Summary of Ascendas Reit Group Results

	Note	01/04/18 to 30/06/18 ('1Q FY18/19') S$'000	01/04/17 to 30/06/17 ('1Q FY17/18') S$'000	Variance %
Gross revenue		**216,562**	213,259	1.5%
Net property income		**159,207**	153,364	3.8%
Total amount available for distribution:	(a)	**117,271**	118,498	(1.0%)
- from operations		**107,582**	111,843	(3.8%)
- from capital	(b)	**9,689**	6,655	45.6%
Distribution per Unit ("DPU") (cents)				
For the quarter from 1 April to 30 June	(a)	**4.002**	4.049	(1.2%)
- from operations		**3.671**	3.822	(4.0%)
- from capital	(b)	**0.331**	0.227	45.8%

Footnotes

(a) Included in 1Q FY17/18 was an one-off distribution of rollover adjustments from prior years amounting to S$5.9 million (DPU impact of 0.200 cents). This arose mainly from a ruling by IRAS on the non-tax deductibility of certain upfront fees for certain credit facilities incurred in FY11/12. Excluding the effects of the one-off distribution, the total amount available for distribution and DPU would have been as follows:

	1Q FY18/19 S$'000	1Q FY17/18 S$'000		Variance %
Total amount available for distribution	**117,271**	112,647	(*)	4.1%
DPU (cents)	**4.002**	3.849	(*)	4.0%

(*) Excluding the effects of the one-off distribution.

(b) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions and/or shareholder loan repayment, (ii) reimbursements received from vendors in relation to outstanding incentives that are subsisting at the point of the completion of the acquisition of certain properties in Australia and (iii) rental support received from vendors in relation to the acquisition of certain properties in Australia. Such distributions are deemed to be capital distributions from a tax perspective and are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

Introduction

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

Since the beginning of the financial year, Ascendas Reit and its subsidiaries (the "Group") completed (i) the divestment of 30 Old Toh Tuck Road in Singapore for S$24.0 million on 30 April 2018, (ii) the acquisition of 169-177 Australis Drive in Melbourne, Australia for A$34.0 million on 4 June 2018 and (iii) the acquisition of 1314 Ferntree Gully Drive in Melbourne, Australia for A$16.2 million on 26 June 2018.

As at 30 June 2018, the Group has a diversified portfolio of 99 properties in Singapore, and 33 properties in Australia, with a tenant base of around 1,310 customers across the following segments: Business & Science Park/Suburban Office, High-specifications Industrial Properties/Data Centres, Light Industrial Properties/Flatted Factories, Logistics & Distribution Centres and Integrated Development, Amenities & Retail.

The Group's results include the consolidation of subsidiaries and a joint venture. The commentaries provided are based on the consolidated Group results unless otherwise stated.

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

	Note	Group 1Q FY18/19 S$'000	1Q FY17/18 S$'000	Variance %
Gross revenue	(a)	**216,562**	213,259	1.5%
Property services fees		**(8,188)**	(8,179)	0.1%
Property tax		**(12,745)**	(14,689)	(13.2%)
Other property operating expenses		**(36,422)**	(37,027)	(1.6%)
Property operating expenses	(b)	**(57,355)**	(59,895)	(4.2%)
Net property income		**159,207**	153,364	3.8%
Management fees	(c)	**(12,899)**	(12,458)	3.5%
Trust and other expenses	(d)	**(1,934)**	(1,994)	(3.0%)
Finance income	(g)	**2,404**	2,049	17.3%
Finance costs	(g)	**(29,159)**	(26,845)	8.6%
Foreign exchange (loss)/gain	(e)	**(21,234)**	17,032	n.m.
Gain on disposal of investment property	(f)	**3,357**	-	n.m.
Net non property expenses		**(59,465)**	(22,216)	167.7%
Net income	(g)	**99,742**	131,148	(23.9%)
Net change in fair value of financial derivatives	(h)	**15,300**	(13,801)	n.m.
Share of joint venture's results	(i)	**119**	120	(0.8%)
Total return for the period before tax		**115,161**	117,467	(2.0%)
Tax (expense)/credit	(j)	**(2,424)**	720	n.m.
Total return for the period		**112,737**	118,187	(4.6%)
Attributable to:				
Unitholders and perpetual securities holders		**112,737**	118,188	(4.6%)
Non-controlling interests		**-**	(1)	(100.0%)
		112,737	118,187	(4.6%)
Distribution Statement				
Total return for the period attributable to Unitholders and perpetual securities holders		**112,737**	118,188	(4.6%)
Less: Amount reserved for distribution to perpetual securities holders	(k)	**(3,553)**	(3,553)	0.0%
Other net (taxable income)/non tax deductible expenses and other adjustments	(l)	**(1,602)**	(2,792)	(42.6%)
Income available for distribution		**107,582**	111,843	(3.8%)
Comprising:				
- Taxable income		**107,582**	111,843	(3.8%)
- Distribution from capital	(m)	**9,689**	6,655	45.6%
Total amount available for distribution		**117,271**	118,498	(1.0%)

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

Explanatory notes to the statement of total return and distribution statement

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

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

Property operating expenses decreased by 4.2%, mainly due to lower property tax expenses arising from the retrospective downward revisions in the annual value of certain properties in 1Q FY18/19.

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

Higher management fees in 1Q FY18/19 were mainly due to higher deposited property under management subsequent to the new acquisitions made since the comparable period in the last financial year.

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

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

1Q FY18/19 recorded a foreign exchange loss of S$21.2 million (1Q FY17/18: gain of S$17.0 million), mainly from the weakening of the SGD against HKD and JPY in relation to the HKD and JPY denominated Medium Term Notes ("MTN") respectively coupled with the weakening of the SGD against the USD in relation to certain USD denominated credit facilities.

(f) The gain on disposal of investment property in 1Q FY18/19 arose primarily from the disposal of 30 Old Toh Tuck Road in Singapore.

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

		Group		
	Note	**1Q FY18/19 S$'000**	**1Q FY17/18 S$'000**	**Variance %**
Gross revenue				
Gross rental income		**194,762**	194,106	0.3%
Other income		**21,800**	19,153	13.8%
Property operating expenses				
Provision of allowance for impairment loss on doubtful receivables		**(17)**	(2)	n.m.
Finance income	(1)			
Interest income		**2,404**	2,049	17.3%
Finance costs	(2)			
Interest expense		**(28,286)**	(25,997)	8.8%
Other borrowing costs		**(873)**	(848)	2.9%
		(29,159)	(26,845)	8.6%

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

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

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

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

	Group		
	1Q FY18/19 S$'000	**1Q FY17/18 S$'000**	**Variance %**
Fair value gain/(loss) on:			
- interest rate swaps	**3,579**	(5,019)	(171.3%)
- cross currency swaps	**12,171**	(9,116)	n.m.
- foreign exchange forward contracts	**(450)**	334	n.m.
Net change in fair value of financial derivatives	**15,300**	(13,801)	n.m.

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

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

(j) Tax expense in 1Q FY18/19 includes deferred tax expense relating to the undistributed profits in the subsidiaries of the Group. It also includes withholding tax recognised in relation to interest payments and profits repatriated to Singapore from Ascendas REIT Australia that indirectly holds the properties in Australia (the "Australian Portfolio").

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

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

		Group		
	Note	**1Q FY18/19 S$'000**	**1Q FY17/18 S$'000**	**Variance %**
Management fees paid/payable in units		**2,579**	2,490	3.6%
Trustee fee		**478**	759	(37.0%)
Gain on disposal of investment property		**(3,357)**	-	n.m.
Net change in fair value of financial derivatives		**(15,300)**	13,801	n.m.
Foreign exchange loss/(gain)		**21,234**	(17,032)	n.m.
Other net non tax deductible expenses and other adjustments	A	**8,562**	4,112	108.2%
Income from subsidiaries and joint venture	B	**(15,798)**	(12,773)	23.7%
Rollover adjustment from prior years	C	**-**	5,851	(100.0%)
Other net (taxable income)/non tax deductible expenses and other adjustments		**(1,602)**	(2,792)	(42.6%)

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

A. Other net non-tax deductible expenses and other adjustments include mainly set-up costs on loan facilities, commitment fees paid on undrawn committed credit facilities, and returns attributable to the Perpetual Securities holders.

B. This relates to the net income from the Trust's subsidiaries and joint venture (please refer to Para 1(b)(i)(b) on Page 8 for details of the Trust's interests in subsidiaries and investment in joint venture) as well as the effects of consolidation.

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

(m) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions and/or shareholder loan repayment, (ii) reimbursements received from vendors in relation to outstanding incentives that are subsisting at the point of the completion of the acquisition of certain properties in Australia and (ii) rental support received from vendors in relation to the acquisition of certain properties in Australia. Such distributions are deemed to be capital distributions from a tax perspective and are not taxable in the hands of Unitholders, except for Unitholders who are holding the Units as trading assets.

1(b)(i) Statements of Financial Position

		Group		Trust	
	Note	**30/06/18 S$'000**	**31/03/18 S$'000**	**30/06/18 S$'000**	**31/03/18 S$'000**
Non-current assets					
Investment properties		**10,243,340**	10,118,978	**8,702,125**	8,625,500
Investment properties under development	(a)	**14,961**	95,463	**-**	86,400
Finance lease receivables		**52,601**	53,243	**52,601**	53,243
Interest in subsidiaries	(b)	**-**	-	**989,720**	938,892
Investment in joint venture		**120**	123	**-**	-
Derivative assets	(c)	**9,956**	9,129	**9,956**	9,129
		10,320,978	10,276,936	**9,754,402**	9,713,164
Current assets					
Finance lease receivables		**2,458**	2,385	**2,458**	2,385
Trade and other receivables		**20,171**	28,337	**18,940**	28,275
Derivative assets	(c)	**5,362**	819	**5,350**	759
Cash and fixed deposits		**28,215**	25,016	**2,961**	3,860
Property held for sale	(d)	**11,600**	20,300	**11,600**	20,300
	(e)	**67,806**	76,857	**41,309**	55,579
Current liabilities					
Trade and other payables		**151,890**	143,831	**147,013**	140,122
Security deposits		**41,654**	42,095	**41,349**	42,044
Derivative liabilities	(c)	**282**	616	**171**	371
Short term borrowings	(f)	**414,373**	624,700	**414,373**	624,700
Term loans	(f)	**588,573**	285,243	**304,156**	-
Medium term notes	(f)	**94,961**	-	**94,961**	-
Provision for taxation		**6,478**	7,016	**899**	1,437
	(e)	**1,298,211**	1,103,501	**1,002,922**	808,674
Non-current liabilities					
Security deposits		**77,568**	77,985	**76,119**	76,537
Derivative liabilities	(c)	**53,312**	62,923	**49,910**	59,258
Amount due to a subsidiary		**-**	-	**25,603**	25,492
Medium term notes	(f)	**1,647,036**	1,601,066	**1,647,036**	1,601,066
Term loans	(f)	**935,851**	1,008,211	**651,435**	722,968
Deferred tax liabilities	(g)	**2,974**	1,411	**-**	-
		2,716,741	2,751,596	**2,450,103**	2,485,321
Net assets		**6,373,832**	6,498,696	**6,342,686**	6,474,748
Represented by:					
Unitholders' funds		**6,072,998**	6,194,310	**6,041,856**	6,170,366
Perpetual securities holders		**300,830**	304,382	**300,830**	304,382
Non-controlling interests		**4**	4	**-**	-
		6,373,832	6,498,696	**6,342,686**	6,474,748

Explanatory notes to the statements of financial position

(a) Investment properties under development ("IPUD") as at 30 June 2018 relates to the progress payment made in relation to the fund-through acquisition of an Australia logistics property. Subsequent to the completion of development works in April 2018, 20 Tuas Avenue 1 in Singapore has been reclassified to investment properties.

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

(c) Derivative assets and derivative liabilities relates to favourable and unfavourable changes in the fair value of certain interest rate swaps, cross currency swaps and foreign currency forward contracts respectively.

(d) As at 30 June 2018, the property held for sale relates to 41 Changi South Avenue 2 in Singapore. Ascendas Reit had on 20 July 2018 entered into a sale and purchase agreement to divest the above mentioned property. As at 31 March 2018, the property held for sale relates to 30 Old Toh Tuck Road in Singapore, which was divested on 30 April 2018.

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

(f) **Details of borrowings**

	Group		Trust	
Gross borrowings	**30/06/18 S$'000**	**31/03/18 S$'000**	**30/06/18 S$'000**	**31/03/18 S$'000**
Secured borrowings				
Amount repayable after one year				
- Term loans	**284,964**	285,924	**-**	-
Amount repayable within one year				
- Term loans	**284,964**	285,924	**-**	-
Total secured borrowings	**569,928**	571,848	**-**	-
Unsecured borrowings				
Amount repayable after one year				
- Medium term notes	**1,650,509**	1,604,347	**1,650,509**	1,604,347
- Term loans	**651,980**	724,029	**651,980**	724,029
Amount repayable within one year				
- Short term borrowings	**414,373**	624,699	**414,373**	624,699
- Medium term notes	**95,000**	-	**95,000**	-
- Term loans	**304,586**	-	**304,586**	-
Total unsecured borrowings	**3,116,448**	2,953,075	**3,116,448**	2,953,075

As at 30 June 2018, the Group has A$564.3 million (31 March 2018: A$564.3 million) secured syndicated term loans from Australian banks ("Syndicated Loans"). The Syndicated Loans are secured by way of a first mortgage over 26 properties (31 March 2018: 26 properties) in Australia and assets of their respective holding trusts, and guaranteed by Ascendas Reit. The carrying value of properties secured for the Syndicated Loans was S$1,035.3 million or A$1,025.1 million as at 30 June 2018 (31 March 2018: S$1,038.3 million or A$1,024.6 million).

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

As at 30 June 2018, 72.4% (31 March 2018: 71.9%) of the Group's borrowings are on fixed interest rates (after taking into consideration effects of the interest rate swaps) with an overall weighted average tenure of 3.4 years (31 March 2018: 3.3 years). The overall weighted average cost of borrowings for the year ended 30 June 2018 was 2.9% (31 March 2018: 2.9%).

(g) Deferred tax liabilities relate to tax provided on the undistributed profits in the subsidiaries of the Group.

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

	Note	Group	
		1Q FY18/19 S$'000	1Q FY17/18 S$'000
Cash flows from operating activities			
Total return for the period before tax		**115,161**	117,467
Adjustments for;			
Provision of allowance for impairment loss on doubtful receivables		**17**	2
Finance income		**(2,404)**	(2,049)
Finance costs		**29,159**	26,845
Foreign exchange loss/(gain)		**21,234**	(17,032)
Gain from disposal of investment properties		**(3,357)**	-
Management fees paid/payable in units		**2,579**	2,490
Net change in fair value of financial derivatives		**(15,300)**	13,801
Share of joint venture's results		**(119)**	(120)
Operating income before working capital changes		**146,970**	141,404
Changes in working capital:			
Trade and other receivables		**6,384**	15,536
Trade and other payables		**17,628**	(16,154)
Cash generated from operating activities		**170,982**	140,786
Income tax paid		**(1,390)**	(22,427)
Net cash generated from operating activities		**169,592**	118,359
Cash flows from investing activities			
Dividend received from a joint venture company		**122**	106
Purchase of investment properties		**(51,220)**	(1,231)
Payment for investment properties under development		**(6,544)**	(20,993)
Payment for capital improvement on investment properties		**(11,902)**	(24,780)
Proceeds from the divestment of investment property		**24,000**	-
Interest received		**8,156**	8,199
Net cash used in investing activities		**(37,388)**	(38,699)
Cash flows from financing activities			
Distributions paid to Unitholders		**(230,764)**	(57,296)
Distributions paid to perpetual securities holders		**(7,105)**	(7,105)
Finance costs paid		**(28,215)**	(26,358)
Transaction costs paid in respect of borrowings		**(607)**	-
Proceeds from borrowings		**433,692**	75,392
Repayment of borrowings		**(322,961)**	(161,667)
Net cash used in financing activities		**(155,960)**	(177,034)
Net decrease in cash and cash equivalents		**(23,756)**	(97,374)
Cash and cash equivalents at beginning of the period		**(22,949)**	22,000
Effect of exchange rate changes on cash balances		**(24)**	(289)
Cash and cash equivalents at end of the financial period	(a)	**(46,729)**	(75,663)

Footnotes

(a) Included in cash and cash equivalents was a bank overdraft amounting to approximately S$74.9 million as at 30 June 2018 (S$110.7 million as at 30 June 2017).

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

	Note	Group 1Q FY18/19 S$'000	Group 1Q FY17/18 S$'000	Trust 1Q FY18/19 S$'000	Trust 1Q FY17/18 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**6,194,310**	6,030,710	**6,170,366**	6,045,136
Operations					
Total return for the period attributable to Unitholders and perpetual securities holders		**112,737**	118,188	**103,228**	104,999
Less: Amount reserved for distribution to perpetual securities holders		**(3,553)**	(3,553)	**(3,553)**	(3,553)
Net increase in net assets from operations		**109,184**	114,635	**99,675**	101,446
Movement in foreign currency translation reserve	(a)	**(2,311)**	(10,115)	**-**	-
Unitholders' transactions					
Management fees paid/payable in Units		**2,579**	2,490	**2,579**	2,490
Distributions to Unitholders	(b)	**(230,764)**	(57,296)	**(230,764)**	(57,296)
Net decrease in net assets from Unitholders' transactions		**(228,185)**	(54,806)	**(228,185)**	(54,806)
Balance at end of the financial period		**6,072,998**	6,080,424	**6,041,856**	6,091,776
Perpetual Securities Holders' Funds					
Balance at beginning of the financial period		**304,382**	304,382	**304,382**	304,382
Amount reserved for distribution to perpetual securities holders		**3,553**	3,553	**3,553**	3,553
Distributions to Perpetual Securities Holders		**(7,105)**	(7,105)	**(7,105)**	(7,105)
Balance at end of the financial period		**300,830**	300,830	**300,830**	300,830
Non-controlling interests					
Balance at beginning of the financial period		**4**	28	**-**	-
Total return for the period attributable to non-controlling interests		**-**	(1)	**-**	-
Balance at end of the financial period		**4**	27	**-**	-
Total		**6,373,832**	6,381,281	**6,342,686**	6,392,606

Footnotes

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

(b) The distribution paid in 1Q FY18/19 comprised of income available for distribution to Unitholders for the period from 1 October 2017 to 31 March 2018. The distribution paid in 1Q FY17/18 comprised of income available for distribution to Unitholders for the period from 16 February 2017 to 31 March 2017.

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

	Group and Trust	
	1Q FY18/19 Units	**1Q FY17/18 Units**
Issued Units at beginning of the financial period	**2,928,503,929**	2,924,767,194
Issue of new Units:		
- Management fees paid in Units	**1,927,126**	1,838,297
Issued Units at the end of the financial period	**2,930,431,055**	2,926,605,491
Units to be issued:		
Management fees payable in Units	**327,792**	307,112
Units issued and issuable at end of the financial period	**2,930,758,847**	2,926,912,603

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

There are no treasury Units in issue as at 30 June 2018 and 31 March 2018. The total number of issued Units are as disclosed in paragraph 1d(ii).

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

Not applicable.

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

Not applicable.

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

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

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

Please see attached review report.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2018.

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

The Group has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 April 2018 as follows:

(i) FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

(ii) FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model. There was no significant impact to the financial statements of the Group. Accordingly, the Group did not recognise any adjustments to the opening unitholders' funds on 1 April 2018.

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

	Note	Group	
		1Q FY18/19	**1Q FY17/18**
EPU			
Basic EPU			
Weighted average number of Units		**2,928,782,835**	2,925,093,786
Earnings per Unit in cents	(a)	**3.728**	3.919
Diluted EPU			
Weighted average number of Units		**2,928,782,835**	2,925,093,786
Earnings per Unit in cents (diluted)	(b)	**3.728**	3.919
DPU			
Number of Units in issue		**2,930,431,055**	2,926,605,491
Distribution per Unit in cents		**4.002**	4.049

Footnotes

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

(b) Dilutive EPU is determined by adjusting the total return for the period and the weighted average number of Units issued and issuable during that period on the basis that all dilutive instruments as at the end of the period were converted at the beginning of the period. Dilutive instruments shall be treated as dilutive only when their conversion to Units would decrease EPU.

The diluted EPU is equivalent to the basic EPU as no dilutive instruments were in issue as at 30 June 2018 and 30 June 2017.

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

	Note	Group		Trust	
		30/06/18 cents	**31/03/18 cents**	**30/06/18 cents**	**31/03/18 cents**
Net asset value per Unit		**207**	212	**206**	211
Adjusted net asset value per Unit	(a)	**203**	204	**202**	203

Footnote

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

8. Review of Performance

	1Q FY18/19 (A) S$'000	4Q FY17/18 (B) S$'000	Group Variance (A) vs (B) %	1Q FY17/18 (C) S$'000	Variance (A) vs (C) %
Gross revenue	**216,562**	215,748	0.4%	213,259	1.5%
Property operating expenses	**(57,355)**	(57,878)	(0.9%)	(59,895)	(4.2%)
Net property income	**159,207**	157,870	0.8%	153,364	3.8%
Non property expenses	**(14,833)**	(14,365)	3.3%	(14,452)	2.6%
Net finance costs	**(26,755)**	(25,845)	3.5%	(24,796)	7.9%
Foreign exchange (loss)/gain	**(21,234)**	(29,919)	(29.0%)	17,032	n.m.
Gain on disposal of investment property	**3,357**	724	n.m.	-	n.m.
	(59,465)	(69,405)	(14.3%)	(22,216)	167.7%
Net income	**99,742**	88,465	12.7%	131,148	(23.9%)
Net change in fair value of financial derivatives	**15,300**	47,197	(67.6%)	(13,801)	n.m.
Net change in fair value of investment properties	**-**	3,800	(100.0%)	-	n.m.
Share of joint venture's results	**119**	122	(2.5%)	120	(0.8%)
Total return for the period before tax	**115,161**	139,584	(17.5%)	117,467	(2.0%)
Tax (expense)/credit	**(2,424)**	(1,097)	121.0%	720	n.m.
Total return for the period	**112,737**	138,487	(18.6%)	118,187	(4.6%)
Attributable to:					
Unitholders and perpetual securities holders	**112,737**	138,505	(18.6%)	118,188	(4.6%)
Non-controlling interests	**-**	(18)	(100.0%)	(1)	(100.0%)
Total return for the period	**112,737**	138,487	(18.6%)	118,187	(4.6%)
<u>Distribution Statement</u>					
Total return for the period attributable to Unitholders and perpetual securities holders	**112,737**	138,505	(18.6%)	118,188	(4.6%)
Less: Amount reserved for distribution to perpetual securities holders	**(3,553)**	(3,514)	1.1%	(3,553)	0.0%
Net effect of (taxable income)/ non tax deductible expenses and other adjustments	**(1,602)**	(26,071)	(93.9%)	(2,792)	(42.6%)
Net change in fair value of investment properties	**-**	(3,800)	(100.0%)	-	n.m.
Income available for distribution	**107,582**	105,120	2.3%	111,843	(3.8%)
Income available for distribution	**107,582**	105,120	2.3%	111,843	(3.8%)
Distribution from capital	**9,689**	9,383	3.3%	6,655	45.6%
Total amount available for distribution	**117,271**	114,503	2.4%	118,498	(1.0%)
<u>EPU/DPU</u>					
Earnings per unit (cents)	**3.728**	4.610	(19.1%)	3.919	(4.9%)
Distribution per unit (cents)	**4.002**	3.910	2.4%	4.049	(1.2%)

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

1Q FY18/19 vs 4Q FY17/18

Gross revenue increased by 0.4%, mainly attributable to the completion of redevelopment works in 20 Tuas Avenue 1, Singapore in April 2018 and the acquisitions of 169-177 Australis Drive, Melbourne, Australia in June 2018. This was partly offset by the divestment of 84 Genting Lane, Singapore in January 2018 and 30 Old Toh Tuck, Singapore in April 2018.

Despite the increase in revenue, property operating expenses decreased by 0.9% mainly due to lower property tax arising from the retrospective downward revisions in the annual value of certain properties in 1Q FY18/19 whereas there were no such revisions in the prior financial period.

1Q FY18/19 recorded a foreign exchange loss of S$21.2 million, mainly from the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN coupled with the weakening of the SGD against USD in relation to certain USD denominated credit facilities. 4Q FY17/18 recorded a corresponding loss of S$29.9 million, mainly from the maturity of certain cross currency interest rate swaps that matured during the quarter.

The gain on disposal of investment properties amounting to S$3.4 million in 1Q FY18/19 related to the disposal of 30 Old Toh Tuck Road in April 2018 and the gain of S$0.7 million in 4Q FY17/18 related to the disposal of 84 Genting Lane in January 2018.

The tax expense increased in 1Q FY18/19 primarily due to deferred tax expense provided on the undistributed profits in the subsidiaries of the Group.

1Q FY18/19 vs 1Q FY17/18

Gross revenue increased by 1.5%, mainly due to (i) contributions from the acquisition of 100 Wickham Street and 108 Wickham Street in Brisbane, Australia during the second half of FY17/18; (ii) contribution from the acquisition of 169-177 Australis Drive in Melbourne, Australia in June 2018 and (iii) completion of redevelopment works at 50 Kallang Avenue in Singapore since June 2017 and 20 Tuas Avenue 1 in Singapore since April 2018. These were partially offset by the divestment of 10 Woodlands Link in July 2017, 13 International Business Park in August 2017 and 84 Genting Lane in January 2018, all of which were situated in Singapore.

Property operating expenses decreased by 4.2%, as included in 1Q FY18/19 was a property tax refund arising from retrospective downward revisions in the annual value of certain properties whereas there was no such refund in the prior financial period.

Higher net finance costs of 7.9% in 1Q FY18/19 was due to the higher average debt balance and higher average cost of borrowings.

1Q FY18/19 recorded a foreign exchange loss of S$21.2 million mainly from the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN coupled with the weakening of the SGD against USD in relation to certain USD denominated credit facilities. 1Q FY17/18 recorded a foreign exchange gain of S$17.0 million mainly from mainly from the strengthening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN.

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

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 4Q FY17/18 Financial Results Announcement under Paragraph 10 on page 19. The Trust has not disclosed any financial forecast to the market.

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

Global economic growth has been more broad-based. In particular, global trade and industrial production have strengthened. However, the escalating trade tensions between the US and China continue to be one of the key uncertainties surrounding the global outlook.

Financial markets remained volatile. Interest rates are widely expected to continue rising in the months ahead. We are well positioned to mitigate the impact of interest rate increases and maintain an optimal financial position.

Singapore

In 2Q 2018, the Singapore economy expanded by 3.8% year-on-year (y-o-y), driven by the manufacturing sector which grew by 8.6% y-o-y. The Ministry of Trade and Industry expects the Singapore economy to grow between 2.5% to 3.5% in 2018, moderating from 3.6% in 2017.

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

Australia

In Australia, the economy grew by 3.1% y-o-y in 1Q 2018. Higher non-mining investment and public infrastructure investment continued to support economic growth. Consensus GDP growth forecast for 2018 is 2.8% y-o-y, higher than the 2.4% y-o-y growth achieved in 2017 (source: Bloomberg).

The investment landscape in Australia continues to strengthen with increasing interest from investors for industrial properties. The recently-acquired logistics properties such as 169-177 Australis Drive and 1314 Ferntree Gully Drive will further augment Australia's DPU contribution.

United Kingdom

The proposed acquisition of a portfolio of 12 logistics properties in the United Kingdom (UK) worth S$373.15 million is expected to complete in 2Q FY18/19. This will enhance Ascendas Reit's AUM by 4% to S$10.5 billion. Stable returns are expected based on its long weighted average lease to expiry of 14.6 years. The Manager will continue to explore opportunities to expand its presence in the UK.

11. Distributions

(a) Current financial period

Any distributions declared for
the current financial period: No

(b) Corresponding financial period of the immediately preceding year

Any distributions declared for
the current financial period: No

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

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

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

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

14. Use of proceeds from equity fund raising

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

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

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

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

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

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

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

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

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

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

Mary Judith de Souza
Company Secretary
30 July 2018

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

30 July 2018

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the three-month period ended 30 June 2018

Introduction

We have reviewed the accompanying interim financial information of Ascendas Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") for the three-month period ended 30 June 2018 (the "Interim Financial Information"). The Interim Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 30 June 2018;
- Portfolio statement of the Group as at 30 June 2018;
- Statement of total return of the Group for the three-month period ended 30 June 2018;
- Distribution statement of the Group for the three-month period ended 30 June 2018;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month period ended 30 June 2018;
- Statement of cash flows of the Group for the three-month period ended 30 June 2018; and
- Certain explanatory notes to the above Interim Financial Information.

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

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

Scope of review

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

Conclusion

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

Restriction of use

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

Yours faithfully

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 July 2018