Summary of Ascendas Reit Group Results

	Note	01/04/19 to 30/06/19 ('1Q FY2019') S$'000	01/04/18 to 30/06/18 ('1Q FY18/19') S$'000	Variance %
Gross revenue		**229,674**	216,562	6.1%
Net property income		**177,459**	159,207	11.5%
Total amount available for distribution:		**124,664**	117,271	6.3%
- Taxable income		**108,798**	107,582	1.1%
- Distribution from capital	(a)	**15,866**	9,689	63.8%

Distribution per Unit ("DPU") (cents)		FY2019	FY18/19	Variance %
For the quarter from 1 April to 30 June		**4.005**	4.002	0.1%
- Taxable income		**3.495**	3.671	(4.8%)
- Distribution from capital	(a)	**0.510**	0.331	54.1%

Footnotes

(a) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions and/or shareholder loan repayment, (ii) net income from properties in the United Kingdom (“UK”), where the profits have yet to be repatriated to Singapore, (iii) reimbursements received from vendors in relation to outstanding incentives that were subsisting at the point of the completion of the acquisition of certain properties in Australia and the UK, and (iv) rental support received from vendors in relation to the acquisition of certain properties in Australia and the UK. 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.

As at 30 June 2019, the Group has a diversified portfolio of 98 properties in Singapore, 35 properties in Australia and 38 properties in the UK, with a tenant base of around 1,350 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.

Change of financial year end

As described in the announcement made by the Manager dated 24 July 2019 in relation to the Change of Ascendas Reit's Financial Year end, Ascendas Reit changed its financial year end from 31 March to 31 December. Therefore, the current financial year is a nine-month period from 1 April 2019 to 31 December 2019 ("FY2019"). Thereafter, Ascendas Reit's financial year will be a 12-month period ending on 31 December each year. The comparative financial year was a 12-month period from 1 April 2018 to 31 March 2019 ("FY18/19).

Following the change in the financial year end of Ascendas Reit, Ascendas Reit will issue its annual report within four months and its financial statement for the full financial year within 60 days after the end of the current financial year (i.e. 31 December 2019).

For the current financial year ending 31 December 2019, the regular distributions to Unitholders of Ascendas Reit shall be for the six-month period ended 30 September 2019 and three-month period ended 31 December 2019. Thereafter, the regular distributions shall be made on a semi-annual basis for every six-month period ending 30 June and 31 December each year.

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

	Note	Group 1Q FY2019 S$'000	 1Q FY18/19 S$'000	 Variance %
Gross revenue	(a)	**229,674**	216,562	6.1%
Property services fees		**(8,273)**	(8,188)	1.0%
Property tax	(b)	**(14,652)**	(12,745)	15.0%
Land rent	(b)	**-**	(8,105)	(100.0%)
Other property operating expenses		**(29,290)**	(28,317)	3.4%
Property operating expenses	(b)	**(52,215)**	(57,355)	(9.0%)
Net property income		**177,459**	159,207	11.5%
Management fees	(c)	**(14,117)**	(12,899)	9.4%
Trust and other expenses	(d)	**(2,098)**	(1,934)	8.5%
Finance income	(g)	**2,759**	2,404	14.8%
Finance costs	(g)	**(41,083)**	(29,159)	40.9%
Foreign exchange differences	(e)	**(7,658)**	(21,234)	(63.9%)
Gain on disposal of investment properties	(f)	**-**	3,357	(100.0%)
Net non property expenses		**(62,197)**	(59,465)	4.6%
Net income	(g)	**115,262**	99,742	15.6%
Net change in fair value of financial derivatives	(h)	**26,397**	15,300	72.5%
Change in fair value of right-of-use assets	(b)	**(1,547)**	-	n.m.
Share of joint venture's results	(i)	**134**	119	12.6%
Total return for the period before tax		**140,246**	115,161	21.8%
Tax expense	(j)	**(2,486)**	(2,424)	2.6%
Total return for the period		**137,760**	112,737	22.2%
Attributable to:				
Unitholders and perpetual securities holders		**137,760**	112,737	22.2%
Non-controlling interests		**-**	-	n.m.
		137,760	112,737	22.2%
Distribution Statement				
Total return for the period attributable to Unitholders and perpetual securities holders		**137,760**	112,737	22.2%
Less: Amount reserved for distribution to perpetual securities holders	(k)	**(3,553)**	(3,553)	-
Other net non tax deductible expenses/ (taxable income) and other adjustments	(l)	**(25,409)**	(1,602)	n.m.
Income available for distribution		**108,798**	107,582	1.1%
Total amount available for distribution comprising:				
- Taxable income		**108,798**	107,582	1.1%
- Distribution from capital	(m)	**15,866**	9,689	63.8%
Total amount available for distribution		**124,664**	117,271	6.3%

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 and claims on liquidated damages).

Gross revenue increased by 6.1% in 1Q FY2019, mainly due to the full quarter contribution from new acquisitions in Australia and the UK during FY18/19.

(b) Property operating expenses comprise property services fees, property taxes and other expenses such as maintenance and conservancy costs, utilities expenses, marketing fees, land rent and other miscellaneous property-related expenses.

Property services fees and other property operating expenses increased mainly due to the new acquisitions. The increase of property tax in 1Q FY2019 was due to the lower property tax expenses arising from the retrospective downward revisions in the annual value of certain properties in 1Q FY18/19.

The Group is required to pay land rent, whether annually or on an upfront land premium basis to various land owners for properties in its portfolio. The Group adopted Singapore Financial Reporting Standard 116 *Leases* (“FRS 116”) on a modified retrospective basis on 1 April 2019 and did not adjust its comparatives for the effects arising from the adoption of the new standard.

With the adoption of FRS 116, the Group is required to recognise the land leases on the Statement of Financial Position to reflect the right to use the leasehold land and the associated obligation for the lease payments as lease liabilities. The right-of-use of leasehold land and the corresponding lease liabilities are derived by discounting the future lease payments using the Group’s incremental borrowing rate for borrowings of similar amount and tenor, and with similar security.

As at 1 April 2019 (the date of adoption of FRS 116), the Group recognised the right-of-use of leasehold land of S$625.9 million and lease liabilities of the same amount for its leases previously classified as operating land leases on the Statement of Financial Position. Such right-of-use of leasehold land and lease liabilities for leasehold land are excluded from the computation of aggregate leverage as at 30 June 2019. The adoption of FRS 116 has no impact on the net assets, total return and distributable amount to Unitholders.

In 1Q FY2019, the Group recognised finance cost on lease liabilities for leasehold land of S$6.7 million (see note (g) below) and change in fair value of right-of-use of leasehold land of S$1.5 million on the Statement of Total Return.

Prior to the adoption of FRS 116, lease payments made for land rental are presented as land rent expenses in arriving at the net property income on the Statement of Total Return and form part of the Group’s operating cash flows on the Cash Flow Statement. However, with the adoption of FRS 116, such payments are now reflected as finance cost and fair value change of the right-of-use of leasehold land on the Statement of Total Return and as payments for lease liabilities under financing cash flows on the Cash Flow Statement.

(c) Higher management fees in 1Q FY2019 were mainly due to higher deposited property under management attributable to the new acquisitions made during the last financial year. The Manager has elected to receive 20% of the base management fees in Units and the other 80% in cash. The effects arising from the adoption of FRS 116 from 1 April 2019 have been excluded from the computation of the Base Management Fee.

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

The increase in trust and other expenses was mainly attributable to higher trustee fees based on higher deposited property under management as well as professional fees incurred on the UK portfolio.

(e) Foreign exchange differences arose mainly from the revaluation of AUD, GBP, HKD, JPY and USD denominated borrowings. Cross currency swaps were entered into to hedge against the foreign exchange exposure of HKD, JPY, USD and GBP denominated borrowings. Hence, the foreign exchange differences were largely offset by fair value movements in the foreign currency component of the cross currency swaps. Please refer to note (h) below.

In 1Q FY2019, the Group recorded a foreign exchange loss of S$7.7 million, which was mainly attributable to 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, partially off-set by the appreciation of SGD against GBP. In 1Q FY18/19, the Group recorded a foreign exchange loss of S$21.2 million mainly due to 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.

(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 FY2019 S$'000**	**1Q FY18/19 S$'000**	**Variance %**
Gross revenue				
Gross rental income		**207,197**	194,762	6.4%
Other income		**22,477**	21,800	3.1%
Property operating expenses				
Reversal/(provision) of allowance for impairment loss on doubtful receivables		**1**	(17)	(105.9%)
Finance income	(1)			
Interest income		**2,759**	2,404	14.8%
Finance costs	(2)			
Interest expense		**(33,575)**	(28,286)	18.7%
Other borrowing costs		**(815)**	(873)	(6.6%)
Finance costs on lease liabilities		**(6,693)**	-	n.m.
		(41,083)	(29,159)	40.9%

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

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

2. Finance costs comprise interest expenses on borrowings, payments on interest rate swaps, amortised costs of establishing debt facilities (including the MTNs, term loan facilities and committed revolving credit facilities), and the finance costs on lease liabilities. Please refer to note 1(a)(i)(b) for the details on the finance costs on lease liabilities.

(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 FY2019 S$'000	**1Q FY18/19 S$'000**	**Variance %**
Fair value (loss)/gain on:			
- interest rate swaps	**(7,677)**	3,579	n.m.
- cross currency swaps	**34,140**	12,171	180.5%
- foreign exchange forward contracts	**(66)**	(450)	(85.3%)
Net change in fair value of financial derivatives	**26,397**	15,300	72.5%

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 Group uses the equity method to account for the results of CCP LLP.

(j) Tax expense in 1Q FY2019 includes deferred tax expense relating to the undistributed profits in the subsidiaries of the Group. It also includes withholding tax paid on interest payments and distributions from the subsidiaries that indirectly hold 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 the holders a right to receive distribution payments at 4.75% per annum, with the first distribution rate reset on 14 October 2020 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

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

	Note	**Group** **1Q FY2019** **S$'000**	**1Q FY18/19** **S$'000**	**Variance** **%**
Management fees paid/payable in units		**2,813**	2,579	9.1%
Trustee fee		**513**	478	7.3%
Gain on disposal of investment property		**-**	(3,357)	(100.0%)
Net change in fair value of financial derivatives		**(26,397)**	(15,300)	72.5%
Foreign exchange differences		**7,658**	21,234	(63.9%)
Other net non tax deductible expenses and other adjustments	A	**12,018**	8,562	40.4%
Income from subsidiaries and joint venture	B	**(22,014)**	(15,798)	39.3%
Other net non tax deductible expenses/ (taxable income) and other adjustments		**(25,409)**	(1,602)	n.m.

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

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

B. This relates to the net income from the Trust's subsidiaries and joint venture including the effects of consolidation.

(m) This relates to the distribution of (i) income repatriated from Australia by way of tax deferred distributions and/or shareholder loan repayment, (ii) net income from properties in the UK, where the profits have yet to be repatriated to Singapore, (iii) reimbursements received from vendors in relation to outstanding incentives that were subsisting at the point of the completion of the acquisition of certain properties in Australia and the UK, and (iv) rental support received from vendors in relation to the acquisition of certain properties in Australia and the UK. 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

	Note	Group 30/06/19 S$'000	Group 31/03/19 S$'000	Trust 30/06/19 S$'000	Trust 31/03/19 S$'000
Non-current assets					
Investment properties	(a)	**11,086,221**	11,143,937	**8,733,686**	8,769,500
Investment properties under development	(b)	**119,661**	91,595	**119,661**	91,595
Right-of-use assets	(c)	**624,343**	-	**624,343**	-
Finance lease receivables		**49,833**	50,554	**49,833**	50,554
Interest in subsidiaries	(d)	**-**	-	**1,176,235**	1,179,012
Loans to subsidiaries	(e)	**-**	-	**286,776**	297,000
Investment in joint venture		**135**	102	**-**	-
Derivative assets	(f)	**55,755**	31,546	**48,389**	29,767
		11,935,948	11,317,734	**11,038,923**	10,417,428
Current assets					
Finance lease receivables		**2,768**	2,688	**2,768**	2,688
Trade and other receivables	(g)	**34,917**	39,635	**35,890**	33,570
Derivative assets	(f)	**318**	1,425	**318**	1,425
Cash and fixed deposits		**58,212**	52,341	**3,425**	6,678
Property held for sale	(h)	**23,600**	-	**23,600**	-
	(i)	**119,815**	96,089	**66,001**	44,361
Current liabilities					
Trade and other payables	(j)	**176,961**	158,255	**159,264**	131,581
Security deposits		**55,727**	46,862	**55,601**	46,690
Derivative liabilities	(f)	**45**	8	**45**	8
Short term borrowings	(k)	**540,681**	215,820	**540,681**	215,820
Term loans	(k)	**100,000**	301,094	**100,000**	301,094
Medium term notes	(k)	**-**	94,994	**-**	94,994
Lease liabilities	(c)	**37,732**	-	**37,732**	-
Provision for taxation		**8,749**	7,934	**1,047**	1,140
	(i)	**919,895**	824,967	**894,370**	791,327
Non-current liabilities					
Security deposits		**76,916**	82,167	**74,617**	79,921
Derivative liabilities	(f)	**60,652**	64,112	**49,132**	55,958
Amount due to a subsidiary		**-**	-	**25,668**	25,646
Term loans	(k)	**1,685,442**	1,595,947	**798,608**	701,997
Medium term notes	(k)	**1,897,249**	1,889,936	**1,897,249**	1,889,936
Lease liabilities	(c)	**586,611**	-	**586,611**	-
Deferred tax liabilities	(l)	**11,811**	10,701	**-**	-
		4,318,681	3,642,863	**3,431,885**	2,753,458
Net assets		**6,817,187**	6,945,993	**6,778,669**	6,917,004
Represented by:					
Unitholders' funds		**6,516,357**	6,641,611	**6,477,839**	6,612,622
Perpetual securities holders		**300,830**	304,382	**300,830**	304,382
		6,817,187	6,945,993	**6,778,669**	6,917,004

Explanatory notes to the statements of financial position

(a) Movements in investment properties are mainly due to the transfer of properties, namely 25 & 27 Ubi Road 4 in Singapore to the investment property under development ("IPUD") when the redevelopment work was started in 1Q FY2019.

(b) As at 31 March 2019, IPUD relates to a built-to-suit development in Singapore. As at 30 June 2019, 25 & 27 Ubi Road 4 were added to the IPUD.

(c) The right-of-use assets were recognised due to the application for FRS116 effective from 1 April 2019. Please refer to note 1(a)(i)(b) for more details.

(d) Interest in subsidiaries relates to entities directly or indirectly wholly-owned by Ascendas Reit.

(e) Loans to subsidiaries relate to the interest-bearing loans extended to subsidiaries to fund their overseas acquisitions.

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

(g) The increase in trade and other receivables of the Trust was mainly due to one tenant that has yet to pay off its outstanding rent. This outstanding amount is fully covered by security deposits. Collection of outstanding arrears in the UK contributed to the decrease in trade and other receivables of the Group as at 31 March 2019.

(h) As at 30 June 2019, the property held for sale relates to 8 Loyang Way 1 in Singapore. Ascendas Reit had on 18 July 2019 entered into a sale and purchase agreement to divest the above-mentioned property.

(i) Notwithstanding the net current liabilities position, based on the Group's available 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.

(j) The increase in trade and other payables mainly related to income tax payable withheld on behalf of certain Unitholders as at 30 June 2019.

(k) Details of borrowings

	Group		Trust	
Gross borrowings	**30/06/19 S$'000**	**31/03/19 S$'000**	**30/06/19 S$'000**	**31/03/19 S$'000**
Secured borrowings				
Amount repayable after one year				
- Term loans	**535,002**	541,543	**-**	-
Unsecured borrowings				
Amount repayable after one year				
- Medium term notes	**1,900,956**	1,893,839	**1,900,956**	1,893,839
- Term loans	**1,156,931**	1,061,435	**800,509**	704,080
	3,057,887	2,955,274	**2,701,465**	2,597,919
Amount repayable within one year				
- Short term borrowings	**540,681**	215,819	**540,681**	215,819
- Medium term notes	**-**	95,000	**-**	95,000
- Term loans	**100,000**	301,142	**100,000**	301,142
	640,681	611,961	**640,681**	611,961
Total unsecured borrowings	**3,698,568**	3,567,235	**3,342,146**	3,209,880

As at 30 June 2019, the Group has A$564.3 million (31 March 2019: 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 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$1,013.0 million or A$1,068.6 million as at 30 June 2019 (31 March 2019: S$1,025.4 million or A$1,068.6 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 2019, 75.3% (31 March 2019: 83.0%) 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 3.6 years (31 March 2019: 3.6 years). The overall weighted average cost of borrowings for the period ended 30 June 2019 was 3.0% (31 March 2019: 3.0%).

(l) Deferred tax liabilities relate to tax provided on the undistributed profits in the subsidiaries of the Group and capital gains on a property in the UK.

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

	Note	Group 1Q FY2019 S$'000	1Q FY18/19 S$'000
Cash flows from operating activities			
Total return for the period before tax		**140,246**	115,161
Adjustments for;			
Provision of allowance for impairment loss on doubtful receivables		**(1)**	17
Finance income		**(2,759)**	(2,404)
Finance costs		**41,083**	29,159
Net foreign exchange differences		**7,658**	21,234
Gain from disposal of investment properties		**-**	(3,357)
Management fees paid/payable in units		**2,813**	2,579
Net change in fair value of financial derivatives		**(26,397)**	(15,300)
Net change in fair value of right-of-use assets		**1,547**	-
Share of joint venture's results		**(134)**	(119)
Operating income before working capital changes		**164,056**	**146,970**
Changes in working capital:			
Trade and other receivables		**5,230**	6,384
Trade and other payables		**21,661**	17,628
Cash generated from operating activities		**190,947**	170,982
Income tax paid		**(547)**	(1,390)
Net cash generated from operating activities		**190,400**	169,592
Cash flows from investing activities			
Dividend received from a joint venture company		**101**	122
Purchase of investment properties		**-**	(51,220)
Payment for investment properties under development		**(6,676)**	(6,544)
Payment for capital improvement on investment properties		**(12,519)**	(11,902)
Proceeds from the divestment of investment property		**-**	24,000
Interest received		**7,954**	8,156
Net cash used in investing activities		**(11,140)**	(37,388)
Cash flows from financing activities			
Distributions paid to Unitholders		**(253,409)**	(230,764)
Distributions paid to perpetual securities holders		**(7,105)**	(7,105)
Finance costs paid		**(34,454)**	(28,215)
Payment of lease liabilities		**(8,240)**	-
Transaction costs paid in respect of borrowings		**(340)**	(607)
Proceeds from borrowings		**597,122**	433,692
Repayment of borrowings		**(470,461)**	(322,961)
Net cash used in financing activities		**(176,887)**	(155,960)
Net increase/(decrease) in cash and cash equivalents		**2,373**	(23,756)
Cash and cash equivalents at beginning of the period		**52,340**	(22,949)
Effect of exchange rate changes on cash balances		**(260)**	(24)
Cash and cash equivalents at end of the financial period	(a)	**54,453**	(46,729)

Footnotes

(a) Included in cash and cash equivalents was a bank overdraft amounting to approximately S$3.8 million as at 30 June 2019 (S$47.4 million as at 31 March 2019).

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

	Note	Group 1Q FY2019 S$'000	Group 1Q FY18/19 S$'000	Trust 1Q FY2019 S$'000	Trust 1Q FY18/19 S$'000
Unitholders' Funds					
Balance at beginning of the financial period		**6,641,609**	6,194,310	**6,612,622**	6,170,366
Operations					
Total return for the period attributable to Unitholders and perpetual securities holders		**137,760**	112,737	**119,366**	103,228
Less: Amount reserved for distribution to perpetual securities holders		**(3,553)**	(3,553)	**(3,553)**	(3,553)
Net increase in net assets from operations		**134,207**	109,184	**115,813**	99,675
Movement in foreign currency translation reserve	(a)	**(8,863)**	(2,311)	**-**	-
Unitholders' transactions					
Management fees paid/payable in Units		**2,813**	2,579	**2,813**	2,579
Distributions to Unitholders		**(253,409)**	(230,764)	**(253,409)**	(230,764)
Net decrease in net assets from Unitholders' transactions		**(250,596)**	(228,185)	**(250,596)**	(228,185)
Balance at end of the financial period		**6,516,357**	6,072,998	**6,477,839**	6,041,856
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	**-**	-
Total return for the period attributable to non-controlling interests		**-**	-	**-**	-
Balance at end of the financial period		**-**	4	**-**	-
Total		**6,817,187**	6,373,832	**6,778,669**	6,342,686

Footnotes

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

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

	Group and Trust	
	1Q FY2019 Units	**1Q FY18/19 Units**
Issued Units at beginning of the financial period	**3,110,841,823**	2,928,503,929
Issue of new Units:		
- Management fees paid in Units	**1,913,829**	1,927,126
Issued Units at the end of the financial period	**3,112,755,652**	2,930,431,055
Units to be issued:		
Management fees payable in Units	**305,013**	327,792
Units issued and issuable at end of the financial period	**3,113,060,665**	2,930,758,847

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 2019 and 31 March 2019. 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 financial year ended 31 March 2019.

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 2019 as follows:

FRS 116 *Lease*

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard, and the lessor shall continue to classify leases as finance or operating leases.

Please refer to 1(a)(i)(b) for more details on the effects of the adoption of FRS 116 with effect from 1 April 2019.

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

		Group	
	Note	**1Q FY2019**	**1Q FY18/19**
EPU			
Basic EPU			
Weighted average number of Units		**3,111,139,610**	2,928,782,835
Earnings per Unit in cents	(a)	**4.314**	3.728
Diluted EPU			
Weighted average number of Units		**3,111,139,610**	2,928,782,835
Earnings per Unit in cents (diluted)		**4.314**	3.728
DPU			
Number of Units in issue		**3,112,755,652**	2,930,431,055
Distribution per Unit in cents		**4.005**	4.002

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.

The diluted EPU is equivalent to the basic EPU as no dilutive instruments were in issue as at 30 June 2019 and 30 June 2018.

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

		Group		Trust	
	Note	30/06/19 cents	31/03/19 cents	30/06/19 cents	31/03/19 cents
Net asset value per Unit		**209**	213	**208**	212
Adjusted net asset value per Unit	(a)	**205**	205	**204**	204

Footnote

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

8. Review of Performance

	Group				
	1Q FY2019 (A) S$'000	4Q FY18/19 (B) S$'000	Variance (A) vs (B) %	1Q FY18/19 (C) S$'000	Variance (A) vs (C) %
Gross revenue	**229,674**	225,058	2.1%	216,562	6.1%
Property operating expenses	**(52,215)**	(61,625)	(15.3%)	(57,355)	(9.0%)
Net property income	**177,459**	163,433	8.6%	159,207	11.5%
Non property expenses	**(16,215)**	(15,201)	6.7%	(14,833)	9.3%
Net finance costs	**(31,631)**	(30,237)	4.6%	(26,755)	18.2%
Finance costs on lease liabilities	**(6,693)**	-	n.m.	-	n.m.
Foreign exchange differences	**(7,658)**	11,633	(165.8%)	(21,234)	(63.9%)
Gain on disposal of investment property	**-**	-	n.m.	3,357	(100.0%)
	(62,197)	(33,805)	84.0%	(59,465)	4.6%
Net income	**115,262**	129,628	(11.1%)	99,742	15.6%
Net change in fair value of financial derivatives	**26,397**	(8,365)	n.m.	15,300	72.5%
Net change in fair value of investment properties	**-**	29,304	(100.0%)	-	n.m.
Change in fair value of right-of-use assets	**(1,547)**	-	n.m.	-	n.m.
Share of joint venture's results	**134**	85	57.6%	119	12.6%
Total return for the period before tax	**140,246**	150,652	(6.9%)	115,161	21.8%
Tax expense	**(2,486)**	(6,622)	(62.5%)	(2,424)	2.6%
Total return for the period	**137,760**	144,030	(4.4%)	112,737	22.2%
Attributable to:					
Unitholders and perpetual securities holders	**137,760**	144,030	(4.4%)	112,737	22.2%
Total return for the period	**137,760**	144,030	(4.4%)	112,737	22.2%
<u>Distribution Statement</u>					
Total return for the period attributable to Unitholders and perpetual securities holders	**137,760**	144,030	(4.4%)	112,737	22.2%
Less: Amount reserved for distribution to perpetual securities holders	**(3,553)**	(3,514)	1.1%	(3,553)	-
Net effect of (taxable income)/ non tax deductible expenses and other adjustments	**(25,409)**	1,790	n.m.	(1,602)	n.m.
Net change in fair value of investment properties	**-**	(29,304)	(100.0%)	-	n.m.
Income available for distribution	**108,798**	113,002	(3.7%)	107,582	1.1%
Total amount available for distribution comprising:					
- Taxable income	**108,798**	113,002	(3.7%)	107,582	1.1%
- Distribution from capital	**15,866**	16,021	(1.0%)	9,689	63.8%
Total amount available for distribution	**124,664**	129,023	(3.4%)	117,271	6.3%
<u>EPU/DPU</u>					
Earnings per unit (cents)	**4.314**	4.517	(4.5%)	3.728	15.7%
Distribution per unit (cents)	**4.005**	4.148	(3.4%)	4.002	0.1%

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

1Q FY2019 vs 4Q FY18/19

Gross revenue increased by 2.1%, mainly attributable to positive rental reversions and better occupancy in certain properties in Singapore which was partially offset by lower occupancy in Australia.

Property operating expenses decreased by 15.3% mainly due to the application of FRS116 as disclosed in note 1(a)(i)(b). No land rent expense was included in property operating expenses for 1Q FY2019, while land rent expenses amounting to $8.2 million was included in 4Q FY18/19.

Non-property expenses increased by 6.7% mainly due to the reversal in 4Q FY18/19 of certain expenses which were no longer required, whereas there was no such reversal in 1Q FY2019.

Net finance costs increased marginally between 1Q FY2019 and 4Q FY18/19 mainly arising from the higher all-in weighted average debt costs. Finance cost on lease liabilities and change in fair value of right-of-use assets arise from the application of FRS116 as explained in note 1(a)(i)(b).

In 1Q FY2019, the Group recorded a foreign exchange loss of S$7.7 million, which arose mainly from the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN coupled with the weakening of SGD against USD in relation to certain USD denominated credit facilities, partially off-set by the appreciation of SGD against GBP. The foreign exchange gain of S$11.6 million in 4Q FY18/19 was mainly due to the strengthening of SGD against HKD, JPY and USD in relation to the respective foreign currency denominated borrowings.

4Q FY18/19 recorded higher tax expenses than 1Q FY2019 due to the higher deferred tax liability from the undistributed profits in the subsidiaries of the Group for that period.

1Q FY2019 vs 1Q FY18/19

Gross revenue increased by 6.1%, mainly due to acquisitions in Australia and the UK, and contributions from the completed redevelopment at 20 Tuas Avenue in April FY18/19.

Property operating expenses decreased by 9.0% mainly due to the application of FRS116 as disclosed in note 1(a)(i)(b). No land rent expense was included in the property operating expenses for 1Q FY2019, while land rent expenses amounting to $8.1 million was included in 1Q FY18/19. This was partially offset by the lower property tax arising from the retrospective downward revisions in the annual value of certain properties in 1Q FY18/19 whereas there was no such revision in the current financial period.

Non-property expenses increased 9.3% mainly due to an increase in manager's fee and trustee fee as a result of enlarged deposited property under management. Higher net finance costs of 18.2% in 1Q FY2019 was due to higher average debt balance and higher average cost of borrowings.

Finance cost on lease liabilities and change in fair value of right-of-use assets arise from the application of FRS116 is explained in note 1(a)(i)(b).

In 1Q FY2019, the Group recorded a foreign exchange loss of S$7.7 million, which arose mainly from the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN coupled with the weakening of SGD against USD in relation to certain USD denominated credit facilities, but partially off-set by the appreciation of SGD against GBP. In 1Q FY18/19, the Group recorded a foreign exchange loss of S$21.2 million mainly due to the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN coupled with the weakening of SGD against USD in relation to certain USD denominated credit facilities.

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.

9. Variance between forecast and the actual results

The current results are broadly in line with the Trust's commentary made in 4Q FY18/19 Financial Results Announcement under Paragraph 10 on page 18. The Trust has not disclosed any financial forecast to the market.

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

The global economic outlook continues to weaken amid uncertainties arising from the on-going trade frictions, political tensions and Brexit negotiations. Some central banks have signalled that they are prepared to lower interest rates to support economic growth.

Singapore

Singapore's 2Q 2019 GDP growth slowed to 0.1% year-on-year ("y-o-y") from 1.1% y-o-y in 1Q 2019. The manufacturing sector shrank by 3.8% y-o-y, deteriorating further from the 0.4% y-o-y contraction in the previous quarter. The Singapore government expects GDP growth for 2019 to be between 1.5% to 2.5% (source: Ministry of Trade and Industry). In view of the uncertain economic outlook, businesses are likely to remain conservative with their capital investments and expansion plans.

On top of the excessive new supply of industrial property space that was built-up over the last 4-5 years, an additional 2.7 million sqm of new industrial space is expected to complete in the rest of 2019 and in 2020, representing 5.5% of the total stock of 49.3 million sqm as at 30 June 2019.

Rental rates are expected to remain subdued, in view of the available industrial supply and moderated economic growth.

Assets under management (AUM) in Singapore stood at S$8.8 billion (79% of total property value as at 30 June 2019) underpinned by a diversified pool of tenants operating in across more than 20 industries. Properties in the business and science park segment, which makes up 42% of the Singapore portfolio, can serve the needs of industries in the new economy and this segment remains a key growth area for Ascendas Reit.

Australia

The Australian economy grew by 1.8% y-o-y in 1Q 2019 (4Q 2018: 2.3% y-o-y). Household spending moderated to 1.8% y-o-y (4Q 2018: 2.0%) as a result of weak discretionary spending. The Reserve Bank of Australia lowered the cash rate from 1.5% to 1.0% in 2Q 2019 to reduce unemployment and achieve its inflation target over time. Consensus GDP growth forecast for Australia in 2019 is 2.1% (Source: Bloomberg).

Ascendas Reit's Australian properties are well-located in key industrial precincts. The stable performance of the portfolio is underpinned by the long weighted average lease to expiry of 4.3 years and average annual rent escalations of approximately 3% per annum.

United Kingdom (UK)

In 1Q 2019, the UK economy grew by 1.8% y-o-y (4Q 2018: 1.4% y-o-y). The services sector, which is the largest contributor to the UK economy, weakened slightly to 0.4% quarter-on-quarter (4Q: 0.5% q-o-q) whilst production output increased 1.1% q-o-q after recording a decline of 0.8% in 4Q 2018. Consensus GDP growth forecast for 2019 is 1.3% (source: Bloomberg).

With the on-going political and economic uncertainty arising from Brexit, leasing activity for the logistics sector has slowed in the first quarter of 2019. However, the sector remains fundamentally resilient as rents are expected to remain firm amidst supply constraints.

Ascendas Reit's UK portfolio stood at S$0.8 billion (7% of total property value) as at 30 June 2019. Strong attributes such as the long weighted average lease to expiry of 9.1 years and the domestic nature of the tenants' logistics business will stand Ascendas Reit in good stead to overcome any potential impact arising from Brexit.

Conclusion

Despite the uncertainty in the global economic outlook, the portfolio performance in the current three markets remains stable. The Manager will continue with our multi-pronged strategy to sustain the performance and complement it with disciplined and accretive investments in Singapore and other developed markets.

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 corresponding period of the immediate preceding year?

No

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

In view of the change of financial year of Ascendas Reit, for the current financial year ending 31 December 2019, the regular distributions to Unitholders of Ascendas Reit shall be for the six-month period ended 30 September 2019 and three-month period ended 31 December 2019. Thereafter, the regular distributions shall be made on a semi-annual basis for every six-month period ending 30 June and 31 December each year.

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$452.1 million from the Private Placement in September 2018:

Intended use of proceeds	Announced use of proceeds[1] (S$'million)	Actual use of proceeds (S$'million)	Balance of proceeds (S$'million)
To partially fund the second portfolio of 26 UK logistics properties and the associated costs.	246.6	246.6	-
To partially fund the development of a build-to-suit facility located in Singapore.	109.0	97.7	11.3
To fund debt repayment and future acquisitions.	92.3	92.3	-
To pay the fees and expenses, including professional fees and expenses, incurred or to be incurred by Ascendas Reit in connection with the Private Placement.	4.2	4.2	-
Total	**452.1**	**440.8**	**11.3**

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

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

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

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

[1] As set out and defined in the Use of Proceeds Announcement dated 4 October 2018.

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
29 July 2019

Building a better
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Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing address:
Robinson Road
PO Box 384
Singapore 900734

Tel: +65 6535 7777
Fax: +65 6532 7662
ey.com

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

29 July 2019

Dear Sirs

Ascendas Real Estate Investment Trust and its subsidiaries
Review of interim financial information for the three-month periods ended 30 June 2019

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 2019 (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 2019;
- Portfolio statement of the Group as at 30 June 2019;
- Statement of total return of the Group for the three-month period ended 30 June 2019;
- Distribution statement of the Group for the three-month period ended 30 June 2019;
- Statements of movements in unitholders' funds of the Group and the Trust for the three-month period ended 30 June 2019;
- Statement of cash flows of the Group for the three-month period ended 30 June 2019; 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.

EY
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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

29 July 2019