTION CENTRES

SYDNEY


104
484 – 490 Great Western Highway


105
494 – 500 Great Western Highway


106
1A & 1B Raffles Glade


107
7 Grevillea Street


108
5 Eucalyptus Place


109
16 Kangaroo Avenue
(formerly Lot 4 Honeycomb Drive)

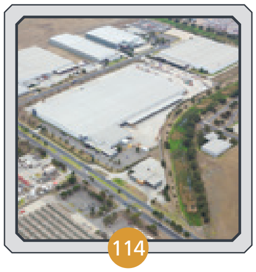

110
1 – 15 Kellet Close


111
94 Lenore Drive

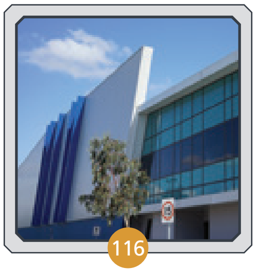

112
1 Distribution Place


113
6 – 20 Clunies Ross Street

MELBOURNE


114
676 – 698 Kororoit Creek Road


115
700 – 718 Kororoit Creek Road


116
14 – 28 Ordish Road


117
35 – 61 South Park Drive


118
2 – 16 Aylesbury Drive


119
81 – 89 Drake Boulevard


120
9 Andretti Court


121
31 Permas Way


122
162 Australis Drive


123
52 Fox Drive
(formerly Stage 4, Power Park Estate)

BRISBANE

124 62 Sandstone Place

125 92 Sandstone Place

126 62 Stradbroke Street

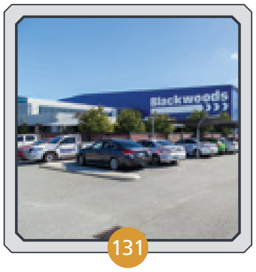
127 82 Noosa Street

128 95 Gilmore Road
(formerly 2-56 Australand Drive)

129 77 Logistics Place

130 99 Radius Drive

PERTH



131 35 Baile Road

Customer's Industry Mix as at 31 March 2018

3rd Party Logistics, Freight Forwarding	31.8%
Distributors, Trading Company	24.4%
Food Products & Beverages	9.2%
Healthcare Products	8.5%
Public Services	7.7%
Textiles & Wearing Apparels	4.3%
Repair and Servicing of Vehicles	2.5%
Printing & Reproduction of Recorded Media	2.1%
Information Technology	1.1%
M&E and Machinery & Equipment	0.7%
Others	7.7%

Logistics & Distribution Centres (Australia)	Multi-tenant Buildings	Single-tenant Buildings	Total
No. of Properties	8	20	28
No. of Customers	15	21	36
GFA (sq m)	188,120	501,300	689,420
Gross Revenue (S$ million)	23.9	65.9	89.8
Book Value/Valuation as at 31 March 2018 (S$ million)	319.6	830.6	1,150.2

Weighted Average Capitalisation Rate as at 31 March 2018 (%)	6.3
Weighted Average Lease to Expiry (in Years)	5.3

AUSTRALIA

LOGISTICS & DISTRIBUTION CENTRES

	Property	Acquisition/ Completion Date	Purchase Price*/ Development Cost (S$ million)	Valuation as at 31 March 2018^ (S$ million)
	Sydney, New South Wales			
104	484 - 490 Great Western Highway	23 Oct 15	19.9	22.3
105	494 - 500 Great Western Highway	23 Oct 15	33.4	37.5
106	1A & 1B Raffles Glade	18 Nov 15	42.9	41.5
107	7 Grevillea Street	18 Nov 15	104.8	122.1
108	5 Eucalyptus Place	18 Nov 15	21.8	27.4
109	16 Kangaroo Avenue (formerly Lot 4 Honeycomb Drive)	18 Nov 15	33.1	37.5
110	1 - 15 Kellet Close	18 Nov 15	44.7	44.1
111	94 Lenore Drive	18 Nov 15	42.0	39.5
112	1 Distribution Place	18 Nov 15	28.6	28.9
113	6 - 20 Clunies Ross Street	22 Feb 16	76.6	85.1
	Total (Logistics & Distribution Centres, Sydney)		**447.8**	**485.9**
	Melbourne, Victoria			
114	676 - 698 Kororoit Creek Road	23 Oct 15	52.3	56.7
115	700 - 718 Kororoit Creek Road	23 Oct 15	34.8	34.3
116	14 - 28 Ordish Road	18 Nov 15	53.2	44.5
117	35 - 61 South Park Drive	18 Nov 15	39.1	39.3
118	2 - 16 Aylesbury Drive	18 Nov 15	21.3	18.4
119	81 - 89 Drake Boulevard	18 Nov 15	17.1	15.5
120	9 Andretti Court	18 Nov 15	26.6	28.0
121	31 Permas Way	18 Nov 15	48.2	54.7
122	162 Australis Drive	18 Nov 15	25.0	25.3
123	52 Fox Drive (formerly Stage 4, Power Park Estate)**^^	3 Apr 17	26.5	26.9
	Total (Logistics & Distribution Centres, Melbourne)		**344.1**	**343.6**
	Brisbane, Queensland			
124	62 Sandstone Place	23 Oct 15	22.8	23.1
125	92 Sandstone Place	23 Oct 15	28.6	24.7
126	62 Stradbroke Street	23 Oct 15	35.9	36.9
127	82 Noosa Street	23 Oct 15	66.0	59.1
128	95 Gilmore Road (formerly 2 - 56 Australand Drive)	23 Oct 15	76.8	85.8
129	77 Logistics Place	18 Nov 15	28.4	27.1
130	99 Radius Drive	18 Nov 15	29.0	26.0
	Total (Logistics & Distribution Centres, Brisbane)		**287.5**	**282.7**
	Perth, Western Australia			
131	35 Baile Road**	23 Oct 15	36.6	38.0
	Total (Logistics & Distribution Centres, Perth)		**36.6**	**38.0**
	Total (Logistics & Distribution Centres, Australia)		**1,116.0**	**1,150.2**

Notes:

The valuation for these properties were based on Capitalisation Approach and Discounted Cash Flow Analysis.

* Purchase Price excludes transaction cost associated with the purchase of the property.

** Valuation amount excludes outstanding incentives reimbursed by the vendor.

^ Based on exchange rate of A$1.00: S$1.0133 as at 31 March 2018.

^^ Gross income from acquisition date to 31 March 2018. Purchase price includes rental guarantee provided by the vendor.

GFA (sq m)	NLA (sq m)	Address	Gross Revenue for FY17/18 (S$ million)	Occupancy Rate as at 31 March 2018
13,304	13,304	484 - 490 Great Western Highway, Arndell Park	1.8	100.0%
25,255	25,255	494 - 500 Great Western Highway, Arndell Park	2.7	100.0%
21,694	21,694	1A & 1B Raffles Glade, Eastern Creek	2.8	100.0%
51,709	51,709	7 Grevillea Street, Eastern Creek	8.2	100.0%
10,732	10,732	5 Eucalyptus Place, Eastern Creek	1.9	100.0%
19,918	19,918	16 Kangaroo Avenue, Eastern Creek	2.7	100.0%
23,205	23,205	1 - 15 Kellet Close, Erskine Park	3.8	100.0%
20,632	20,632	94 Lenore Drive, Erskine Park	3.4	100.0%
13,555	13,555	1 Distribution Place, Seven Hills	2.4	100.0%
38,578	38,578	6 - 20 Clunies Ross Street, Pemulway	6.7	100.0%
238,582	**238,582**		**36.4**	**100.0%**
44,036	44,036	676 - 698 Kororoit Creek Road, Altona North	4.4	100.0%
28,020	28,020	700 - 718 Kororoit Creek Road, Altona North	2.8	100.0%
28,189	28,189	14 - 28 Ordish Road, Dandenong South	4.3	100.0%
32,167	32,167	35 - 61 South Park Drive, Dandenong South	3.3	100.0%
17,513	17,513	2 - 16 Aylesbury Drive, Altona	1.6	100.0%
14,099	14,099	81 - 89 Drake Boulevard, Altona	1.5	100.0%
24,140	24,140	9 Andretti Court, Truganina	2.3	100.0%
44,540	44,540	31 Permas Way, Truganina	3.6	100.0%
23,252	23,252	162 Australis Drive, Derrimut	1.8	53.4%
18,041	18,041	52 Fox Drive, Dandenong South	1.9	100.0%
273,997	**273,997**		**27.5**	**96.0%**
9,260	9,260	62 Sandstone Place, Parkinson	2.0	100.0%
13,738	13,738	92 Sandstone Place, Parkinson	2.4	100.0%
24,791	24,791	62 Stradbroke Street, Heathwood	2.4	100.0%
38,000	38,000	82 Noosa Street, Heathwood	4.6	100.0%
41,318	41,318	95 Gilmore Road, Berrinba	6.4	100.0%
14,296	14,296	77 Logistics Place, Larapinta	2.2	100.0%
14,543	14,543	99 Radius Drive, Larapinta	2.4	100.0%
155,946	**155,946**		**22.4**	**100.0%**
20,895	20,895	35 Baile Road, Canning Vale	3.5	100.0%
20,895	**20,895**		**3.5**	**100.0%**
689,420	**689,420**		**89.8**	**98.4%**

SINGAPORE

INDEPENDENT MARKET STUDY

By Edmund Tie & Company (SEA) Pte Ltd
March 2018

1.0 ECONOMIC OVERVIEW

Positive outlook for Singapore in 2018, supported by growth in the manufacturing sector

Singapore's gross domestic product (GDP) grew further in 2017 by 3.6% with lower unemployment rate (1.8%). Contributions from the manufacturing sector increased by 10.1% y-o-y, backed strongly by the electronics and precision engineering clusters. At the same time, the transportation & storage sector grew 4.8% y-o-y. The Ministry of Trade and Industry (MTI) forecasted Singapore's GDP to grow by 1.5-3.5% in 2018. Notwithstanding the optimistic outlook, there is continuous concern with the potential increase in inward-looking policies, geopolitical tensions, and political uncertainty in some countries, which may pose downward risks to global and Singapore economies.

Embracing the Fourth Industrial Revolution

Adopting advanced manufacturing technologies narrows the gap between services and manufacturing, triggering industrial spaces to upgrade to cater to changing work trends and operational demands of industrialists. As the industrial sector embraces the Fourth Industrial Revolution[1], it will become vital for industrialists to adopt advanced technologies in areas such as robotics and automation, additive manufacturing, advanced materials and digital manufacturing. These have prompted the efforts from the private and public sectors to introduce developments that will cater to the changing demand. Business park developments, e.g. Jurong Innovation District (JID), Woodlands North Coast and Punggol Digital District are also being planned to cater to the future needs.

Disruptive technology and changing consumer lifestyles will lead to an increase demand for high-specs and alternative warehouse spaces

The increased use of new technologies will raise requirements for flexible and high-specifications (high-specs) industrial space and data centres. More industrialists are also streamlining their office activities and R&D into a single location to increase efficiency.

Demand for warehouses are gearing towards modernised, well equipped distribution centres and self-storage facilities. Innovative solutions are being explored to utilize industrial buildings, and obsolete warehouse spaces are being retrofitted into modern distribution centres to meet the growing demand from urban logistics. The reduction in personal and business spaces, and the growing e-commerce sector have led to an increased demand for self-storage facilities.

2.0 Key Government Policies and Plans

Industry Transformation Maps (ITMs) – 21 out of 23 have been launched

The Committee on The Future Economy (CFE)[2] has developed economic strategies to enhance Singapore's growth potential. This includes implementing the $4.5 billion[3] Industry Transformation Maps (ITM) covering 23 industries in six clusters. The strategies involve deepening partnership with the private sector, giving stronger support for innovation and internalization, as well as creating new and re-designed jobs with better wages. Following the release of Logistics ITM and Precision Engineering ITM in 2016, the government released details of more ITMs, including that for Electronics and Infocomm Media Industry sectors, as well as the Built Environment and Trade & Connectivity clusters. As at February 2018, 21 of the 23 ITMs have been launched (Figure 2.1).

Figure 2.1: Industry Transformation Maps (Year of Launch)

Manufacturing
- Precision Engineering (2016)
- Energy & Chemicals (2017)
- Electronics (2017)
- Aerospace (2018)
- Marine & Offshore (not launched yet)

Essential Domestic Services
- Healthcare (2017)
- Education (not launched yet)

Built Environment
- Construction (2017)
- Environmental Services (2017)
- Real Estate (2018)
- Security (2018)

Lifestyle
- Food Manufacturing (2016)
- Food Services (2016)
- Hotel (2016)
- Retail (2016)

Modern Services
- Professional Services (2018)
- Financial Services (2017)
- ICT and Media (2017)

Trade & Connectivity
- Logistics (2016)
- Wholesale Trade (2017)
- Air Transport (2017)
- Land Transport (2018)
- Sea Transport (2018)

Source: MTI, Edmund Tie & Company

1 Also known as "The Industry 4.0". This focuses on the digitalization of manufacturing, characterized by the increasing automation of functions across the manufacturing value chain, supported by advancement in algorithms and the Internet of Things (IoT).
2 The CFE is set up by the government comprising members from different industries that operate in both global and domestic markets. The CFE aims to keep the Singapore economy competitive by helping to position Singapore for the future, as well as identify areas of growth with regards to regional and global developments.
3 Al currencies are in SGD unless otherwise stated.

Introduction of new business park spaces

Woodlands North Coast – piloting flexible land use scheme

To provide more flexibility in the use of industrial space, URA and JTC Corporation (JTC) announced in March 2017 that they will be piloting new land use guidelines at a multi-tenant building located in the Woodlands North Coast on a site zoned Business 1-White. The pilot scheme will support manufacturing companies in co-locating their service-driven activities and after-sales support alongside their manufacturing operations. Initial feedback on the concept is positive as industrialists feel that this will allow for quicker adaptation to changing market needs. The building is scheduled to complete by end 2019. The government will closely monitor the market receptiveness and feedback for applicability of its various features to other locations.

Punggol Digital District – a new business park in the Northeast Region

The Punggol Digital District[4] (PDD) was unveiled in January 2018 as part of the strategy to sustain long-term economic growth. PDD will be the first Enterprise District, providing flexibility for the land use mix and scale at a district level. The integrated district will have a business park, university (Singapore Institute of Technology) and community facilities, creating a total of 28,000 jobs when completed.

JTC Subletting Policy in full effect in December 2017

Stricter subletting rules for industrial space by JTC announced in October 2014 were in full effect as the grace period ended on 31 December of 2017. The policy change lessened the amount of space non-anchor tenants can occupy and the amount of space building owners can sublet. As the policy was announced three years ago, both landlords and third-party facilities providers such as real estate investment trusts (REITs), as well as occupiers, are expected to have adjusted their real estate strategies.

HDB completed transfer of industrial properties to JTC

In January 2018, Housing and Development Board (HDB) completed the transfer of their industrial properties to JTC, as announced in 2016. The completion meant that all industrial land and properties in the public sector are governed by JTC. This is to allow companies to better match their space needs, given the larger supply of wide-ranging spaces and innovative facilities.

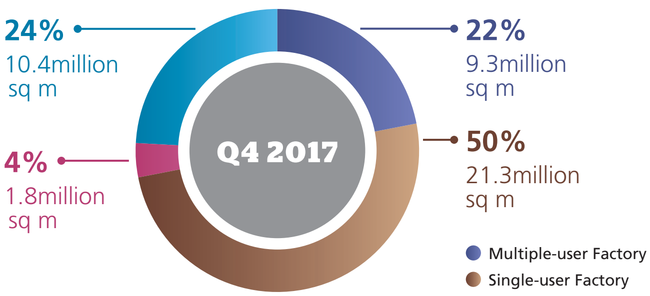
Budget 2018 – "Together, a Better Future"

Delivered in February 2018, the Budget 2018 provides support to foster pervasive innovation throughout the economy, build deep capabilities in the firms and people, and forge strong partnerships both locally and abroad. It was also announced that Buyers' Stamp Duty for residential development was raised by 1% to 4% for property value in excess of $1m, with effect from 20th February 2018. The Good and Services Tax (GST) will be increased from 7% to 9% between 2021 and 2025.

3.0 INDUSTRIAL PROPERTY MARKET OVERVIEW

There is a total of 48m sq m[5] of industrial space as at end 2017, with 90% being private stock. About 50% (21.3m sq m) of the private stock was single-user factory, followed by 24% (10.4m sq m) warehouse, 22% (9.3m sq m) multiple-user factory and 4% (1.8m sq m) business park.

Figure 3.1: Private Industrial Stock



Source: JTC

Government Land Sales Program (GLS)

The government continued to release land plots for industrial developments under the Industrial Land Sales (IGLS) Program. There are six sites on the Confirmed List and eight sites on the Reserve list in H1 2018. In addition, five sites in the H2 2017 IGLS list have not been sold. Following the trend from 2017, majority of the plots are relatively small in size, with less than 1 ha with plot ratio below 1.5, and have land tenure of 20 years. The two largest plots are both on the Reserve list. Located at Tuas Bay Close and Tuas South Link 1, these 30-year leasehold (LH) plots will be able to yield a maximum of 46,240 sq m[6] and 48,000 sq m of GFA respectively.

Major Investment Sales

Table 3.1 highlights the major industrial investment transactions in 2017. The largest sale transaction was the sale of Jurong Aromatics Complex (Jurong Island) to ExxonMobil for $1,971m. The acquisition will add to ExxonMobil's existing operations and support their growth in Asia. Citimac was sold via collective sale for redevelopment (Table 3.1).

4 Jointly unveiled by the Infocomm Media Development Authority (IMDA), JTC, Singapore Institution of Technology (SIT) and URA.
5 All stock, supply and demand figures are in NLA unless otherwise stated.
6 All numbers are rounded to the nearest 10 unless otherwise stated.

By Edmund Tie & Company (SEA) Pte Ltd
March 2018

Table 3.1: Selected Industrial Investment Transactions (2017)

Development	Tenure	Site Area (sq m/ sq ft)	GFA (sq m/ sq ft)	Vendor	Buyer	Transacted Price (m)	Unit Price per GFA (per sq ft)
Factory							
Jurong Aromatics Complex on Jurong Island	30 + 30 years LH from 2007	47,510/ 511,400	–	Jurong Aromatics Corporation	ExxonMobil	$1,971	$358 (on land area)
Citimac	Freehold (FH)	12,990/ 139,790	45,450/ 489,260[7]	Multiple Owners	Zhao Family	$430.1	$1,047[8]
7000 Ang Mo Kio Avenue 5	32 + 30 years LH from 1995	–	99,400/ 1.07m	Ho Lee Properties	ESR REIT[9]	$240 (80% interest)	$283 (based on valuation of 100%)
61 & 71 Tuas Bay Drive (KTL Offshore)	60 years LH from 2006	26,000/ 279,860	19,330/ 208,060	Soilbuild Business Space REIT	SB (Pioneer)	$54.7	$263
Warehouse							
1 Buroh Lane	30 years LH from 2013	59,970/ 645,540	60,000/ 645,830	Warehouse Logistics Net Asia	PGIM Real Estate	$194	$300
Cache Changi Districentre 3	30 years LH from 2004	16,450/ 177,100	16,440/ 176,960	Cache Logistics Trust	Agility International Logistics	$25.5	$144
4 Toh Tuck Link	30 + 30 years LH from 1996	5,760/ 62,010	8,640/ 93,010	Mapletree Logistics Trust	Venus Beauty Pte Ltd	$14.5	$156

Source: JTC, various REITs, Edmund Tie & Company

4.0 BUSINESS PARK

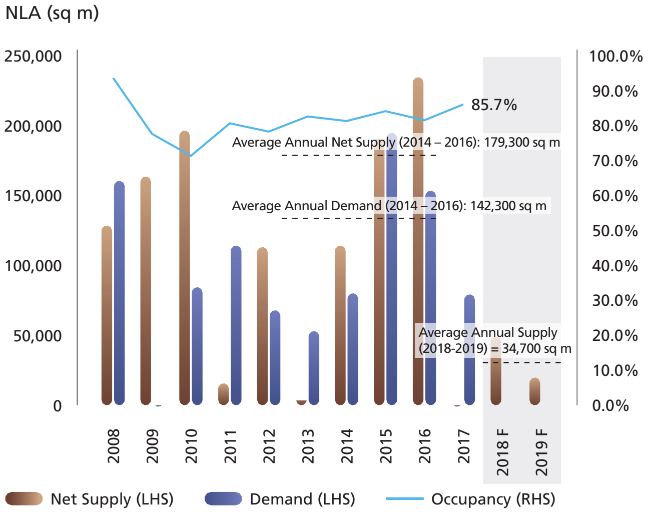
There was no new supply in 2017. Demand focused on newer facilities, supported by growth in R&D and high value-added activities. On the other hand, general rents continued to fall amidst competition from decentralised offices and high-specs industrial spaces. With limited potential supply in the next two years, as well as the expected growth in office rents in the Central Business District (CBD), we forecast rents for newer business parks to increase by 5-8% in 2018.

Supply and Stock

54% of Business/ Science Parks space are concentrated in the Central region

In 2017, there was no net supply of business space. In fact, in contrast to the sharp growth in 2016 of 234,000 sq m, there was a slight reduction (1,000 sq m) due to reorganization of existing spaces.

Figure 4.1: Net Supply, Demand, Occupancy and Potential Supply (Business Park)[10]



Source: JTC, Edmund Tie & Company

7 Maximum permissible GFA with plot ratio 3.50.
8 Includes estimated development charge of $82m (as at Q3 2017).
9 Bought 80% of 7000 AMK Pte Ltd which owns the property. The remaining 20% of 7000 AMK Pte Ltd is held by the vendor, Ho Lee Properties.
10 Average annual net supply and demand over three years is adopted as it usually takes less than three years for industrial developments to complete, enabling supply to respond to demand in a shorter time frame.

Majority of business/ science park spaces are in the Central region (987,000 sq m, 54%), followed by the East region (484,000 sq m, 27%) and the West region (342,000 sq m, 19%).

Demand and Occupancy

Take-up is supported by increase demand from R&D and high-value added activities

As more companies venture into high technologies, R&D, high value-added and knowledge intensive activities, business park spaces are growing in attractiveness. For example, Honeywell Process Solutions expanded its operations to Changi Business Park and set up an industrial cybersecurity centre of excellence. Likewise, Ferrero has also expanded operations to Singapore Science Park for its first Asian innovation centre, which will house strategic innovation functions such as product development and consumer insight and foresight activities. Strategically located business/ science park spaces allow companies to tap on resources in the area, and support talent attraction and retention.

However, supported by technology and more efficient space planning, companies might take up smaller areas in the new premise. Demand mainly focused on better and newer business park spaces. Between 2014 and 2016, average demand for business park space was 142,330 sq m per annum, which is about 79% of average annual net supply (179,330 sq m) during the same period. Demand continued to fall in 2017, dropping 48% y-o-y to 79,000 sq m. On the other hand, supported by the lack of supply, occupancy rates for business park rose moderately by 4.4%-point to 85.7%.

Potential Supply

Limited supply of business park space in the pipeline for 2018 and 2019

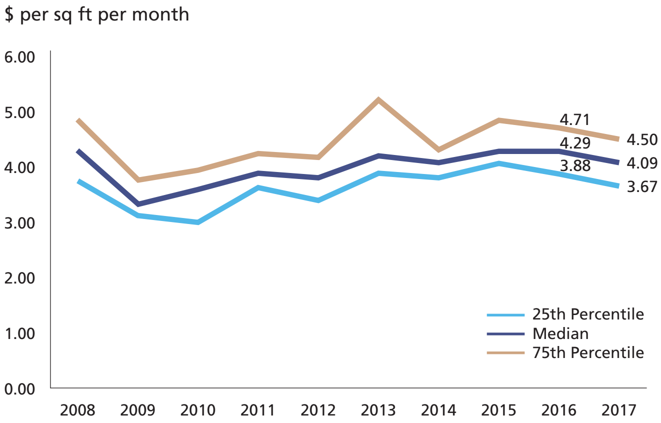
Some 85,610 sq m (GFA) of business park space is in the pipeline for 2018 and 2019, potentially yielding 69,380 sq m of NLA, at an average of 34,690 sq m per annum (Table 4.1). This includes supply at Mediapolis, one-north (28,870 sq m), Singapore Science Park (20,220 sq m) and Changi Business Park (10,770 sq m).

Rents

Although business park attractiveness is buoyed by economic improvements and strengthening global demand, newer completion of office spaces in the CBD fringe and decentralized offices can pose competition.

The JTC's business park rental index increased by 3.3% y-o-y from 105.4 to 108.9 in 2017. However, median rents of business parks fell by 4.7% y-o-y to $4.09 per sq ft per month, following stable rents of $4.29 per sq ft per month from 2015 to 2016 (Figure 4.2). The 25th percentile rents, generally representing transactions in older stock, performed the worst, falling by 5.4% y-o-y to $3.67 per sq ft. With the increasing demand for quality spaces, older business parks are facing challenges in competing for tenants.

Figure 4.2: Rents (Business Park)[11]



Source: URA

Outlook

The global economy showed positive signs in trade, and the investment market is expected to maintain its strengths as the broad recovery across sectors including manufacturing continues. The transformation of the industrial sector will drive innovation and research collaborations, and business parks can offer the quality business spaces for R&D and other high value activities. While it is notable that business parks also face competition from high-specs industrial buildings, they generally offer better environment and are more attractive. On the back of a tight supply, coupled with the expected improvements in office rents in the CBD, we expect rents for newer business parks to increase by 5% to 8% in 2018.

11 Refers to gross rent per month including service charge but excluding Goods and Services Tax (GST).

By Edmund Tie & Company (SEA) Pte Ltd
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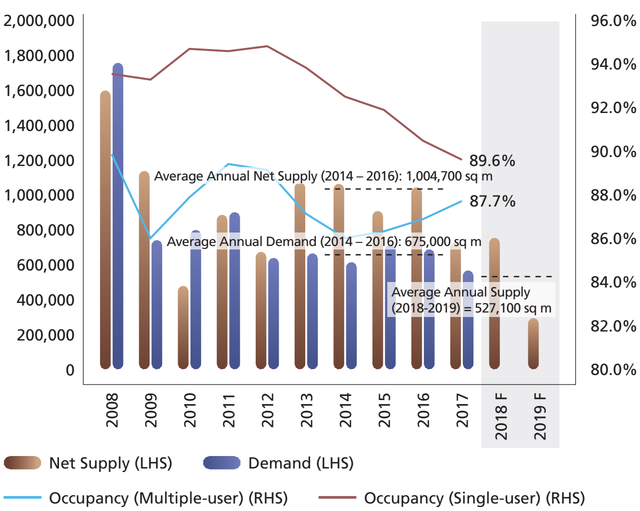
5.0 HIGH-SPECS AND LIGHT INDUSTRIAL SPACE

Annual supply continued to outpace demand. Supported by the strong electronics cluster, demand for high-specs industrial space was healthy and rents remained stable. Taking into account the positive outlook in the manufacturing sector, we expect rents for industrial space to improve by 0-3% in 2018, with that for well-located and up-to-date high-specs space to increase more, by 3-5%, as the sector embraces the Fourth Industrial Revolution.

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



Source: JTC, Edmund Tie & Company

Stock and Supply

Factory stock comprising high-specs industrial and light industrial space grew by 2.4% y-o-y (727,000 sq m) to 30.6m sq m in 2017. Based on our estimation, high-specs industrial spaces, including data centres, made up 13.6% (4.2m sq m) of the factory stock.

New high-specs industrial space completions included the build-to-suit (BTS) development for Hewlett Packard (HP) (32,060 sq m). This is a redevelopment project of a flatted factory cluster. The new development comprises two high-specs buildings with facilities for manufacturing, product and software development, customer service and an office.

Other notable completions included multiple-user developments - Wave9 (37,720 sq m), ACE@Buroh (36,240 sq m) and West Star (34,770 sq m). These are strata-titled for sale.

Demand and Occupancy[12]

While new facilities are attracting demand, aging industrial spaces are facing challenges in attracting new tenants

Net supply for private factory space declined by 30.2% y-o-y (314,000 sq m) to 727,000 sq m in 2017. Demand for private factory space also decreased, but at a slower magnitude by 17.7% y-o-y to 568,000 sq m. Net supply continues to outpace demand since 2012. While average occupancy rates of single-user factory fell by 0.8%-points to 89.6%, that of multiple-user factory increased by 0.8%-points to 87.7%. As new supply with modern facilities enters the market, the aging factory space becomes less attractive. Thus, occupancy of these older facilities is expected to fall.

Potential Supply

There is a total of 1.3m sq m (GFA) of private factory space in the pipeline in 2018 and 2019. This will yield an estimated 1.1m sq m of industrial NLA. Some 455,670 sq m (40%) of estimated NLA is likely to be high-specs industrial space, including data centres (Table 5.1). Major supply includes Mega@Woodlands (80,240 sq m) at Woodlands Close, Nordcom Two (56,320 sq m) at Gambas Avenue and T-space (56,140 sq m) at Tampines North Drive 1.

Rents

High-specs and light industrial rents remained stable

Supported by the strong manufacturing sector, rents for private factory space showed sign of bottoming in 2017. The 75th percentile rents, a proxy for high-spec industrial, was almost flat at $2.19 per sq ft per month. Median rents, a proxy for light industrial, remained at $1.80 per sq ft per month, about 18% ($0.40 per sq ft) lower than the 75th percentile rents (Figure 5.2).

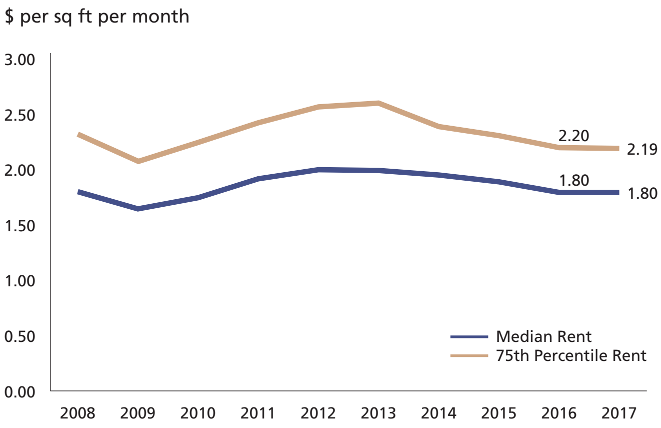
Outlook

Rents for high-specs and light industrial are expected to improve in 2018

With the manufacturing sector expected to strengthen, the industrial real estate market will experience healthy demand, especially for high-specs industrial buildings and data centres, as high-tech and value-added industries grow.

12 Demand and occupancy data for the high-specs and light industrial segments are unavailable.

Figure 5.2: Rents (Factory)



Source: URA

On the other hand, with JTC's continuous effort in balancing the demand and supply of industrial space, the increase in rents in this asset type is expected to be moderate. While we expect rents for light industrial to rise by 0% to 3% in 2018, in-line with economic growth, that for well-located and up-to-date high-specs industrial is expected to increase slightly more, by 3% to 5%.

We are seeing a trend of redevelopment of old industrial buildings. For instance, Solaris@Kallang 164 and 171 are redevelopments of two old industrial buildings and Citimac will be redeveloped. Industrial sites with redevelopment potential will continue to attract investment interests. With the current active collective sales market, coupled with the relatively lower stamp duty, we expect to see more activity in the investment sales market for industrial properties, especially for aging industrial buildings.

6.0 Logistics and Distribution Centres[13] (Warehouses)

Significant increase in both supply and demand in 2017. Occupancy has been declining gradually over the years but remained relatively high at 89.1%, with transacted median rents and rents for 75th percentile reflecting an increase. Singapore's position as a logistics hub, and lifestyle changes leading to increase take-up for warehousing/self-storage spaces, have led to a healthy demand. With the tapering of pipeline supply in 2018, we expect rents for newer and well-equipped logistics and distribution centres to continue to grow by 3-5%.

Stock and Supply

All major completions in 2017 emanated from the West region

In 2017, warehouse stock grew by 10.2% y-o-y (962,970 sq m) to 10.4m sq m. The West region continued to have the largest concentration of warehouse stock, accounting for 63% (6.5m sq m) of the total stock.

Major warehouse completions in 2017 included CWT Distripark (191,100 sq m), an integrated warehouse-cum-container port logistics complex; Toll City (86,860 sq m), a next-generation tax-effective warehouse facility; Mapletree Pioneer Logistics Hub (72,000 sq m), a 5-storey ramp-up logistics facility and The Hankyu Hanshin Regional Logistics Hub (41,200 sq m), a modern 9-storey ramp-up warehouse.

Demand and Occupancy

Demand increased, but outpaced by net supply, resulting in the fall in occupancy

Interests in warehouse space has risen, supported by the burgeoning e-commerce sector and increased demand for goods, including machinery equipment and electronics. Demand for warehouse space almost doubled that of 2016 to reach 799,970 sq m in 2017, higher than the 3-year average (2014 to 2016) of 502,650 sq m. On the other hand, net supply, which continued to outpace demand since 2015, totalled a historical high of 962,970 sq m. Similar to the other industrial sub-sectors, while logistics technology improves, older warehouses that are unable to meet the technological requirements are facing challenges in attracting and retaining tenants. Occupancy rate declined by 0.6%-point y-o-y to 89.1%.

Potential supply

Less pipeline supply expected in 2018 and 2019

A total potential supply of 572,350 sq m (GFA) of warehouse space is expected to complete in 2018 and 2019, yielding an estimated NLA of 492,230 sq m with annual average at 246,110 sq m. This is less than half of the annual average supply between 2014 and 2016 (Table 6.1). Major supply includes Jurong Island Chemical Logistics Facility at Tembusu Crescent (75,250 sq m), Yang Kee Integrated Logistics Hub at Tuas South Link 1 (56,200 sq m) and 7-storey ramp-up warehouse at Tuas South Avenue 16 (47,300 sq m).

13 As there are no official statistics on logistics and distribution centres in Singapore, private warehouse data from JTC is used as a proxy.

INDEPENDENT MARKET STUDY

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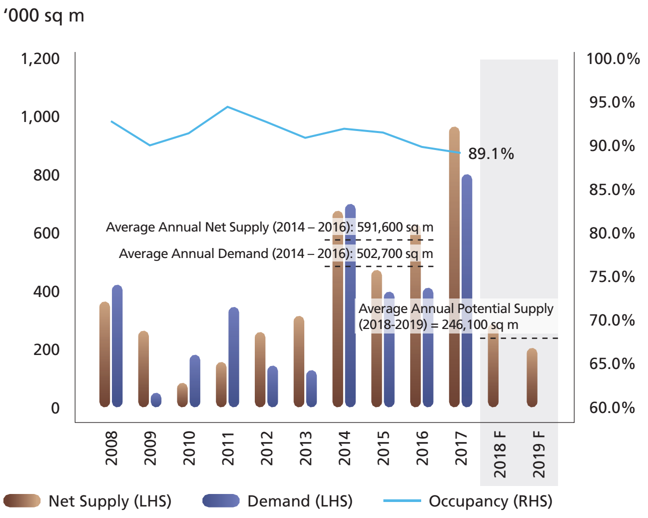
Figure 6.1: Net Supply, Demand, Occupancy and Potential Supply (Warehouse)



Source: JTC, Edmund Tie & Company

Rents

Rents are expected to rise on the back of increasing demand and reduced potential supply

The JTC rental index[14] for warehouse space continued to decline, falling by 5.7% y-o-y to 85.8 in Q4 2017, the lowest since Q2 2011.

Median rents for warehouse space in 2017 increased marginally by 0.5% y-o-y to $1.85 per sq ft per month. The 75th percentile rents (proxy for logistics warehouse) grew higher by 2.2% y-o-y to $2.35 per sq ft per month, indicating a heightened interest for better logistics and distribution facilities.

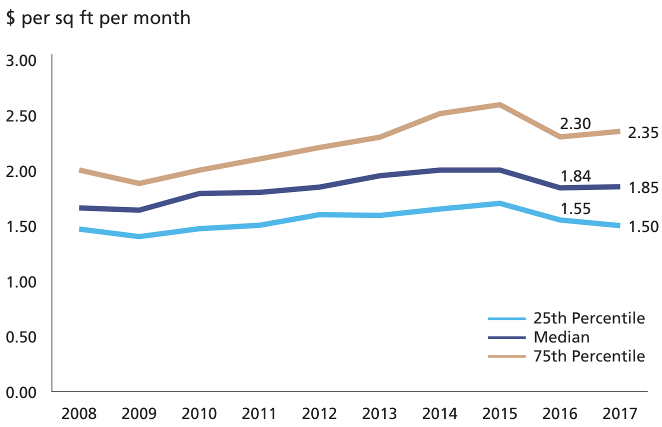
On the other hand, as older warehouse spaces age, some landlords were willing to drop their rents to retain existing tenants, resulting in a fall in rents for the lower range of warehouse rents by 3.2% y-o-y to $1.50 per sq ft per month (Figure 6.2).

Outlook

As supply slows and demand improves, rents are expected to increase

Rents for logistic and distribution warehouse space have experienced a gradual increase since 2010. As the logistics industry undergoes a transformation under the support of the government, companies will continue to improve their logistical processes and seek newer warehouse space to expand their businesses. Singapore's positioning as a key logistics hub will attract companies to set up their logistics and distribution centres, while they strategize and grow through productivity and innovation. On the other hand, the thriving e-commerce sector will lead to higher demand for storage facilities. Notwithstanding the continuous fall of occupancy rate that was mainly due to the fall in demand for older warehouses, given the significant tapering of warehouse supply in 2018, we expect rents for warehouses, especially that for newer and well-equipped logistics and distribution centres, to increase by 3% to 5%.

Figure 6.2: Rents (Warehouse)



Source: URA

14 JTC rental index tracks the rental movement of private industrial properties on a quarterly basis. It is computed based on a basket of similar property attributes such as location, which is different from JTC rents transaction database.

AUSTRALIA

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

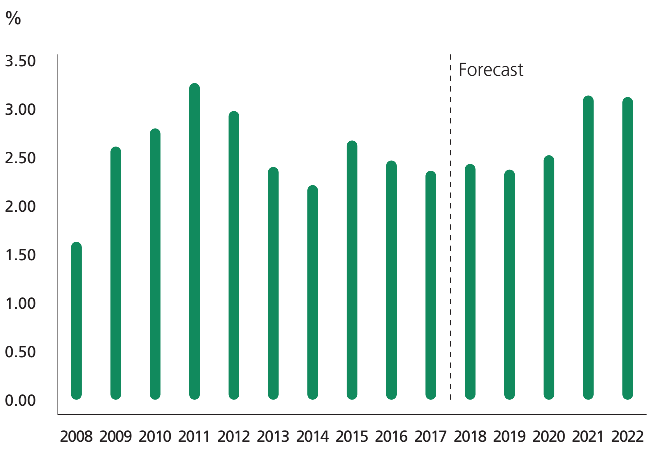
AUSTRALIAN ECONOMY AND OUTLOOK

The Australian economy has proven to be resilient. Despite significant global economic and geopolitical headwinds, the Australian Bureau of Statistics (ABS) reports that the economy expanded by 2.4% in the 12 months to December 2017. The Australian economy has now been expanding for 26 continuous years, a global record for an advanced economy.

Currently, the Australian economy is adjusting from the post-2000 global commodity boom. The transition of the Australian economy from resource sector drivers of demand to more broad-based domestic drivers of demand is almost complete. The drag of the downturn in mining investment in the national accounts has largely passed and household consumption has been strong; although this moderated in the second half of 2017 as wage growth and inflation remained low. Labour market conditions are relatively robust, with unemployment falling to just 5.5% in January 2018, down 0.3 percentage points (pps) from 12 months earlier, and below the 20-year monthly historical average of around 5.7% (ABS).

The long term prospects for the Australian economy are positive. Australia's financial sector is closely linked to the deep financial markets of Europe and North America, while the economy is also highly exposed to the fast-growing Asia Pacific region. This is particularly true for the goods and services sector of the economy, with strong growth in commodity exports, as well rapid expansion in education and tourism. According to Oxford Economics, the Australian economy is expected to expand by an average of around 2.6% between 2018 and 2027, ahead of forecasts for the US (1.7%), and UK (1.8%).

Figure 1: Australian Real GDP Growth and Forecasts



Source: Reserve Bank of Australia, Oxford Economics

Population Growth

Australia has a strong rate of population growth, particularly for a mature economy, which is a key pillar supporting Australia's relatively robust economic fundamentals. The estimated resident population in Australia rose to 24.6 million people in June 2017, up from 21.2 million people in June 2008 (ABS). This equates to an annual compound growth rate of 1.6%. Victoria (VIC) was the fastest growing state over this period, rising by an average of 2.1% per annum (p.a.). New South Wales (NSW) recorded growth of 1.4%, while Queensland (QLD) grew at a marginally faster pace of 1.7%. The large majority of the population (78%) reside in these three eastern seaboard states.

Overseas migration has been a key driver of Australia's growing population base. Historically, overseas migration has accounted for 47% of population growth (ratio between natural increase and overseas migration, quarterly average between June 1981 and June 2017). The ratio is an even higher 57% over the past 10 years (June 2008-June 2017). While the overall level of international migration has slowed, given the downturn in the resource sector, Australia's population is still expected to be one of fastest growing amongst advanced economies globally. Oxford Economics forecasts population to rise by an average of 1.6% p.a. between 2018 and 2027.

Inflation, Interest Rates and Bond Yields

Low upward price pressures in the economy have translated into benign headline inflation figures. In the 12 months to December 2017, the Consumer Price Index (CPI) increased by just 1.9%. This is below the Reserve Bank of Australia's (RBA) inflationary target band of between 2-3% (over the course of the business cycle).

Competition and discounting in food retailing remained a large drag on overall price growth. Clothing and footwear also had a moderating effect on price growth in the economy. Both reflect the impact of limited wage growth, with the wage price index rising by just 2.1% in the 12 months to December 2017.

AUSTRALIA

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

Figure 2: Overnight Cash Rate and Indexed Bond Rate

Source: Reserve Bank of Australia

With relatively subdued CPI growth, interest rates remain at historically low levels. The RBA has left the overnight cash rate unchanged since August 2016. Economic growth in recent years has been driven by interest rate sensitive sectors, and the RBA has approached monetary policy with caution. The central bank is acutely aware of the economy's transition to more broad-based drivers, and has maintained a neutral monetary policy stance so as not to disrupt this transition. Low wage growth and benign inflationary pressures have also supported this policy. However, with the transition almost complete, and with economic performance stable, rates are expected to increase in 2019.

Bond rates also remain near historically low levels. The Commonwealth Government 10-Year indexed bond rate averaged just 0.98% in January 2018, and has been below 1.0% since October 2017. The indexed bond rate has averaged 1.08% monthly between February 2017 and January 2018 (RBA).

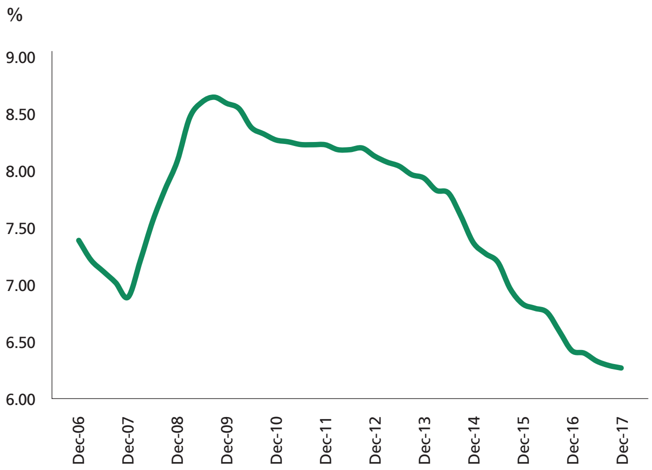
AUSTRALIAN INDUSTRIAL MARKETS OVERVIEW

National gross occupier activity was strong over 2017 with more than 2.46 million sq m of industrial development leased. Headline levels masked diverged demand across the markets. Annual leasing volumes in Sydney, Melbourne and Brisbane all exceeded their respective 10-year averages, while occupier demand in Perth remained below 10-year trend levels. For the Sydney and Melbourne markets, the higher levels of demand were a continuation of the large volumes leased in 2015 and 2016, whereas occupier activity in Perth has declined for three consecutive years. Brisbane demonstrated a notable recovery in conditions over 2017.

Rental movement reflected varied occupier activity conditions. Strong rental growth was recorded across the Sydney and Melbourne markets. In Perth and Brisbane, further corrections were recorded to indicative rents.

Annual investment volumes in 2017 declined for the first time in nine years. This was caused by a lack of investable stock. Indicative yields recorded further compression over 2017. The rate of compression was comparatively slower than in 2015 and 2016. The average Gross State Product (GSP) weighted prime national yield continued to compress over the year (-15 basis points). The current yield figure is now 61 basis points (bps) below the previous low mark in December 2007.

Figure 3: National GSP Weighted Industrial Yield



Source: Reserve Bank of Australia

SYDNEY
INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

SYDNEY INDUSTRIAL MARKET

The Sydney industrial market continued to demonstrate strong occupier and investment activity. The market benefited from steady growth in the NSW economy and the increased penetration of online spending.

A sustained period of occupier activity growth has resulted in strong rental growth. Given the positive conditions, development pipelines have expanded over the year. The cyclical peak in supply is likely to occur in 2018.

Sydney pricing was sharp with indicative yields compressing further over the year. The lack of investable prime stock led to increased demand in the secondary market. Indicative yields compressed across all of the tracked precincts; the prime market tightened by 35 bps and secondary yields compressed by 60 bps over the year.

Supply

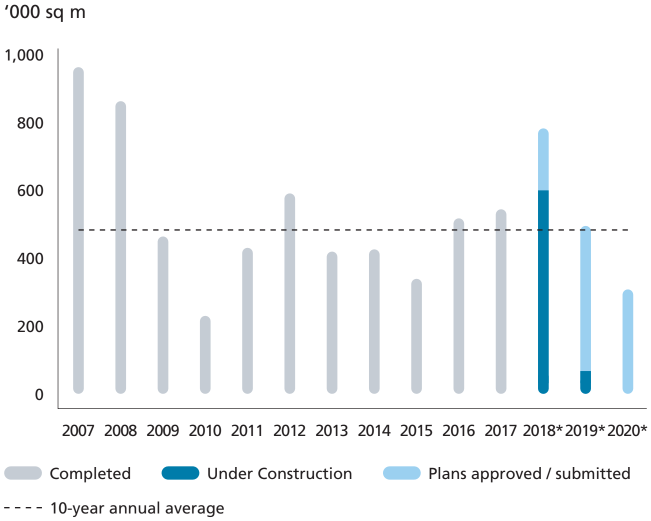
Positive demand conditions supported an expansion in development activity. Approximately 542,800 sq m of developments reached practical completion over 2017. This was above the 10-year annual average of 482,000 sq m. All completed developments were in the Outer West precincts: Outer Central West (242,403 sq m), Outer South West (174,738 sq m), and Outer North West (125,680 sq m). Approximately 83% of the completed floor space was pre-leased.

Supply levels are expected to increase in 2018. Approximately 600,000 sq m of developments are currently under construction and expected to complete this year – reaching the highest annual supply level since 2008. Recent levels of occupier demand, rental growth and an increased scarcity in development land has encouraged speculative development activity. Above 193,000 sq m of speculative developments are currently under construction and anticipated to complete over 2018.

The future pipeline is largely concentrated in the Outer West precincts, with the Outer Central West accounting for 52% of developments under construction. This is followed by the Outer South West (24%), Outer North West (12%) and Inner West (12%).

In addition, there are more than 181,000 sq m of developments approved, or submitted for development approval, and programmed for completion in 2018. Around 31,600 sq m of this is pre-leased.

Figure 4: Sydney Industrial Supply Pipeline



*At 4Q17
Source: JLL Research

Demand

The Sydney industrial market has had three successive years with gross take-up above 1.0 million sq m. Approximately 1.03 million sq m of industrial floor space was leased in 2017; well above the 10-year average of 698,000 sq m. This followed a gross take-up figure of 1.11 million sq m in 2015 and 1.03 million sq m in 2016.

New build leasing volumes increased on account of approximately 440,000 sq m of pre-leases. Leasing activity in existing buildings was also high, with approximately 427,000 sq m leased.

The majority of take-up over 2017 was in the Outer Central West (457,200 sq m) and Outer South West (269,100 sq m), followed by the Inner West (120,600 sq m) and Outer North West (112,700 sq m). The 55,792 sq m design & construct lease to Tempe Tyres lifted the South Sydney annual take-up figure to 71,800 sq m.

SYDNEY
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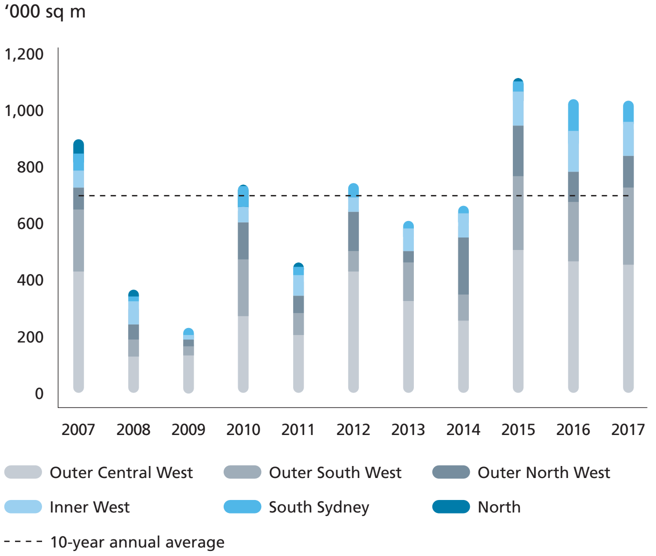
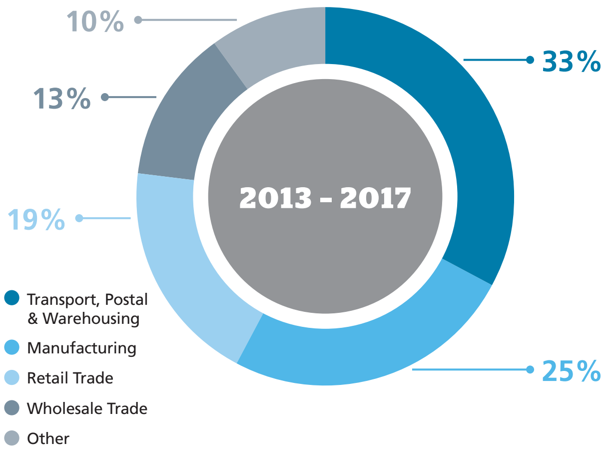
Figure 5: Sydney Industrial Occupier Gross Take-up by Precinct



Source: JLL Research

Over the past three years, gross occupier demand from the Transport, Postal & Warehousing, Retail and Wholesale sectors has increased. Gross take-up from these three sectors represented 72% of the total occupier activity over 2017.

Figure 6: Sydney Industrial Gross take-up by Industry Sector:



Source: JLL Research

Rents[1]

High levels of occupier activity resulted in strong prime face rental growth across the Sydney market. Strong growth was recorded across all Sydney precincts over 2017: South (6.8%), Outer South West (4.9%), North (4.7%), Outer Central West (4.2%) and Outer North West (2.7%).

The Sydney market benefited from a rise in occupier movement. This was caused by the withdrawal of assets for alternate use, organic growth, consolidation mandates, and increased demand from the growth in online spending. This growth, coupled with the rising constraints caused by land availability, exerted upward pressure on rents.

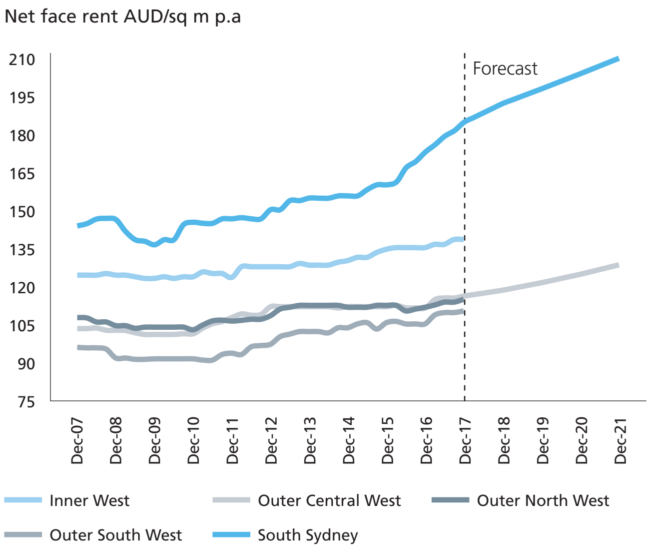
JLL anticipates a steady outlook for Sydney rents. The performance of the state economy, ongoing investment in infrastructure and the ongoing changes resulting from the growth in online retailing are expected to support rental growth over the medium-term. However, expansion in the development pipeline over the near-term could limit future growth in market rents.

The stronger demand conditions placed downward pressure on market incentives. Average mid-point prime incentives for existing assets in the Sydney market have gradually reduced to 9%; from 12% in 2Q16.

The reduced stock base and strategic locality of the South Sydney precinct will support stronger levels of rental growth over the medium-term. JLL is forecasting a compounded annual growth rate (CAGR) of 3.1% for South Sydney over the 2018-2022 period. JLL forecasts also reveal that rents in the Outer Central West precinct should normalise to longer-term growth rates given the strong supply over the near-term. A CAGR of 2.6% is forecast for the Outer Central West prime market across the five years to 2022.

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

Figure 7: Sydney Prime Grade Net Rents



Source: JLL Research. At 4Q17.

Investment Market

Pricing continued to sharpen in the Sydney investment market over 2017. Indicative yields recorded further compression over the year. However, a lack of investable stock resulted in annual investment volumes declining for the first time since 2007.

Approximately AUD 1.56 billion of transactions were recorded in 2017; marginally above the 10-year annual average of AUD 1.46 billion. This follows four successive years with annual investment volumes have surpassing AUD 2.0 billion.

Sydney industrial assets remain in high demand, with a large volume of unallocated capital seeking exposure to the market. The low number of prime assets placed for sale has resulted in a higher rate of secondary grade yield compression.

Prime mid-point yields tightened further over 2017. Prime yield compression was led by the Outer South West (-50 bps), Outer North West (-38 bps) and Outer Central West (-25 bps). Mid-point yields also compressed further in the infield markets: Inner West (-38 bps), North (-38 bps) and South (25 bps). The overall rate of prime grade yield compression has gradually slowed over the past 24 months.

Outlook

The investment and occupier outlook for the Sydney market remains strong given positive demand fundamentals. Organic growth mandates and steady demand from third party logistics, retailers and wholesalers is expected to support occupier demand over the near-term.

Given the ongoing structural changes in demand – led by the online retailing sector, steady state population growth and supply constraints – is expected to remain robust over the medium term.

MELBOURNE

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

MELBOURNE INDUSTRIAL MARKET

The Melbourne market has had three successive years of strong occupier and investment activity. Over 2017, the market recorded strong rental growth and expansion in development activity. This increased development activity resulted in rising industrial land values across all major precincts.

The industrial sector was supported by strong economic indicators and population growth in recent years. Industrial occupier demand from the retail sector and wholesale sector have risen in recent years. This has supported strong take-up figures over the past three years.

Supply

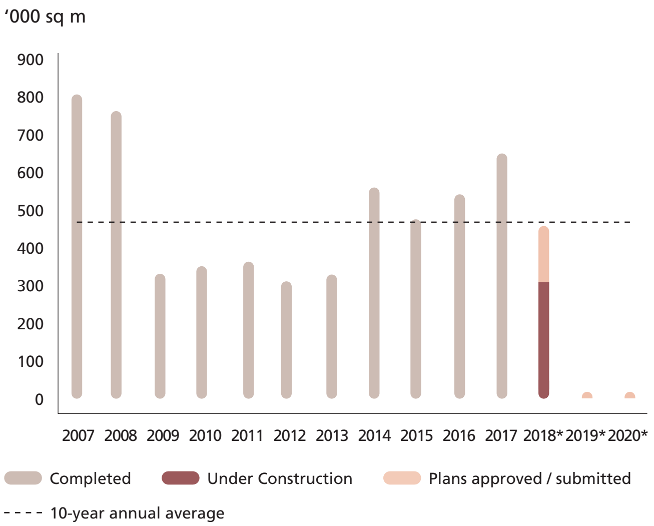
Completions increased over 2017, reaching 646,400 sq m. This was the highest level of completions since 2008, and the fourth successive year of annual supply levels exceeding the 10-year annual average of 465,000 sq m.

Completions over the year were concentrated in the West, accounting 58% of the new floor space. The remaining supply was in the South East (29%) and North (13%) precincts. The West and South East precincts recorded a notable increase in completions, rising by 37% on a year-on-year (y-o-y) basis. Pre-commitment levels were high, with approximately 91% of completions secured by pre-lease.

The construction pipeline is steady with approximately 316,600 sq m of developments under construction and expected to complete in 2018. The majority of this is based in the West (49%) and South East (45%) precincts, while the North precinct has three projects which represent 6% of the floor space under-construction. Speculative developments have increased, with approximately 120,800 sq m of speculative floor space under construction.

A further 148,100 sq m – with a completion date in 2018 - is submitted for or has already gained development approval. The majority of stock is planned for the South East (51%) and West (49%). Three developments in the South East, totalling approximately 35,200 sq m, have been approved and pre-leased.

Figure 8: Melbourne Industrial Supply Pipeline



*At 4Q17. Melbourne medium-term forecasts are understated given the lower transparency in local planning applications and approvals. As such, there is lower visibility to medium term supply levels.
Source: JLL Research.

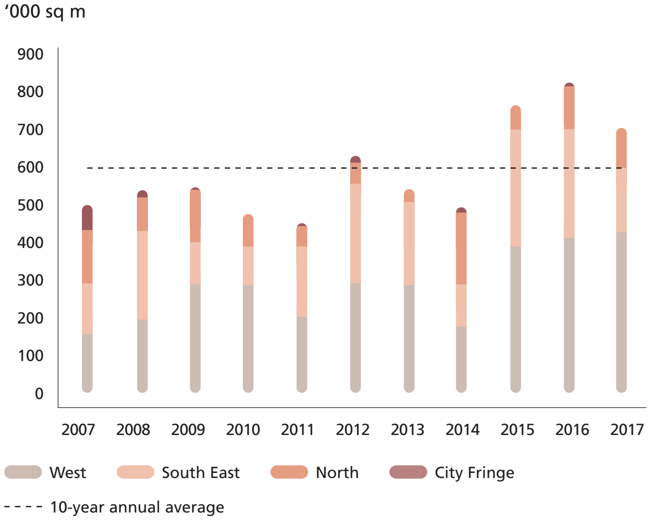
Demand

Industrial take-up in Melbourne reached 702,500 sq m in 2017. This is above the 10-year annual average of 595,000 sq m, and the third consecutive year of above trend occupier activity; gross take-up reached 765,000 sq m in 2015 and 883,700 sq m in 2016.

Gross-occupier activity over 2017 in the West precinct was above historical averages, representing 61% of total occupier activity; preceded by the South East (23%) and North (15%) precincts.

The majority of occupier activity was in existing facilities, accounting for over 377,100 sq m of leases. However, occupier activity was boosted by pre-lease activity. There was approximately 257,000 sq m of pre-leases in 2017; more than 171,700 sq m are located in the West precinct.

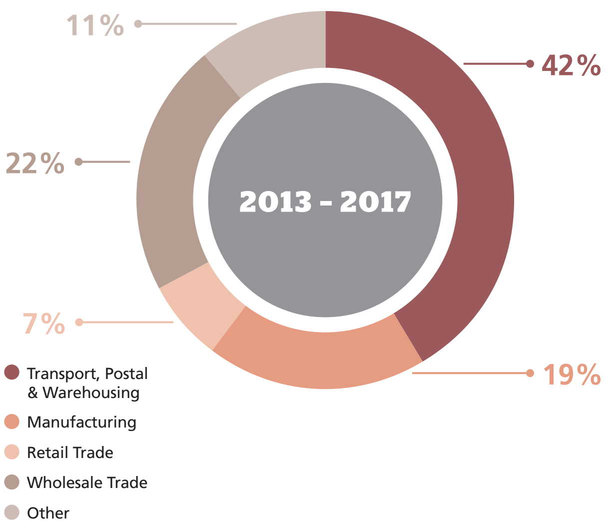
Figure 9: Melbourne Industrial Occupier Gross Take-up by Precinct



Source: JLL Research

The majority of occupier activity originated from the Transport, Postal & Warehousing sector (42%). Gross take-up from the Wholesale Trade sector was above the 10-year average, accounting for 22% of 2017 leasing volumes, while the Manufacturing sector represented 19% of take-up.

Figure 10: Melbourne Industrial Gross Take-up by Industry Sector:



Source: JLL Research

Rents

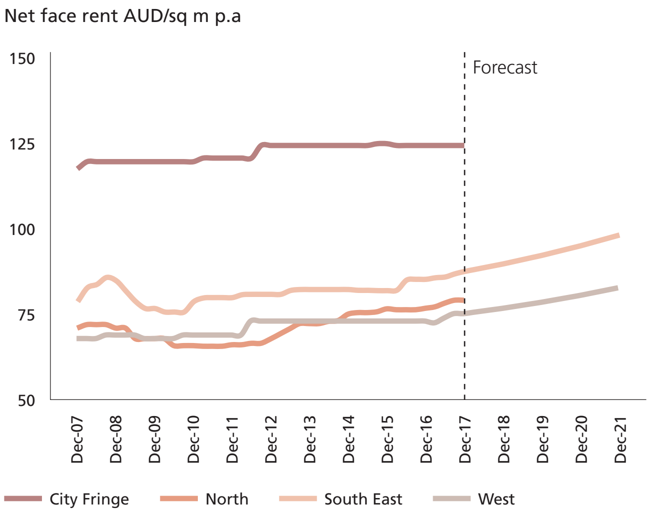
Strong occupier activity over the past three years led to steady rental growth across the Melbourne market. Average prime rents grew in the North (3.0%), West (2.9%) and South East (2.7%) over 2017. Prime rents in the largest precinct, the West, increased for the first time since 2Q12. Increased development activity and infrastructure projects supported rental growth in the North. While the higher levels of residential activity, and withdrawal of industrial stock in the South East, have resulted in stronger rental growth over the past two years.

Steady occupier demand resulted in limited change to indicative incentive levels. Stronger rental growth and a reduced stock base in the South East precinct led to a reduction in indicative incentives. Average incentives in the South East declined by 5% to around 20% at 4Q17. Average incentives in Melbourne were around 24% at the end of 2017.

Given the strong level of future occupier demand, rental outlook forecasts for the Melbourne market remain steady. However, upward pressures on rental growth could be offset by robust construction activity and the rise in speculative development activity.

Prime rents in the West are expected to rise by 2.0% over 2018, before increasing to a rental CAGR of 2.6% over the 2018-2022 period. While in the South East, rents are expected to grow by 2.5% in 2018, and rise to reach a CAGR of 2.9% in the five years to 2022.

Figure 11: Melbourne Prime Grade Net Rents



Source: JLL Research. At 4Q17.

MELBOURNE

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

Investment Market

Melbourne investment volumes were above AUD 1.35 billion in 2017. This was the fourth successive year of volumes above the 10-year annual average of AUD 991.0 million. This followed high sales volumes in 2015 (AUD 2.21 billion) and 2016 (AUD 2.14 billion), lifted on account of large portfolio transactions.

Prime indicative yields in the North recorded a mid-point compression of 38 bps over 2017. At 4Q17, the North prime yield range was 6.00%-7.00%. The prime yield range in the West and South East was unchanged at 6.00% 6.50% over 2017. However, secondary grade investment resulted in notable yield compression over the same period. Indicative midpoint secondary yields across the three precincts compressed by 63 bps on average.

Outlook

Investment demand for the Melbourne industrial market is expected to remain strong given the overall performance of the state economy. Gross take-up from 3PL operators, and steady demand from the retail and wholesale sector, will underscore industrial demand in the near-term.

The limited opportunities to acquire prime grade assets will result in further demand for secondary assets. In addition to this, assets from recently purchased portfolios could be placed for sale as owners look to balance portfolios.

JLL forecasts show that prime yields will be broadly unchanged over 2018. In line with rising bond yield forecasts, a gradual decompression in indicative yields should unfold over the five year period to 2022.

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

BRISBANE INDUSTRIAL MARKET

The Brisbane market demonstrated a notable recovery in demand conditions. Leasing and construction volumes increased over 2017. However, further rent reductions emerged as the market adjusted to strong supply volumes and elevated levels of vacancy.

There was an improvement in state economic conditions over the year. The Queensland economy recorded steady economic and employment growth over 2017. Moreover, demographic factors and net-positive migration have contributed to strong population growth.

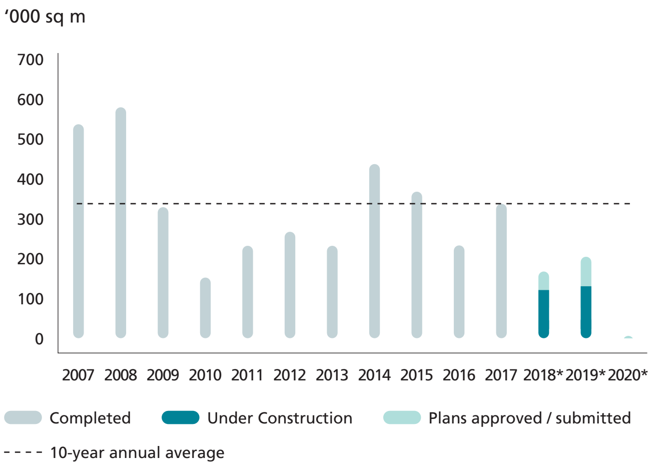
Supply

Construction activity increased over 2017, with more than 343,000 sq m of developments completing. This was broadly in-line with the 10-year annual average of 338,000 and above the 2016 completion total of 233,000 sq m.

The majority of completed projects were in the Southern precinct, accounting for 64% of the 2017 total supply. While the Trade Coast and Northern precincts represented 34% and 2% of the annual supply respectively. Speculative development activity remained low, with 88% of completed projects pre-committed.

Construction activity is expected to decline in 2018, with approximately 122,000 sq m of stock under construction. This is largely in the Southern precinct, representing 58% of floor space. Development activity in the Northern precinct has increased, with around 20,500 sq m under construction. Speculative development activity remains limited, with 82% of the floor space under construction already pre-leased. In addition, there are 45,500 sq m of developments with plans submitted or approved.

Figure 12: Brisbane Industrial Supply Pipeline

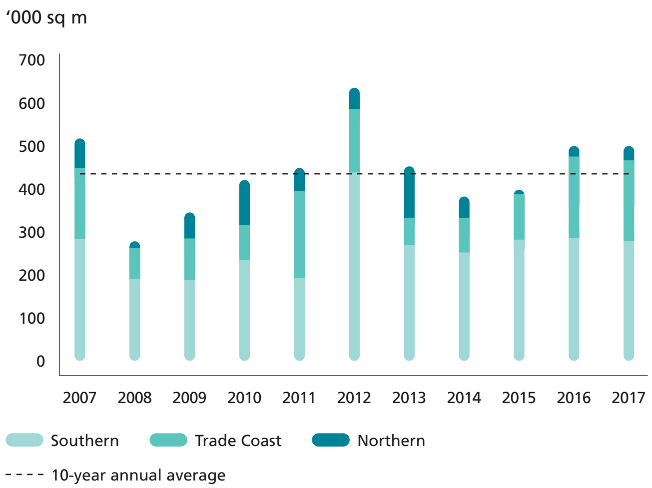


*At 4Q17
Source: JLL Research.

Demand

Gross take-up reached 493,000 sq m over 2017, above the 10-year annual average of 435,000 sq m. Occupier activity was largely based in existing facilities, accounting for approximately 271,000 sq m of total activity. The narrowing spread between rents in new build and existing assets supported the rise in pre-lease activity – representing around 156,400 sq m of leases in 2017. The majority of recorded leases over 2017 were in the Southern (57%) and Trade Coast (37%) precincts.

Figure 13: Brisbane Industrial Occupier Gross Take-up by Precinct



Source: JLL Research

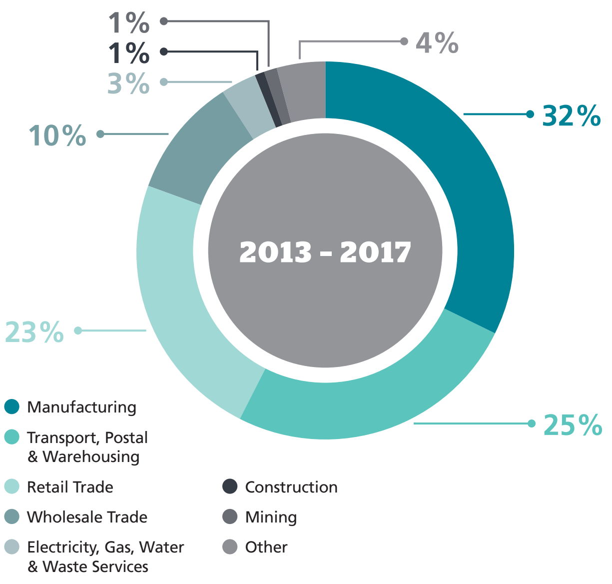
BRISBANE

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

Occupier activity was predominantly driven by the Manufacturing (34%), Retail Trade (28%) and Transport, Postal & Warehousing (24%) sectors. This spread was in line with the five-year annual average. Over 2017, increased demand came from food, material and other manufacturing based industries.

Figure 14: Brisbane Industrial Gross Take-up by Industry Sector:



Source: JLL Research

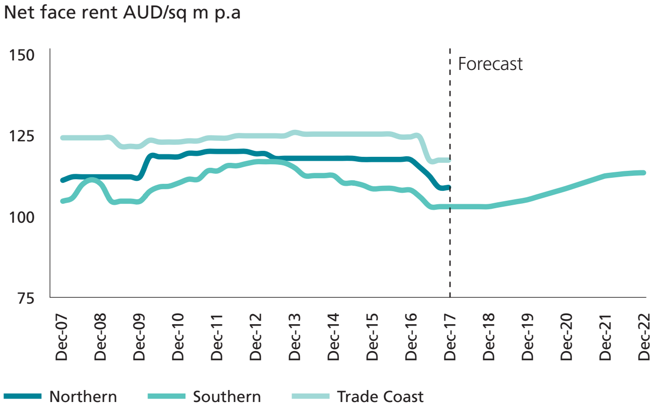
Rents

Brisbane prime rents declined over 2017 across the precincts. Year-on-year rents contracted in the Northern (-6.9%), Trade Coast (-5.5%) and Southern (-4.6%) precincts. This follows a decade of limited rental movement. Over the 10 years to December 2016, indicative net rents in the Southern precinct increased by 5.4%, and by 3.1% in the Northern precinct. While rents in the Trade Coast grew by a marginal 0.2%.

Prime incentives remained unchanged at an average of 15% over 2017. Softer leasing conditions over recent years has encouraged the rise of average incentives from 8% back in 2016. Incentive levels are higher in Southern precinct given the larger intuitional presence; ranging from 15%-30% at 4Q17.

The Brisbane market is forecast to benefit from improved broad-based demand conditions. JLL forecast prime rents in the Southern precinct to remain unchanged over 2018; before rising by 2.9% (CAGR basis) in the five years to 2022.

Figure 15: Brisbane Prime Grade Net Rents



Source: JLL Research. At 4Q17.

Investment Market

Investment volumes in the Brisbane market were steady over 2017, with annual totals reaching AUD 717.7 million. The market has now had four successive years with sales volumes above the 10-year annual average of AUD 631.1 million. Portfolio transactions lifted sales volumes in 2015 (AUD 1.0 billion) and 2016 (AUD 811.1 million).

The majority of transactions were in the Southern precinct (62%). The Northern precinct recorded a notable increase in sales volumes, accounting for AUD 156 million in sales – the largest annual total since 2007. Transaction activity in the Trade Coast was broadly in-line with long-term averages; recording AUD 132 million in sales over 2017.

Prime yields in the Brisbane market recorded marginal compression in 2017. Over the year, the indicative prime yield range compressed by 25 bps on both ends to 6.00%-6.75%. Increased investment demand in the secondary market resulted in higher rates of yield compression.

Outlook

The improved economic growth profile is expected to support industrial activity over the near-term. Steady population growth and an improvement in labour conditions will likely impact the demand for industrial space. Increased levels of occupier demand and forecast stabilisation in rents will encourage investment allocations to the market.

The forecast rise in bond rates is anticipated to affect indicative yield levels over the medium-term. The prime yield range in the Southern precinct is expected remain at current levels (6.00%-6.75%) over 2018, before the start of a moderate decompression cycle from around 2019.

PERTH

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

PERTH INDUSTRIAL MARKET

The Perth industrial market continued to face headwinds from declining mining investment. The market was affected by lower levels of occupier demand and further markdowns to indicative rents over 2017.

Activity over the past year was supported by the growth of major foreign retailers and the growth in the non-mining sectors. However, soft population growth and further contraction in Gross State Product over 2017 continued to produce headwinds.

The outlook for the Western Australian economy is more positive, with conditions expected to stabilise over 2018. Deloitte Access Economics (DAE) forecast a return to positive growth (Gross State Product) for the economy in 2018 (2.5%) and 2019 (2.6%).

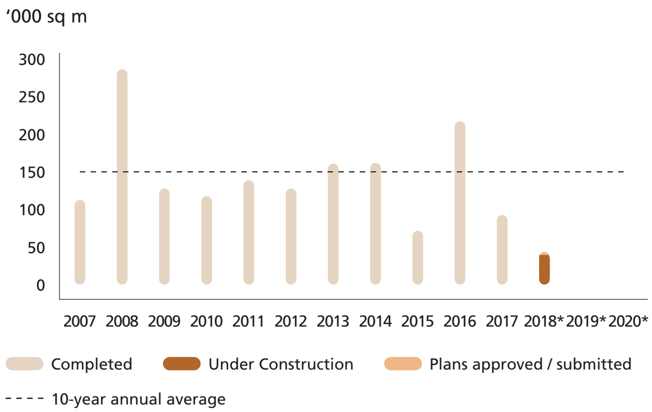
Supply

Supply levels declined over 2017, with approximately 93,300 sq m of new developments reaching practical completion. This was below the 10-year annual average of 150,000 sq m. This followed a large year of completions in 2016 (216,100 sq m) – the highest annual level since 2008. Construction activity in 2016 was lifted by large scale distribution centres and logistical facilities completed for Aldi, Kmart, CEVA and Mainfreight.

The majority of floor space that completed in 2017 was in the East (86%), while the remaining 14% of new supply was in the South precinct. This was primarily due to land availability and transportation links in Jandakot and Hazelmere. Since 2016, these suburbs have accounted for 39% and 24% of the completed floor space respectively.

The supply outlook for Perth is limited. Three major projects are under construction, totalling approximately 40,000 sq m. The largest is a 21,130 sq m warehouse and distribution centre for Sigma Pharmaceuticals at Canning Vale.

Figure 16: Perth Industrial Supply Pipeline



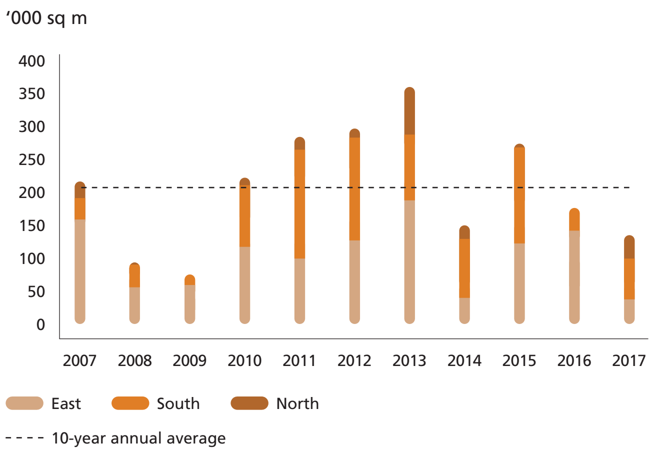
*At 4Q17
Source: JLL Research.

Demand

Occupier activity remained subdued over 2017. Approximately 134,200 sq m of leases were recorded over the year. However, only three occupier moves above 10,000 sq m were recorded. Total leasing volumes over 2017 were below the 10-year annual average of 206,000 sq m. Annual leasing volumes were below the 2015 (274,300 sq m) and 2016 (175,500 sq m) figures.

The majority of occupier activity was in existing facilities, representing 65% of annual take-up. Competitive conditions also encouraged relocation and expansion mandates. New build activity accounted for above 47,200 sq m of take-up: Design & Construct (20%) and Pre-lease (15%).

Figure 17: Perth Industrial Occupier Gross Take-up by Precinct



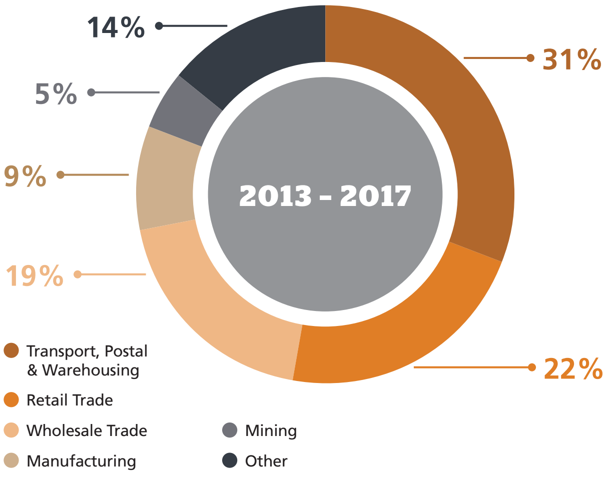
Source: JLL Research

PERTH
INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

The demand profile was broad-based in 2017; led by the Transport, Postal and Warehousing sector (31%), Retail Trade (13 %), and Wholesale Trade (13%) sectors.

Figure 18: Perth Industrial Gross Take-up by Industry Sector:



Source: JLL Research

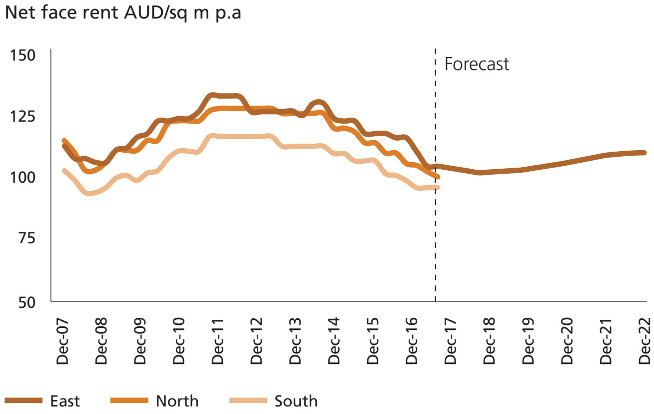
Rents

Subdued occupier demand and prevailing high levels of vacancy have placed downward pressure on prime rents. Over 2017, further contractions in prime rents were recorded in the South (-9.9%), North (-6.9%) and East (-2.4%) precincts. Prime rents have trended downward since peaking in 2013.

The prevailing level of vacancy and softer demand is expected to place further pressure on existing rents. Prime indicative rents in the East precinct are expected to decline by 2.5% over 2018, before returning to positive growth over the four years to 2022. Prime rents in the precinct are expected to increase at a CAGR of 2.4% over this period.

Softer demand conditions led to the rise in prevailing incentive levels. Average prime incentives have increased from 8% in 4Q14 to 18% at 4Q17, and rising by 6% over 2017.

Figure 19: Perth Prime Grade Net Rents



Source: JLL Research. At 4Q17.

Investment Market

Investment volumes in the Perth market totalled AUD 439.3 million over 2017. This was above the 10-year annual average AUD 340.0 million. Transaction volumes were marginally below the AUD 443.4 million recorded in 2016.

The majority of transactions over 2017 were in the AUD 5.0 to 15.0 million range; with seven sales over AUD 15.0 million and four sales of over AUD 30.0 million. Transaction volumes were predominant in the East, which represented 51% of overall sales. The North and South represented 28% and 21% of 2017 total sales volumes respectively.

Following a 25 bps mid-point compression in 2016, prime yields remained unchanged over 2017 – ranging between 6.50%-7.00%. Secondary indicative yields also remained unchanged over the year.

Outlook

The challenging demand environment is expected to continue over 2018. However, a recovery in commodity prices could trigger an increase in demand from the associated engineering and materials based users. An improvement in demand is anticipated from the ongoing entry of major international retailers and completion of shopping centre development activity. Construction related demand could also emerge from proposed public sector infrastructure projects, including road and rail extensions.

Given the relative pricing of east coast markets and rental growth prospects over the medium-term, the steady level of investment demand for prime assets is expected to continue over 2018.

SYDNEY SUBURBAN

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

SYDNEY SUBURBAN OFFICE MARKETS

JLL Research monitors nine suburban (non-CBD) office markets in Sydney – North Sydney, Sydney Fringe, Sydney South, Sydney Olympic Park/Rhodes, Chatswood, St Leonards, Macquarie Park, Parramatta, and Norwest. The proximity of Sydney's suburban office markets to the Sydney CBD varies from less than five kilometres to more than 25 kilometres.

Occupancy profiles and office asset types vary considerably by market. North Sydney and Parramatta, for instance, are CBD type markets with the dominant asset type being office towers. In comparison, Macquarie Park and Norwest are classified as business park markets. Buildings in business parks typically comprise office and warehouse space, and normally incorporate a campus style layout.

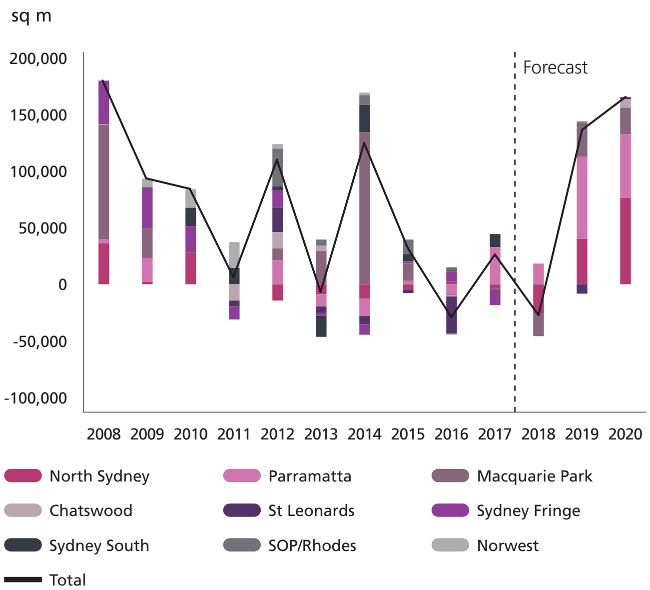
Supply

Sydney's suburban office market supply has risen from 4.29 million sq m in 2010[2] to 4.55 million sq m in 2017. This equates to an annual growth rate of 0.9%. Around 47% of all monitored office stock in Sydney is located in the suburban office markets, with the Sydney CBD comprising the remaining 53% (5.04 million sq m).

Sydney Fringe is the largest suburban office market (914,900 sq m), followed by North Sydney (828,200 sq m) and Macquarie Park (721,700 sq m). The three smallest suburban markets are Norwest (229,700 sq m), Sydney South (244,000 sq m), and Sydney Olympic Park/Rhodes (281,800 sq m).

The supply outlook between 2018 and 2020 is reasonably robust. While total stock is expected to fall by 27,500 sq m in 2018, due to expected withdrawals in North Sydney and Macquarie Park, total stock is expected to rise by 136,100 sq m in 2019 and by an even higher 165,100 sq m in 2020. The anticipated increase in 2019 and 2020 will be largely underpinned by construction in Sydney Fringe (99,900 sq m under construction, including the 93,000 sq m ATP development), Parramatta (84,300 sq m), and North Sydney (40,600 sq m). In Sydney South, the one project under construction – 191 O'Riordan Street, Mascot (17,700 sq m) – is scheduled to complete in mid-late 2018. This comes after two projects in Mascot totalling 15,900 sq m completed in 2017.

Figure 20: Sydney Suburban Office Markets Net Increase in Supply



Source: JLL Research

Demand

Office occupier demand in Sydney's suburban office markets has been strong. There has been only one instance of negative net absorption in the aggregated Sydney suburban office market between 2011 and 2017, with net absorption averaging 43,400 sq m over this period.

Sydney is in the midst of a cyclical upswing in demand. Net absorption was a robust 44,500 sq m in 2016. Net absorption in 2017 was an even higher (52,500 sq m). Sydney South accounted for the largest portion of demand during this two-year period, with net absorption totalling 42,000 sq m. Parramatta was the next best performing market, with net absorption totalling 35,000 sq m.

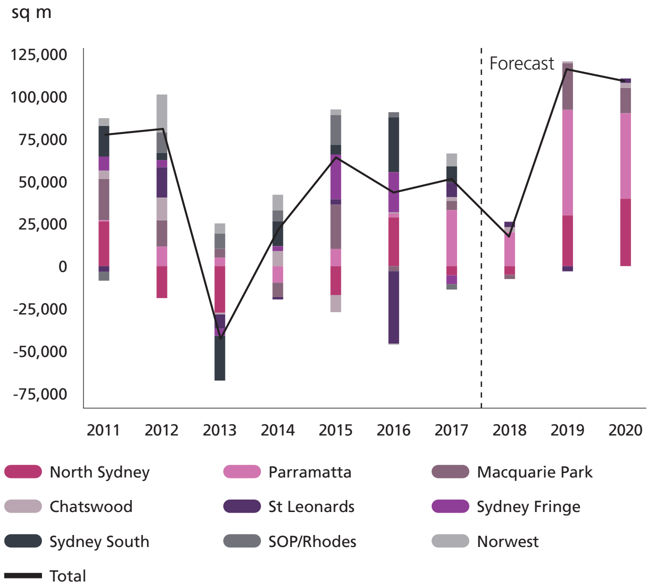
Cyclical demand uplift is anticipated to continue to support occupancy levels in the Sydney suburban office markets in the near term. Decentralisation of private and public sector tenants is also expected to support take-up rates. National Australia Bank has pre-leased 44,000 sq m in Parramatta, as have the NSW Department of Education (22,300 sq m) and Government Property NSW (62,000 sq m). Most of this will be pure positive demand for Parramatta.

2 JLL began monitoring the Sydney Olympic Park/Rhodes and Norwest office markets in 2009 and the South Sydney market in 2010.

INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

Figure 21: Sydney Suburban Office Markets Net Absorption



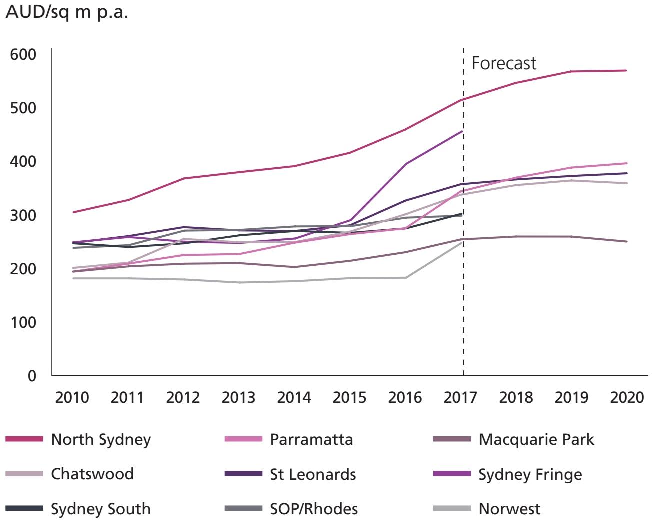
Source: JLL Research
*Excludes the Macquarie Park balancing factor (117,200 sq m) in 1Q14 when 16 untracked buildings were added to the market.

Rent

The start of the cyclical uplift in demand in 2014 precipitated high rental growth. Growth has been particularly strong over the past 12 to 24 months. Increasing face rents underpinned much of the growth in this cycle. While incentive levels have also fallen, landlords have typically increased face rents in markets in which occupier demand is high and vacancy tight. The Sydney Fringe office market has shown the most growth between 2011 and 2017[3], rising by an annual average of 9.6%. Sydney Fringe is the tightest market nationally with a vacancy rate of 3.0%. Parramatta has the second lowest vacancy nationally, and has recorded the second highest rental growth since 2011, rising by an annual average of 8.7%.

The outlook for rental growth remains firm. Parramatta rents (prime net effective[4]) are forecast to rise by the fastest pace nationally across the forecast markets[5], rising by an expected average of 4.9% annually between 2018 and 2020. This will be followed by North Sydney (3.5%), Chatswood (2.1%), St Leonards (1.8%), and Macquarie Park (-0.5%).

Figure 22: Sydney Suburban Office Markets Prime Net Effective Rents



Source: JLL Research

Investment Market

Record transaction volumes have been recorded in Sydney's suburban office markets. Volumes have been broadly rising since 2008, and reflect the increasing importance of Sydney suburban assets in Australia's commercial real estate investment universe. In 2017, Sydney suburban office assets sales accounted for 22.9% of total office transactions nationally, up from 6.9% in 2008.

3 JLL Research began tracking rental growth across all suburban office markets in 2011.
4 Prime net effective rent takes into account lease incentives and excludes outgoings.
5 JLL Research provides forecasts for the North Sydney, Parramatta, Macquarie Park, Chatswood, and St Leonards office markets.

North Sydney has typically been the most liquid office market. Volumes surpassed AUD 1.0 billion in 2016 and 2017, just below the record high of AUD 1.14 billion in 2013. Volumes reached record levels in Macquarie Park (AUD 475.0 million) and Sydney South (AUD 276.2 million). Sydney South investment volumes comprised two large assets in Mascot. Fort Street Real Estate Capital acquired Gateway 241 for AUD 137.6 million from 151 Property Group, which reflected an equivalent yield of 6.27%, while AMP Capital Wholesale Australian Property Fund purchased Connect Corporate Centre – Stage 1 and Stage 2 from Goodman for AUD 138.6 million (5.72%).

Yield compression cycle continued into 2017. Sydney Fringe has the tightest average prime yield (5.38%), followed by North Sydney (5.50%), and Sydney South (6.00%). At the other end of the spectrum, the highest yielding markets are Norwest (6.88%) and Sydney Olympic Park/Rhodes (6.75%).

Outlook

Occupier demand is forecast to remain positive over the near to medium term. While demand for existing space may be restricted by limited space options, the continued strength of the NSW economy, and the value proposition of suburban office space, relative to the Sydney CBD, will support positive take-up rates.

A strong cycle of infrastructure investment may also support the growth and importance of Sydney suburban office markets. The WestConnex and the Sydney Metro projects will enhance connectivity of the Sydney suburban office markets to the Sydney CBD, and to the broader Sydney metropolitan area. Improved connectivity will be a positive, both from an occupier and investment perspective.

Additionally, a diverse occupier base, and close proximity to a large educated workforce will support lower volatility through the cycle and provide a relatively consistent and stable income stream for investors. A strong development pipeline, particularly in Parramatta and South Sydney, will serve to increase the institutional investable universe in Sydney's suburban office markets, adding to the growing importance of Sydney suburban office assets in diversified investment portfolios.

BRISBANE FRINGE
INDEPENDENT MARKET STUDY

By Jones Lang Lasalle (NSW) Pty Limited
March 2018

BRISBANE FRINGE OFFICE MARKET

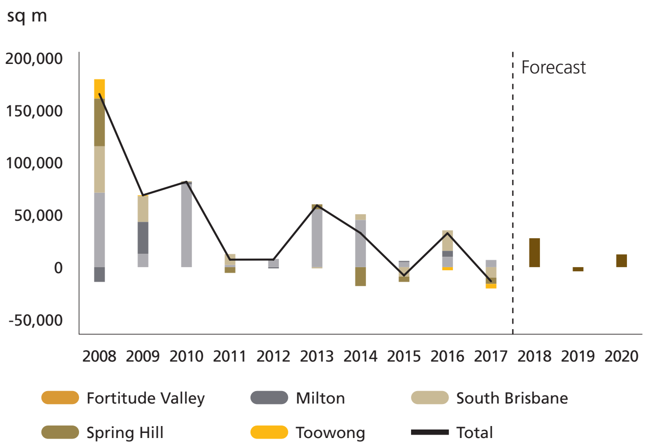
The Brisbane Fringe market is the second largest office market in Queensland, after the Brisbane CBD. The market emerged, in large part, as a response to organisations seeking campus style large floor plate product in close proximity to the CBD. There are five key precincts – Fortitude Valley, Milton, South Brisbane, Spring Hill, and Toowong – with office stock totalling 1.30 million sq m.

Supply

Total stock in the Brisbane Fringe office market increased by 49.5% between 2007 and 2017, from 872,500 sq m to 1.30 million sq m. It has grown at a faster pace than the Brisbane CBD. In 2007, total stock in the Brisbane Fringe was around 50% of total CBD stock. This has increased to 58% in 2017, making the Brisbane Fringe the third largest non-CBD office market nationally.

The supply outlook is stable. Two projects, both in Fortitude Valley, are currently under construction – 900 Ann Street (19,000 sq m), and 25 King Street (14,900 sq m). The absorption rate across both projects is 75%. Completion is slated for 2018. Beyond these two projects, there are three developments that could feasibly be delivered by 2020. The developments are in various stages of planning and total 65,000 sq m of new office space. However, only one small pre-commitment (4,500 sq m) has been secured across the three projects. The low absorption rates may delay the projects into subsequent years.

Figure 23: Brisbane Fringe Office Market Net Increase in Supply



Source: JLL Research

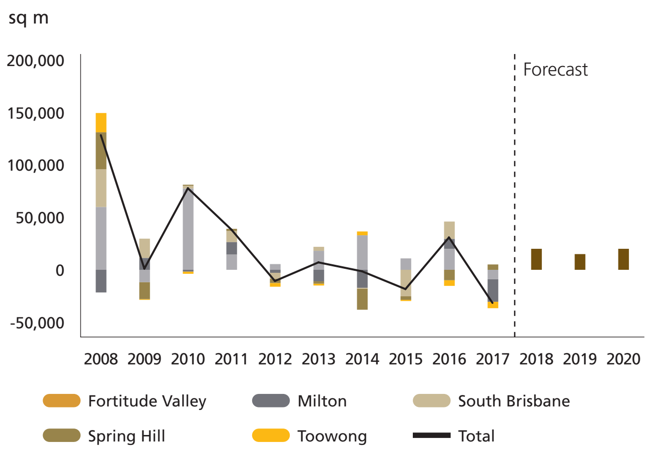
Demand

The downturn in the resource sector has continued to have a lingering impact on office demand in the Brisbane Fringe office market. Net absorption in 2017 fell to negative 31,700 sq m, negating the positive 30,700 sq m in 2016.

Withdrawals for commercial redevelopment and tenants relocating out of the Fringe market were the primary contributors to negative demand in 2017. As a result, vacancy rose from 15.6% in 2016 to 17.1% in 2017. Nonetheless, the Brisbane Fringe is a diverse market with varying performances by precinct. Conditions were broadly better in South Brisbane (12.4% vacancy) and Fortitude Valley (15.2%), but comparatively worse in Milton (30.6%).

The demand outlook is positive, with the expected cyclical trough in demand likely to have ended in 2017. Leasing demand is forecast to improve over 2018, with net absorption anticipated to total 17,200 sq m. Largely contributing to positive net absorption, Aurizon and Aurecon will commit to two new projects. As the economy builds momentum, vacancy is forecast to steadily decline.

Figure 24: Brisbane Fringe Office Market Net Absorption



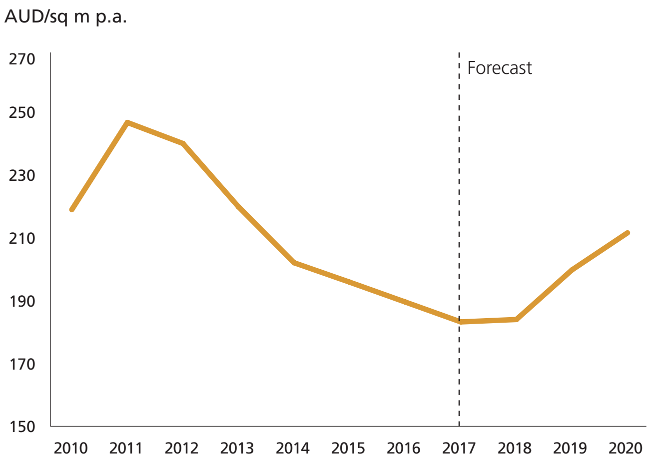
Source: JLL Research

Rent

Rental levels have been under pressure since the downturn in demand in 2012/2013. Effective rents have broadly trended down since this period, although the general pace of decline has fallen as the market nears the end of the cyclical trough in demand.

Prime net effective rents fell by 3.4% in 2017, which is down from the 8.5% decline in 2016. The effective rental decline is largely incentive driven, with average incentives increasing from 37% to 38%. This has also been the case since the start of the downturn in 2012/2013, with rapidly rising incentives being the primary drag on effective rental levels.

Figure 25: Brisbane Fringe Office Market Prime Net Effective Rents



Source: JLL Research

Nevertheless, an improving demand outlook and a falling vacancy profile is expected to arrest the decline in rents. Prime net effective rents are expected to stabilise in 2018, before returning to positive growth from 2019. Strong effective rental growth is forecast over the medium to long term, with the upward rental trajectory underpinned by falling incentive levels.

Investment Market

Liquidity in the Brisbane Fringe office market is high. Investment volumes since 2014 have been very robust, surpassing AUD 500.0 million annually over this period, and exceeding AUD 1.0 billion for the first time on record in 2017 (AUD 1.09 billion).

Asset sales in Fortitude Valley typically account for the majority of transactional activity in the Brisbane Fringe market, and underpinned record investment volumes (by value) in 2017. Transaction volumes amounted to AUD 871.6 million in Fortitude Valley across eight separate transactions. This equates to 80.2% of total 2017 transactions in the Brisbane Fringe office market, which is higher than the annual average of 56.4% since 2008. Fortitude Valley also accounted for the top four asset sales (by price) in 2017, with the sale of Green Square South Tower being the largest last year. Eureka Real Assets acquired the asset from ISPT for AUD 205.5 million, which reflected an equivalent yield of 5.71%.

Strong investment demand led to yield compression in 2017. The prime mid-point yield compressed by 25 bps to 7.00% in 2017. This is now 175 bps lower than the peak in the yield cycle in 2009 (8.75%).

Outlook

Positive demand is anticipated to return in 2018. A large component of demand will come from Aurizon and Aurecon, who will relocate from the CBD in 2018, although broad demand drivers are also expected to stabilise over the next 12 months.

In addition to improving demand, supply side factors will support a falling future vacancy profile. The two projects currently under construction are largely pre-leased, while the other projects in the pipeline are at various stages of planning, and only one has secured a (small) pre-commitment. Broadly limited supply will support vacancy trending from 17.1% in 2017 to 14.7% by 2021.

Rising prices and elevated competition for assets within the Sydney and Melbourne office markets may support investors mobilising capital into Brisbane, chasing higher yields. Investor demand for Brisbane Fringe assets will continue over the next 12 months due to greater comparative value. Prime yields are forecast to tighten over 2018 as investor interest continues.

CORPORATE DIRECTORY

THE MANAGER

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

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Fax: (65) 6775 2813
Email: a-reit@ascendas-singbridge.com
Website: www.ascendas-reit.com

BOARD OF DIRECTORS

Mr Lim Hock San
Chairman and Independent Director
Mr Miguel Ko
Vice Chairman and Non-executive Director
Mr Manohar Khiatani
Non-executive Director
Mr William Tay Wee Leong
Executive Director & CEO
Mr Chan Pengee, Adrian
Independent Director
Ms Chong Chiet Ping
Independent Director
Ms Lim Sau Hoong
Independent Director
Mr Teo Choon Chye, Marc
Independent Director
Mr Wong Yew Meng
Independent Director

COMPANY SECRETARIES

Ms Mary Judith de Souza
Mr Hon Wei Seng

AUDIT COMMITTEE

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

NOMINATING AND REMUNERATION COMMITTEE

Mr Lim Hock San (*Chairman)*
Mr Miguel Ko
Ms Chong Chiet Ping
Ms Lim Sau Hoong

INVESTMENT COMMITTEE

Mr Miguel Ko (*Chairman)*
Mr Lim Hock San
Mr Manohar Khiatani
Mr William Tay Wee Leong
Mr Teo Choon Chye, Marc

OPERATIONAL RISK MANAGEMENT COMMITTEE

Mr Lim Hock San (*Chairman)*
Mr Manohar Khiatani
Mr William Tay Wee Leong
Mr Chan Pengee, Adrian
Ms Chong Chiet Ping

UNIT REGISTRAR

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(a member of Boardroom Limited)
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Singapore Land Tower
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Fax: (65) 6438 8710

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

SGX CODE

Ascendasreit

STOCK SYMBOL

A17U.SG

CONTENTS

CORPORATE GOVERNANCE

Good corporate governance is ingrained in the core values of Ascendas Funds Management (S) Limited (Manager), the manager of Ascendas Real Estate Investment Trust (Ascendas Reit) and encompasses the implementation of best practices and structures, internal checks and balances, transparency and compliance in Ascendas Reit. The Manager is committed to regularly improving its corporate governance practices. It develops and maintains adequate policies and practices to meet the specific business needs of Ascendas Reit on an ongoing basis.

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

This section sets out the existing corporate governance practices of Ascendas Reit with reference to the Code and relevant regulations. The Manager has adhered to the principles and guidelines of the Code. Where there are deviations from the principles and guidelines of the Code and relevant regulations, such as with respect to remuneration matters, an explanation has been provided in the relevant section.

THE MANAGER OF ASCENDAS REIT

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

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

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

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

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

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

4. ensuring the execution of works by the appointed property manager, Ascendas Services Pte Ltd (for properties located in Singapore) and Ascendas Funds Management (Australia) Pty Ltd (AFMA) together with third party managing agent (for properties located in Australia) (collectively known as the Property Managers), that provides property management, marketing and project management services for the properties held by Ascendas Reit, pursuant to the relevant property management agreements;

5. maintaining a framework of prudent and effective controls which enable strategic, external, financial, operational, investment and development, regulatory compliance, information technology and sustainability risks to be assessed and managed; and

6. managing regular communications with Unitholders and any necessary announcements in accordance to the SGX-ST Listing Rules.

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

All the directors of the Manager (the Board or Directors) are competent and experienced individuals who have considerable experience in the real estate industry and/or other relevant fields of business.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

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

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

The Board meets every quarter to review the financial performance of Ascendas Reit. The Board also reviews the risks relating to the management of the assets of Ascendas Reit, examines liabilities and comments from the auditors of Ascendas Reit and ensures that measures are implemented to address recommendations. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval, except where a director is required to recuse himself or herself due to a potential conflict of interest situation and as such would be excused from participation. When necessary, additional Board meetings are held to approve transactions or resolve issues. In addition, the Board also meets and reviews annually Ascendas Reit's business strategy, business plan and budget.

CORPORATE GOVERNANCE

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

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

- Audit Committee (AC);
- Investment Committee (IC)
- Nominating and Remuneration Committee* (NRC); and
- Operational Risk Management Committee (ORMC).

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

Members of the respective Committees are:

Board members	AC	IC	NRC*	ORMC
Mr Lim Hock San(1)		M	C	C
Mr Koh Soo Keong(2)		M	C	C
Mr Miguel Ko		C	M	
Mr Manohar Khiatani		M		M
Mr Chan Pengee, Adrian	C			M
Ms Chong Chiet Ping			M	M
Ms Lim Sau Hoong			M	
Mr Teo Choon Chye, Marc	M	M		
Mr Wong Yew Meng	M			
Mr Chia Nam Toon(3)		M		M
Mr William Tay Wee Leong(4)		M		M

* the Nominating, Human Resource and Compensation Committee was re-named as the Nominating and Remuneration Committee (NRC) on 23 April 2018

Denotes C – Chairman; M – Member

(1) Mr Lim Hock San was appointed Chairman of the Board, Chairman of the NRC and Chairman of the ORMC on 1 October 2017.
(2) Mr Koh Soo Keong retired as Director on 30 September 2017 and ceased to be Chairman of the Board, Chairman of the NRC and Chairman of the ORMC and a member of the IC on the same day.
(3) Mr Chia Nam Toon resigned as Director and CEO on 20 October 2017 and ceased to be a member of the ORMC and IC on the same day.
(4) Mr William Tay Wee Leong was appointed as Director and CEO and a member of the ORMC and IC on 1 February 2018.

Members and their respective attendance at the Board, AC, NRC and ORMC meetings for FY17/18 are set out below.

	Board No. of meetings held: 7	AC No. of meetings held: 4	NRC No. of meetings held: 2	ORMC No. of meetings held: 2
Mr Lim Hock San	7		2	2
Mr Koh Soo Keong(i)	2		1	–
Mr Miguel Ko	7		2	
Mr Manohar Khiatani	7			2
Mr Chan Pengee, Adrian	7	4		2
Ms Chong Chiet Ping	7		2	2
Ms Lim Sau Hoong	7		2	
Mr Teo Choon Chye, Marc	7	4		
Mr Wong Yew Meng	7	4		
Mr Chia Nam Toon(ii)	2			–
Mr William Tay Wee Leong(iii)	1			1

(i) Mr Koh Soo Keong retired as Director on 30 September 2017 and ceased to be Chairman of the Board, Chairman of the NRC and Chairman of the ORMC and a member of the IC on the same day.
(ii) Mr Chia Nam Toon resigned as Director and CEO on 20 October 2017 and ceased to be a member of the ORMC and IC on the same day.
(iii) Mr William Tay Wee Leong was appointed as Director and CEO and a member of the ORMC and IC on 1 February 2018.

There is no IC meeting convened in FY17/18 as the IC regularly review and approved matters tabled via circulation.

Principle 2: Board Composition and Guidance

The Board presently consists of nine (9) members, six (6) of whom are independent Directors. The composition of the Board therefore complies with the Code, which requires at least one-third of the Board to be independent since the Chairman of the Board is independent. The Chairman of the Board is Mr Lim Hock San and the Vice Chairman of the Board is Mr Miguel Ko.

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

The Board determines on an annual basis whether or not a director is independent. An Independent director is one who has no relationship with the Manager, its related companies, its 10% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of Ascendas Reit; and is independent from any management and business relationship with the Manager and Ascendas Reit, the substantial shareholder of the Manager and any substantial unitholder of Ascendas Reit, and has not served on the Board for a continuous period of nine years or longer.

The Board considers that its composition and balance between non-independent and independent directors are appropriate and allow for a balanced exchange of views, deliberations and debates among members and effective oversight of the Management. The Board seeks to refresh the Board membership progressively and in a systematic manner. The board succession planning is carried out through the annual review of the Board composition and/or when an existing director gives notice of his or her intention to retire or resign.

The NRC has conducted an annual review of the Directors' independence and has made recommendations to the Board on the independence of the Directors. Based on the NRC's recommendations and in addition to the requirements under the Code, the Board also assessed the independence of each director in accordance with the enhanced independence requirement for REIT Managers as implemented by the MAS and subsequent review by the Board. The Board is of the view that the following Directors presently on the Board are independent:

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

Mr Miguel Ko, Mr Manohar Khiatani and Mr William Tay Wee Leong are non-independent Directors. Mr Miguel Ko is the Group CEO of Ascendas-Singbridge Pte Ltd (Ascendas-Singbridge), the parent company of the Manager and a deemed controlling Unitholder of Ascendas Reit. Mr Manohar Khiatani is the Deputy Group CEO of Ascendas-Singbridge. Mr William Tay Wee Leong is the CEO of the Manager.

The Board comprises directors with relevant experience and expertise, including real estate, accounting and finance, legal, business, information technology, customer based experience or knowledge and management.

The Board actively participates in developing and setting strategies and goals for the Management. The Management benefits from the independent directors' objective views and perspectives on issues brought before the Board. Members of the Board engage in open and constructive debate and challenge the Management on its assumptions and proposals. The Manager has put in place processes to ensure that the Board is well supported by accurate, complete and timely information. All Directors have unrestricted access to the Management and have sufficient time and resources to effectively discharge their oversight function. In the year under review, the Directors have provided valuable inputs on the business strategies, and also reviewed and evaluated the performance of the Management.

Principle 3: Chairman and Chief Executive Officer

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

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

The recommendation in the Code for a lead independent director to be appointed does not apply to the Manager as the Chairman is an independent director. He and the CEO are separate individuals, and they are not related to each other.

Mr William Tay Wee Leong, the CEO of the Manager, together with the Management, has full executive responsibilities over the business direction and operational decisions in managing Ascendas Reit.

Principle 4: Board Membership

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

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

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

The NRC is responsible for reviewing the succession plans for the Board and senior management, and has put in place a formal process for Board renewal and selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:–

1. the NRC reviews the balance and diversity of skills, experience, gender and expertise required by the Board, as well as the optimal size of the Board required to facilitate decision-making;
2. following such review and in consultation with Management, the NRC assesses the relevant attributes and corresponding representation and desired profile, underpinning any particular appointment or re-appointment;
3. external support (for example, search consultants) may be used to source for potential candidates if required. Directors and the Management may also make suggestions;
4. suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. The NRC meets shortlisted candidates to assess suitability, and to ensure the candidates are aware of the level of commitment required; and
5. the NRC recommends the proposed appointee(s) for the Board's consideration. New Directors are formally appointed by way of a Board resolution.

The appointment and/or re-appointment of Directors is subject to the approval of the shareholder of the Manager and MAS.

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. The NRC also took into account the results of the annual assessment of the (effectiveness /performance) of the individual Director, and the respective Directors' actual conduct on the Board, and is satisfied that all the Directors have effectively carried out their duties as director, notwithstanding their other board representations and other principal commitments.

As a guide, Directors should not have more than six listed company board representations so that they are able to commit time and effort to carry out duties and responsibilities effectively.

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

The NRC reviews the existing directorships annually. Renewal beyond a term of six years will be on an exceptional basis in order to encourage refreshment and renewal of the Board. In the year under review and upon the recommendation of the Code, none of the independent Directors have served on the Board for more than nine years from the date of their first appointment and no alternate Directors were appointed.

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

Principle 5: Board Performance

The NRC has developed a process for evaluating the performance of the Board as a whole, the respective Board committees and the contribution by each director to the effectiveness of the Board.

The Board's performance is reviewed annually to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. The review includes assessing the individual Director's commitment, attendance and ability to contribute effectively at meetings, the Board composition, access to information, processes, risk management, Board committees, strategic planning, accountability and oversight, and standards of conduct. Each director is required to complete a Board Performance Evaluation Questionnaire (the Questionnaire) and is allowed to individually express his/her personal and confidential assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. This provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development. Based on responses to the Questionnaire returned by each director, a consolidated report is prepared and presented to the NRC and the Board. The NRC will evaluate the responses and provide its comments and recommendations to the Board on any changes that should be made to help the Board discharge its duties more effectively. Accordingly, the annual assessment of the Board's performance was carried out for FY17/18. No external facilitator was used for the FY17/18 review.

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

Principle 6: Access to Information

The Management provides the Board with complete information on the business and the operations of Ascendas Reit and the Manager on a regular basis. Such information includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements.

Directors are provided with tablet devices to enable them to access and read Board and Board committee papers prior to and in meetings.

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

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

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

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

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

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

(B) REMUNERATION MATTERS

Principle 7: Procedures For Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure On Remuneration

All fees and remuneration payable to Directors, key executives and staff of the Manager are paid by the Manager.

The Manager has established the NRC which comprises four Directors, the majority of whom, including the Chairman, are independent. The members of the NRC are Mr Lim Hock San (Chairman), Ms Chong Chiet Ping, Mr Miguel Ko and Ms Lim Sau Hoong. The NRC has clear terms of reference. Its primary duty and responsibility is to oversee the establishment of the appropriate remuneration policy and framework, provide oversight on the framework of remuneration for the Board and the key executives, and review and endorse the specific remuneration package for each Director and the top five key executives including the CEO. The NRC reviews and approves proposals on the remuneration policy and framework of the Manager and has access to independent and expert advice from external consultants whenever required.

The structure of Directors' fees for non-executive Directors comprises a base fee for serving as a director and additional fee for serving on each Board committee, as well as attendance fees. It also takes into account the following:

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

The underlying principles governing the Manager's remuneration policy for its key executives are as follows:

(i) Reward and motivate employees to work towards achieving the strategic goals and business results of Ascendas Reit and the Manager; and

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

The Manager advocates a performance-based remuneration system using both financial and non-financial key performance indicators for key executives of the Manager. The NRC is also responsible for approving all key performance indicators and targets to drive the performance of Ascendas Reit and the Manager. The remuneration structure is designed with the objective of retaining, rewarding and motivating each individual to stay competitive and relevant. In arriving at the annual remuneration package for its top five key executives including the CEO, the NRC takes into consideration the remuneration policy and framework, performance of the Manager in relation to the approved key performance indicators and reference to compensation benchmarks within the industry, as appropriate.

For FY17/18, the total remuneration mix of the top five key executives (including the CEO) comprises a fixed annual salary, short-term incentives including benefits-in-kind and long-term incentives as set out below:

(i) the fixed annual salary includes a base salary, fixed allowances and compulsory employer's CPF contribution;

(ii) the short-term incentive is linked to the performance of Ascendas Reit and each individual. The key performance indicators of Ascendas Reit include Distributable Income and Net Property Income which are aligned to the interests of the Unitholders; and

(iii) the long-term incentive is tied to the Sponsor's performance which is measured by Total Shareholders' Return. As the Manager is a wholly-owned subsidiary of the Sponsor, employees of the Manager are part of a larger group which allows the Manager to increase its flexibility and effectiveness to reward and motivate them with better career prospects. The Manager will be in an advantageous position to attract and retain qualified key executives and employees. This will also provide continual development of talent and renewal of leadership for sustaining the long term business growth of Ascendas Reit. Therefore, the rationale for granting the long-term incentive is aligned with Unitholders' interests. The long-term incentive payout is conditional upon the achievement of pre-determined performance targets set by the Ascendas-Singbridge Board for a performance period of three years, which includes the performance and growth of Ascendas Reit. The long-term incentive component in the key executives' remuneration package would also be reviewed to ensure compliance with the applicable notices and guidelines issued by the MAS.

The NRC is of the view that the remuneration is aligned to FY17/18 performance and that all of the performance conditions used to determine the remuneration of Directors and the top five key executives (including the CEO) of the Manager were met.

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

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

Remuneration of the Directors and the top five key executives (including the CEO) of the Manager is paid in cash. There were no employees of the Manager who were immediate family members of a director or the CEO in FY17/18. 'Immediate family member' refers to spouse, child, adopted child, step-child, sibling or parent of the individual.

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

CORPORATE GOVERNANCE

Directors' Fees[1]

Directors' fees are reviewed and endorsed by the NRC. The framework for determining the Directors' fees is shown in the table below:–

Main Board	Chairman Director	S$50,000 per annum S$40,000 per annum
Audit Committee	Chairman Member	S$30,000 per annum S$15,000 per annum
Investment Committee	Chairman Member	S$20,000 per annum S$10,000 per annum
Nominating and Remuneration Committee	Chairman Member	S$20,000 per annum S$10,000 per annum
Operational Risk Management Committee	Chairman Member	S$10,000 per annum S$5,000 per annum

The fees(1) payable/paid to the Directors of the Manager for FY17/18 and FY16/17 are as follows:–

Board Members	FY17/18	FY16/17
Mr Lim Hock San(2)	S$116,500	S$59,795
Mr Koh Soo Keong(3)	S$71,000	S$152,500
Mr Miguel Ko(4)	S$85,000	S$85,000
Mr Manohar Khiatani(4)	S$71,000	S$70,000
Mr Chan Pengee, Adrian	S$94,500	S$94,500
Mr Teo Choon Chye, Marc	S$83,000	S$85,000
Ms Chong Chiet Ping	S$73,500	S$71,000
Ms Lim Sau Hoong	S$65,500	S$64,000
Mr Wong Yew Meng	S$72,500	S$72,000
Mr Teo Eng Cheong(5)	–	S$32,716
Mr William Tay Wee Leong	N.A.	N.A.

N.A.: Not Applicable

Notes:

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

(2) Mr Lim Hock San was appointed Chairman of the Board, Chairman of the NRC and Chairman of the ORMC on 1 October 2017.

(3) Mr Koh Soo Keong retired as director on 30 September 2017 and ceased to be Chairman of the Board, Chairman of the NRC and Chairman of the ORMC and a member of the IC on the same day.

(4) The Director's fees for Mr Miguel Ko and Mr Manohar Khiatani (payable to Ascendas Investments Pte. Ltd.) (AIPL), a wholly-owned subsidiary of Ascendas Pte Ltd, were waived by AIPL.

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

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

Key Executives' Remuneration for FY17/18

Total Remuneration Bands	Fixed Compensation and Employer's CPF(1)	Short-term Incentives and Employer's CPF(2)	Long-term Incentives(3)	Total
CEO				
Below S$250,000				
Mr William Tay Wee Leong[4]	100%	0%	0%	100%
Above S$1,000,000 to S$1,250,000				
Mr Chia Nam Toon[5]	86%	0%	14%	100%
Key Executives				
Ms Koo Lee Sze Ms Karen Lee Mr Lawden Tan Mr Paul Toussaint[6] Mr Matthew John Meredith[7]	47%	47%	6%	100%
Total for top five key executives (including CEO):		**S$3,470,625**		

Notes:

(1) The amount disclosed includes base salary, Annual Wage Supplement, allowances, other fixed benefits and employer's CPF contributions accrued for FY17/18. The Manager moved from a 13-month to a 12-month fixed compensation from 1 July 2017 for its Singapore-based staff.

(2) The amount disclosed includes bonuses and other variable benefits accrued for FY17/18.

(3) This refers to the FY17/18 grant. The payout will be based on the achievement of pre-determined performance targets over a period of three years.

(4) Mr William Tay Wee Leong was appointed as CEO with effect from 1 February 2018. The total remuneration disclosed was pro-rated based on his service period. He was not eligible for both FY17/18 short-term incentive and long-term incentive in accordance with the Manager's policy.

(5) Mr Chia Nam Toon's last day of service was 19 November 2017. The total remuneration disclosed was pro-rated based on his service period. His eligibility for both FY17/18 short-term incentive and long-term incentive granted during the year shall lapse in accordance with the Manager's policy

(6) Mr Paul Toussaint was appointed as CEO, AFMA with effect from 30 August 2017. The total remuneration disclosed was pro-rated based on his service period. He was not eligible for FY17/18 long-term incentive in accordance with the Manager's policy.

(7) Mr Matthew John Meredith's (previously General Manager, AFMA) last day of service was 12 May 2017. The total remuneration disclosed was pro-rated based on his service period. His eligibility for both FY17/18 short-term incentive and long-term incentive granted during the year with the Manager shall lapse in accordance with the Manager's policy.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

Principle 11: Risk Management and Internal Controls

Risk Management

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

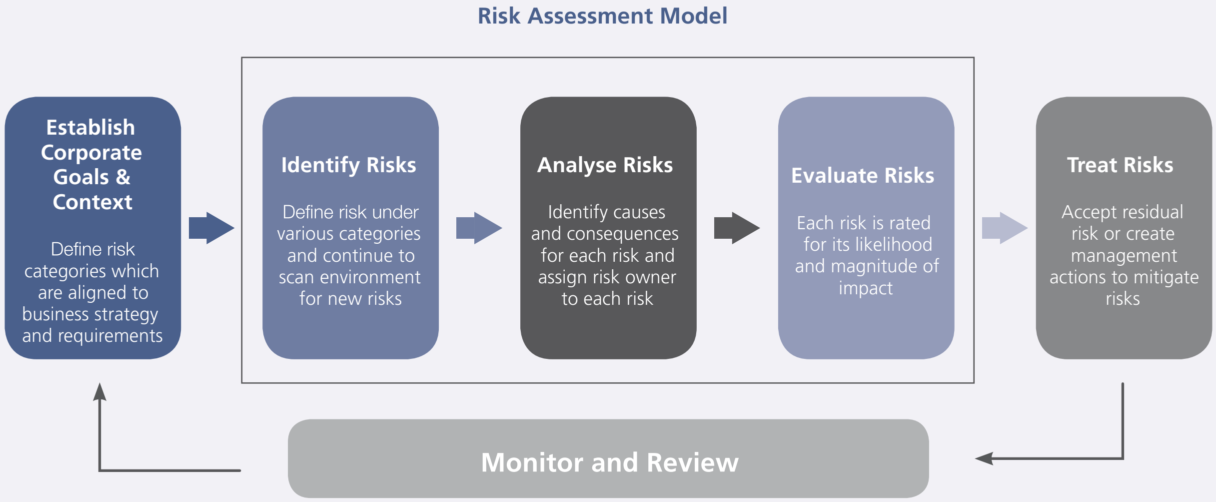
The AC has oversight of Ascendas Reit's ERM, reviews and guides the Management in the design and formulating of Ascendas Reit's risk management policies and processes to effectively identify, evaluate and manage any material risks and ensure that a robust risk management and internal control system is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

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

Ownership of risks lies with the Management, and the day-to-day management of risks is embedded into key organisational processes such as planning, budgeting and performance management activities. Meetings are held periodically to discuss and deliberate current and emerging risk issues, nature and extent of risks, risk-related incidents, effectiveness and efficiency of existing internal controls, status of action plans for treating risks and key risk indicators. The Manager maintains and updates a risk register that documents relevant risks and the internal controls in place to mitigate those risks, and the risk register is submitted to the AC and the Board on a quarterly basis. The risk reports will be relied upon as part of the basis for the Board and the AC to assess the adequacy and effectiveness of the risk management and internal control systems.

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

Risk Management Process



The key risks identified include but are not limited to:

Strategic Risks

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

External Risks

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

Financial Risks

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

Operational Risks

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

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

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

Investment and Development Risks

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

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

Regulatory Compliance Risks

As a listed entity, Ascendas Reit is accountable to its investors and regulators. Therefore, it has a zero tolerance for governance-related risks. The Manager is responsible for ensuring compliance with prevailing laws and regulations such as the SGX-ST Listing Rules, the CIS Code issued by the MAS and regulations issued by the relevant local tax authorities. Non-compliance may result in penalties, fines and revocation of CMS licence. The Manager has in place internal controls and procedures to embed compliance into its day-to-day operations and also proactively identifies applicable new rules and regulations and changes to existing rules and regulations. All new employees are briefed on employee code of conduct during their induction programmes. The anti-bribery policy and whistle-blowing procedures were periodically communicated to the employees, and are readily available to employees in a shared portal. The Ascendas-Singbridge Group also conducts relevant compliance related trainings regularly via e-Learning.

Information Technology (IT) Risks

IT risks comprise the loss or leakage of information, system downtime and lack of/inadequate IT infrastructure security improvement. The IT team from the Sponsor has put in place policies and procedures to govern IT security, access controls and the security of data and defend mechanism against threats from hackers, malwares, email phishing etc. In addition, a Disaster Recovery Plan is in place and it is tested regularly.

Sustainability Risks

Sustainability risks are risks that arise out of uncertainties in the long-term continuity of the business due to significant negative impact from Environmental, Social and Governance (ESG) related factors. The Manager recognises the importance of addressing such issues in relation to Ascendas Reit's mission of delivering predictable distributions and achieving long-term capital stability for Unitholders.

After publishing five sustainability reports, this is the first year that Ascendas Reit is publishing an Integrated Sustainability Report (ISR). This report has been prepared in accordance with the SGX-ST Listing Rule 711(B), Global Reporting Initiative (GRI) Standards – "Core", and GRI's Construction & Real Estate Sector Supplement. This report has also embodied elements of the Integrated Reporting Framework of the International Integrated Reporting Council, and Sustainability Development Goals of the United Nations. In framing this ISR, a new materiality survey was conducted with considerations given to the current business environment, business objectives and feedback from internal and external stakeholders. Nine material factors were identified that will substantively affect Ascendas Reit's ability to deliver sustainable value. Please refer to Ascendas Reit's ISR FY17/18 for more information.

Internal Controls

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

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

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

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

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

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

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

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

Directors' Opinion On Internal Controls

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

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

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

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

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

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

Based on the system of risk management and internal controls established and maintained by the Manager, work performed by the internal and external auditors, reviews performed by Management, various Board committees and the Board and the assurance from the CEO and the CFO, the Board concurs with the AC and is of the opinion that the system of risk management and internal controls addressing financial, operational, regulatory compliance, information technology risks, risk management systems and sustainability of Ascendas Reit and its subsidiaries were adequate and effective as at 31 March 2018 in addressing material risks.

Principle 12: Audit Committee

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

The Board is of the view that the members of the AC bring with them invaluable recent and relevant managerial and professional expertise in accounting and financial management, as well as legal expertise and experience, and hence are appropriately qualified to discharge their responsibilities. Mr Wong Yew Meng and Mr Teo Choon Chye, Marc have extensive accounting and financial management expertise and experience and Mr Chan Pengee, Adrian is a qualified lawyer with considerable experience and expertise including his appointment to the board of Accounting and Corporate Regulatory Authority ("ACRA"), to the Audit Committees of several companies listed on the SGX, and to the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce. Mr Chan Pengee, Adrian has contributed considerably to the development of Corporate Governance standards in Singapore. He was appointed to the Corporate Governance and Directors' Duties Working Group of the Steering Committee that was established by the Ministry of Finance to review and rewrite the Companies Act of Singapore and was also appointed to the Audit Committee Guidance Committee, established by the MAS, the ACRA and the SGX to develop practical guidance for audit committees of SGX-listed companies and raise corporate governance standards.

The core functions and the responsibilities of the AC are set out in the AC's written terms of reference and comprise oversight of the integrity of the financial statements and related disclosures, oversight, assessment and review of internal controls, review of the internal and external auditors' findings on internal controls, making recommendations to the Board on the appointment, re-appointment of the internal and external auditors and the remuneration of the internal and external auditors. The AC is responsible for the nomination of internal and external auditors and reviewing the adequacy of existing audits in respect of cost, scope and performance. The AC reviews the quality and reliability of information prepared for inclusion in financial reports. The AC also reviews the quarterly and annual financial statements before submission to the Board for approval, including the interested party transactions (IPTs). The AC has authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

For the year under review, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of the audit fees paid and payable by Ascendas Reit and its subsidiaries to the external auditors for FY17/18 was S$448,000, of which audit and non-audit fees amounted to S$331,000 and S$117,000 respectively. In appointing the audit firm for Ascendas Reit, the AC is satisfied that Ascendas Reit has complied with the requirements of SGX-ST Listing Rules 712 and 715.

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

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

Significant matter	Review and Decision by the AC
Valuation of investment properties	The annual valuation for the 131 investment properties in Ascendas Reit's portfolio as at 31 March 2018 was performed by seven independent external professional property valuers. The AC considered the methodology applied to the valuation model in assessing the valuation of investment properties conducted by these valuers, and also evaluated the valuers' objectivity and competency. As required by the CIS Code, the independent valuer should not value the same property for more than two consecutive financial years. The management applies a rigorous process every two years to select valuers based on their independence, track record, professional and relevant expertise in the respective cluster of properties. The AC reviewed the outcomes of the annual external valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains/losses during the period under review. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties, including capitalisation rates and discount rates. The valuation of investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2018. Refer to page 139 of this Annual Report. No other significant matter came to the attention of the AC during the course of the review.

External Audit

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

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

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

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

On the basis of their own interactions with EY and based on the Management's report, the AC assessed and concluded that EY has fulfilled its responsibilities as external auditor. The Board concurred with the AC's endorsement. Accordingly, the Board recommends the re-appointment of EY at the coming AGM. None of the members of the AC are former partners or directors of the Manager's and Ascendas Reit's external auditors.

Principle 13: Internal Audit

The internal audit function is outsourced to KPMG Services Pte. Ltd. (KPMG) which is staffed by qualified executives. KPMG reports to the Chairman of the AC, has unrestricted access to the AC and is guided by the Standards for the Professional Practice of Internal Auditing. These standards cover attributes as well as performance and implementation standards. The AC reviews and approves the annual internal audit plan, the internal audit reports and audit activities. The AC has also met with the internal auditor without the presence of the Management.

(D) UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Unitholder Rights

The Manager is committed to treat all Unitholders fairly and equitably. In addition, there are relevant laws and regulations together with the Trust Deed governing specific Unitholders rights. These rights include among others, the right to participate in profit distributions, the right to attend and vote in general meetings.

Principle 15: Communication with Unitholders

The Manager is committed to keep all Unitholders and other relevant stakeholders and analysts informed of the performance and changes in Ascendas Reit or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, for the purposes of assisting Unitholders and investors in their investment decisions.

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

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

Principle 16: Conduct Of Unitholder Meetings

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

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

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

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

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

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

(E) ADDITIONAL INFORMATION

Trading of Ascendas Reit's Units

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

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

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

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

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

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

Dealing with Conflict of Interest

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

1. the Manager will be a dedicated manager to Ascendas Reit and will not manage any other real estate investment trust or be involved in any other real estate or property business that will competes with any of the properties in the Ascendas Reit's portolio;

2. all executive officers are employed by the Manager;

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

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

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

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

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

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

Dealing with Interested Party Transactions

Review Procedures for Interested Party Transactions

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

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

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

In addition, the following procedures have been undertaken, some of which go beyond the prescribed SGX-ST Listing Rules requirements:

1. Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding $100,000 in value but below $15 million will be subject to review by the AC at regular intervals.

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

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

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

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

The entry into and the fees payable pursuant to the Trust Deed have been approved by the Unitholders upon purchase of the Units at the initial public offering of Ascendas Reit on the SGX-ST in November 2002 and in an Extraordinary General Meeting held on 28 June 2007 (where the Unitholders approved the amendment of the Trust Deed, inter alia, to allow the Manager to receive development management fees), and are therefore not subject to SGX-ST Listing Rules 905 and 906. The entry into and the fees payable pursuant to the Singapore Property Management Agreement, China Property Management Agreement and Lease Management Agreement have been approved by the Unitholders in an Extraordinary General Meeting held on 28 June 2012, and such fees shall not be subject to aggregation or further Unitholders' approval requirements under SGX-ST Listing Rules 905 and 906 to the extent that there is no subsequent change to the rates and/or bases of the property management fees and related expenses thereunder which are adverse to Ascendas Reit. The entry into and the fees payable pursuant to the New Strategic Management Agreement and New Master Asset Management Agreement have been approved by the Unitholders in an Extraordinary General meeting held on 28 June 2016 and such fees shall not be subject to aggregation or further Unitholders' approval requirements under SGX-ST Listing Rules 905 and 906 to the extent that there is no subsequent change to the rates and/or bases of the fees and related expenses thereunder which are adverse to Ascendas Reit.

CORPORATE GOVERNANCE

SGX DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of the guidelines on disclosure of remuneration where the Manager has provided the reasons on page 115 of the Corporate Governance Report where partial disclosure was made in relation to the remuneration of the CEO and the top five key executive officers of the Manager.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The information under the Remuneration Matters on pages 113 to 117 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors and key executive officers, and performance.
Board Responsibility Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 on The Board's Conduct of Affairs.
Members of the Board Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to Principle 2 on Board Composition and Guidance and Principle 4 on Board Membership.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to Principle 2 on Board Composition and Guidance.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Please refer to Principle 2 on Board Composition and Guidance and Principle 4 on Board Membership.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re- electing incumbent directors.	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.

SGX DISCLOSURE GUIDE

Guideline	Questions		How has the Company complied?
Guideline 1.6	(a)	Are new directors given formal training? If not, please explain why.	Yes. Please refer to Principle 4 on Board Membership.
	(b)	What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to Principle 4 on Board Membership.
Guideline 4.4	(a)	What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	As a guide, Directors should not have more than six listed company board representations. Please refer to Principle 4 on Board Membership.
	(b)	If a maximum number has not been determined, what are the reasons?	Not applicable. Please refer to the response to Guideline 4.4(a) above.
	(c)	What are the specific considerations in deciding on the capacity of directors?	Please refer to Principle 4 on Board Membership and Principle 5 on Board Performance.
Board Evaluation Guideline 5.1	(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	Please refer to Principle 5 on Board Performance.
	(b)	Has the Board met its performance objectives?	Based on the Board assessment exercise, the Board is satisfied that it has achieved its performance objectives for FY17/18 and that all Directors have demonstrated full commitment to their roles and contributed effectively to the discharge of their duties. Please refer to Principle 5 on Board Performance.

SGX DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Please refer to Principle 2 on Board Composition and Guidance.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Not applicable. None of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.
Disclosure of Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to (B) Remuneration Matters – Principle 7 on Procedures for Developing Remuneration Policies, Principle 8 on Level and Mix of Remuneration, and Principle 9 on Disclosure on Remuneration. The Manager has also provided the reasons for non-disclosure on page 115 of the Corporate Governance Report in relation to the CEO's remuneration.

SGX DISCLOSURE GUIDE

Guideline	Questions		How has the Company complied?
Guideline 9.3	(a)	Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Please refer to page 115 of the Corporate Governance Report, where the Manager has provided reasons for the non-disclosure of the top five key executive officers' remuneration.
	(b)	Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to page 115 of the Corporate Governance Report, where the Manager has provided reasons for the non-disclosure of the top five key executive officers' remuneration.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.		There were no employees of the Manager who were immediate family members of a director or the CEO during FY17/18.
Guideline 9.6	(a)	Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to pages 113 to 117 of the Corporate Governance Report on Key Executive Officers' Remuneration.
	(b)	What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to pages 113 to 117 of the Corporate Governance Report on Key Executive Officers' Remuneration.
	(c)	Were all of these performance conditions met? If not, what were the reasons?	Please refer to pages 113 to 117 of the Corporate Governance Report on Key Executive Officers' Remuneration.

SGX DISCLOSURE GUIDE

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 on Access to Information and Principle 11 on Risk Management and Internal Controls.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The internal audit function is outsourced to KPMG, an international auditing firm. Please refer to Principle 13 on Internal Audit.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to Principle 11 on Risk Management and Internal Controls.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and above?	Yes. Please refer to page 122 of the Corporate Governance Report on Directors' Opinion on Internal Controls.

SGX DISCLOSURE GUIDE

Guideline	Questions		How has the Company complied?
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to Principle 12 on Audit Committee.
	(b)	If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to pages 124 to 125 of the Corporate Governance Report on External Audit.
Communication with Shareholders			
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Please refer to Principle 14 on Unitholder Rights, Principle 15 on Communication with Unitholders, and Principle 16 on Conduct of Unitholder Meetings.
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Yes. Please refer to Principle 14 on Unitholder Rights, Principle 15 on Communication with Unitholders, and Principle 16 on Conduct of Unitholder Meetings.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.		Not applicable. Please refer to the Distribution Statement on pages 145 to 146 of the Annual Report.

REPORT OF THE TRUSTEE

YEAR ENDED 31 MARCH 2018

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation, and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Ascendas Funds Management (S) Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 9 October 2002 (as amended and restated)[1] between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 142 to 228, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory
18 May 2018

1 As amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006, the First Amending and Restating Deed dated 11 June 2008, the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010, the Eleventh Supplemental Deed dated 14 October 2011, the Twelfth Supplemental Deed dated 19 October 2015, the Thirteenth Supplemental Deed dated 26 January 2016 and the Second Amending and Restating Deed dated 10 August 2017.

STATEMENT BY THE MANAGER

YEAR ENDED 31 MARCH 2018

In the opinion of the directors of Ascendas Funds Management (S) Limited (the "Manager"), the accompanying financial statements set out on pages 142 to 228 comprising the Statements of Financial Position and Statements of Movements in Unitholders' Funds of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust, Statement of Total Return, Distribution Statement, Investment Properties Portfolio Statement and Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 March 2018, the financial performance, distributable income, movements in Unitholders' funds and cash flows of the Group for the year then ended 31 March 2018, in accordance with *the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Ascendas Funds Management (S) Limited

William Tay Wee Leong
Director

18 May 2018

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 MARCH 2018

UNITHOLDERS OF ASCENDAS REAL ESTATE INVESTMENT TRUST
(Constituted under a Trust Deed dated 9 October 2002
(as amended and restated) in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position of the Trust as at 31 March 2018, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 142 to 228.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2018 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year then ended in accordance with the *recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (continued)

Valuation of Investment Properties

The Group owns a portfolio of investment properties, comprising business and science park properties, integrated development, amenities and retail properties, high-specifications industrial properties and data centres, light industrial and flatted factories and logistics and distribution centres, located mainly in Singapore and Australia. As at 31 March 2018, the investment properties, with a carrying amount of approximately $10.1 billion, represent the single largest asset category on the statement of financial position.

The investment properties are stated at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to changes in the key assumptions applied, particularly those relating to capitalisation, discount and terminal yield rates, and price per square metre.

We assessed the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and the review of the valuation reports issued by the external valuers. We evaluated the objectivity, independence and competence of the external valuers. We also read the terms of engagement of the valuers entered into with the Group to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations in the scope of their work.

We considered the valuation methodologies adopted against those applied by other valuers for similar property types. We assessed the reasonableness of the projected cash flows used in the valuations by comparing to supporting leases and external industry and economic data where available. We assessed the reasonableness of the capitalisation, discount and terminal yield rates, and price per square metre, used in the valuations by comparing them against historical rates and industry data where available, taking into consideration comparability and market factors. We also assessed the overall appropriateness of the movements in fair value of the investment properties.

We further reviewed the appropriateness of the disclosures in Note 4 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The management of the Manager of the Trust (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the *recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the management of the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Manager for the Financial Statements (continued)

In preparing the financial statements, the management of the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management of the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the directors of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the audit committee of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nagaraj Sivaram.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

18 May 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group		Trust	
		31/3/2018 $'000	31/3/2017 $'000	**31/3/2018 $'000**	31/3/2017 $'000
Non-current assets					
Investment properties	4	**10,118,978**	9,874,204	**8,625,500**	8,567,210
Investment properties under development	5	**95,463**	125,062	**86,400**	125,062
Plant and equipment	6	**–**	–	**–**	–
Finance lease receivables	7	**53,243**	55,627	**53,243**	55,627
Interests in subsidiaries	8	**–**	–	**938,892**	774,851
Investment in joint venture	9	**123**	126	**–**	–
Derivative assets	14	**9,129**	16,042	**9,129**	16,014
		10,276,936	10,071,061	**9,713,164**	9,538,764
Current assets					
Finance lease receivables	7	**2,385**	2,104	**2,385**	2,104
Trade and other receivables	10	**28,337**	63,497	**28,275**	35,506
Derivative assets	14	**819**	12,156	**759**	12,156
Investment property held for sale	11	**20,300**	–	**20,300**	–
Cash and fixed deposits	12	**25,016**	22,000	**3,860**	4,684
		76,857	99,757	**55,579**	54,450
Current liabilities					
Trade and other payables	13	**143,831**	192,717	**140,122**	186,482
Security deposits		**42,095**	41,946	**42,044**	41,887
Derivative liabilities	14	**616**	32,837	**371**	32,837
Short term borrowings	15	**624,700**	592,638	**624,700**	592,638
Term loans	15	**285,243**	–	**–**	–
Medium term notes	15	**–**	231,548	**–**	231,548
Exchangeable collateralised securities	16	**–**	–	**–**	–
Collateral loan	16	**–**	–	**–**	–
Provision for taxation		**7,016**	30,316	**1,437**	24,738
		1,103,501	1,122,002	**808,674**	1,110,130

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group 31/3/2018 $'000	Group 31/3/2017 $'000	Trust 31/3/2018 $'000	Trust 31/3/2017 $'000
Non-current liabilities					
Security deposits		**77,985**	78,873	**76,537**	77,371
Derivative liabilities	14	**62,923**	58,943	**59,258**	53,307
Amount due to a subsidiary		**–**	–	**25,492**	26,951
Term loans	15	**1,008,211**	1,345,030	**722,968**	745,087
Medium term notes	15	**1,601,066**	1,230,850	**1,601,066**	1,230,850
Deferred tax liabilities	17	**1,411**	–	**–**	–
		2,751,596	2,713,696	**2,485,321**	2,133,566
Net assets		**6,498,696**	6,335,120	**6,474,748**	6,349,518
Represented by:					
Unitholders' funds		**6,194,310**	6,030,710	**6,170,366**	6,045,136
Perpetual securities holders' funds	18	**304,382**	304,382	**304,382**	304,382
		6,498,692	6,335,092	**6,474,748**	6,349,518
Non-controlling interests	19	**4**	28	**–**	–
		6,498,696	6,335,120	**6,474,748**	6,349,518
Units in issue ('000)	20	**2,928,504**	2,924,767	**2,928,504**	2,924,767
Net asset value per unit ($)		**2.12**	2.06	**2.11**	2.07

The accompanying notes form an integral part of these financial statements.

STATEMENT OF TOTAL RETURN

YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000
Gross revenue	21	**862,111**	830,592
Property operating expenses	22	**(232,711)**	(219,638)
Net property income		**629,400**	610,954
Management fees	23		
– Base management fee		**(50,707)**	(48,398)
– Performance fee		**–**	(1,902)
Trust expenses	24	**(7,714)**	(10,412)
Finance income	25	**9,081**	6,832
Finance costs	25	**(109,842)**	(117,694)
Net foreign exchange gain/(loss)		**7,275**	(22,987)
Gain on disposal of investment properties		**5,309**	–
Gain on divestment of subsidiaries		**–**	21,385
Derecognition of finance lease receivables		**–**	241
Net income		**482,802**	438,019
Net change in fair value of financial derivatives		**9,805**	(11,659)
Net change in fair value of investment properties	4	**3,800**	(18,360)
Share of joint venture's results	9	**514**	475
Total return for the year before tax		**496,921**	408,475
Tax (expense)/credit	26	**(2,827)**	19,012
Total return for the year		**494,094**	427,487
Attributable to:			
Unitholders of the Trust and perpetual securities holders		**494,118**	427,480
Non-controlling interests		**(24)**	7
Total return for the year		**494,094**	427,487
Earnings per unit (cents)			
– Basic and diluted	27	**16.396**	14.827
Distribution per unit (cents)	27	**15.988**	15.743

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

YEAR ENDED 31 MARCH 2018

	Group	
	2018	2017
	$'000	$'000
Total amount available for distribution to Unitholders at beginning of the year	**57,694**	112,283
Total return for the year attributable to Unitholders and perpetual securities holders	**494,118**	427,480
Less: Amount reserved for distribution to perpetual securities holders	**(14,250)**	(14,250)
Distribution adjustments (Note A)	**(41,488)**	7,095
	438,380[(1)]	420,325[(1)]
Distribution from capital (current period)	**29,665**	14,206
Distribution from capital (prior periods)	**–**	1,883
Tax-exempt income (current period)	**–**	3,683
Tax-exempt income (prior periods)	**–**	6,207
Total amount available for distribution to Unitholders for the year	**468,045**	446,304
Distribution of 8.108 cents per unit for the period from 01/04/17 to 30/09/17	**(237,289)**	–
Distribution of 1.959 cents per unit for the period from 16/02/17 to 31/03/17	**(57,296)**	–
Distribution of 5.886 cents per unit for the period from 01/10/16 to 15/02/17	**–**	(169,649)
Distribution of 2.263 cents per unit for the period from 11/08/16 to 30/09/16	**–**	(64,277)
Distribution of 5.635 cents per unit for the period from 01/04/16 to 10/08/16	**–**	(155,094)
Distribution of 1.191 cents per unit for the period from 01/03/16 to 31/03/16	**–**	(1,125)
Distribution of 4.296 cents per unit for the period from 18/12/15 to 31/03/16	**–**	(110,748)
	(294,585)	(500,893)
Total amount available for distribution to Unitholders at end of the year	**231,154**	57,694
Distribution per unit (cents)	**15.988**	15.743
(1) Comprises:		
– Taxable income	**438,380**	420,148
– Tax-exempt income	**–**	177
	438,380	420,325

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

YEAR ENDED 31 MARCH 2018

Note A – Distribution adjustments comprise:

	Group	
	2018	2017
	$'000	$'000
Amount reserved for distribution to perpetual securities holders	**14,250**	14,250
Management fee paid/payable in Units	**10,139**	9,691
Rollover adjustment from prior years	**5,851**	–
Trustee fee	**2,749**	2,953
Others	**15,071**	6,669
Income from subsidiaries and joint ventures	**(63,359)**	(68,258)
Net change in fair value of financial derivatives	**(9,805)**	11,659
Net foreign exchange (gain)/loss	**(7,275)**	22,987
Gain on disposal of investment properties	**(5,309)**	–
Net change in fair value of investment properties (Note 4)	**(3,800)**	18,360
Gain on divestment of subsidiaries	**–**	(21,385)
Accretion loss on security deposits	**–**	6,840
Change in fair value of exchangeable collateralised securities ("ECS")	**–**	3,570
Derecognition of finance lease receivables	**–**	(241)
Total distribution adjustments	**(41,488)**	7,095

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 MARCH 2018

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Unitholders' Funds				
Balance at beginning of the financial year	**6,030,710**	5,480,879	**6,045,136**	5,411,443
Operations				
Total return for the year attributable to Unitholders of the Trust	**494,118**	427,480	**423,926**	525,288
Less: Amount reserved for distribution to perpetual securities holders	**(14,250)**	(14,250)	**(14,250)**	(14,250)
Net increase in net assets resulting from operations	**479,868**	413,230	**409,676**	511,038
Movement in foreign currency translation reserve	**(31,822)**	15,006	**–**	–
Divestment of subsidiaries	**–**	(1,060)	**–**	–
Unitholders' transactions				
Units issued through equity fund raising	**–**	512,257	**–**	512,257
Consideration units for acquisition of properties	**–**	100,000	**–**	100,000
Acquisition fees paid/payable in Units	**–**	4,200	**–**	4,200
Management fees paid/payable in Units	**10,139**	9,691	**10,139**	9,691
Unit issue costs	**–**	(2,600)	**–**	(2,600)
Distributions to Unitholders	**(294,585)**	(500,893)	**(294,585)**	(500,893)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	**(284,446)**	122,655	**(284,446)**	122,655
Balance at end of the financial year carried forward	**6,194,310**	6,030,710	**6,170,366**	6,045,136
Perpetual Securities Holders' Funds				
Balance at beginning of the financial year	**304,382**	304,421	**304,382**	304,421
Amount reserved for distribution to perpetual securities holders	**14,250**	14,250	**14,250**	14,250
Distribution to perpetual securities holders	**(14,250)**	(14,289)	**(14,250)**	(14,289)
Balance at end of the financial year	**304,382**	304,382	**304,382**	304,382
Non-controlling interests				
Balance at beginning of the financial year	**28**	21	**–**	–
Total return for the year attributable to non-controlling interests	**(24)**	7	**–**	–
Balance at end of the financial year	**4**	28	**–**	–
Total	**6,498,696**	6,335,120	**6,474,748**	6,349,518

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount		Percentage of Net Assets Attributable to Unitholders	
						31/3/2018	31/3/2017	**31/3/2018**	31/3/2017
						$'000	$'000	**%**	%
Group									
SINGAPORE									
Business & Science Park Properties									
One-north									
Neuros & Immunos	31 Mar 2011	Leasehold	60 years[(a)]	31 Jan 2065[(a)]	8/8A Biomedical Grove	**139,000**	122,600	**2.24**	2.03
Nexus @one-north	04 Sep 2013	Leasehold	60 years	07 Jun 2071	1 & 3 Fusionopolis Link	**191,400**	191,400	**3.09**	3.17
International Business Park									
Techquest	05 Oct 2005	Leasehold	60 years	15 Jun 2055	7 International Business Park	**24,200**	26,700	**0.39**	0.44
13 International Business Park [(ix)]	10 Oct 2006	Leasehold	60 years	15 Jul 2064	13 International Business Park	**–**	22,400	**–**	0.37
iQuest @ IBP	12 Jan 2007	Leasehold	60 years[(a)]	30 Nov 2055[(a)]	27 International Business Park	**31,400**	36,400	**0.51**	0.60
Acer Building	19 Mar 2008	Leasehold	60 years[(a)]	30 Apr 2056[(a)]	29 International Business Park	**97,900**	94,900	**1.58**	1.58
31 International Business Park	26 Jun 2008	Leasehold	60 years[(a)]	15 Dec 2054[(a)]	31 International Business Park	**216,900**	227,600	**3.50**	3.78
Nordic European Centre	08 Jul 2011	Leasehold	60 years[(a)]	31 Mar 2057[(a)]	3 International Business Park	**111,900**	113,500	**1.81**	1.88
Changi Business Park									
Honeywell Building	19 Nov 2002	Leasehold	60 years[(a)]	15 Dec 2058[(a)]	17 Changi Business Park Central 1	**74,300**	73,100	**1.20**	1.21
1 Changi Business Park Avenue 1	30 Oct 2003	Leasehold	60 years[(a)]	31 Jan 2061[(a)]	1 Changi Business Park Avenue 1	**52,200**	43,000	**0.84**	0.72
Hansapoint@CBP	22 Jan 2008	Leasehold	60 years[(a)]	31 Oct 2066[(a)]	10 Changi Business Park Central 2	**113,400**	99,800	**1.83**	1.65
1, 3 & 5 Changi Business Park Crescent	16 Feb 2009, 25 Sep 2009 & 31 Dec 2010	Leasehold	60 years[(a)]	30 Sep 2067[(a)]	1, 3 & 5 Changi Business Park Crescent	**323,400**	315,200	**5.22**	5.23
DBS Asia Hub	31 Mar 2010 & 15 April 2015	Leasehold	60 years[(a)]	30 Sep 2067[(a)]	2&2A Changi Business Park Crescent	**166,000**	165,600	**2.68**	2.75
AkzoNobel House	08 Dec 2011	Leasehold	60 years[(a)]	28 Feb 2061[(a)]	3 Changi Business Park Vista	**69,100**	68,700	**1.12**	1.14
ONE@Changi City	01 Mar 2016	Leasehold	60 years	29 Apr 2069	1 Changi Business Park Central 1	**478,600**	446,300	**7.73**	7.40
Balance carried forward – (Business & Science Park Properties)						**2,089,700**	2,047,200	**33.74**	33.95

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount 31/3/2018 $'000	Carrying Amount 31/3/2017 $'000	Percentage of Net Assets Attributable to Unitholders 31/3/2018 %	Percentage of Net Assets Attributable to Unitholders 31/3/2017 %
SINGAPORE									
Business & Science Park Properties (continued)									
Balance brought forward – (Business & Science Park Properties)						**2,089,700**	2,047,200	**33.74**	33.95
Science Park I									
TÜV SÜD PSB Building (formerly known as "PSB Science Park Building")	18 Nov 2005	Leasehold	95.5 years	30 Jun 2080	1 Science Park Drive	**88,000**	85,500	**1.42**	1.42
The Rutherford & Oasis	26 Mar 2008	Leasehold	60 years	25 Mar 2068	87 & 89 Science Park Drive	**100,000**	95,900	**1.61**	1.59
Cintech I	29 Mar 2012	Leasehold	56 years	25 Mar 2068	73 Science Park Drive	**58,800**	59,400	**0.95**	0.98
Cintech II	29 Mar 2012	Leasehold	56 years	25 Mar 2068	75 Science Park Drive	**45,000**	47,300	**0.73**	0.78
Cintech III & IV	29 Mar 2012	Leasehold	56 years	25 Mar 2068	77 & 79 Science Park Drive	**130,500**	127,400	**2.11**	2.11
12,14 &16 Science Park Drive [(i)]	16 Feb 2017	Leasehold	99 years	31 May 2081	12, 14 and 16 Science Park Drive	**450,000**	440,000	**7.26**	7.30
Science Park II									
The Alpha	19 Nov 2002	Leasehold	60 years	18 Nov 2062	10 Science Park Road	**105,000**	122,300	**1.70**	2.03
The Aries, Gemini & Sparkle[(ii)]	19 Nov 2002	Leasehold	60 years	18 Nov 2062	41, 45 & 51 Science Park Road	**204,400**	207,000	**3.30**	3.43
The Capricorn	19 Nov 2002	Leasehold	60 years	18 Nov 2062	1 Science Park Road	**113,000**	126,500	**1.82**	2.10
The Galen	25 Mar 2013	Leasehold	66 years	24 Mar 2079	61 Science Park Road	**143,200**	144,600	**2.31**	2.40
The Kendall	30 Mar 2015	Leasehold	64 years	24 Mar 2079	50 Science Park Road	**130,000**	132,200	**2.10**	2.19
Total Singapore Business & Science Park Properties						**3,657,600**	3,635,300	**59.05**	60.28
Integrated Development, Amenities & Retail Properties									
Courts Megastore	30 Nov 2006	Leasehold	30 years	31 Dec 2035	50 Tampines North Drive 2	**65,700**	65,100	**1.06**	1.08
Giant Hypermart	06 Feb 2007	Leasehold	30 years	31 Dec 2035	21 Tampines North Drive 2	**86,000**	85,200	**1.39**	1.41
Aperia	08 Aug 2014	Leasehold	60 years	21 Feb 2072	8, 10 & 12 Kallang Avenue	**573,300**	572,600	**9.25**	9.50
Total Singapore Integrated Development, Amenities & Retail Properties						**725,000**	722,900	**11.70**	11.99

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount		Percentage of Net Assets Attributable to Unitholders	
						31/3/2018	31/3/2017	**31/3/2018**	31/3/2017
						$'000	$'000	**%**	%
SINGAPORE									
High-Specifications Industrial Properties & Data Centres									
Data Centres									
Telepark	02 Mar 2005	Leasehold	99 years	01 Apr 2091	5 Tampines Central 6	**267,600**	275,000	**4.32**	4.56
Kim Chuan Telecommunications Complex	02 Mar 2005	Leasehold	99 years	30 Mar 2091	38 Kim Chuan Road	**142,200**	142,000	**2.30**	2.35
38A Kim Chuan Road	11 Dec 2009	Leasehold	99 years	30 Mar 2091	38A Kim Chuan Road	**123,400**	123,100	**1.99**	2.04
High-Specifications Industrial Properties									
Techlink	19 Nov 2002	Leasehold	60 years	24 Sep 2053	31 Kaki Bukit Road 3	**126,400**	126,400	**2.04**	2.10
Siemens Centre	12 Mar 2004	Leasehold	60 years[(a)]	15 Dec 2061[(a)]	60 MacPherson Road	**101,100**	99,700	**1.63**	1.65
Infineon Building	01 Dec 2004	Leasehold	47 years[(c)]	30 Jun 2050[(c)]	8 Kallang Sector	**87,200**	86,000	**1.41**	1.43
Techpoint	01 Dec 2004	Leasehold	65 years	31 Mar 2052	10 Ang Mo Kio Street 65	**154,900**	151,100	**2.50**	2.51
Wisma Gulab	01 Dec 2004	Freehold	Freehold	–	190 MacPherson Road	**82,500**	82,000	**1.33**	1.36
KA Centre	02 Mar 2005	Leasehold	99 years	31 May 2058	150 Kampong Ampat	**49,000**	46,790	**0.79**	0.78
KA Place	02 Mar 2005	Leasehold	99 years	31 May 2058	159 Kampong Ampat	**21,700**	21,520	**0.35**	0.36
Pacific Tech Centre	01 Jul 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang Timor	**90,500**	90,000	**1.46**	1.49
Techview	05 Oct 2005	Leasehold	60 years	08 Jul 2056	1 Kaki Bukit View	**152,500**	141,400	**2.46**	2.34
1 Jalan Kilang	27 Oct 2005	Leasehold	99 years	31 Dec 2061	1 Jalan Kilang	**24,800**	27,000	**0.40**	0.45
30 Tampines Industrial Avenue 3	15 Nov 2005	Leasehold	60 years[(a)]	31 Dec 2063[(a)]	30 Tampines Industrial Avenue 3	**37,400**	37,000	**0.61**	0.61
138 Depot Road	15 Mar 2006	Leasehold	60 years[(a)]	30 Nov 2064[(a)]	138 Depot Road	**65,600**	69,000	**1.06**	1.14
2 Changi South Lane	01 Feb 2007	Leasehold	60 years[(a)]	15 Oct 2057[(a)]	2 Changi South Lane	**37,000**	36,800	**0.60**	0.61
CGG Veritas Hub	25 Mar 2008	Leasehold	60 years[(a)]	31 Dec 2066[(a)]	9 Serangoon North Avenue 5	**24,100**	24,000	**0.39**	0.40
Corporation Place	08 Dec 2011	Leasehold	60 years	30 Sep 2050	2 Corporation Road	**123,800**	117,000	**2.00**	1.94
31 Ubi Road 1	21 Feb 2006	Leasehold	60 years[(a)]	28 Feb 2050[(a)]	31 Ubi Road 1	**31,700**	35,000	**0.51**	0.58
Hyflux Innovation Centre	30 Jun 2014	Leasehold	58.9 years	30 Dec 2068	80 Bendemeer Road	**212,300**	212,000	**3.43**	3.52
50 Kallang Avenue[(iii)]	27 Feb 2006	Leasehold	60 years	15 Nov 2055	50 Kallang Avenue	**90,000**	–	**1.45**	–
10 Toh Guan Road	05 Mar 2004	Leasehold	60 years[(a)]	15 Oct 2055[(a)]	10 Toh Guan Road	**128,900**	126,700	**2.08**	2.10
Total Singapore High-Specifications Industrial Properties & Data Centres						**2,174,600**	2,069,510	**35.11**	34.32

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount 31/3/2018 $'000	Carrying Amount 31/3/2017 $'000	Percentage of Net Assets Attributable to Unitholders 31/3/2018 %	Percentage of Net Assets Attributable to Unitholders 31/3/2017 %
SINGAPORE									
Light Industrial Properties & Flatted Factories									
Flatted Factories									
Techplace I	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 4008-4012 Ang Mo Kio Avenue 10	**144,300**	141,900	**2.33**	2.35
Techplace II	19 Nov 2002	Leasehold	65 years	31 Mar 2052	Blk 5000-5004, 5008-5014 Ang Mo Kio Avenue 5	**189,800**	189,800	**3.06**	3.15
Light Industrial Properties									
OSIM Headquarters	20 Jun 2003	Leasehold	60 years	09 Mar 2057	65 Ubi Avenue 1	**39,500**	39,500	**0.64**	0.66
41 Changi South Avenue 2	13 Oct 2003	Leasehold	60 years[a]	28 Feb 2055[a]	41 Changi South Avenue 2	**11,600**	11,600	**0.19**	0.19
12 Woodlands Loop	29 Jul 2004	Leasehold	60 years[a]	15 Jan 2056[a]	12 Woodlands Loop	**28,200**	28,200	**0.46**	0.47
SB Building	26 Nov 2004	Leasehold	60 years[a]	30 Sep 2057[a]	25 Changi South Street 1	**21,600**	21,600	**0.35**	0.36
247 Alexandra Road	01 Dec 2004	Leasehold	99 years	25 Sep 2051	247 Alexandra Road	**66,000**	66,000	**1.07**	1.09
5 Tai Seng Drive	01 Dec 2004	Leasehold	60 years	30 Nov 2049	5 Tai Seng Drive	**19,900**	18,900	**0.32**	0.31
35 Tampines Street 92 (formerly known as "Volex Building")	01 Dec 2004	Leasehold	60 years[a]	31 Jan 2052[a]	35 Tampines Street 92	**12,600**	12,600	**0.20**	0.21
53 Serangoon North Avenue 4	27 Dec 2004	Leasehold	60 years[a]	30 Nov 2055[a]	53 Serangoon North Avenue 4	**13,900**	13,400	**0.22**	0.22
3 Tai Seng Drive	01 Apr 2005	Leasehold	60 years	30 Nov 2049	3 Tai Seng Drive	**19,100**	19,100	**0.31**	0.32
27 Ubi Road 4	01 Apr 2005	Leasehold	60 years[a]	31 Oct 2055[a]	27 Ubi Road 4	**12,500**	13,200	**0.20**	0.22
52 Serangoon North Avenue 4	04 Apr 2005	Leasehold	60 years[a]	15 Sep 2055[a]	52 Serangoon North Avenue 4	**21,800**	21,400	**0.35**	0.36
Hyflux Building	04 Apr 2005	Leasehold	60 years	15 Jan 2041	202 Kallang Bahru	**19,000**	21,700	**0.31**	0.36
25 Ubi Road 4	16 May 2005	Leasehold	60 years[a]	29 Feb 2056[a]	25 Ubi Road 4	**10,300**	10,800	**0.17**	0.18
Tampines Biz-Hub	05 Oct 2005	Leasehold	60 years[a]	30 Nov 2049[a]	11 Tampines Street 92	**24,100**	23,800	**0.39**	0.39
84 Genting Lane [ix]	05 Oct 2005	Leasehold	43 years	30 Nov 2039	84 Genting Lane	**–**	15,800	**–**	0.26
Hoya Building	05 Oct 2005	Leasehold	30 years	15 May 2033	455A Jalan Ahmad Ibrahim	**7,200**	7,800	**0.12**	0.13
10 Woodlands Link (formerly known as "NNB Industrial Building") [ix]	05 Oct 2005	Leasehold	60 years[a]	15 Jan 2056[a]	10 Woodlands Link	**–**	16,500	**–**	0.27
37A Tampines Street 92	01 Dec 2005	Leasehold	60 years[a]	31 Aug 2054[a]	37A Tampines Street 92	**15,600**	15,200	**0.25**	0.25
Hamilton Sundstrand Building	09 Dec 2005	Leasehold	60 years[a]	28 Feb 2065[a]	11 Changi North Rise	**41,000**	41,000	**0.66**	0.68
Thales Building (I&II)	03 Jan 2006 & 20 Mar 2008	Leasehold	42 years[f]	30 Jun 2047[f]	21 Changi North Rise	**12,000**	12,000	**0.19**	0.20
Ubi Biz-Hub	27 Mar 2006	Leasehold	60 years[a]	30 Jun 2056[a]	150 Ubi Avenue 4	**18,400**	18,400	**0.30**	0.31
2 Senoko South Road	08 Jan 2007	Leasehold	60 years[a]	31 May 2056[a]	2 Senoko South Road	**37,200**	36,700	**0.60**	0.61
18 Woodlands Loop	01 Feb 2007	Leasehold	60 years[a]	15 Feb 2057[a]	18 Woodlands Loop	**30,300**	30,300	**0.49**	0.50
9 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[a]	31 Dec 2054[a]	9 Woodlands Terrace	**3,500**	3,600	**0.06**	0.06
11 Woodlands Terrace	01 Feb 2007	Leasehold	60 years[a]	15 Jan 2056[a]	11 Woodlands Terrace	**4,600**	4,700	**0.07**	0.08
FoodAxis @ Senoko	15 May 2007	Leasehold	60 years[a]	15 Nov 2044[a]	1 Senoko Avenue	**87,100**	84,700	**1.40**	1.40
8 Loyang Way 1	05 May 2008	Leasehold	30 years[g]	15 Jul 2052[g]	8 Loyang Way 1	**23,600**	23,600	**0.38**	0.39
31 Joo Koon Circle	30 Mar 2010	Leasehold	60 years[a]	15 Aug 2055[a]	31 Joo Koon Circle	**18,700**	19,400	**0.30**	0.32
Total Singapore Light Industrial Properties & Flatted Factories						**953,400**	983,200	**15.39**	16.30

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount 31/3/2018 $'000	Carrying Amount 31/3/2017 $'000	Percentage of Net Assets Attributable to Unitholders 31/3/2018 %	Percentage of Net Assets Attributable to Unitholders 31/3/2017 %
SINGAPORE									
Logistics & Distribution Centres									
LogisTech	04 Mar 2004	Leasehold	60 years	15 Nov 2056	3 Changi North Street 2	**49,800**	49,800	**0.80**	0.83
Changi Logistics Centre	09 Mar 2004	Leasehold	60 years[a]	15 Oct 2050[a]	19 Loyang Way	**80,800**	84,800	**1.30**	1.41
4 Changi South Lane (formerly known as "Nan Wah Building")	31 May 2004	Leasehold	60 years[a]	15 Oct 2057[a]	4 Changi South Lane	**26,500**	27,400	**0.43**	0.45
40 Penjuru Lane	21 Jul 2004	Leasehold	48 years[d]	31 Dec 2049[d]	40 Penjuru Lane	**243,000**	245,500	**3.92**	4.07
Xilin Districentre Building A&B	02 Dec 2004	Leasehold	60 years[a]	31 May 2054[a]	3 Changi South Street 2	**34,500**	34,900	**0.56**	0.58
20 Tuas Avenue 6 (formerly known as "MacDermid Building")	02 Dec 2004	Leasehold	60 years[a]	15 Jul 2050[a]	20 Tuas Avenue 6	**7,400**	7,400	**0.12**	0.12
Xilin Districentre Building D	09 Dec 2004	Leasehold	60 years[a]	31 Oct 2055[a]	6 Changi South Street 2	**25,300**	25,300	**0.41**	0.42
9 Changi South Street 3	28 Dec 2004	Leasehold	60 years[a]	30 Apr 2055[a]	9 Changi South Street 3	**42,600**	40,800	**0.69**	0.68
5 Toh Guan Road East	28 Dec 2004	Leasehold	60 years[a]	15 Dec 2049[a]	5 Toh Guan Road East	**27,300**	30,300	**0.44**	0.50
Xilin Districentre Building C	05 May 2005	Leasehold	60 years[a]	30 Sep 2054[a]	7 Changi South Street 2	**27,300**	26,400	**0.44**	0.44
19 & 21 Pandan Avenue (formerly known as "Senkee Logistics Hub (Phase I and II)")	23 Sep 2005 & 01 Feb 2008	Leasehold	45 years[e]	31 Jan 2049[e]	19 & 21 Pandan Avenue	**124,400**	124,300	**2.01**	2.06
1 Changi South Lane	05 Oct 2005	Leasehold	60 years	31 Aug 2058	1 Changi South Lane	**47,400**	45,700	**0.76**	0.76
Logis Hub @ Clementi	05 Oct 2005	Leasehold	60 years[a]	15 May 2053[a]	2 Clementi Loop	**32,000**	32,000	**0.52**	0.53
11 Changi North Way (formerly known as "Serial I-Tech Building")	18 Nov 2005	Leasehold	60 years[a]	15 Nov 2063[a]	11 Changi North Way	**16,800**	16,400	**0.27**	0.27
21 Jalan Buroh	14 Jun 2006	Leasehold	58 years[a]	30 Sep 2055[a]	21 Jalan Buroh	**75,900**	78,700	**1.23**	1.30
30 Old Toh Tuck Road[x]	14 Jun 2006	Leasehold	60 years[a]	15 Feb 2057[a]	30 Old Toh Tuck Road	**–**	20,300	**–**	0.34
21 Changi South Avenue 2 (formerly known as "Sim Siang Choon Building")	19 Mar 2008	Leasehold	60 years[a]	30 Sep 2054[a]	21 Changi South Avenue 2	**22,300**	26,100	**0.36**	0.43
15 Changi North Way	29 Jul 2008	Leasehold	60 years[a]	31 Dec 2066[a]	15 Changi North Way	**39,700**	48,400	**0.64**	0.80
Pioneer Hub	12 Aug 2008	Leasehold	30 years	30 Nov 2036	15 Pioneer Walk	**119,800**	119,800	**1.93**	1.99
71 Alps Avenue	02 Sep 2009	Leasehold	60 years[a]	14 Aug 2068[a]	71 Alps Avenue	**21,600**	21,600	**0.35**	0.36
90 Alps Avenue	20 Jan 2012	Leasehold	60 years[a]	22 Oct 2070[a]	90 Alps Avenue	**50,500**	50,400	**0.82**	0.83
Total Singapore Logistics & Distribution Centres						**1,114,900**	1,156,300	**18.00**	19.17
Total Singapore investment properties						**8,625,500**	8,567,210	**139.25**	142.06

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount 31/3/2018 $'000	Carrying Amount 31/3/2017 $'000	Percentage of Net Assets Attributable to Unitholders 31/3/2018 %	Percentage of Net Assets Attributable to Unitholders 31/3/2017 %
AUSTRALIA									
Logistics & Distribution Centres(iv)									
Logistics & Distribution Centres (Sydney, New South Wales)									
484 – 490 Great Western Highway^	23 Oct 2015	Freehold	Freehold	–	484-490 Great Western Highway, Arndell Park	**22,293**	22,253	**0.36**	0.37
494 – 500 Great Western Highway^	23 Oct 2015	Freehold	Freehold	–	494-500 Great Western Highway, Arndell Park	**37,492**	37,736	**0.61**	0.63
1A & 1B Raffles Glade^	18 Nov 2015	Freehold	Freehold	–	1A & 1B Raffles Glade, Eastern Creek	**41,545**	42,700	**0.67**	0.71
7 Grevillea Street^	18 Nov 2015	Freehold	Freehold	–	7 Grevillea Street, Eastern Creek	**122,103**	130,235	**1.97**	2.16
5 Eucalyptus Place^	18 Nov 2015	Freehold	Freehold	–	5 Eucalyptus Place, Eastern Creek	**27,359**	25,940	**0.44**	0.43
16 Kangaroo Avenue (formerly known as "Lot 4 Honeycomb Drive")^	18 Nov 2015	Freehold	Freehold	–	16 Kangaroo Avenue, Eastern Creek	**37,492**	39,925	**0.61**	0.66
1-15 Kellet Close^	18 Nov 2015	Freehold	Freehold	–	1-15 Kellet Close, Erskine Park	**44,079**	45,903	**0.71**	0.76
94 Lenore Drive^	18 Nov 2015	Freehold	Freehold	–	94 Lenore Drive, Erskine Park	**39,519**	42,220	**0.64**	0.70
1 Distribution Place^	18 Nov 2015	Freehold	Freehold	–	1 Distribution Place, Seven Hills	**28,879**	31,064	**0.47**	0.51
6-20 Clunies Ross Street	22 Feb 2016	Freehold	Freehold	–	6-20 Clunies Ross Street, Pemulway	**85,117**	88,869	**1.37**	1.47
Logistics & Distribution Centres (Melbourne, Victoria)									
676-698 Kororoit Creek Road^	23 Oct 2015	Freehold	Freehold	–	676-698 Kororoit Creek Road, Altona North	**56,745**	59,246	**0.92**	0.98
700-718 Kororoit Creek Road^	23 Oct 2015	Freehold	Freehold	–	700-718 Kororoit Creek Road, Altona North	**34,351**	32,559	**0.55**	0.54
14-28 Ordish Road^	18 Nov 2015	Freehold	Freehold	–	14-28 Ordish Road, Dandenong South	**44,484**	48,892	**0.72**	0.81
35-61 South Park Drive^	18 Nov 2015	Freehold	Freehold	–	35-61 South Park Drive, Dandenong South	**39,367**	36,509	**0.63**	0.61
2-16 Aylesbury Drive^	18 Nov 2015	Freehold	Freehold	–	2-16 Aylesbury Drive, Altona	**18,391**	19,589	**0.30**	0.32
81-89 Drake Boulevard^	18 Nov 2015	Freehold	Freehold	–	81-89 Drake Boulevard, Altona	**15,503**	17,294	**0.25**	0.29
9 Andretti Court^	18 Nov 2015	Freehold	Freehold	–	9 Andretti Court, Truganina	**27,967**	29,250	**0.45**	0.48
31 Permas Way^	18 Nov 2015	Freehold	Freehold	–	31 Permas Way, Truganina	**54,718**	48,571	**0.88**	0.81
162 Australis Drive^	18 Nov 2015	Freehold	Freehold	–	162 Australis Drive, Derrimut	**25,333**	26,261	**0.41**	0.44
52 Fox Drive(v)	3 April 2017	Freehold	Freehold	–	52 Fox Drive, Dandenong South	**26,852**	–	**0.43**	–
Balance carried forward – (Logistics & Distribution Centres)						**829,589**	825,016	**13.39**	13.68

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Description of Property	Acquisition Date	Tenure	Term of Lease	Lease Expiry	Location	Carrying Amount 31/3/2018 $'000	Carrying Amount 31/3/2017 $'000	Percentage of Net Assets Attributable to Unitholders 31/3/2018 %	Percentage of Net Assets Attributable to Unitholders 31/3/2017 %
AUSTRALIA									
Logistics & Distribution Centres (continued)[iv]									
Balance brought forward – (Logistics & Distribution Centres)						**829,589**	825,016	**13.39**	13.68
Logistics & Distribution Centres (Melbourne, Victoria) (continued)									
62 Sandstone Place^	23 Oct 2015	Freehold	Freehold	–	62 Sandstone Place, Parkinson	**23,179**	22,845	**0.37**	0.38
92 Sandstone Place^	23 Oct 2015	Freehold	Freehold	–	92 Sandstone Place, Parkinson	**24,725**	26,367	**0.40**	0.44
62 Stradbroke Street^	23 Oct 2015	Freehold	Freehold	–	62 Stradbroke Street, Heathwood	**36,859**	33,306	**0.60**	0.55
82 Noosa Street^	23 Oct 2015	Freehold	Freehold	–	82 Noosa Street, Heathwood	**59,075**	60,314	**0.95**	1.00
95 Gilmore Road (formerly known as "2-56 Australand Drive")^	23 Oct 2015	Freehold	Freehold	–	95 Gilmore Road, Berrinba	**85,751**	86,468	**1.39**	1.43
77 Logistics Place^	18 Nov 2015	Freehold	Freehold	–	77 Logistics Place, Larapinta	**27,055**	28,609	**0.44**	0.47
99 Radius Drive^	18 Nov 2015	Freehold	Freehold	–	99 Radius Drive, Larapinta	**25,991**	25,727	**0.42**	0.43
Logistics & Distribution Centres (Perth, Western Australia)									
35 Baile Road^	23 Oct 2015	Freehold	Freehold	–	35 Baile Road, Canning Vale	**37,999**	40,352	**0.61**	0.67
Total Australia Logistics & Distribution Centres						**1,150,223**	1,149,004	**18.57**	19.05
Suburban Offices (Sydney, New South Wales)									
197-201 Coward Street[vi]	09 Sep 2016	Freehold	Freehold	–	197-201 Coward Street, Mascot	**158,075**	157,990	**2.55**	2.62
Suburban Offices (Brisbane, Queensland)									
100 Wickham[vii]	25 Sep 2017	Freehold	Freehold	–	No. 100 Wickham Street, Fortitude Valley	**83,597**	–	**1.35**	–
108 Wickham[viii]	22 Dec 2017	Freehold	Freehold	–	No. 108 Wickham Street, Fortitude Valley	**101,583**	–	**1.64**	–
Total Australia Suburban Offices						**343,255**	157,990	**5.54**	2.62
Total Australia investment properties						**1,493,478**	1,306,994	**24.11**	21.67
Total Group's investment properties						**10,118,978**	9,874,204	**163.36**	163.73
Investment properties under development						**95,463**	125,062	**1.54**	2.07
Investment property held for sale (Note 5)						**20,300**	–	**0.33**	–
Other assets and liabilities (net) (Note 11)						**(3,736,045)**	(3,664,146)	**(60.32)**	(60.75)
Net assets of the Group						**6,498,696**	6,335,120	**104.91**	105.05
Perpetual securities						**(304,382)**	(304,382)	**(4.91)**	(5.05)
Non-controlling interests						**(4)**	(28)	–	–
Net assets attributable to Unitholders						**6,194,310**	6,030,710	**100.00**	100.00

Investment properties comprise a diverse portfolio of properties that are leased to customers. Most of the leases for multi-tenant buildings contain an initial non-cancellable period ranging from one to three years. Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

INVESTMENT PROPERTIES PORTFOLIO STATEMENT

AS AT 31 MARCH 2018

Independent valuations for 131 (2016: 133) properties including investment properties, investment properties under development and investment property held for sale were undertaken by the following valuers on the dates stated below:

Valuers	2018 Valuation date	2017 Valuation date
Savills Valuation and Professional Services (S) Pte Ltd	**31 March 2018**	31 March 2017
CBRE Valuations Pty Limited	**31 March 2018**	31 March 2017
CBRE Pte. Ltd.	**31 March 2018**	31 March 2017
Edmund Tie & Company (SEA) Pte Ltd (formerly known as "DTZ Debenham Tie Leung (SEA) Pte Ltd")	**31 March 2018**	31 March 2017
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	**31 March 2018**	31 March 2017
Cushman & Wakefield VHS Pte Ltd	**–**	31 March 2017
Knight Frank Pte Ltd	**31 March 2018**	31 March 2017
Jones Lang LaSalle Property Consultants Pte Ltd	**31 March 2018**	31 March 2017

These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flow analysis. As at 31 March 2018, the valuations adopted for investment properties amounted to $10,119.0 million (2017: $9,874.2 million). The net fair value gain on investment properties and investment properties under development recognised in Statement of Total Return is $3.8 million (2017: Loss of $18.4 million).

(i) 12, 14 and 16 Science Park Drive were acquired from Ascendas Land (Singapore) Pte Ltd, a related party of the Manager, in February 2017.

(ii) The land titles of both The Aries and The Gemini have been amalgamated subsequent to the completion of asset enhancement works for Sparkle, a link block connecting the two buildings.

(iii) The redevelopment of 50 Kallang Avenue was completed in June 2017 and then the property was transferred from investment properties under development to investment properties (Note 5).

(iv) The 27 logistics and distribution centre properties in Australia were acquired in October 2015 (10 properties), November 2015 (16 properties) and February 2016 (1 property).

(v) 52 Fox Drive, a Logistics & Distribution Centre located in Australia was completed in April 2017.

(vi) 197- 201 Coward Street, a Suburban Office property located in Australia was acquired in September 2016.

(vii) 100 Wickham, a Suburban Office property located in Australia was acquired in September 2017.

(viii) 108 Wickham, a Suburban Office property located in Australia was acquired in December 2017.

(ix) 10 Woodlands Link, 13 International Business Park, and 84 Genting Lane in Singapore were divested in July, August 2017 and January 2018 respectively.

(x) The Trust entered into a sale and purchase agreement on 3 April 2018 for the sale of No. 30 Old Toh Tuck Road. Accordingly, the property was classified as investment property held for sale as at 31 March 2018 (Note 11).

The accompanying notes form an integral part of these financial statements.

(a) Includes an option for the Trust to renew the land lease for a further term of 30 years upon expiry.

(b) Includes an option for the Trust to renew the land lease for a further term of 28 years upon expiry.

(c) Includes an option for the Trust to renew the land lease for a further term of 17 years upon expiry.

(d) Includes an option for the Trust to renew the land lease for a further term of 24.4 years upon expiry.

(e) Includes an option for the Trust to renew the land lease for a further term of 15 years upon expiry.

(f) Includes an option for the Trust to renew the land lease for a further term of 12 years upon expiry.

(g) At the end of the 30-year lease, the Trust has the option to renew the land lease for Building A for a further term of 26 years and to renew the land lease for Building B for a term of 16 years, 4 months and 16 days.

^ These properties were pledged as securities in relation to the syndicated term loans from Australian banks for the financial year ended 31 March 2018 and 2017.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Total return for the year before tax		**496,921**	408,475
Adjustments for:			
Finance costs	25	**109,842**	117,694
Management fees paid/payable in Units	23	**10,139**	9,691
Provision/(reversal of) impairment loss on doubtful receivables	10	**10**	(54)
Net change in fair value of financial derivatives		**(9,805)**	11,659
Finance income	25	**(9,081)**	(6,832)
Net foreign exchange (gain)/loss		**(7,275)**	22,987
Gain from disposal of investment properties		**(5,309)**	–
Net change in fair value of investment properties		**(3,800)**	18,360
Share of joint venture's results		**(514)**	(475)
Depreciation of plant and equipment	6	**–**	19
Derecognition of finance lease receivables		**–**	(241)
Gain on divestment of subsidiaries		**–**	(21,385)
Operating income before working capital changes		**581,128**	559,898
Changes in working capital:			
Trade and other receivables		**10,984**	(5,782)
Trade and other payables		**(28,548)**	(18,184)
Cash generated from operating activities		**563,564**	535,932
Income tax paid		**(24,677)**	(6,664)
Net cash generated from operating activities		**538,887**	529,268
Cash flows from investing activities			
Acquisition of investment properties	(A)	**(206,643)**	(468,903)
Deposits received for the divestment of subsidiaries		**–**	24,087
Deposits paid for the acquisition of investment properties		**–**	(25,496)
Payment for capital improvement on investment properties		**(77,630)**	(76,999)
Payment for investment properties under development		**(55,088)**	(25,953)
Payment of deferred sum payable for an investment property		**(20,000)**	–
Proceeds from divestment of subsidiaries	(B)	**–**	381,503
Proceeds from disposal of investment properties		**60,760**	–
Proceeds from derecognition of finance lease receivables		**–**	34,000
Dividend received from joint venture	9	**517**	393
Interest received		**22,971**	19,728
Net cash used in investing activities		**(275,113)**	(137,640)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from financing activities			
Distributions paid to Unitholders		**(294,585)**	(500,893)
Distributions paid to perpetual securities holders		**(14,250)**	(14,289)
Finance costs paid		**(118,388)**	(111,511)
Transaction costs paid in respect of borrowings		**(1,633)**	(1,830)
Proceeds from borrowings		**1,103,111**	1,513,304
Repayment of borrowings		**(982,319)**	(1,462,915)
Proceeds from issue of Units through equity fund raising		**–**	154,688
Unit issue costs paid		**–**	(2,690)
Net cash used in financing activities		**(308,064)**	(426,136)
Net decrease in cash and cash equivalents		**(44,290)**	(34,508)
Cash and cash equivalents at beginning of financial year	12	**22,000**	56,236
Effect of exchange rate changes on cash balances		**(659)**	272
Cash and cash equivalents at end of financial year	12	**(22,949)**	22,000

Notes:

(A) Net cash outflow on acquisition of investment properties (including acquisition costs)

Net cash outflow on acquisition of investment properties (including acquisition costs) is set out below:

	Group 2018 $'000	Group 2017 $'000
Investment properties (including acquisition costs)	**232,139**	596,022
Other payables	**–**	(2,919)
Net identifiable assets acquired	**232,139**	593,103
Total consideration	**232,139**	593,103
Deferred payment within one year from the acquisition	**–**	(20,000)
Consideration paid in the form of Units	**–**	(100,000)
Acquisition costs paid in the form of Units	**–**	(4,200)
Less: prepaid deposits	**(25,496)**	–
Net cash outflow	**206,643**	468,903

The accompanying notes form an integral part of these financial statements.

(B) *Net cash inflow from divestment of subsidiaries*

Net cash inflow from divestment of subsidiaries for the financial year ended 31 March 2017 is set out below:

	Group 2017 $'000
Investment properties	(370,776)
Plant and equipment	(49)
Trade and other receivables	(5,931)
Trade and other payables	9,092
Provision for taxation	(595)
Short term borrowings	10,792
Deferred tax liabilities	(5,588)
Net assets disposed	(363,055)
Transfer from foreign currency translation reserve	116
Transfer from other reserve	1,061
	(361,878)
Sale proceeds	391,458
Provision for divestment costs	(8,195)
Gain on disposal of subsidiaries	21,385
Net sales consideration	391,458
Receivables from vendor	(9,955)
Net cash inflow	381,503

The accompanying notes form an integral part of these financial statements.

(C) *Significant non-cash transactions*

During the financial year ended 31 March 2018:

- 3,736,735 new Units amounting to $9,995,000 were issued at issue prices ranging from $2.6734 to $2.6761 per unit for the payment of 20% base management fee to the Manager in Units.

During the financial year ended 31 March 2017:

- 4,074,004 new Units amounting to $9,557,000 were issued at issue prices ranging from $2.3225 to $2.3691 per unit as payment for 20% of the base management fee to the Manager in Units.

- 1,694,710 new Units amounting to $4,200,000 were issued at issue price $2.4783 per unit as payment of acquisition fees to the Manager for acquisition of 12, 14 & 16 Science Park Drive.

- 40,834,660 new Units amounting to $100,000,000 were issued on 15 February 2017, at an issue price of $2.4489 per unit as partial consideration for the acquisition of 12, 14 & 16 Science Park Drive. These units rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue.

- 148,587,770 new Units were issued at issue prices from $2.0144 to $2.0505 per unit pursuant to the conversion of ECS on various dates during the financial year ended 31 March 2017. These units rank *pari passu* in all respects with the units in issue on the day immediately preceding the date of issue.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 18 May 2018.

1. GENERAL

Ascendas Real Estate Investment Trust (the "Trust" or "Ascendas Reit") is a Singapore-domiciled real estate investment trust constituted pursuant to the trust deed dated 9 October 2002 between Ascendas Funds Management (S) Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), as supplemented and amended by the First Supplemental Deed dated 16 January 2004, the Second Supplemental Deed dated 23 February 2004, the Third Supplemental Deed dated 30 September 2004, the Fourth Supplemental Deed dated 17 November 2004, the Fifth Supplemental Deed dated 20 April 2006, the First Amending and Restating Deed dated 11 June 2008, the Seventh Supplemental Deed dated 22 January 2009, the Eighth Supplemental Deed dated 17 September 2009, the Ninth Supplemental Deed dated 31 May 2010, the Tenth Supplemental Deed dated 22 July 2010, the Eleventh Supplemental Deed dated 14 October 2011, the Twelfth Supplemental Deed dated 19 October 2015, the Thirteenth Supplemental Deed dated 26 January 2016 and the Second Amending and Restating Deed dated 10 August 2017 (collectively, the "Trust Deed").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 November 2002 and was included under the Central Provident Fund ("CPF") Investment Scheme on 15 October 2002.

The principal activity of the Trust is to invest in a diverse portfolio of properties and property related assets with the primary objective of achieving an attractive level of return and long-term capital growth. The principal activities of the subsidiaries are set out in Note 8.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in an equity-accounted investee.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations.

The fees structures of these services are as follows:

1.1 Trustee fee

Trustee fee shall not exceed 0.25% per annum of the value of all the gross assets of the Group ("Deposited Property") (subject to a minimum of $10,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee fee is payable out of the Deposited Property of the Group monthly in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1. GENERAL (CONTINUED)

1.2 Management fees

The Manager is entitled to receive the following remuneration:

(i) a base management fee of 0.5% per annum of the Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) an annual performance fee of:

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

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

(iii) an acquisition fee of 1.0% of the purchase price of investment property acquired by the Trustee on behalf of the Trust.

(iv) a divestment fee of 0.5% of the sale price of investment property sold or divested by the Trustee on behalf of the Trust.

(v) a development management fee, not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Trust. In cases where the market pricing for comparable services is materially lower, the Manager will reduce the development management fee to less than 3.0%. In addition, when the estimated total project cost is greater than $100.0 million, the Trustee and the Manager's independent directors will review and approve the quantum of the development management fee.

With effect from 1 April 2014, the Manager has improved the basis of determining management fees by excluding derivative assets and investment properties under development from the computation of Deposited Property (the "Adjusted Deposited Property").

The Manager will also unilaterally waive part of its performance fee to ensure equitable distribution of the growth in distributable income such that any increase in DPU (which is calculated before accounting for the performance fee) would not result in Unitholders receiving less DPU than the threshold percentage as a result of the payment of the performance fee. In addition, the performance fee payable will be based on 0.1% per annum, or as the case may be, 0.2% per annum of the Adjusted Deposited Property instead of the Deposited Property.

With effect from 19 November 2007, the Manager has elected to receive 20.0% of the base management fee in Units and 80.0% in cash for all properties.

1. GENERAL (CONTINUED)

1.2 Management fees (continued)

With effect from 17 November 2004, the Manager may elect to receive performance fee in cash and/or Units, in such proportion as may be determined by the Manager. The Manager had elected to receive 100% of the performance fee in the form of cash for the financial year ended 31 March 2017.

The cash component of the base management fees will be paid monthly in arrears and the units component will be paid on a six-monthly basis in arrears. The performance fee will be paid within 60 days from the last day of every financial year.

1.3 Fees under the property management agreement (for the Singapore properties)

(i) Property management services

For property management services, the Group will pay Ascendas Services Pte Ltd ("ASPL") (the "Property Manager"), a fee of 2.0% per annum of the adjusted gross revenue of each property, managed by the Property Manager, and in the event that the Property Manager only manages such property for less than one calendar year, such amount to be pro-rated based on the number of days which the Property Manager manages such property divided by the number of days in such year.

(ii) Marketing services

For marketing services, the Group will pay the Property Manager the following commissions, subject to a refund of 50.0% of the commission paid to the Property Manager if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Trust for the pre-termination (taking into account the loss of income and related expenses), the Property Manager need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Property Manager would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years with the terms of the lease subject to the prior approval of the Manager, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge;

1. GENERAL (CONTINUED)

1.3 Fees under the property management agreement (for the Singapore properties) (continued)

(ii) Marketing services (continued)

- if a third party agent secures a tenancy, the Property Manager shall pay to the third party agent the same fees as stated above. Prior approval of the Manager is required for the Property Manager to pay a third party agent a commission that is less than as set out above. For the avoidance of doubt, there will not be double charging of commission payable to the third party agents and the Property Manager as the commissions payable to such third party agents shall be paid out of the Property Manager's fee; and
- an administrative charge of 20.0% of the commission is payable to the Manager or the Property Manager in the case of a new lease take-up which involves a third party agent for the marketing support and administrative services to be rendered either by the Manager or the Property Manager.

(iii) Project management services

For project management services, the Group will pay the Property Manager the following fees for the (i) development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), refurbishment, retrofitting and renovation works to a property where submission to the relevant authorities for the approval of such works is required or (ii) routine maintenance where the expenses for the routine maintenance of the property results in such expenses being classified as capital expenditure under the Singapore Financial Reporting Standards ("FRS"):

- a fee of 3.00% of the construction costs, where the construction costs are $2.0 million or less;
- a fee of 2.15% of the construction costs, where the construction costs exceed $2.0 million but do not exceed $12.0 million;
- a fee of 1.45% of the construction costs, where the construction costs exceed $12.0 million but do not exceed $40.0 million;
- a fee of 1.40% of the construction costs, where the construction costs exceed $40.0 million but do not exceed $70.0 million;
- a fee of 1.35% of the construction costs, where the construction costs exceed $70.0 million but do not exceed $100.0 million; and
- a fee to be mutually agreed by the parties, where the construction costs exceed $100.0 million.

For purpose of calculating the fees payable to the Property Manager, construction costs means all construction costs and expenditure valued by the quantity surveyor engaged by the Group for the project, but excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

1. GENERAL (CONTINUED)

1.3 Fees under the property management agreement (for the Singapore properties) (continued)

(iv) Energy audit services

For energy audit services, the Group will pay the Property Manager $4,000 per chiller for the first two sets of chiller and $2,000 for any subsequent set of chiller in a property (being the base energy audit fee). In addition to these fees, the Trust will pay ASPL 40.0% of the cost savings achieved in each property during the first three years after the completion of the works in such property, subject to a maximum of $40,000 per property (such amount shall be inclusive of the base energy audit fee and the fees based on the savings achieved).

(v) Car park management services

For car park management services, the Trust will pay ASPL the following fees:

- in relation to the car parks located at certain 33 properties as set out in the property management agreement ("Managed Car Parks"), a management fee of $2.16 million per annum ("Base Car Park Fee") and 40.0% of hourly parking collections for such car parks (excluding goods and services tax). For the avoidance of doubt, any hourly car park rebates given to car park users will not be included in the hourly car park collections for the computation of fees.

- in the event that additional car parks are added or subsequently removed from the Managed Car Parks, the Base Car Park Fee shall be adjusted as follows:

  – in relation to a property which has up to 100 car park lots – the Base Car Park Fee shall be increased or decreased by $35 per car park lot per month multiplied by the number of car park lots in such property.

  – in relation to a property which has more than 100 car park lots – the Base Car Park Fee shall be increased or decreased by $25 per car park lot per month multiplied by the number of car park lots in such property.

1. GENERAL (CONTINUED)

1.4 Fees under the lease management agreement (for the Singapore properties)

(i) Lease management services

For lease management services, the Group will pay the Manager or its nominees (as the Manager may direct), a fee of 1.0% per annum of the adjusted gross revenue of each property. In addition to the above fee, the Group will pay the Manager or its nominees the following fees, subject to a refund of 50.0% of the commission paid to the Manager or its nominees if the tenancy is prematurely terminated within six months of the commencement of the tenancy. If the tenant fully compensates the Group for the pre-termination (taking into account the loss of income and related expenses), the Manager or its nominees need not refund 50.0% of the commission. If the tenant only compensates the Group for a proportion of the loss, the amount refunded to the Group by the Manager or its nominees would be pro-rated based on the unrecovered loss divided by the aggregate total loss multiplied by 50.0% of the commission paid.

In relation to a tenancy which is renewed, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 0.5 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than one year;
- 0.5 month's gross rent inclusive of service charge for securing a tenancy of one year or more but less than or equivalent to three years;
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to one and a half months' gross rent inclusive of service charge.

In relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant, the Group will pay the Manager or its nominees, the following fees:

- pro-rated based on 1.0 month's gross rent inclusive of service charge for securing a tenancy of six months or more but less than three years;
- 1.0 month's gross rent inclusive of service charge for securing a tenancy of three years;
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than three years but less than five years;

1. GENERAL (CONTINUED)

1.4 Fees under the lease management agreement (for the Singapore properties) (continued)

(i) Lease management services (continued)

- 2.0 months' gross rent inclusive of service charge for securing a tenancy of five years; and
- pro-rated based on 2.0 months' gross rent inclusive of service charge for securing a tenancy of more than five years, provided that the commission payable shall not exceed a sum equivalent to three months' gross rent inclusive of service charge.

(ii) Property tax services

For property tax services, the Manager or its nominees (as the Manager may direct) are entitled to the following fees if as a result of the Manager's or the nominees' objections to the tax authorities, the proposed annual value is reduced resulting in property tax savings for the property:

- a fee of 7.5% of the property tax savings, where the proposed reduction in annual value is $1.0 million or less;
- a fee of 5.5% of the property tax savings, where the proposed reduction in annual value is more than $1.0 million but does not exceed $5.0 million; and
- a fee of 5.0% of the property tax savings, where the proposed reduction in annual value is more than $5.0 million.

The above mentioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period less the expenses incurred to obtain the property tax savings and is not payable to the Manager if the Manager's objections are not successful or if the reduction in annual value results from an appeal to the valuation review board.

1.5 Fees under the strategic and asset management agreements (for the Australia properties)

For strategic management services, the Group will pay Ascendas Funds Management (Australia) Pty Ltd ("AFMA"), a wholly owned subsidiary of the Manager, a strategic management fee of 1.0% per annum of the adjusted gross revenue of each property.

For asset management services, the Group will pay AFMA an asset management fee (to be mutually agreed between the Group and AFMA) under the asset management agreement. To the extent that the asset management fees payable to AFMA exceeds the fees charged to AFMA by third-party licensed real estate agents and results in a net positive balance for any financial year to AFMA (an "Excess"), the fees payable to AFMA under the strategic management agreement will be reduced by the Excess such that the total fee payable to AFMA under both the strategic management agreement and the asset management agreement, after taking into consideration the fees charged by the third-party licensed real estate agents, will not exceed the aggregate fee of 1.0% per annum of the adjusted gross revenue of the properties for which strategic management services and asset management services are provided.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the *recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Functional and presentation currency

The financial statements are presented in Singapore dollars ("SGD"), which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.3 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, investment property held for sale, investment properties under development and certain financial assets and financial liabilities which are stated at fair value as described in Note 3.

As at 31 March 2018, the Group and the Trust's current liabilities exceed its current assets by $1,026.6 million (2017: $1,022.2 million) and $753.1 million (2017: $1,055.7 million) respectively. Notwithstanding the net current liabilities position, based on the Group and the Trust's existing financial resources, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities at the end of each reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected.

Information about significant areas of estimation that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 32 (d) – Valuation of investment properties
- Note 32 (b) and (c) – Valuation of financial instruments

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 32 (d) – Valuation of investment properties
- Notes 32 (b) and (c) – Valuation of financial instruments

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities which addresses changes in accounting policies.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in Statement of Total Return. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the Statement of Total Return. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

Subsidiaries in the separate financial statements

Interest in subsidiaries and joint venture are stated in the Trust's Statement of Financial Position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the Statement of Total Return, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, which are recognised in Unitholders' funds.

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in the foreign currency translation reserve ("translation reserve") in Unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the Statement of Total Return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in the translation reserve in Unitholders' funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Investment properties and investment properties under development

Investment properties are properties held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business. Investment properties under development include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially stated at cost, including transaction costs, and are measured at fair value thereafter, with any change therein recognised in the Statement of Total Return. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

(i) in such manner and frequency required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of the investment properties.

Subsequent expenditure on investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the Statement of Total Return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis described above. For income tax purposes, the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.4 Investment properties held for sale

Investment properties that are expected to be recovered primarily through disposal rather than through continued use, are classified as held for sale and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the Statement of Total Return as a net change in fair value of investment properties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefit in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is provided on the straight-line basis over the estimated useful lives of each component of an item of plant and equipment as follows:

Furniture and fixtures	5 – 7 years
Equipment	5 – 10 years
Computers and office equipment	1 – 5 years

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Total Return on the date of retirement or disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

3.6 Leases

(i) Operating lease

Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.14. Contingent rents are recognised as revenue in the period in which they are earned.

Lessee

Payments made under operating leases (net of any incentives received from the lessor) are recognised in the Statement of Total Return on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(ii) Finance lease

Lessor

Leases which the Group has substantially transferred all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised as finance lease receivable on the Statements of Financial Position. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned interest income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned interest income. The interest income is recognised in the Statement of Total Return on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

3.7 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Statement of Total Return when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in Statement of Total Return.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in Statement of Total Return when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Total Return.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised in the Statement of Total Return.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment

(i) Financial assets

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar credit risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date.

(ii) Non-financial assets

The carrying amounts of Group's non-financial assets, other than investment properties, investment properties held for sale and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised in the Statement of Total Return if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Statement of Total Return, unless it reverses a previous revaluation credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (continued)

(ii) Non-financial assets (continued)

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Taxation

(i) Current tax and deferred tax

Current and deferred tax are recognised in the Statement of Total Return, except to the extent that they relate to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value in Singapore and Australia, the presumption that the carrying amounts will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Taxation (continued)

(i) Current tax and deferred tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its public listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling, the Trustee will not be assessed to tax on the taxable income of the Trust distributed in the same financial year. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate of 17.0% from the distributions made to Unitholders that are made out of the taxable income of the Trust in that financial year.

However, the Trustee and the Manager will not deduct tax from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to the extent that the beneficial Unitholders are:

(i) individuals (whether resident or non-resident) who receive such distributions as investment income (excluding income received through a Singapore partnership);

(ii) companies incorporated and tax resident in Singapore;

(iii) Singapore branches of foreign companies which have presented a letter of approval from the IRAS granting waiver from tax deducted at source in respect of distributions from the Trust;

(iv) non-corporate Singapore constituted or registered entities (e.g. town councils, statutory boards, charitable organisations, management corporations, clubs and trade and industry associations constituted, incorporated, registered or organised in Singapore);

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Taxation (continued)

(i) Current tax and deferred tax (continued)

(v) Central Provident Fund ("CPF") members who use their CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts; and

(vi) individuals who use their Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts.

The Trustee and the Manager will deduct tax at the reduced concessionary rate of 10.0% from distributions made out of the Trust's taxable income that is not taxed at the Trust's level to beneficial Unitholders who are qualifying foreign non-individual investors. A qualifying foreign non-individual investor is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have a permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units in the Trust are not obtained from that operation.

The reduced concessionary tax rate of 10.0% has been extended to 31 March 2020.

(ii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

3.11 Distribution policy

The Trust's distribution policy is to distribute 100% of its taxable income to Unitholders, other than gains on the sale of properties that are determined by IRAS to be trading gains. Distributions are made semi-annually, for the six months ending 30 September and 31 March each year. Income from the overseas subsidiaries will be distributed, after relevant adjustments (if any) such as withholding tax payable, at the discretion of the Manager.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Unitholders' funds

Unitholders' funds are classified as equity. Issue costs related to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders funds.

3.13 Perpetual securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity.

The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.14 Revenue recognition

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Other income

Other income comprises interest income received from finance lease receivable, car park charges, utilities income and sundry income. Interest income received from finance lease receivable is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Except for interest income received from finance lease receivable, other income is recognised when the right to receive payment is established, after services have been rendered.

3.15 Expenses

Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property operating expenses are fees incurred under the Property Management Agreements and Lease Management Agreement which are based on the applicable formula stipulated in Note 1.3 and Note 1.4 respectively.

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Total Return on a straight-line basis over the term of leases.

Management fees

Management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1.2.

Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is the Trustee fee which is based on the applicable formula stipulated in Note 1.1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Finance costs

Finance costs comprise interest expense on borrowings, amortisation of borrowing-related transaction costs, transaction costs directly attributable to financial liabilities measured at fair value through profit or loss, fair value losses on financial instruments measured at fair value through profit or loss, and accretion adjustments on security deposits.

Interest expense on borrowings, amortisation of borrowing-related transaction costs and accretion adjustments on security deposits are recognised in the Statement of Total Return using the effective interest method over the period of borrowings, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.17 Earnings per unit

The Group presents basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return for the year attributable to Unitholders of the Trust by the weighted average number of Units outstanding during the year.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short term fixed deposits that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.19 New standards and interpretations not adopted

The Group has not adopted the following standards as applicable to the Group that have been issued but not yet effective:

	Effective for annual periods beginning on or after
Amendments to FRS 40 *Transfer of Investment Properties*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Improvements to FRSs	
– Amendments to FRS 12 *Income Taxes*	1 January 2019
– Amendments to FRS 23 *Borrowing Costs*	1 January 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 New standards and interpretations not adopted (continued)

Except for FRS 109, FRS 115 and FRS 116, the Group expects that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The Group does not expect any significant impact to arise from these changes.

- FRS 115 adopts a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect any significant impact to arise from these changes.

- FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

  The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

4. INVESTMENT PROPERTIES

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At 1 April	**9,874,204**	9,598,654	**8,567,210**	8,142,650
Acquisition of investment properties	**232,139**	596,022	**–**	437,495
Transfer from/(to) investment properties under development (Note 5)	**64,190**	(93,537)	**64,190**	(93,537)
Transfer to investment property held for sale (Note 11)	**(20,300)**	–	**(20,300)**	–
Capital expenditure incurred	**83,838**	61,911	**79,793**	60,919
Transfer from other receivables	**–**	58,716	**–**	60,068
Disposal of investment properties	**(54,700)**	–	**(54,700)**	–
Divestment of subsidiaries	**–**	(370,776)	**–**	–
Exchange differences	**(74,832)**	36,539	**–**	–
Fair value change	**14,439**	(13,325)	**(10,693)**	(40,385)
At 31 March	**10,118,978**	9,874,204	**8,625,500**	8,567,210

4. INVESTMENT PROPERTIES (CONTINUED)

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Statement of Total Return:				
Fair value change of investment properties	**14,439**	(13,325)	**(10,693)**	(40,385)
Fair value change of investment properties under development (Note 5)	**(11,544)**	–	**(11,544)**	–
Effect of lease incentive and marketing fee amortisation	**905**	(5,035)	**809**	(3,342)
Net fair value change on investment properties recognised in the Statement of Total Return (unrealised)	**3,800**	(18,360)	**(21,428)**	(43,727)

Details of the properties are shown in the Investment Properties Portfolio Statement.

Investment properties are leased to both related and non-related parties under operating lease or finance lease (Note 21 and Note 29).

As at 31 March 2018, investment properties with an aggregate carrying amount of $1,038,254,000 (2017: $1,060,100,000) have been pledged as collateral for certain term loans taken out by the Group (Note 15).

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 March 2018 and 31 March 2017. Information on the fair value assessment of investment properties is disclosed in Note 32(d).

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At 1 April	**125,062**	–	**125,062**	–
Transfer (to)/from investment property (Note 4)	**(64,190)**	93,537	**(64,190)**	93,537
Capital expenditure incurred	**37,072**	31,525	**37,072**	31,525
Addition	**9,163**	–	**–**	–
Fair value change	**(11,544)**	–	**(11,544)**	–
Exchange differences	**(100)**	–	**–**	–
At 31 March	**95,463**	125,062	**86,400**	125,062

Investment properties under development ("IPUD") as at 31 March 2017 represent the redevelopment projects at 20 Tuas Avenue 1 and 50 Kallang Avenue in Singapore. Subsequent to the completion of development works, 50 Kallang Avenue has been reclassified to investment properties (Note 4) in June 2017.

As at 31 March 2018, IPUD included the progress payment made in relation to the fund-through acquisition of an Australia logistics property. The redevelopment works for 20 Tuas Avenue 1 was completed in April 2018 and the fund-through acquisition is expected to be completed in the financial year ending 31 March 2019.

The carrying amount of investment properties under development is stated at fair value based on internal or external valuation. Information on the fair value assessment of investment properties under development is disclosed in Note 32(d).

6. PLANT AND EQUIPMENT

	Furniture and fixtures $'000	Equipment $'000	Computers and office equipment $'000	Total $'000
Group				
Cost				
At 1 April 2016	2,878	5,827	521	9,226
Divestment of subsidiaries	(26)	(32)	(90)	(148)
At 31 March 2017, 1 April 2017 and 31 March 2018	**2,852**	**5,795**	**431**	**9,078**
Accumulated depreciation				
At 1 April 2016	2,861	5,810	487	9,158
Depreciation charge for the year	2	4	13	19
Divestment of subsidiaries	(11)	(19)	(69)	(99)
At 31 March 2017, 1 April 2017 and 31 March 2018	**2,852**	**5,795**	**431**	**9,078**
Carrying amounts				
At 31 March 2017 and 31 March 2018	–	–	–	–
Trust				
Cost				
At 1 April 2016, 1 April 2017 and 31 March 2018	**2,852**	**5,795**	**431**	**9,078**
Accumulated depreciation				
At 31 March 2017, 1 April 2017 and 31 March 2018	**2,852**	**5,795**	**431**	**9,078**
Carrying amounts				
At 31 March 2017 and 31 March 2018	**–**	**–**	**–**	**–**

7. FINANCE LEASE RECEIVABLES

	2018		2017	
	Carrying amount $'000	**Face value $'000**	Carrying amount $'000	Face value $'000
Group and Trust				
Finance lease receivables				
– Current	**2,385**	**6,251**	2,104	6,128
– Non-current	**53,243**	**78,674**	55,627	84,925
	55,628	**84,925**	57,731	91,053

7. FINANCE LEASE RECEIVABLES (CONTINUED)

Finance lease receivables are receivable from the lessees as follows:

	2018			2017		
	Gross receivable $'000	**Unearned interest income $'000**	**Net receivable $'000**	Gross receivable $'000	Unearned interest income $'000	Net receivable $'000
Group and Trust						
Within 1 year	**6,251**	**3,866**	**2,385**	6,128	4,024	2,104
After 1 year but within 5 years	**26,279**	**13,446**	**12,833**	25,764	14,302	11,462
After 5 years	**52,395**	**11,985**	**40,410**	59,161	14,996	44,165
	84,925	**29,297**	**55,628**	91,053	33,322	57,731

The Group has a credit policy in place to monitor lessees' credit rating on an ongoing basis. The lessees would be required to provide a security deposit if the credit rating falls below the agreed terms. The Manager believes that no impairment allowance is necessary in respect of the finance lease receivables.

8. INTERESTS IN SUBSIDIARIES

	Trust	
	2018 $'000	2017 $'000
Equity investment, at cost		
At 1 April	**459,263**	422,177
Acquisitions	**42,601**	80,693
Divestment	**–**	(43,607)
At 31 March	**501,864**	459,263
Loans to subsidiaries	**437,028**	315,588
	938,892	774,851

As at 31 March 2018, a loan to a subsidiary amounting to $269,538,000 (2017: $162,260,000) bears interest of BBSY+2.3% (2017: BBSY+2.3%) per annum. The interest is payable annually while the payment of principal will be upon maturity in 2021. The other loans to subsidiaries were interest free and unsecured. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future.

As loans to subsidiaries for both financial years ended 31 March 2018 and 31 March 2017 were, in substance, a part of the Trust's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses.

8. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of interests in subsidiaries:

	Name of subsidiary	Principal activity	Principal place of business	Effective equity held by the Trust 2018 %	2017 %
(i)	**Direct subsidiaries**				
	PLC 8 Holdings Pte. Ltd. ("PLC8H")*	Investment holding	Singapore	**100**	100
	Ruby Assets Pte. Ltd.#	To issue debt securities and grant collateral loan to the Trust	Singapore	**–**	–
	Ascendas REIT Australia ("ARA")^	Investment holding	Australia	**100**	100
(ii)	**Indirect subsidiaries**				
	PLC 8 Development Pte. Ltd. ("PLC8D")*	Real estate development	Singapore	**100**	100
	Ascendas Logistics Trust ("ALT")^	Investment holding	Australia	**100**	100
	Ascendas Logistics Trust 2 ("ALT2")^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.1^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.2^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.3^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.4^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.5^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.6^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.7^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.8^	Investment holding	Australia	**100**	100
	Ascendas Longbeach Trust No.9^	Investment holding	Australia	**100**	100

8. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of interests in subsidiaries (continued):

Name of subsidiary	Principal activity	Principal place of business	Effective equity held by the Trust 2018 %	2017 %
(ii) Indirect subsidiaries (continued)				
Ascendas Longbeach Sub-Trust No.1^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.2^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.3^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.4^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.5^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.6^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.7^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.8^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.9^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.10^	Investment holding	Australia	**100**	100
Ascendas Longbeach Sub-Trust No.11^	Investment holding	Australia	**100**	100
Ascendas Business Park Trust No.1^	Investment holding	Australia	**100**	100

* Audited by EY LLP Singapore for the financial year ended 31 March 2018 (2017: EY LLP Singapore).

^ Audited by a member firm of EY International for the financial year ended 31 March 2018 (2017: EY International).

\# (1) The Group does not hold any ownership interests in Ruby Assets. However, based on the terms of the agreements under which this entity was established, the Group has the ability to direct the activities of the entity for the benefit of the Group. Accordingly, it was consolidated by the Group.

(2) Ruby Assets Pte. Ltd was in the process of voluntary liquidation as at 31 March 2018. No audit was required for the financial year ended 31 March 2018 (2017: audited by EY LLP Singapore).

9. INVESTMENT IN JOINT VENTURE

	Group	
	2018	2017
	$'000	$'000
At 1 April	**126**	44
Share of post-acquisition profit	**514**	475
Dividend received	**(517)**	(393)
At 31 March	**123**	126

Details of the joint venture is as follows:

Name of joint venture	Principal place of business	Effective equity held by the Group and Trust	
		2018	2017
		%	%
Changi City Carpark Operations LLP*	Singapore	**39.914**	39.914

* Audited by Tan, Chan & Partners LLP for the financial year ended 30 September 2017 and 2016.

Changi City Carpark Operations LLP ("CCCO") is an unlisted joint arrangement in which the Group has joint control via a partnership agreement and 39.914% equity interest. CCCO manages and operates the car park at ONE@Changi City.

CCCO is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in CCCO as a joint venture, which is equity accounted.

10. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Trade receivables, gross	**3,199**	4,231	**1,295**	2,365
Impairment losses	**(10)**	–	**(10)**	–
Trade receivables, net	**3,189**	4,231	**1,285**	2,365
Deposits	**1,242**	544	**1,021**	544
Interest receivables	**8,619**	8,368	**8,619**	8,368
Other receivables				
– Subsidiary	**–**	–	**6,411**	2,928
– Non-related parties	**8,670**	20,025	**7,237**	18,743
	8,670	20,025	**13,648**	21,671
	21,720	33,168	**24,573**	32,948
Prepayments	**6,617**	30,329	**3,702**	2,558
	28,337	63,497	**28,275**	35,506

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivable from a subsidiary is the interest receivable related to a loan to the subsidiary, which is receivable on demand.

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk for trade receivables at reporting date, by operating segments, is as follows:

	Group		Trust	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Business & Science Park Properties, and Suburban Offices	**736**	1,108	**439**	979
Integrated Development, Amenities & Retail Properties	**260**	263	**260**	263
High-Specifications Industrial Properties & Data Centres	**204**	317	**204**	317
Light Industrial Properties & Flatted Factories	**166**	276	**166**	276
Logistics & Distribution Centres	**1,823**	2,267	**216**	530
	3,189	4,231	**1,285**	2,365

The amounts represented in the table above are fully secured by way of bankers' guarantees, insurance bonds or cash security deposits held by the Group, except for trade receivables balance which are impaired.

As a result of the default in rental by tenants, $2,107,000 (2017: $2,597,000) of cash security deposits were forfeited during the financial year.

The ageing of trade receivables at the reporting date was:

	2018		2017	
	Gross $'000	**Impairment losses $'000**	Gross $'000	Impairment losses $'000
Group				
Not past due	**1,464**	**–**	1,354	–
Past due 1 – 90 days	**1,654**	**(3)**	2,612	–
Past due over 90 days	**81**	**(7)**	265	–
	3,199	**(10)**	4,231	–
Trust				
Past due 1 – 90 days	**1,223**	**(3)**	2,171	–
Past due over 90 days	**72**	**(7)**	194	–
	1,295	**(10)**	2,365	–

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment losses

The movements in impairment losses recognised in respect of trade receivables during the year are as follows:

	2018 $'000	2017 $'000
Group and Trust		
At 1 April	–	189
Impairment losses provision/(reversal) during the year	10	(54)
Amounts utilised during the year	–	(135)
At 31 March	10	–

The Manager believes that no impairment loss is necessary in respect of the remaining trade receivables as these amounts mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees, insurance bonds or cash security deposits.

11. INVESTMENT PROPERTY HELD FOR SALE

On 3 April 2018, the Trust entered into a sale and purchase agreement for the sale of No. 30 Old Toh Tuck Road (the "Property") for $24.0 million. Accordingly, the Property was classified as investment property held for sale as at 31 March 2018. The disposal of the Property was completed on 30 April 2018.

12. CASH AND FIXED DEPOSITS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank	23,567	20,498	3,860	4,684
Fixed deposits	1,449	1,502	–	–
	25,016	22,000	3,860	4,684

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of the following at the end of the reporting period:

	Group	
	2018 $'000	2017 $'000
Cash at bank	23,567	20,498
Fixed deposits	1,449	1,502
	25,016	22,000
Bank overdrafts (Note 15)	(47,965)	–
Cash and cash equivalents	(22,949)	22,000

13. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Trade payables				
– non-related parties	**3,614**	11,047	**3,632**	11,105
– subsidiary	**–**	–	**493**	–
– the Manager	**3,019**	7,607	**3,019**	7,607
– the Property Manager	**3,428**	8,271	**3,428**	8,271
– the Trustee	**430**	743	**430**	743
– other related parties	**3,096**	796	**3,096**	796
GST payables	**9,077**	7,139	**9,014**	7,084
Accruals	**71,870**	80,362	**63,123**	70,601
Other payables	**11,096**	42,388	**10,868**	40,233
Amount owing to a subsidiary[1]	**–**	–	**8,721**	8,962
Property tax payable	**11,852**	9,295	**11,852**	9,295
Interest payable	**14,717**	14,683	**13,590**	13,552
Rental received in advance	**11,632**	10,386	**8,856**	8,233
	143,831	192,717	**140,122**	186,482

(1) The amount owing to a subsidiary is unsecured and interest free, and is repayable on demand.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Derivative assets				
Current	**819**	12,156	**759**	12,156
Non-current	**9,129**	16,042	**9,129**	16,014
	9,948	28,198	**9,888**	28,170
Derivative liabilities				
Current	**(616)**	(32,837)	**(371)**	(32,837)
Non-current	**(62,923)**	(58,943)	**(59,258)**	(53,307)
	(63,539)	(91,780)	**(59,629)**	(86,144)
Total derivative financial instruments	**(53,591)**	(63,852)	**(49,741)**	(57,974)

	Group		Trust	
	2018	2017	**2018**	2017
Derivative financial instruments as a percentage of net assets	**0.82%**	1.00%	**0.77%**	0.91%

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group enters into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates.

The Group held interest rate swaps with a total notional amount of $1,946.9 million (2017: $2,036.0 million) to provide fixed rate funding for terms of less than 1.0 year to 6.8 years (2017: 1.0 year to 10.0 years). The Group also held certain floating rate interest rate swaps with an aggregate notional amount of $350.0 million (2017: $350.0 million) and basis interest rate swaps with an aggregate notional amount of $504.5 million (2017: $619.1 million) for efficient portfolio management and to maintain desired level of hedge and preferred floating benchmarks.

The changes in fair value of the interest rate swaps are recognised in the Statements of Total Return for both financial years ended 31 March 2018 and 2017.

As at 31 March 2018, the Group held cross currency swaps ("CCS") with notional amounts of JPY15.0 billion, HKD2.1 billion and USD151.7 million (2017: JPY24.6 billion, HKD2.7 billion and USD141.6 million), respectively, to provide Singapore dollar funding for terms of 1.1 year to 11.4 years (2016: 1.0 year to 12.5 years).

In addition, the Group also held CCS with notional amounts of AUD294.5 million (2017: AUD294.5 million) as a hedge for its investment in Australia for a term of 2.5 years (2017: 3.5 years).

The Group had also entered into forward exchange contracts to manage its foreign currency risk. The notional amount of the Group's outstanding forward exchange contracts as at 31 March 2018 was AUD11.9 million (2017: AUD18.4 million).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include derivative assets and derivative liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Statements of Financial Position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances, following the occurrence of a termination event as set out in the ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only the net amount is due or payable in settlement of all transactions.

The swaps presented below are not offset in the Statements of Financial Position as the right of set–off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Offsetting financial assets and financial liabilities (continued)

	Gross amounts of recognised financial assets/ liabilities $'000	Gross amounts of recognised financial liabilities/ assets offset in the Statements of Financial Position $'000	Net amounts of financial assets/ liabilities presented in the Statements of Financial Position $'000	Related amounts not offset in the Statements of Financial Position $'000	Net amount $'000
2018					
Group					
Types of financial assets					
Derivative assets	**9,948**	**–**	**9,948**	**(5,234)**	**4,714**
Types of financial liabilities					
Derivative liabilities	**63,539**	**–**	**63,539**	**(5,234)**	**58,305**
Trust					
Types of financial assets					
Derivative assets	**9,888**	**–**	**9,888**	**(5,174)**	**4,714**
Types of financial liabilities					
Derivative liabilities	**59,629**	**–**	**59,629**	**(5,174)**	**54,455**
2017					
Group					
Types of financial assets					
Derivative assets	28,198	–	28,198	(12,827)	15,371
Types of financial liabilities					
Derivative liabilities	91,780	–	91,780	(12,827)	78,953
Trust					
Types of financial assets					
Derivative assets	28,170	–	28,170	(12,799)	15,371
Types of financial liabilities					
Derivative liabilities	86,144	–	86,144	(12,799)	73,345

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the Statements of Financial Position at their fair values.

15. LOANS AND BORROWINGS

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Short term bank borrowings (unsecured)	**576,735**	592,638	**576,735**	592,638
Bank overdrafts (Note 12)	**47,965**	–	**47,965**	–
	624,700	592,638	**624,700**	592,638
Term loans (secured)	**285,924**	–	**–**	–
Less: Unamortised transaction costs	**(681)**	–	**–**	–
	285,243	–	**–**	–
Medium term notes (unsecured)	**–**	231,600	**–**	231,600
Less: Unamortised transaction costs	**–**	(52)	**–**	(52)
	–	231,548	**–**	231,548
Total current loans and borrowings	**909,943**	824,186	**624,700**	824,186
Non-current				
Term loans				
– Secured	**285,924**	602,436	**–**	–
– Unsecured	**724,029**	747,777	**724,029**	747,777
Less: Unamortised transaction costs	**(1,742)**	(5,183)	**(1,061)**	(2,690)
	1,008,211	1,345,030	**722,968**	745,087
Medium term notes (unsecured)	**1,604,347**	1,233,840	**1,604,347**	1,233,840
Less: Unamortised transaction costs	**(3,281)**	(2,990)	**(3,281)**	(2,990)
	1,601,066	1,230,850	**1,601,066**	1,230,850
Total non-current loans and borrowings	**2,609,277**	2,575,880	**2,324,034**	1,975,937
Total loans and borrowings	**3,519,220**	3,400,066	**2,948,734**	2,800,123

Maturity of gross loans and borrowings:

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Within 1 year	**910,624**	824,238	**624,700**	824,238
After 1 year but within 5 years	**1,746,493**	1,937,713	**1,460,569**	1,335,277
After 5 years	**867,807**	646,340	**867,807**	646,340
	3,524,924	3,408,291	**2,953,076**	2,805,855

15. LOANS AND BORROWINGS (CONTINUED)

Short term bank borrowings

As at the reporting date, the Group has in place various bilateral short term banking credit facilities totalling $1,265.9 million (2017: $1,020.0 million), of which $617.0 million (2017: $592.6 million) has been utilised. Included in the amount of $1,265.9 million (2017: $1,020.0 million) is a sub-limit of $101.3 million (2017: $95.0 million) facility for the issuance of letters of guarantee.

Term loans

As at the reporting date, the Group has in place various term loans totalling $1,321.8 million (2017: $1,352.4 million), of which $1,321.8 million (2017: $1,352.4 million) of which $1,296.8 million (2017: $1,352.4 million) has been utilised.

Included in the above was approximately $571.8 million (2017: $602.4 million) secured syndicated term loans from Australian banks ("Syndicated Loans"). The Syndicated Loans are secured by way of a first mortgage over 26 properties in Australia and assets of their respective holding trusts, and a guarantee from Ascendas Reit.

Medium term notes

In March 2009, the Trust established a $1.0 billion Multicurrency Medium Term Note ("MTN") Programme. Pursuant to the MTN Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue fixed or floating interest rate notes (the "Notes") in Singapore dollars or any other currency for up to a programme limit of $1.0 billion. In March 2016, the Trust upsized the programme limit to $5.0 billion.

The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Trust ranking *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Trust.

The principal amount of the notes outstanding as at 31 March 2018 comprises $1,075 million (2017: $675.0 million) in SGD-denominated Notes, $184.6 million (2017: $307.5 million) in JPY-denominated Notes and $344.7 million (2017: $482.9 million) in HKD-denominated Notes. The Trust entered into cross currency swaps with notional amounts of JPY15.0 billion and HKD2.1 billion (2017: JPY24.6 billion and HKD2.7 billion) to hedge against the foreign currency risk arising from the principal amount of the JPY and HKD denominated Notes (Note 14).

As at 31 March 2018, the Notes issued under MTN are as follows:

(i) $200.0 million (2017: $200.0 million) Series 004 Notes. The Series 004 Notes will mature on 3 February 2022 and bear a fixed interest rate of 4.00% per annum, payable semi-annually in arrear.

(ii) JPY10.0 billion (2017: JPY10.0 billion) Series 005 Notes. The Series 005 Notes will mature on 23 April 2024 and bear a fixed interest rate of 2.55% per annum, payable semi-annually in arrear.

(iii) JPY5.0 billion (2017: JPY5.0 billion) Series 006 Notes. The Series 006 Notes will mature on 29 March 2021 and bear an interest rate of 3-month JPY LIBOR plus 0.50% per annum, payable quarterly in arrear.

15. LOANS AND BORROWINGS (CONTINUED)

Medium term notes **(continued)**

(iv) $95.0 million (2017: $95.0 million) Series 007 Notes. The Series 007 Notes will mature on 16 May 2019 and bear a fixed interest rate of 2.50% per annum, payable semi-annually in arrear.

(v) HKD640.0 million (2017: HKD640.0 million) Series 009 Notes. The Series 009 Notes will mature on 4 September 2029 and bear a fixed interest rate of 3.64% per annum, payable annually in arrear.

(vi) $150.0 million (2017: $150.0 million) Series 010 Notes. The Series 010 Notes will mature on 3 June 2022 and bear a fixed interest rate of 3.20% per annum, payable semi-annually in arrear.

(vii) $100.0 million (2017: $100.0 million) Series 011 Notes. The Series 011 Notes will mature on 3 August 2020 and bear a fixed interest rate of 2.95% per annum, payable semi-annually in arrear.

(viii) HKD500.0 million (2017: HKD500.0 million) Series 012 Notes. The Series 012 Notes will mature on 4 February 2026 and bear a fixed interest rate of 3.00% per annum, payable annually in arrear.

(ix) $130.0 million (2017: $130.0 million) Series 013 Notes. The Series 013 Notes will mature on 7 April 2021 and bear a fixed interest rate of 2.655% per annum, payable semi-annually in arrear.

(x) HKD923 million (2017: HKD923 million) Series 014 Notes. The Series 014 Notes will mature on 3 August 2026 and bear a fixed interest rate of 2.77% per annum, payable annually in arrear.

(xi) $200 million (2017: Nil) Series 015 Notes. The Series 015 Notes will mature on 10 August 2023 and bear a fixed interest rate of 2.47% per annum, payable semi-annually in arrear.

(xii) $200 million (2017: Nil) Series 016 Notes. The Series 016 Note will mature on 2 March 2025 and bear a fixed interest rate of 3.14% per annum, payable semi-annually in arrear.

During the financial year ended 31 March 2018, the following medium term notes matured and were fully repaid:

(i) JPY9.6 billion Series 003 Notes, which bear a fixed interest rate of 2.11% per annum and payable semi-annually in arrear, matured on 24 February 2018.

(ii) HKD620.0 million Series 008 Notes, which bear a fixed interest rate of 1.67% per annum and payable quarterly in arrear, matured on 26 February 2018.

The Trust has entered into cross currency swaps to swap – the Series 005 Notes, the Series 006 Notes, the Series 009 Notes, the Series 012 Notes and the Series 014 Notes into Singapore dollars (Note 14).

The Group's weighted average all-in cost of borrowings, including interest rate swaps and amortised costs of borrowings as at 31 March 2018 was 2.89% (2017: 3.00%) per annum. Total borrowings have a weighted average term remaining of 3.2 years (2017: 3.3 years).

15. LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2018				
Short term bank borrowings	SOR/COF^ + margin	2018	**624,700**	**624,700**
Term loans	SOR/COF^ + margin	2018 to 2020	**1,295,877**	**1,293,454**
Medium term notes	2.47 – 4.00 / JPY 3mth LIBOR + 0.5%	2019 to 2029	**1,604,347**	**1,601,066**
			3,524,924	**3,519,220**
2017				
Short term bank borrowings	SOR/COF^ + margin	2018	592,638	592,638
Term loans	SOR/COF^ + margin	2019 to 2020	1,350,213	1,345,030
Medium term notes	1.67 – 4.00/JPY LIBOR + 0.5%	2018 to 2029	1,465,440	1,462,398
			3,408,291	3,400,066
Trust				
2018				
Short term bank borrowings	SOR/COF^ + margin	2018	**624,700**	**624,700**
Term loans	SOR/COF^ + margin	2019 to 2020	**724,029**	**722,968**
Medium term notes	2.47 – 4.00 /JPY LIBOR + 0.5%	2018 to 2029	**1,604,347**	**1,601,066**
			2,953,076	**2,948,734**
2017				
Short term bank borrowings	SOR / COF^ + margin	2018	592,638	592,638
Term loans	SOR / COF^ + margin	2019 to 2020	747,777	745,087
Medium term notes	1.67 – 4.00 /JPY LIBOR + 0.5%	2018 to 2029	1,465,440	1,462,398
			2,805,855	2,800,123

^ COF denotes the lender's cost of funds

A reconciliation of liabilities arising from financing activities is as follows:

			<—— Non-cash changes	——>		
	2017 $'000	Cash flows $'000	Currency translation $'000	Accretion of interests $'000	Others $'000	2018 $'000
Group						
Loans and borrowings – medium term notes, and bank borrowings	3,400,066	120,792	(53,934)	1,903	2,428	3,471,255

The "Others" column relates to the movement of debt related transaction cost.

16. EXCHANGEABLE COLLATERALISED SECURITIES AND COLLATERAL LOAN

	2018 $'000	2017 $'000
Group		
Exchangeable collateralised securities ("ECS")		
At 1 April	–	354,000
Change in fair value of ECS	–	3,570
Exchanged to Units of Ascendas Reit	–	(357,570)
At 31 March	–	–
Trust		
Collateral loan		
At 1 April	–	354,000
Change in fair value of collateral loan	–	3,570
Repayment	–	(357,570)
At 31 March	–	–

In March 2010, a collateral loan of $300.0 million ("Collateral Loan") was granted by Ruby Assets Pte. Ltd. ("Ruby Assets") to the Trust. The Collateral Loan had a fixed interest rate of 1.60% per annum and maturity date of 1 February 2017.

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

- a mortgage over 19 properties in the Trust portfolio;
- an assignment and charge of the rental proceeds and tenancy agreements of the above mentioned properties;
- an assignment of the insurance policies relating to the above mentioned properties; and
- a fixed and floating charge over certain assets of the Trust relating to the above mentioned properties.

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

Upon maturity on 1 February 2017, all the ECS was exchanged and cancelled in accordance with the terms and conditions of the ECS and the Collateral Loan was fully repaid.

17. DEFERRED TAX LIABILITIES

The movements in the deferred tax assets and liabilities during the year are as follows:

	Investment properties $'000	Unremitted earnings of overseas subsidiaries $'000	Total $'000
Group			
At 1 April 2016	42,116	808	42,924
Recognised in Statement of Total Return (Note 26)	(47,704)	(808)	(48,512)
Divestment of subsidiaries	5,588	–	5,588
At 31 March 2017	–	–	–
At 1 April 2017	–	–	–
Recognised in Statement of Total Return (Note 26)	–	1,411	1,411
At 31 March 2018	**–**	**1,411**	**1,411**
Trust			
At 1 April 2016	–	606	606
Divestment of subsidiaries	–	(606)	(606)
At 31 March 2017	–	–	–
At 1 April 2017 and 31 March 2018	**–**	**–**	**–**

18. PERPETUAL SECURITIES

In October 2015, the Trust issued $300.0 million perpetual securities. The key terms and conditions of the perpetual securities are as follows:

- the perpetual securities will confer a right to receive distribution payments at a rate of 4.75% per annum with the first distribution rate reset falling on 14 October 2020 and subsequent resets occurring every five years thereafter;
- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the perpetual securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the conditions) of the Issuer.

The perpetual securities are classified as equity instruments and recorded as equity in the Statements of Financial Position. The $304.4 million (2017: $304.4 million) presented in the Statements of Financial Position represents the carrying value of the $300.0 million (2017: $300.0 million) perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

19. NON-CONTROLLING INTERESTS

The Group has non-controlling interests ("NCI") in the following subsidiary:

Name of subsidiary	Principal place of business	Effective equity held by NCI	
		2018	2017
		%	%
Ruby Assets Pte. Ltd.	Singapore	**100**	100

As at 31 March 2018, the Group is in the process of liquidating Ruby Assets Pte. Ltd. The financial information of Ruby Assets Pte. Ltd. is not significant to the Group as at 31 March 2018 and 31 March 2017 respectively.

20. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2018	2017
	('000)	('000)
Units issued:		
At the beginning of the financial year	**2,924,767**	2,665,576
Issue of new Units:		
– Management fees paid in Units	**3,737**	4,074
– Acquisition fees paid in Units	**–**	1,695
– Equity fund raising	**–**	64,000
– Consideration Units for acquisition of property	**–**	40,835
– Conversion of ECS	**–**	148,587
At the end of the financial year	**2,928,504**	2,924,767
Units to be issued:		
Management fee payable in Units	**1,289**	1,293
Total Units issued and to be issued at the end of the financial year	**2,929,793**	2,926,060

<u>During the financial year ended 31 March 2018:</u>

- 3,736,735 new Units amounting to $9,995,000 were issued at issue prices ranging from $2.6734 to $2.6761 per unit for the payment of 20% base management fee to the Manager in Units.

<u>During the financial year ended 31 March 2017:</u>

- 4,074,004 new Units amounting to $9,557,000 were issued at issue prices ranging from $2.3225 to $2.3691 per unit for the payment of 20% base management fee to the Manager in Units.
- 1,694,710 new Units amounting to $4,200,000 were issued at issue price of $2.4783 per unit as payment of acquisition fees to the Manager for acquisition of 12, 14 & 16 Science Park Drive.

20. UNITS IN ISSUE AND TO BE ISSUED (CONTINUED)

<u>During the financial year ended 31 March 2017:</u> (continued)

- 64,000,000 new Units were issued on 11 August 2016 at an issue price of $2.4170 per unit pursuant to a private placement, amounting to $154,688,000. Unitholders on the register with The Central Depository (Pte) Limited ("CDP") on 10 August 2016 received an advance distribution on 15 August 2016 of 5.635 cents per unit for the period from 1 April 2016 to 10 August 2016. Thereafter, the 64,000,000 new Units rank *pari passu* in all respects with the Units in issue prior to 11 August 2016, including the entitlements to all future distributions.

- 40,834,660 new Units amounting to $100,000,000 were issued on 15 February 2017, at an issue price of $2.4489 per unit as partial consideration for the acquisition of 12, 14 & 16 Science Park Drive. These Units rank *pari passu* in all respects with the units in issue on the day immediately preceding the date of issue.

- 148,587,770 new Units were issued at issue prices from $2.0144 to $2.0505 per unit pursuant to the conversion of ECS on various dates during the financial year ended 31 March 2017. These units rank *pari passu* in all respects with the units in issue on the day immediately preceding the date of issue.

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of the Trust;

- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the issued units) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and

- One vote per unit at a Unitholders' meeting.

The restrictions to a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and

- A Unitholder has no right to request for redemption of their units while the units are listed on SGX-ST.

21. GROSS REVENUE

	Group	
	2018	2017
	$'000	$'000
Property rental income	**784,306**	757,116
Other income	**77,805**	73,476
	862,111	830,592

22. PROPERTY OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Land rent	**32,413**	32,628
Maintenance and conservancy fees	**34,136**	34,943
Property service fees	**34,522**	32,418
Property tax	**59,617**	46,363
Utilities	**42,224**	38,719
Security services	**6,889**	8,641
Site staff cost	**5,435**	7,158
Carpark management fee expenses	**4,697**	4,768
Land tax	**9,064**	8,679
Other operating expenses	**3,714**	5,321
	232,711	219,638

23. MANAGEMENT FEES

	Group	
	2018	2017
	$'000	$'000
Base management fee	**50,707**	48,398
Performance fee	**–**	1,902

Included in management fees is an aggregate of 5,025,533 (2017: 5,366,905) Units amounting to approximately $10,139,000 (2016: $9,691,000) that was issued or will be issued to the Manager as satisfaction of the management fee payable in Units at unit prices ranging from $2.6316 to $2.6761 (2017: $2.3225 to $2.3691) per unit.

24. TRUST EXPENSES

	Group	
	2018	2017
	$'000	$'000
Auditors' remuneration		
– audit fees	**331**	325
– non-audit fees	**117**	66
Professional fees	**1,084**	3,518
Valuation fees	**432**	791
Trustee fee	**3,123**	3,331
Other expenses	**2,627**	2,381
	7,714	10,412

Other expenses for the Group for the financial year ended 31 March 2017 includes depreciation of plant and equipment of $19,000.

25. FINANCE INCOME AND FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Finance income	**9,081**	6,832
Interest expense	**106,305**	99,691
Amortisation of transaction costs	**3,359**	3,938
Accretion loss on security deposits	**–**	6,840
Change in fair value of ECS	**–**	3,570
Others	**178**	3,655
Finance costs	**109,842**	117,694

26. TAX EXPENSE/(CREDIT)

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
- Current year	**2,393**	28,832
- (Under)/over provision in respect of prior year	**(977)**	668
	1,416	29,500
Deferred tax expense		
Origination and reversal of temporary differences (Note 17)	**1,411**	(48,512)
Tax expense/(credit)	**2,827**	(19,012)

Reconciliation of effective tax rate

	Group 2018 $'000	Group 2017 $'000
Total return for the year before tax	**496,921**	408,475
Tax calculated using Singapore tax rate of 17% (2017: 17%)	**84,477**	69,441
Effect of different tax rate in foreign jurisdiction	**2,393**	5,106
Non-tax deductible items, net	**5,271**	17,224
Income not subject to tax	**(15,223)**	(15,239)
Tax on overseas profits yet to be remitted	**1,411**	(808)
(Over)/under provision in respect of prior year	**(977)**	668
Derecognition of deferred tax provided by subsidiaries upon disposal	**–**	(47,704)
Tax provision on the disposal of overseas subsidiaries	**–**	23,725
Tax transparency	**(74,525)**	(71,425)
	2,827	(19,012)

27. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(a) Basic earnings per unit

The calculation of basic earnings per unit is based on the total return for the year and weighted average number of units during the year:

	Group	
	2018	2017
	$'000	$'000
Total return for the year attributable to the Unitholders and perpetual securities holders	**494,118**	427,480
Less: Amount reserved for distribution to perpetual securities holders	**(14,250)**	(14,250)
Total return attributable to Unitholders	**479,868**	413,230

	Number of Units	
	2018	2017
	('000)	('000)
Weighted average number of Units:		
– outstanding during the year	**2,926,784**	2,787,080
– to be issued as payment for management fee payable in Units	**4**	4
	2,926,788	2,787,084

	Group	
	2018	2017
Basic earnings per unit (cents)	**16.396**	14.827

(b) Diluted earnings per Unit

As at 31 March 2018 and 2017, the diluted earnings per Unit was equivalent to the basic earnings per Unit.

(c) Distribution per Unit

The calculation of distribution per Unit for the financial year is based on:

	Group	
	2018	2017
Total amount available for distribution for the year ($'000)	**468,045**	446,304
Distribution per Unit (cents)	**15.988**	15.743

28. COMMITMENTS AND CONTINGENCIES

(a) The Trust is required to pay JTC Corporation ("JTC") and the Housing Development Board ("HDB") annual land rent (including licence fee payable for development projects) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year. The land rent paid/payable to JTC and HDB amounted to $38,159,000 (2017: $37,910,000) and $1,870,000 (2017: $2,170,000), respectively, in relation to 72 (2017: 74) properties for the financial year ended 31 March 2018 (including amounts that have been directly recharged to tenants).

(b) The Group and the Trust lease out their investment properties under operating lease agreements. Non-cancellable operating lease rental receivables are as follows:

	Group		Trust	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Within 1 year	**716,774**	710,806	**622,208**	629,686
After 1 year but within 5 years	**1,606,834**	1,620,563	**1,305,576**	1,381,047
After 5 years	**889,564**	896,254	**724,596**	764,961
	3,213,172	3,227,623	**2,652,380**	2,775,694

(c) As at 31 March 2018, the Group and the Trust had $37.4 million (2017: $75.2 million) and $12.2 million (2017: $48.7 million) of capital expenditure commitments that had been contracted for but not provided for in the financial statements, respectively.

(d) The Trust has provided a corporate guarantee amounting to $571.8 million (2017: $602.4 million) to banks for loans obtained by a subsidiary.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of a significant Unitholder of the Trust.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the financial year, in addition to those disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group	
	2018 **$'000**	2017 $'000
Acquisition fee paid/payable to the Manager and subsidiary of the Manager	**2,255**	5,674
Acquisition of properties from related parties of the Manager	**–**	420,000
Car park management fee paid/payable to the Property Manager	**4,696**	4,766
Divestment fee payable to the Manager	**304**	2,208
Land premium, land rent and water frontage, purchase of structural plans and administrative fee paid/payable to a related party	**38,434**	38,509
Lease rental, securities, utilities and car park income received from:		
– the Manager	**–**	(345)
– the Property Manager	**–**	(53)
– related parties of the Manager	**–**	(3,241)
– other related parties	**(48,133)**	(47,044)
Lease service fees paid/payable to the Manager and subsidiary of the Manager	**19,609**	17,592
Payment on behalf to the subsidiary of the Manager	**–**	5
Management fees paid/payable to the Manager and subsidiary of the Manager	**50,707**	48,398
Performance fees payable to the Manager	**–**	1,902
Property service fees paid to the Property Manager	**22,334**	20,916
Property service fees, service charges, reimbursements and receipts on behalf of and payable to related parties of the Manager	**2,351**	2,526
Reimbursements and receipts on behalf of the Property Manager	**440**	2,130
Reimbursements paid/payable to the Manager	**48**	126
Reimbursements of expenses from other related parties	**(81)**	(42)
Receipts on behalf by the Manager	**(52)**	(1,799)
Rental income of meeting rooms and receipts on behalf by the Property Manager	**(80)**	(259)
Utilities expenses, telephone charges, security deposits, M&C services and reimbursement of expenses to other related parties	**11,071**	11,361
Utilities income and recovery of expenses paid on behalf by related parties of the Manager	**(112)**	(156)

30. FINANCIAL RATIOS

	Group	
	2018	2017
	%	%
Ratio of expenses to weighted average net asset value [(1)]	**0.91**	0.96
Ratio of expenses to weighted average net asset value [(2)]	**0.91**	1.00
Ratio of expenses to net asset value [(3)]	**4.48**	4.43
Portfolio turnover rate [(4)]	**0.94**	0.56

(1) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group level, excluding property related expenses, borrowing costs and performance component of management fees.

(2) The annualised ratio is computed in accordance with guidelines of the Investment Management Association of Singapore. The expenses used in the computation are the same as in (1) above except that performance fee has been included.

(3) The ratio is computed based on the total property expenses, including all fees and charges paid to the Trustee, the Manager and related parties for the financial year and as a percentage of net asset value as at the end of the financial year.

(4) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is integral to the whole business of the Group. The Manager has a system of controls in place to maintain an acceptable balance between the benefits derived from managing risks and the cost of managing those risks. The Manager also monitors the Group's risk management process closely to ensure an appropriate balance between control and achievement of business objectives. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's strategic direction.

The Audit Committee of the Manager oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's exposure to those risks. The Audit Committee's oversight role is assisted by an internal audit function which is outsourced to an independent professional firm ("Internal Audit"). Internal Audit undertakes both regular and ad-hoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

The Group's exposure to fluctuations in foreign currency rates relates primarily to its bank borrowings and medium term notes that are denominated in foreign currencies as well as investments in non-Singapore properties. The foreign currencies giving rise to this risk are mainly Australian Dollars ("AUD"), Unites States Dollars ("USD"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD").

The Group monitors its foreign currency exposure on an ongoing basis and manages its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products. The Group and the Trust enter into CCS with banks to manage currency risk.

In relation to foreign currency risk arising from investments in non-Singapore properties, the Group and the Trust had borrowed in the foreign currency of underlying investments to achieve a natural hedge. The Group and the Trust had also entered into forward exchange contracts to hedge the cash flows from overseas investments (Note 14).

The Group's currency exposure is as follows:

	SGD $'000	AUD $'000	USD $'000	HKD $'000	JPY $'000	Total $'000
2018						
Financial assets						
Cash and fixed deposits	5,002	20,014	–	–	–	25,016
Trade and other receivables	18,327	3,393	–	–	–	21,720
Finance lease receivables	55,628	–	–	–	–	55,628
	78,957	23,407	–	–	–	102,364
Financial liabilities						
Trade and other payables [1]	(117,213)	(5,909)	–	–	–	(123,122)
Security deposits	(118,612)	(1,468)	–	–	–	(120,080)
Loans and borrowings – Gross	(1,962,961)	(833,587)	(199,029)	(344,727)	(184,620)	(3,524,924)
	(2,198,786)	(840,964)	(199,029)	(344,727)	(184,620)	(3,768,126)
Net financial liabilities	(2,119,829)	(817,557)	(199,029)	(344,727)	(184,620)	(3,665,762)
Less: Net financial assets denominated in the respective entities' functional currency	2,119,829	562,252	–	–	–	2,682,081
Less: Cross currency swap		261,738	199,029	344,727	184,620	990,114
Currency exposure	–	6,433	–	–	–	6,433

(1) Excludes rental received in advance and GST payable.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows: (continued)

	SGD $'000	AUD $'000	USD $'000	HKD $'000	JPY $'000	Total $'000
2017						
Financial assets						
Cash and fixed deposits	5,735	16,265	–	–	–	22,000
Trade and other receivables	29,981	3,187	–	–	–	33,168
Finance lease receivables	57,731	–	–	–	–	57,731
	93,447	19,452	–	–	–	112,899
Financial liabilities						
Trade and other payables [1]	(167,958)	(7,234)	–	–	–	(175,192)
Security deposits	(119,258)	(1,561)	–	–	–	(120,819)
Loans and borrowings – Gross	(1,625,000)	(795,074)	(197,777)	(482,940)	(307,500)	(3,408,291)
	(1,912,216)	(803,869)	(197,777)	(482,940)	(307,500)	(3,704,302)
Net financial liabilities	(1,818,769)	(784,417)	(197,777)	(482,940)	(307,500)	(3,591,403)
Less: Net financial assets denominated in the respective entities' functional currency	1,818,769	595,216	–	–	–	2,413,985
Less: Cross currency swap	–	192,638	197,777	482,940	307,500	1,180,855
Currency exposure	–	3,437	–	–	–	3,437

The Trust's currency exposure is as follows:

	SGD $'000	AUD $'000	USD $'000	HKD $'000	JPY $'000	Total $'000
2018						
Financial assets						
Cash and fixed deposits	**3,838**	**22**	**–**	**–**	**–**	**3,860**
Trade and other receivables	**18,162**	**6,411**	**–**	**–**	**–**	**24,573**
Finance lease receivables	**55,628**	**–**	**–**	**–**	**–**	**55,628**
	77,628	**6,433**	**–**	**–**	**–**	**84,061**
Financial liabilities						
Trade and other payables [1]	**(122,252)**	**–**	**–**	**–**	**–**	**(122,252)**
Security deposits	**(118,581)**	**–**	**–**	**–**	**–**	**(118,581)**
Loans and borrowings – Gross	**(1,962,961)**	**(261,739)**	**(199,029)**	**(344,727)**	**(184,620)**	**(2,953,076)**
	(2,203,794)	**(261,739)**	**(199,029)**	**(344,727)**	**(184,620)**	**(3,193,909)**
Net financial liabilities	**(2,126,166)**	**(255,306)**	**(199,029)**	**(344,727)**	**(184,620)**	**(3,109,848)**
Less: Net financial assets denominated in the respective entities' functional currency	**2,126,166**	**–**	**–**	**–**	**–**	**2,126,166**
Less: Cross currency swap	**–**	**261,739**	**199,029**	**344,727**	**184,620**	**990,115**
Currency exposure	**–**	**6,433**	**–**	**–**	**–**	**6,433**

(1) Excludes rental received in advance and GST payable.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Trust's currency exposure is as follows: (continued)

	SGD $'000	AUD $'000	USD $'000	HKD $'000	JPY $'000	Total $'000
2017						
Financial assets						
Cash and fixed deposits	4,175	509	–	–	–	4,684
Trade and other receivables	30,020	2,928	–	–	–	32,948
Finance lease receivables	57,731	–	–	–	–	57,731
	91,926	3,437	–	–	–	95,363
Financial liabilities						
Trade and other payables [(1)]	(171,165)	–	–	–	–	(171,165)
Security deposits	(119,258)	–	–	–	–	(119,258)
Loans and borrowings – Gross	(1,625,000)	(192,638)	(197,777)	(482,940)	(307,500)	(2,805,855)
	(1,915,423)	(192,638)	(197,777)	(482,940)	(307,500)	(3,096,278)
Net financial liabilities	(1,823,497)	(189,201)	(197,777)	(482,940)	(307,500)	(3,000,915)
Less: Net financial assets denominated in the respective entities' functional currency	1,823,497	–	–	–	–	1,823,497
Less: Cross currency swap	–	192,638	197,777	482,940	307,500	1,180,855
Currency exposure	–	3,437	–	–	–	3,437

(1) Excludes rental received in advance and GST payable.

Sensitivity analysis

The Group and the Trust are not subject to significant currency risk after entering into cross currency swap and forward exchange contracts for the financial assets or liabilities denominated in foreign currencies.

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain a certain level of its borrowings in fixed-rate instruments. The Group's and the Trust's exposure to cash flow interest rate risks arise mainly from variable-rate borrowings. The Manager manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The Group's and Trust's borrowings at variable rates on which interest rate swaps have not been entered into, are denominated mainly in SGD (2017: SGD). If the SGD interest rates had increased/decreased by 100 basis point (2017: 100 basis point) with all other variables including tax rate being held constant, the total profit would have been lower/higher by $9,934,000 and $9,934,000 respectively (2017: $7,107,000 and $7,107,000 respectively) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group, to settle its financial and contractual obligations, as and when they fall due.

The Manager has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Manager before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees, corporate guarantees or cash security deposits are obtained upon the commencement of the lease.

As at the reporting date, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset, including derivative financial instruments on the Statements of Financial Position.

The Group's major classes of financial assets are cash and cash equivalents, finance receivables and trade and other receivables.

The credit risk for net trade receivables based on the information provided to key management is disclosed in Note 10.

(i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short term deposits, and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(ii) Financial assets that are either past due or impaired

Information regarding financial asset that are either past due or impaired is disclosed in Note 10 (Trade and other receivables).

As at 31 March 2018 and 31 March 2017, the Group and the Trust had no other financial assets which it had determined to be impaired and there are no allowances on impairment provided for.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Trust may encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Trust's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Group strives to maintain available banking facilities at a reasonable level to meet its investment opportunities. The Group has in place various bilateral banking credit facilities and a Multicurrency Medium Term Note Programme with a programme limit of $5.0 billion (Note 15).

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group			
2018			
Non-derivative financial liabilities			
Loans and borrowings	**987,269**	**1,926,691**	**963,342**
Trade and other payables (1)	**123,122**	**–**	**–**
Security deposits	**42,095**	**71,617**	**6,368**
	1,152,486	**1,998,308**	**969,710**
Derivative financial liabilities			
Interest rate swaps (net-settled)	**455**	**5,846**	**299**
Cross currency swaps (net-settled)	**–**	**–**	**51,705**
	455	**5,846**	**52,004**
	1,152,941	**2,004,154**	**1,021,714**
2017			
Non-derivative financial liabilities			
Loans and borrowings	1,032,518	2,105,780	694,974
Trade and other payables (1)	175,192	–	–
Security deposits	41,946	66,627	12,246
	1,249,656	2,172,407	707,220
Derivative financial liabilities			
Interest rate swaps (net-settled)	2,078	12,136	962
Cross currency swaps (net-settled)	18,209	14,666	30,478
Forward exchange contracts	424	–	–
	20,711	26,802	31,440
	1,270,367	2,199,209	738,660

(1) Excludes rental received in advance and GST payable.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Trust			
2018			
Non-derivative financial liabilities			
Loans and borrowings	**689,666**	**1,628,705**	**963,342**
Trade and other payables [1]	**122,252**	**–**	**–**
Security deposits	**42,044**	**70,169**	**6,368**
	853,962	**1,698,874**	**969,710**
Derivative financial liabilities			
Interest rate swaps (net-settled)	**251**	**2,200**	**299**
Cross currency swaps (net-settled)	**–**	**–**	**51,705**
	251	**2,200**	**52,004**
	854,213	**1,701,074**	**1,021,714**
2017			
Non-derivative financial liabilities			
Loans and borrowings	1,017,608	1,478,334	694,974
Trade and other payables [1]	171,165	–	–
Security deposits	41,887	65,125	12,246
	1,230,660	1,543,459	707,220
Derivative financial liabilities			
Interest rate swaps (net-settled)	2,078	6,527	962
Cross currency swaps (net-settled)	18,209	14,667	30,478
Forward exchange contracts	424	–	–
	20,711	21,194	31,440
	1,251,371	1,564,653	738,660

(1) Excludes rental received in advance and GST payable.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below shows the contractual expiry by maturity of the Trust's corporate guarantee provided to the subsidiary (Note 28(d)). The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Trust			
2018			
Corporate guarantee	**571,830**	**–**	**–**
2017			
Corporate guarantee	602,400	–	–

(d) Capital management

The Group's and the Trust's objective when managing capital is to optimise Unitholders' value through the mixture of available capital sources which include debt, equity and convertible instruments. In addition, the Group and the Trust ensure the compliance with statutory and constitutional capital and distribution requirements, maintaining gearing ratio, interest expense coverage and other ratios within approved limits.

The Board of Directors of the Manager (the "Board") reviews the Group's and the Trust's capital management as well as financing policies regularly so as to optimise the Group's and the Trust's capital funding structure. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. With effect from 1 January 2016, the CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the Deposited Property.

As at 31 March 2018, the Aggregate Leverage of the Group is 34.4% (2017: 33.8%). The Group and the Trust are in compliance with the Aggregate Leverage limit of 45.0% during the financial year. In addition, the Group and the Trust continue to maintain an issuer rating of A3 by Moody's.

32. FAIR VALUE MEASUREMENT

The Group has an established control framework with respect to the measurement of fair values. This framework includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, pricing services or external valuations, is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2: Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

32. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of the Group's each class of assets and liabilities measured at fair value at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2018				
Financial assets				
Derivative assets	**–**	**9,948**	**–**	**9,948**
Total financial assets	**–**	**9,948**	**–**	**9,948**
Non-financial assets				
Investment properties	**–**	**–**	**10,118,978**	**10,118,978**
Investment property held for sale	**–**	**–**	**20,300**	**20,300**
Investment properties under development	**–**	**–**	**95,463**	**95,463**
Total non-financial assets	**–**	**–**	**10,234,741**	**10,234,741**
Financial liabilities				
Derivative liabilities	**–**	**(63,539)**	**–**	**(63,539)**
Total financial liabilities	**–**	**(63,539)**	**–**	**(63,539)**
2017				
Financial assets				
Derivative assets	–	28,198	–	28,198
Total financial assets	–	28,198	–	28,198
Non-financial assets				
Investment properties	–	–	9,874,204	9,874,204
Investment properties under development	–	–	125,062	125,062
Total non-financial assets	–	–	9,999,266	9,999,266
Financial liabilities				
Derivative liabilities	–	(91,780)	–	(91,780)
Total financial liabilities	–	(91,780)	–	(91,780)

32. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Assets and liabilities measured at fair value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust				
2018				
Financial assets				
Derivative assets	**–**	**9,888**	**–**	**9,888**
Total financial assets	**–**	**9,888**	**–**	**9,888**
Non-financial assets				
Investment properties	**–**	**–**	**8,625,500**	**8,625,500**
Investment property held for sale	**–**	**–**	**20,300**	**20,300**
Investment properties under development	**–**	**–**	**86,400**	**86,400**
Total non-financial assets	**–**	**–**	**8,732,200**	**8,732,200**
Financial liabilities				
Derivative liabilities	**–**	**(59,629)**	**–**	**(59,629)**
Total financial liabilities	**–**	**(59,629)**	**–**	**(59,629)**
Trust				
2017				
Financial assets				
Derivative assets	–	28,170	–	28,170
Total financial assets	–	28,170	–	28,170
Non-financial assets				
Investment properties	–	–	8,567,210	8,567,210
Investment properties under development	–	–	125,062	125,062
Total non-financial assets	–	–	8,692,272	8,692,272
Financial liabilities				
Derivative liabilities	–	(86,144)	–	(86,144)
Total financial liabilities	–	(86,144)	–	(86,144)

32. FAIR VALUE MEASUREMENT (CONTINUED)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

The fair value of interest rate swaps, forward contracts and cross currency swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurement

Investment properties, investment properties under development and investment property held for sale

Investment properties are stated at fair value based on valuations by independent professional valuers. The independent professional valuers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The independent professional valuers have considered valuation techniques including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair value of investment properties of the Group and the Trust was $10,119 million (2017: $9,874 million) and $8,626 million (2017: $8,567 million) as at 31 March 2018 respectively. The fair value of investment properties under development of the Group and the Trust was $95.5 million (2017: $125 million) and $86.4 million (2017: $125 million) as at 31 March 2018 respectively. The fair value of investment property held for sale was $20.3 million (2017: Nil) as at 31 March 2018.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

32. FAIR VALUE MEASUREMENT (CONTINUED)

(d) Level 3 fair value measurements (continued)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurement (continued)*

Investment properties, investment properties under development and investment property held for sale (continued)

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter–relationship between key unobservable inputs and fair value measurements
	Group	
Capitalisation Approach	• Capitalisation rates of 5.00% to 7.00% (2017: 5.50% to 7.50%)	The estimated fair value would increase if the capitalisation rate, discount rate and terminal yield decreased. The estimated fair value would increase if the price psm increased.
Discounted Cash Flow Method	• Discount rates of 6.25% to 8.25% (2017: 7.00% to 8.50%)	
	• Terminal yields of 5.25% to 7.50% (2017: 5.75% to 8.00%)	
Direct Comparison Method	• Adjusted price (psm) of $1,563 to $9,260 (2017: $1,019 to $4,818)	
	Trust	
Capitalisation Approach	• Capitalisation rates of 5.00% to 7.00% (2017: 5.50% to 7.50%)	
Discounted Cash Flow Method	• Discount rates of 7.00% to 8.25% (2017: 7.50% to 8.50%)	
	• Terminal yields of 5.25% to 7.25% (2017: 5.75% to 8.00%)	
Direct Comparison Method	• Adjusted price (psm) of $1,563 to $9,260 (2017: $1,019 to $4,818)	

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

The reconciliation for investment properties, investment properties under development and investment property held for sale measured at fair value based on significant unobservable inputs (Level 3) is disclosed in Note 4 and Note 5 respectively.

32. FAIR VALUE MEASUREMENT (CONTINUED)

(e) Assets and liabilities not measured at fair value for which fair value is disclosed

The following table shows an analysis of the Group and the Trust's other non-current assets and liabilities not measured at fair value for which fair value is disclosed:

	Fair value determined using significant unobservable inputs (Level 3) Total $'000	Carrying amount $'000
Group		
2018		
Assets		
Finance lease receivables	**65,244**	**53,243**
Liabilities		
Security deposits	**72,195**	**77,985**
Medium term notes – gross	**1,568,128**	**1,604,347**
2017		
Assets		
Finance lease receivables	70,898	55,627
Liabilities		
Security deposits	72,743	78,873
Medium term notes – gross	1,179,487	1,233,840

32. FAIR VALUE MEASUREMENT (CONTINUED)

(e) Assets and liabilities not measured at fair value for which fair value is disclosed (continued)

The following table shows an analysis of the Group and the Trust's other non-current assets and liabilities not measured at fair value for which fair value is disclosed: (continued)

	Fair value determined using significant unobservable inputs (Level 3) Total $'000	Carrying amount $'000
Trust		
2018		
Assets		
Finance lease receivables	**65,244**	**53,243**
Liabilities		
Security deposits	**70,746**	**76,537**
Medium term notes – gross	**1,568,128**	**1,604,347**
2017		
Assets		
Finance lease receivables	70,898	55,627
Liabilities		
Security deposits	71,361	77,371
Medium term notes – gross	1,179,487	1,233,840

Interest rates used to discount the estimated cash flows were as following:

	Group and Trust	
	2018 %	2017 %
Finance lease receivables	**2.81**	2.51
Security deposits	**2.89**	2.75
Medium term notes	**1.75 – 4.66**	1.76 – 4.69

32. FAIR VALUE MEASUREMENT (CONTINUED)

(e) Assets and liabilities not measured at fair value for which fair value is disclosed (continued)

Determination of fair value

Finance lease receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market interest rate for instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Security deposits

The fair values of security deposits are calculated based on the present value of future cash outflows, discounted at the market interest rate at the reporting date.

Medium term notes

The fair values of the SGD-denominated medium term notes were obtained from market quotes. The fair value of the non-SGD-denominated medium term notes are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of instruments with similar maturity, repricing and credit risk characteristics at the reporting date.

Other non-current loans and borrowings

The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

Other financial assets and liabilities

The fair values of all other financial assets and liabilities are calculated based on the present value of future principal, discounted at the market interest rate of the instruments at the reporting date.

(f) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value

The carrying amount of the Group and the Trust's current financial assets and liabilities approximated their fair value. The fair value of the Group and the Trust's non-current loans and borrowings with floating interest rate approximate their fair value.

33. OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the Chief Executive Officer, the Group's Chief Operating Decision Maker ("CODM") reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group under FRS 108 Operating Segments.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODM for the purpose of assessment of segment performance. In addition, the CODM monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, performance fee, trust expenses, finance income, finance costs and related assets and liabilities.

Information regarding the Group's reportable segments is presented in the tables below.

Segment results

	Business & Science Park Properties, and Suburban Offices		Integrated Development, Amenities & Retail Properties		High–Specifications Industrial Properties & Data Centres		Light Industrial Properties & Flatted Factories		Logistics & Distribution Centres		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group												
Gross rental income	**280,491**	256,771	**57,467**	57,194	**167,389**	155,789	**86,465**	89,687	**192,494**	197,675	**784,306**	757,116
Other income	**33,758**	35,210	**3,978**	4,038	**23,986**	21,605	**6,935**	3,746	**9,148**	8,877	**77,805**	73,476
Gross revenue	**314,249**	291,981	**61,445**	61,232	**191,375**	177,394	**93,400**	93,433	**201,642**	206,552	**862,111**	830,592
Property operating expenses	**(93,435)**	(90,997)	**(13,751)**	(14,320)	**(49,355)**	(34,497)	**(28,313)**	(26,982)	**(47,857)**	(52,842)	**(232,711)**	(219,638)
Segment net property income	**220,814**	200,984	**47,694**	46,912	**142,020**	142,897	**65,087**	66,451	**153,785**	153,710	**629,400**	610,954
Net property income margin	**70.3%**	68.8%	**77.6%**	76.6%	**74.2%**	80.6%	**69.7%**	71.1%	**76.3%**	74.4%	**73.0%**	73.6%

33. OPERATING SEGMENTS (CONTINUED)

Segment results (continued)

	Business & Science Park Properties, and Suburban Offices		Integrated Development, Amenities & Retail Properties		High–Specifications Industrial Properties & Data Centres		Light Industrial Properties & Flatted Factories		Logistics & Distribution Centres		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group												
Unallocated												
– Gain on divestment of subsidiaries											**–**	21,385
– Gain on disposal on investment properties											**5,309**	–
– Finance income											**9,081**	6,832
– Finance costs											**(109,842)**	(117,694)
– Other net expenses											**(51,146)**	(83,458)
Net income											**482,802**	438,019
Unallocated net change in fair value of financial derivatives											**9,805**	(11,659)
Net change in fair value of investment properties	**34,178**	14,287	**(6,919)**	(448)	**4,799**	(1,932)	**(5,451)**	(17,817)	**(22,807)**	(12,450)	**3,800**	(18,360)
Share of joint venture's result											**514**	475
Total return for the year before tax											**496,921**	408,475
Unallocated tax (expense)/credit											**(2,827)**	19,012
Total return for the year											**494,094**	427,487

33. OPERATING SEGMENTS (CONTINUED)

Segments assets and liabilities

	Business & Science Park Properties, and Suburban Offices $'000	Integrated Development, Amenities & Retail Properties $'000	High–Specifications Industrial Properties & Data Centres $'000	Light Industrial Properties & Flatted Factories $'000	Logistics & Distribution Centres $'000	Total $'000
Group						
31 March 2018						
Assets and liabilities						
Segment assets	4,005,910	726,799	2,231,784	953,132	2,409,116	10,326,741
Unallocated assets						27,052
Total assets						10,353,793
Segment liabilities	76,354	18,052	54,221	31,656	43,356	223,639
Unallocated liabilities:						
– loans and borrowings						3,519,220
– others						112,238
Total liabilities						3,855,097
Other segmental information						
Capital expenditure						
– investment properties	14,866	11,198	31,171	8,008	18,595	83,838
– investment properties under development	–	–	–	–	37,072	37,072
Provision of impairment loss on doubtful receivables	9	–	–	–	1	10

33. OPERATING SEGMENTS (CONTINUED)

Segments assets and liabilities (continued)

	Business & Science Park Properties, and Suburban Offices $'000	Integrated Development, Amenities & Retail Properties $'000	High–Specifications Industrial Properties & Data Centres $'000	Light Industrial Properties & Flatted Factories $'000	Logistics & Distribution Centres $'000	Total $'000
Group						
31 March 2017						
Assets and liabilities						
Segment assets	3,797,976	725,053	2,059,086	984,342	2,550,845	10,117,302
Unallocated assets						53,516
Total assets						10,170,818
Segment liabilities	124,108	25,114	47,144	32,884	68,357	297,607
Unallocated liabilities:						
– loans and borrowings						3,400,066
– others						138,025
Total liabilities						3,835,698
Other segmental information						
Capital expenditure						
– investment properties	23,759	534	16,409	6,379	14,830	61,911
– investment properties under development	–	–	5,785	–	25,740	31,525
Depreciation	19	–	–	–	–	19
Reversal of impairment loss on doubtful receivables	–	(46)	(8)	–	–	(54)

33. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of tenants. Segment assets are based on the geographical location of the assets. Information regarding the Group's geographical segments is presented in the tables below.

	Singapore		Australia		China		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group								
External revenue	**752,222**	730,128	**109,889**	90,447	**–**	10,017	**862,111**	830,592
Non–current assets [1]	**8,712,023**	8,692,398	**1,502,541**	1,306,994	**–**	–	**10,214,564**	9,999,392

(1) Exclude financial assets.

34. SUBSEQUENT EVENTS

On 16 May 2018, the Trust issued HKD729 million Series 017 Notes (the "Notes"), which will mature on 16 May 2025, bear a fixed interest rate of 3.66% per annum payable annually in arrear. The Trust has entered into a swap transaction to swap the Hong Kong dollar proceeds of the Notes, amounting to HKD729 million, into SGD of $125 million for the tenure of the Notes. The net proceeds arising from the issue of the Notes (after deducting issue expenses) will be used towards refinancing the existing borrowings of the Group and/or financing the general working capital purposes of the Group.

STATISTICS OF UNITHOLDINGS

ISSUED AND FULLY PAID-UP UNITS

2,928,503,929 units (Voting rights: one vote per unit)
Market Capitalisation S$7,819,105,490 (based on closing price of $2.67 as at 11 May 2018)

UNITHOLDERS DISTRIBUTION AS AT 11 MAY 2018

Size of Unitholdings	No. of Unitholders	No. of Units
1 – 99	35	661
100 – 1,000	1,741	1,385,235
1,001 – 10,000	8,424	41,332,719
10,001 – 1,000,000	2,945	113,459,488
1,000,001 and above	26	2,772,325,826
GRAND TOTAL	13,171	2,928,503,929

TWENTY LARGEST UNITHOLDERS AS AT 11 MAY 2018

As listed in the Register of Unitholders

	Name of Unitholder	No. of Units	% of Units in Issue
1	CITIBANK NOMINEES SINGAPORE PTE LTD	728,788,077	24.89
2	DBS NOMINEES (PRIVATE) LIMITED	619,081,474	21.14
3	ASCENDAS LAND (SINGAPORE) PTE LTD	517,001,996	17.65
4	HSBC (SINGAPORE) NOMINEES PTE LTD	312,400,261	10.67
5	DBSN SERVICES PTE. LTD.	262,591,633	8.97
6	RAFFLES NOMINEES (PTE) LIMITED	107,422,324	3.67
7	ASCENDAS FUNDS MANAGEMENT (S) LIMITED	68,128,170	2.33
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	55,875,675	1.91
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	34,681,594	1.18
10	DB NOMINEES (SINGAPORE) PTE LTD	22,648,027	0.77
11	SOCIETE GENERALE, SINGAPORE BRANCH	5,909,144	0.20
12	UOB KAY HIAN PRIVATE LIMITED	5,347,550	0.18
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,160,417	0.11
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,052,501	0.10
15	PHILLIP SECURITIES PTE LTD	2,770,013	0.09
16	MERRILL LYNCH (SINGAPORE) PTE LTD	2,729,852	0.09
17	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,632,020	0.09
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,493,306	0.09
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	2,346,450	0.08
20	OCBC SECURITIES PRIVATE LIMITED	2,258,092	0.08
	TOTAL	2,761,318,576	94.29

STATISTICS OF UNITHOLDINGS

PUBLIC UNITHOLDERS

Pursuant to Listing Rule1207(9)(e) of the SGX-ST Listing Rules, based on the information made available to the Manager as at 11 May 2018, approximately 65.62% of Ascendas Reit's units are held by the public. Therefore, Rule 723 of the SGX-ST Listing Rules has been complied with.

SUBSTANTIAL UNITHOLDERS AS AT 11 MAY 2018

	Direct Interest	Deemed Interest	Percentage
Temasek Holdings (Private) Limited(2)		606,251,446	20.70
Tembusu Capital Pte. Ltd.(2)	–	585,130,166	19.98
Bartley Investments Pte. Ltd.(2)	–	585,130,166	19.98
Mawson Peak Holdings Pte. Ltd.(2)	–	585,130,166	19.98
Glenville Investments Pte. Ltd.(2)	–	585,130,166	19.98
TJ Holdings (III) Pte. Ltd.(2)	–	585,130,166	19.98
Ascendas-Singbridge Pte. Ltd.(2)	–	585,130,166	19.98
Jurong Town Corporation(2)	–	585,130,166	19.98
Ascendas Pte Ltd(2)	–	585,130,166	19.98
Ascendas Land (Singapore) Pte Ltd	517,001,996	–	17.65
Mondrian Investment Partners Limited(3)	–	180,891,704	6.17
BlackRock, Inc.(4)	–	219,508,320	7.49
The PNC Financial Services Group, Inc.(5)	–	219,508,320	7.49

Notes:

(1) The percentage is based on 2,928,503,929 Units in issue as at 11 May 2018. The figures are rounded down to the nearest 0.01%.

(2) Temasek Holdings (Private) Limited ("Temasek"), Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd., TJ Holdings (III) Pte. Ltd., Ascendas-Singbridge Pte. Ltd., Jurong Town Corporation and Ascendas Pte Ltd are deemed interested in the Units held by Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited. Temasek is also deemed to have an interest in the Units in which other subsidiaries and associated companies of Temasek hold or have deemed interests.

(3) Mondrian Investment Partners Limited is deemed interested in the Units held by its clients through its role as a non-custodial discretionary investment manager.

(4) BlackRock, Inc. is deemed interested in the Units held by various funds managed by BlackRock investment advisors.

(5) The PNC Financial Services Group, Inc. is deemed interested in the Units held by BlackRock, Inc. through its interest in BlackRock, Inc.

UNITHOLDING OF THE DIRECTORS OF THE MANAGER AS AT 21 APRIL 2018

	Direct Interest	Deemed interest
Mr Lim Hock San	–	–
Mr Miguel Ko	–	–
Mr Manohar Khiatani	–	–
Mr William Tay Wee Leong	40,000	–
Mr Chan Pengee, Adrian	–	–
Mr Teo Choon Chye, Marc	26,000	–
Mr Wong Yew Meng	–	–
Ms Chong Chiet Ping	–	–
Ms Lim Sau Hoong	–	–

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

Transactions entered into with interested persons during the financial year falling under the SGX-ST Listing Rules and the Property Funds Appendix of the CIS (excluding transactions of less than $100,000 each) are as follows:

Name of interested party	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920 of the SGX-ST Listing Rules) $'000	Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 of the SGX-ST Listing Rules (excluding transactions less than $100,000) $'000
JTC Corporation		
– Land rent	38,434	–
Temasek Holdings (Private) Limited and its related companies		
– Acquisition fees	2,255(1)	–
– Carpark income	192	–
– Divestment fees	304(2)	–
– Lease rental, service charge and utilities income	59,627	–
– Base management fees	50,707(3)	–
– Marketing fees paid during the year	14,541	–
– Property service fees	33,136	–
– Receipts/recovery of expenses paid on behalf and reimbursables	2,045	–
HSBC Institutional Trust Service (Shanghai) Ltd and its related companies		
– Trustee fees	2,749	–
	203,990	–

(1) Acquisition fee of 1.0% on the purchase price of investment properties acquired by the Group during the financial year.
(2) Divestment fee of 0.5% on the sale price of investment properties divested by the Group during the financial year.
(3) Base management fee of 0.5% per annum on the Adjusted Deposited Property. With effect from 19 November 2007, the Manager has elected to receive 20% of the base management fee in units and 80% in cash for all properties.

Saved as disclosed above, there were no additional interested person transactions (excluding transactions of less than $100,000 each) entered into up to and including 31 March 2018 nor any material contracts entered by Ascendas Reit or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see Significant Related Party Transactions in Note 29 to the financial statements.

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

ADDITIONAL INFORMATION

FEES PAID TO THE MANAGER AND THE PROPERTY MANAGERS

Asset/Fund management fees	FY17/18 $'000	FY16/17 $'000
– Base fee	**50,707**	48,938
– Performance fee	**–**	1,902
Total fees paid to the Manager	**50,707**	50,840
% of Total amount available for distribution (before all fees)	**9.38%**	13.17%
% of Net assets attributable to Unitholders	**0.82%**	0.84%
– Lease management fee	**6,623**	7,270
– Property management fee	**12,205**	11,714
Total fees paid to the Property Managers	**18,828**	17,327
% of Total amount available for distribution (before all fees)	**3.48%**	3.78%
% of Net assets attributable to Unitholders	**0.30%**	0.29%
Trustee's fee	**3,123**	3,331
Total fees paid to the Trustee	**3,123**	3,331
% of Total amount available for distribution (before all fees)	**0.58%**	0.62%
% of Net assets attributable to Unitholders	**0.05%**	0.06%

Major transactional fees	FY17/18 $'000	FY16/17 $'000
– Acquisition fee	**2,255**	4,200
– Performance fee	**–**	1,902
– Divestment fee	**304**	2,208
Total transactional fees paid to Manager	**2,559**	9,784
% of Net assets attributable to Unitholders	**0.04%**	0.16%
– Project management fee	**1,532**	2,228
Total transactional fees paid to the Property Managers	**1,532**	2,228
% of Net assets attributable to Unitholders	**0.02%**	0.04%

LISTING OF ASCENDAS REIT NEW UNITS

An aggregate of 3.7 million new Units were issued during the year bringing the total number of Units on issue to 2,928.5 million as at 31 March 2018.

GLOSSARY

3PL	Third-party logistics providers
ABS	Australian Bureau of Statistics
AC	Audit Committee
ACPL	Ascendas China Pte Ltd
ACRA	Accounting and Corporate Regulatory Authority
AFM	Ascendas Funds Management (S) Limited
AFMA	Ascendas Funds Management (Australia) Pty Ltd
AGM	Annual General Meeting
ARA	Ascendas REIT Australia
Ascendas Reit	Ascendas Real Estate Investment Trust
Ascendas-Singbridge	Ascendas-Singbridge Pte Ltd
ASPL	Ascendas Services Pte Ltd
AUD	Australian Dollars
BTS	Build-to-Suit
Board	Board of Directors of the Manager
CBP	Changi Business Park
CAAS	Civil Aviation Authority of Singapore
CAGR	Compounded annual growth rate
CCS	Cross Currency Swaps
CDP	The Central Depository (Pte) Limited
CEO	Chief Executive Officer
CFE	Committee on The Future Economy
CIS	The Code of Collective Investment Schemes issued by the Monetary Authority of Singapore
CMS	Capital Markets Services
CODM	Chief Operating Decision Maker
CPF	Central Provident Fund
CPI	Consumer Price Index
DAE	Deloitte Access Economics
DPU	Distribution per Unit
ECS	Exchangeable collateralised securities
EDB	Economic Development Board
ERM	Enterprise Risk Management
FRS	Singapore Financial Reporting Standards
GDP	Gross Domestic Product
GFA	Gross Floor Area which includes net lettable area and common areas, such as common corridors
GLS	Government Land Sales Program
Group	Ascendas Reit and its subsidiaries
GSP	Gross State Product
GST	Good and Services Tax
HDB	Housing Development Board
HKD	Hong Kong Dollar
HQ	Headquarter
IBP	International Business Park
IC	Investment Committee
IDAR	Integrated Development, Amenities & Retail
IGLS	Industrial Government Land Sales
IIRC	International Integrated Reporting Council
Interbank GIRO	General Interbank Recurring Order
IMDA	Infocomm Media Development Authority
IPO	Initial Public Offering
Interested Person Transaction	Transaction made between the Trustee (as trustee of Ascendas Reit) and an "interested person", under the SGX-ST Listing Rules and the Property Funds Appendix
IPT	Interested Person Transaction
IRAS	Inland Revenue Authority of Singapore
ISDA	International Swaps and Derivatives Association
IoT	Internet of Things
ITM	Industry Transformation Map
JPY	Japanese Yen
JTC	Jurong Town Corporation
Lease Management Agreement	The agreement made between the Trustee and the Manager, AFM, pursuant to which AFM will provide lease management services to all properties held by Ascendas Reit located in Singapore and the PRC with effect from 1 October 2012.
Manager	Ascendas Funds Management (S) Limited, as the Manager of Ascendas Reit
MAS	Monetary Authority of Singapore
MNCs	Multinational corporations
MTI	Ministry of Trade and Industry

GLOSSARY

MTN	Medium Term Note
NLA/Net Lettable Area	Consists of the total gross floor area less the common areas, such as corridors, amenities' area and management offices
NRC	Nominating and Remuneration Committee
NPI	Net Property Income
NSW	New South Wales
ORMC	Operational Risk Management Committee
PDD	Punggol Digital District
Property Management Agreements	(i) The agreement made between the Manager, the Trustee and ASPL pursuant to which ASPL will provide certain property management, marketing, project management and car park management services relating to all properties of Ascendas Reit located in Singapore with effect from 1 October 2012 and (ii) the agreement made between the Manager, the Trustee and ACPL pursuant to which ACPL will provide property management, marketing and project management services relating to all properties of Ascendas Reit located in the PRC with effect from 1 July 2012
PRC	People's Republic of China
Property Funds Appendix	Appendix 6 of the CIS Code issued by the MAS in relation to REITs
QLD	Queensland
R&D	Research and development
RAP	Statement of Recommended Accounting Practice
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
REITAS	REIT Association of Singapore
RMB	Renminbi
SSEA	Singapore and South East Asia
SFA	Securities and Futures Act, Chapter 289 of Singapore
SGD	Singapore dollar
SGX-ST	Singapore Exchange Securities Trading Ltd
SGX-ST Listing Rules	The Listing Manual of SGX-ST
SIT	Singapore Institution of Technology
SOR	Swap Offer Rate
Sq m	Square metres
S-REIT	Singapore-listed REIT
Trust Deed	The Second Amending and Restating Trust Deed dated 10 August 2017 made between the Trustee and the Manager constituting Ascendas Reit
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit
Unit(s)	An undivided interest in Ascendas Reit as provided for in the Trust Deed
Unitholder(s)	The Depositor whose securities account with CDP is credited with Unit(s)
URA	Urban Redevelopment Authority
USD	United States Dollars
VIC	Victoria
WA	Western Australia
WALE	Weighted Average Lease Expiry

APPENDIX

Total Return and Distribution	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12[1]	FY 12/13[1]	FY 13/14[1,2]	FY 14/15[1,2]	FY 15/16[1,2]	FY 16/17[1,2]	FY 17/18[1,2]
Gross Revenue (S$ million)	22.8	65.9	129.0	227.2	283.0	322.3	396.5	413.7	447.6	503.3	575.8	613.6	673.5	761.0	830.6	862.1
Net Property Income (S$ million)	16.5	50.3	96.1	173.6	210.3	243.5	296.6	320.0	339.4	368.3	408.8	436.0	462.7	533.7	611.0	629.4
Total Amount Available for Distribution (S$ million)	15.2	45.5	84.2	142.6	163.8	187.3	210.9	234.9	248.0	281.7	305.6	342.0	351.1	378.3	446.3	468.0
Distribution per Unit (cents)	7.630[3]	8.160[7]	9.560[7]	11.680[7]	12.750[7]	14.130[7]	15.180[7]	13.100	13.230[7]	13.560	13.740[7]	14.240	14.600	15.357[7]	15.743[7]	15.988

As at 31 March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012[1]	2013[1]	2014[1]	2015[1,2]	2016[1,2]	2017[1,2]	2018[1,2]
Number of Properties in Portfolio	8	16	36	64	77	84	89	93	93	102	103	105	107	133	131	131
Total Assets (S$ million)	636	1,021	2,112	2,808	3,307	4,205	4,548	4,854	5,420	6,564	6,959	7,358	8,160	9,870	10,171	10,354
Number of Units in Issue (million)	545	707	1,161	1,277	1,322	1,326	1,684	1,871	1,874	2,085	2,399	2,403	2,406	2,666	2,925	2,929
Net Asset Value per Unit (S$)[4]	0.91	0.98	1.23	1.34	1.49	1.84	1.61	1.57	1.76	1.88	1.94	2.02	2.08	2.06	2.06	2.12
Total Gross Borrowings (S$ million)[5]	125	264	556	970	1,185	1,562	1,591	1,522	1,900	2,401	1,971	2,208	2,735	3,678	3,442	3,563
Aggregate Leverage[6]	19.6%	28.9%	30.2%	36.7%	37.3%	38.2%	35.5%	31.6%	35.2%	36.6%	28.3%	30.0%	33.5%	37.3%	33.8%	34.4%

NOTES:

(1) With effect from FY11/12, results include the consolidation of the Trust's wholly owned subsidiaries.

(2) The Group adopted FRS 110 Consolidated Financial Statements with effect from 1 April 2014 which results in the Group consolidating Ruby Assets Pte. Ltd. and Emerald Assets Limited since 1Q FY14/15. FY13/14 figures have been restated on a similar basis for comparison.

(3) Annualised based on actual distribution per Unit of 2.78 cents for the 133 days ended 31 March 2003.

(4) Prior to distribution of distributable income.

(5) Excludes fair value changes and amortised costs. Borrowings denominated in foreign currencies are translated at the prevailing exchange rates except for JPY/HKD-denominated debt issues, which are translated at the cross-currency swap rates that Ascendas Reit has committed to.

(6) Includes total borrowings and deferred payments on acquisition of properties but excludes fair value adjustments of the collateral loan.

(7) Distribution per Unit after performance fees.

APPENDIX

DEVELOPMENT PROJECTS

Since Ascendas Reit embarked on its first development project in 2006, it has completed 15 development/redevelopment projects. Two of the development projects, Four Acres Singapore and A-REIT Jiashan Logistics Centre in China, were divested in FY16/17. For the remaining 13 projects, the total cumulative unrealised gains achieved was S$373.4 million (37.6% over cost of development).

	Development	Sector	Development Cost (S$ million)	Revaluation as at 31 March 2018 (S$ million)	Completion
1	Courts Megastore	Integrated Development, Amenities & Retail Properties	46.0	65.7	Nov-06
2	Giant Hypermart	Integrated Development, Amenities & Retail Properties	65.4	86.0	Feb-07
3	Hansapoint@CBP	Business & Science Park Properties	26.1	113.4	Jan-08
4	15 Changi North Way	Logistics & Distribution Centres	36.2	39.7	Jul-08
5	Pioneer Hub	Logistics & Distribution Centres	79.3	119.8	Aug-08
6	1,3 & 5 Changi Business Park Crescent	Business & Science Park Properties	200.9	323.4	Feb-09, Sep-09, Dec-10
7	71 Alps Avenue	Logistics & Distribution Centres	25.6	21.6	Sep-09
8	38A Kim Chuan Road	High-Specifications Industrial Properties and Data Centres	170.0	178.3[(1)]	Dec-09
9	90 Alps Avenue	Logistics & Distribution Centres	37.9	50.5	Jan-12
10	FoodAxis @ Senoko[(2)]	Light Industrial Properties and Flatted Factories	57.8	87.1	Feb-12
11	Nexus @one-north	Business & Science Park Properties	181.3	191.4	Sep-13
12	DBS Asia Hub Phase 2	Business & Science Park Properties	21.8	N.A.[(3)]	Apr-15
13	50 Kallang Avenue[(4)]	High-Specifications Industrial Properties and Data Centres	45.2	90.0	Jun-17
	Total (excluding divested properties)		**993.5**	**1,366.9**	

DIVESTED DEVELOPMENT PROJECTS

	Development	Sector	Development Cost (S$'m)	Divestment Date	Completion
14	Four Acres Singapore	Business & Science Park Properties	58.7	Apr-16	Apr-13
15	A-REIT Jiashan Logistics Facility	Logistics & Distribution Centres	22.1	Jun-16	Mar-16
	Total		**80.8**		

NOTES:

(1) 38A Kim Chuan Road was valued by independent valuer at S$178.3 million. Ascendas Reit has recorded the property at S$178.3 million comprising S$123.4 million in land and building, and S$54.9 million in M&E equipment.

(2) FoodAxis @ Senoko (previously known as 1 Senoko Avenue) was first acquired on 15 May 2007. It was subsequently redeveloped to maximise the allowable plot ratio.

(3) Valuation for DBS Asia Hub Phase 2 is not available. The entire property was valued at S$166.0 million.

(4) 50 Kallang Avenue was acquired on 27 February 2006. It was subsequently redeveloped and leased to a single-tenant.

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