**hASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**



**Summary of Ascendas Reit Group Results**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **9M** | **12M** |
|  |  | **FY2019** | **FY18/19** |
|  |  | **(01/04/19 to** | **(01/04/18 to** |
|  |  | **31/12/19)** | **31/03/19)** |
|  | Note | **S$'000** | **S$'000** |
|  |  |  |  |
| Gross revenue |  | **699,057** | 886,171 |
| Net property income |  | **537,678** | 649,579 |
| Total amount available for distribution: |  | **375,412** | 485,683 |
| - Taxable income |  | **322,724** | 432,053 |
| - Tax-exempt income | (a) | **4,717** | - |
| - Distribution from capital | (b) | **47,971** | 53,630 |
| **Distribution per Unit ("DPU") (cents)** |  | **FY2019** | **FY18/19** |
| For the quarter from 1 October to 31 December |  | **3.507** | 3.998 |
| - Taxable income |  | **2.956** | 3.456 |
| - Tax-exempt income | (a) | **0.130** | - |
| - Distribution from capital | (b) | **0.421** | 0.542 |
| For the financial year |  | **11.490** | 16.035 |
| - Taxable income |  | **9.887** | 14.273 |
| - Tax-exempt income | (a) | **0.130** | - |
| - Distribution from capital | (b) | **1.473** | 1.762 |

**Footnotes**

1. This includes the distribution of income relating to the properties in UK that has been received in Singapore (net of applicable tax and/or withholding tax) following the repatriation of profits to Singapore. As tax has been withheld on these incomes, the distribution is exempt from tax in the hands of Unitholders.
2. 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 attributable to properties in the United Kingdom (“UK”) and United States (“US”), (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.

**DPU for FY2019 is calculated based on the summation of DPU for each quarter as follows:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **DPU (cents)** | **1Q** |  | **2Q** |  | **3Q** |  | **FY2019** |
| Taxable income |  | 3.495 |  | 3.436 |  | 2.956 | 9.887 |
| Tax-exempt |  | - |  | - |  | 0.130 | 0.130 |
| Distribution from capital |  | 0.510 |  | 0.542 |  | 0.421 | 1.473 |
| **Total** |  | **4.005** |  | **3.978** |  | **3.507** | **11.490** |

**Distribution Details**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 1 October 2019 to 31 December 2019 | | |  |
| Distribution type | Taxable |  | Tax-exempt | Capital | Total |
| Distribution rate (cents per unit) | 2.956 |  | 0.130 | 0.421 | 3.507 |
| Books closure date |  |  | 10 February | 2020 |  |
| Distribution Payment date |  |  | 4 March 2020 | |  |

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**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

1. 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”) had completed the following acquisitions and divestments:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Type | Property | Amount (mil) | Date | |
| i | Divestment | 8 Loyang Way 1, Singapore | S$27.0 | 18 | September 2019 |
| ii | Acquisition | Nucleos, Singapore | S$289.0 | 11 | December 2019 |
| iii | Acquisition | FM Global Centre, Singapore | S$91.0 | 11 | December 2019 |
| iv | Acquisition | 28 business park properties, | US$935.0 | 11 | December 2019 |
|  |  | United States |  |  |  |

As at 31 December 2019, Ascendas Reit and its subsidiaries (the “Group”) have a diversified portfolio of 99 properties in Singapore, 35 properties in Australia, 38 properties in the UK and 28 properties in the US with a tenant base of more than 1,400 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 disclosed 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 has 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 for FY2019 is a 12-month period from 1 April 2018 to 31 March 2019 (“FY18/19”). Accordingly, the comparative amounts presented for the statement of total return and distribution statement in relation to the nine-month period in the current financial year are not entirely comparable.

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

For the current financial year ended 31 December 2019, the regular distributions to Unitholders of Ascendas Reit were for the six-month period ended 30 September 2019 and will be for the 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.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  | **Group** | |  |  |  |
|  |  |  |  |  |  |  |  |  | **3Q** | **3Q** |  | **9M** | **12M** |  |  |
|  |  |  |  |  |  |  |  |  | **FY2019** | **FY18/19** | **Variance** | **FY2019** | **FY18/19** | **Variance** |  |
|  |  |  | Note |  |  |  |  |  | **S$'000** | **S$'000** | **%** | **S$'000** | **S$'000** | **%** |  |
|  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Gross revenue** | | (a) | **239,734** | | | | | | 226,420 | 5.9% | **699,057** | 886,171 | (21.1%) |  |
|  | Property services fees | |  | **(8,768)** | | | | | | (8,053) | 8.9% | **(25,448)** | (32,882) | (22.6%) |  |
|  | Property tax | | (b) | **(15,160)** | | | | | | (12,716) | 19.2% | **(44,203)** | (52,900) | (16.4%) |  |
|  | Land rent | | (b) | **-** | | | | | | (7,989) | (100.0%) | **-** | (32,343) | (100.0%) |  |
|  | Other property operating expenses | |  | **(33,526)** | | | | | | (29,629) | 13.2% | **(91,728)** | (118,467) | (22.6%) |  |
|  | **Property operating expenses** | | (b) | **(57,454)** | | | | | | (58,387) | (1.6%) | **(161,379)** | (236,592) | (31.8%) |  |
|  | **Net property income** | |  | **182,280** | | | | | | 168,033 | 8.5% | **537,678** | 649,579 | (17.2%) |  |
|  | Management fees | | (c) | **(15,019)** | | | | | | (14,213) | 5.7% | **(43,332)** | (54,379) | (20.3%) |  |
|  | Trust and other expenses | | (d) | **(2,800)** | | | | | | (2,102) | 33.2% | **(6,997)** | (7,675) | (8.8%) |  |
|  | Finance income | | (g) | **2,707** | | | | | | 2,653 | 2.0% | **8,159** | 10,448 | (21.9%) |  |
|  | Finance costs | | (g) | **(40,455)** | | | | | | (32,694) | 23.7% | **(121,556)** | (126,488) | (3.9%) |  |
|  | Foreign exchange differences | | (e) | **20,438** | | | | | | (9,411) | n.m. | **(8,640)** | (11,093) | (22.1%) |  |
|  | Gain on disposal of investment properties | | (f) | **-** | | | | | | - | n.m. | **3,220** | 5,088 | n.m. |  |
|  | **Net non property expenses** | |  |  | **(35,129)** | | | | | (55,767) | (37.0%) | **(169,146)** | (184,099) | (8.1%) |  |
|  | **Net income** | | (g) | **147,151** | | | | | | 112,266 | 31.1% | **368,532** | 465,480 | (20.8%) |  |
|  | Net change in fair value of financial derivatives | | (h) | **(52,470)** | | | | | | 19,338 | n.m. | **(3,784)** | 22,197 | (117.0%) |  |
|  | Change in fair value of right-of-use assets | | (b) | **(1,575)** | | | | | | - | n.m. | **(4,668)** | - | n.m. |  |
|  | Change in fair value of investment properties | | (i) | **48,059** | | | | | | - | n.m. | **48,059** | 29,304 | 64.0% |  |
|  | Share of joint venture’s results | | (j) |  | **145** | | | | | 162 | (10.5%) | **409** | 493 | (17.0%) |  |
|  | **Total return for the period before tax** | |  | **141,310** | | | | | | 131,766 | 7.2% | **408,548** | 517,474 | (21.0%) |  |
|  | Tax expense | | (k) | **(14,303)** | | | | | | (2,955) | n.m. | **(20,677)** | (14,391) | 43.7% |  |
|  | **Total return for the period** | |  |  | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | **127,007** | | | | 128,811 | (1.4%) | **387,871** | 503,083 | (22.9%) |  |
|  | **Attributable to:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Unitholders and perpetual securities | |  | **127,007** | | | | | | 128,798 | (1.4%) | **387,871** | 503,087 | (22.9%) |  |
|  | holders | |  |  |
|  | Non-controlling interests | |  | **-** | | | | | | 13 | (100.0%) | **-** | (4) | (100.0%) |  |
|  |  |  |  |  | | | **127,007** | | | 128,811 | (1.4%) | **387,871** | 503,083 | (22.9%) |  |
|  | **Distribution Statement** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total return for the period attributable to | |  | **127,007** | | | | | | 128,798 | (1.4%) | **387,871** | 503,087 | (22.9%) |  |
|  | Unitholders and perpetual securities holders | |  |  |
|  | Less: Amount reserved for distribution to | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | perpetual securities holders | | (l) | **(3,591)** | | | | | | (3,591) | - | **(10,736)** | (14,250) | (24.7%) |  |
|  | Other net non tax deductible expenses/ | | (m) | **31,604** | | | | | | (17,706) | n.m. | **(6,352)** | (27,480) | (76.9%) |  |
|  | (taxable income) and other adjustments | |  |
|  | Net change in fair value of investment properties | |  | **(48,059)** | | | | | | - | n.m. | **(48,059)** | (29,304) | (64.0%) |  |
|  | **Income available for distribution** | |  |  | | | | |  |  |  |  |  |  |  |
|  |  |  | | | | **106,961** | | 107,501 | (0.5%) | **322,724** | 432,053 | (25.3%) |  |
|  | Total amount available for distribution | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | - Taxable income | |  | **106,961** | | | | | | 107,501 | (0.5%) | **322,724** | 432,053 | (25.3%) |  |
|  | - Tax-exempt income | |  | **4,717** | | | | | | - | n.m. | **4,717** | - | n.m. |  |
|  | - Distribution from capital | | (n) | **15,248** | | | | | | 16,846 | (9.5%) | **47,971** | 53,630 | (10.6%) |  |
|  | **Total amount available for distribution** | |  |  | | | | |  |  |  |  |  |  |  |
|  |  |  | | | | | **126,926** | 124,347 | 2.1% | **375,412** | 485,683 | (22.7%) |  |

*Note: “n.m.” denotes “not meaningful”*

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Explanatory notes to the statement of total return and distribution statement**

1. 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 for FY2019 includes contributions from the US Portfolio of 28 business park properties and 2 Singapore business park properties, which were acquired in FY2019.

1. 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.

The Group is required to pay land rent to various land owners for the leasehold 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-of-use of 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 amounts and tenors, 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. The adoption of FRS 116 has no impact on the net assets, total return and distributable amount to Unitholders.

Prior to the adoption of FRS 116, lease payments made to land owners 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.

In FY2019, the Group recognised finance cost on lease liabilities for leasehold land of S$19.9 million (see note (g) below) and change in fair value of right-of-use of leasehold land of S$4.7 million on the Statement of Total Return.

1. Management fees is determined based on 0.5% per annum of the deposited property under management excluding derivative assets, investment properties under development and the effects from the adoption of FRS 116. The Manager has elected to receive 20% of the base management fees in Units and the other 80% in cash.
2. Trust and other expenses comprise statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses.
3. Foreign exchange differences arose mainly from the revaluation of AUD, GBP, HKD, USD and JPY denominated borrowings. Cross currency swaps were entered into to hedge against the foreign exchange exposure of certain HKD, USD and JPY 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 FY2019, the Group recorded a foreign exchange loss of S$8.6 million, which was mainly attributable to the weakening of SGD against JPY in relation to JPY denominated Medium Term Notes (“MTN”). In FY18/19, the Group recorded a foreign exchange loss of S$11.1

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

million mainly due to SGD depreciating against HKD in relation to the HKD denominated MTN.

1. The gain on disposal of investment property in FY2019 arose primarily from the disposal of No. 8 Loyang Way 1 in Singapore in September 2019. In FY18/19, the Trust divested 30 Old Toh Tuck Road and 41 Changi South Avenue 2 in Singapore.
2. The following items have been included in net income:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Group** | |  |  |  |
|  |  | **3Q** | **3Q** |  | **9M** | **12M** |  |  |
|  |  | **FY2019** | **FY18/19** | **Variance** | **FY2019** | **FY18/19** | **Variance** |  |
|  | Note **S$'000** | | **S$'000** | **%** | **S$'000** | **S$'000** | **%** |  |
|  |  |  |  |  |  |  |  |  |
| **Gross revenue** | **212,764** | |  | 3.9% | **626,811** |  | (21.7%) |  |
| Gross rental income | 204,825 | 800,273 |  |
| Other income | **26,970** | | 21,595 | 24.9% | **72,246** | 85,898 | (15.9%) |  |
| **Property operating expenses** |  |  |  |  |  |  |  |  |
| Reversal of allowance for | **-** | | - | n.m. | **1** | (20) | n.m. |  |
| impairment loss on doubtful receivables |  |
| **Finance income** | (1) |  |  | 2.0% |  |  | (21.9%) |  |
| Interest income | **2,707** | | 2,653 | **8,159** | 10,448 |  |
| **Finance costs** | (2) |  |  | 4.0% |  |  | (19.2%) |  |
| Interest expense | **(33,020)** | | (31,759) | **(99,278)** | (122,942) |  |
| Other borrowing costs | **(807)** | | (935) | (13.7%) | **(2,350)** | (3,546) | (33.7%) |  |
| Finance costs on lease liabilities | **(6,628)** | | - | n.m. | **(19,928)** | - | n.m. |  |
|  |  | **(40,455)** | (32,694) | 23.7% | **(121,556)** | (126,488) | (3.9%) |  |

*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 with the adoption of FRS116.

1. 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** | |  |  |  |
|  |  |  | **3Q** | **3Q** |  | **9M** | **12M** |  |  |
|  |  |  | **FY2019** | **FY18/19** | **Variance** | **FY2019** | **FY18/19** | **Variance** |  |
|  |  |  | **S$'000 S$'000** | | **%** | **S$'000** | **S$'000** | **%** |  |
|  | |  |  |  |  |  |  |  |  |
| Fair value (loss)/gain on: | | |  |  |  |  |  |  |  |
| - | interest rate swaps | | **4,870** | (6,996) | (169.6%) | **(6,248)** | (11,645) | (46.3%) |  |
| - | cross currency swaps | | **(57,160)** | 25,953 | n.m. | **2,779** | 34,236 | (91.9%) |  |
| - foreign exchange forward contracts | | | **(180)** | 381 | n.m. | **(314)** | (394) | n.m. |  |
| **Net change in fair value of financial** | | |  |  | n.m. |  |  | (117.0%) |  |
| **derivatives** | |  | **(52,470)** | 19,338 | **(3,784)** | 22,197 |  |

*Note: “n.m.” denotes “not meaningful”*

1. Independent valuations for the investment properties as at 31 December 2019 were undertaken by (i) CBRE Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd, Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd for Singapore properties; (ii) Jones Lang LaSalle Advisory Services Pty Ltd for Australian properties; (iii) Knight Frank LLP for UK properties; and (iv) Newmark Knight Frank Valuation & Advisory, LLC for US properties.

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**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. 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.
2. Tax expense includes income tax expenses of subsidiaries holding properties in the UK, withholding tax paid on the payments of shareholders’ loan interests and distributions from Australia as well as deferred tax expense on the undistributed profits and temporary differences arising from the fair value uplift of investment properties of certain overseas subsidiaries.
3. Ascendas Reit issued S$300 million of subordinated perpetual securities (the “Perpetual Securities”) in 2015. 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.
4. Net effect of non-tax deductible expenses/(taxable income) and other adjustments comprises:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Group** | |  |  |  |
|  |  | **3Q** | **3Q** |  | **9M** | **12M** |  |  |
|  |  | **FY2019** | **FY18/19** | **Variance** | **FY2019** | **FY18/19** | **Variance** |  |
|  | Note | **S$'000** | **S$'000** | **%** | **S$'000** | **S$'000** | **%** |  |
|  |  |  |  |  |  |  |  |  |
| Management fees paid/payable in units |  | **2,994** | 2,839 | 5.5% | **8,642** | 10,873 | (20.5%) |  |
| Trustee fee |  | **542** | 514 | 5.4% | **1,575** | 1,993 | (21.0%) |  |
| Gain on disposal of investment property |  | **-** | - | n.m. | **(3,220)** | (5,088) | n.m. |  |
| Net change in fair value of financial |  | **52,470** | (19,338) | n.m. | **3,784** | (22,197) | (117.0%) |  |
| derivatives |  |  |
| Foreign exchange differences |  | **(20,438)** | 9,411 | n.m. | **8,640** | 11,093 | (22.1%) |  |
| Other net non tax deductible expenses |  |  |  |  |  |  |  |  |
| and other adjustments | A | **24,314** | 10,212 | 138.1% | **47,613** | 44,153 | 7.8% |  |
| Income from subsidiaries and joint | B | **(28,278)** | (21,344) | 32.5% | **(73,386)** | (76,069) | (3.5%) |  |
| venture |  |
| Rollover adjustment from prior years | C | **-** | - | n.m. | **-** | 7,762 | (100.0%) |  |
| **Other net non tax deductible** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **expenses/ (taxable income)** |  |  |  | n.m. |  |  | (76.9%) |  |
| **and other adjustments** |  | **31,604** | (17,706) | **(6,352)** | (27,480) |  |

*Note: “n.m.” denotes “not meaningful”*

* 1. 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 deferred tax expenses.
  2. This relates to the net income from the Trust’s subsidiaries and joint venture including the effects of consolidation.
  3. The distribution of rollover adjustment amounting to S$7.8 million in 4Q FY18/19 arose mainly from tax rulings by the Inland Revenue Authority of Singapore (“IRAS”) on the non-tax deductibility of certain finance costs for prior years.

1. 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 attributable to properties in the UK and US, (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.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**1(b)(i)** **Statements of Financial Position**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Group** | | **Trust** | |  |
|  |  | **31/12/19** | **31/03/19** | **31/12/19** | **31/03/19** |  |
|  | Note | **S$'000** | **S$'000** | **S$'000** | **S$'000** |  |
|  |  |  |  |  |  |  |
| **Non-current assets** |  | **12,743,489** |  | **9,061,600** |  |  |
| Investment properties | (a) | 11,143,937 | 8,769,500 |  |
| Investment properties under | (b) | **182,360** | 91,595 | **147,469** | 91,595 |  |
| development |  |
|  | **617,639** |  | **617,639** |  |  |
| Right-of-use assets | (c) | - | - |  |
| Finance lease receivables |  | **48,331** | 50,554 | **48,331** | 50,554 |  |
| Interest in subsidiaries | (d) | **-** | - | **1,596,548** | 1,179,012 |  |
| Loans to subsidiaries | (e) | **-** | - | **267,705** | 297,000 |  |
| Investment in joint venture |  | **154** | 102 | **-** | - |  |
| Derivative assets | (f) | **20,890** | 31,546 | **19,508** | 29,767 |  |
|  |  | **13,612,863** | 11,317,734 | **11,758,800** | 10,417,428 |  |
|  |  |  |  |  |  |  |

**Current assets**

Finance lease receivables

Trade and other receivables (g)

Derivative assets (f)

Loans to a subsidiary

Cash and fixed deposits

Properties held for sale (h)

(i)

|  |  |  |  |
| --- | --- | --- | --- |
| **2,932** | 2,688 | **2,932** | 2,688 |
| **36,339** | 39,635 | **25,587** | 33,570 |
| **17,896** | 1,425 | **17,896** | 1,425 |
| **-** | - | **269,559** | - |
| **95,705** | 52,341 | **8,967** | 6,678 |
| **98,400** | - | **98,400** | - |
| **251,272** | 96,089 | **423,341** | 44,361 |
|  |  |  |  |

|  |  |
| --- | --- |
| **Total assets** | **13,864,135** 11,413,823 **12,182,141** 10,461,789 |
|  |  |

|  |  |  |
| --- | --- | --- |
| **Current liabilities** |  |  |
| Trade and other payables | (j) |  |
| Security deposits | (k) |  |
| Derivative liabilities | (f) |  |
| Short term borrowings | (l) |  |
| Term loans | (l) |  |
| Medium term notes | (l) |  |
| Lease liabilities | (c) |  |
| Provision for taxation | (i) |  |
|  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **255,836** | 158,255 | **206,605** | 131,581 |
| **93,356** | 46,862 | **93,157** | 46,690 |
| **6,279** | 8 | **384** | 8 |
| **215,082** | 215,820 | **215,082** | 215,820 |
| **261,829** | 301,094 | **-** | 301,094 |
| **99,966** | 94,994 | **99,966** | 94,994 |
| **37,509** | - | **37,509** | - |
| **9,109** | 7,934 | **953** | 1,140 |
| **978,966** | 824,967 | **653,656** | 791,327 |
|  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Non-current liabilities** |  | **65,210** |  | **59,704** |  |  |
| Security deposits | (k) | 82,167 | 79,921 |  |
| Derivative liabilities | (f) | **67,174** | 64,112 | **64,043** | 55,958 |  |
| Amount due to a subsidiary |  | **-** | - | **25,062** | 25,646 |  |
| Term loans | (l) | **2,239,135** | 1,595,947 | **975,053** | 701,997 |  |
| Medium term notes | (l) | **1,795,636** | 1,889,936 | **1,795,636** | 1,889,936 |  |
| Lease liabilities | (c) | **580,130** | - | **580,130** | - |  |
| Other payables |  | **87** | - | **-** | - |  |
| Deferred tax liabilities | (m) | **26,559** | 10,701 | **-** | - |  |
|  |  | **4,773,931** | 3,642,863 | **3,499,628** | 2,753,458 |  |
|  |  |  |  |  |  |  |
| **Total liabilities** |  | **5,752,897** | 4,467,830 | **4,153,284** | 3,544,785 |  |
|  |  |  |  |  |  |  |
| **Net assets** |  | **8,111,238** | 6,945,993 | **8,028,857** | 6,917,004 |  |
| **Represented by:** |  |  |  |  |  |  |
|  | **7,810,370** |  | **7,727,989** |  |  |
| Unitholders' funds |  | 6,641,611 | 6,612,622 |  |
| Perpetual securities holders |  | **300,868** | 304,382 | **300,868** | 304,382 |  |
|  |  | **8,111,238** | 6,945,993 | **8,028,857** | 6,917,004 |  |
|  |  |  |  |  |  |  |

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Explanatory notes to the statements of financial position**

1. The increase in investment properties is mainly due to the acquisition of a US portfolio of 28 business park properties and 2 Singapore business park properties, which were completed in FY2019. This was partially offset by the transfer of 25 & 27 Ubi Road 4 in Singapore to investment properties under development (“IPUD”), the divestment of 8 Loyang Way 1 in Singapore and the reclassification of two Singapore properties to properties held for sale.
2. As at 31 December 2019, IPUD relates to a built-to-suit development in Singapore, 25 & 27 Ubi Road 4 in Singapore and 254 Wellington Road in Australia.
3. The right-of-use assets were recognised due to the adoption of FRS116 effective from 1 April 2019. Please refer to note 1(a)(i)(b) for more details.
4. Interest in subsidiaries relates to entities directly or indirectly wholly-owned by Ascendas Reit. The increase of interest in subsidiaries was mainly due to the acquisition of the US portfolio through the acquisition of Ascendas US Holdco Pte. Ltd.
5. Loans to subsidiaries relate to the interest-bearing loans extended to subsidiaries to fund overseas acquisitions.
6. 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.
7. The decrease in trade and other receivables of the Trust was mainly due to the collection of arrears in Singapore and the UK.
8. As at 31 December 2019, properties held for sale are 202 Kallang Bahru and Wisma Gulab in Singapore.
9. 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.
   1. The increase in trade and other payables is mainly due to the acquisition of the US portfolio, and higher accrued capital and operating expenses.
   2. The increase in security deposits for the Trust is mainly due to the acquisition of Nucleos and FM Global in Singapore during the financial year.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

(l) **Details of borrowings**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Gross borrowings** |  |  |  | **Group** | | **Trust** | |  |
| **31/12/19** | | | | **31/03/19** | **31/12/19** | **31/03/19** |  |
|  |  |  |  | **S$'000** | **S$'000** | **S$'000** | **S$'000** |  |
|  |  |  |  |  |  |  |  |  |
| **Secured borrowings** |  |  |  |  |  |  |  |  |
| Amount repayable after one year | **261,829** | | | |  | **-** |  |  |
| - Term loans | 541,543 | - |  |
| Amount repayable within one year | **261,829** | | | |  | **-** |  |  |
| - Term loans | - | - |  |
| **Total secured borrowings** | **523,658** | | | | 541,543 | **-** | - |  |
| **Unsecured borrowings** |  |  |  |  |  |  |  |  |
| Amount repayable after one year | **1,798,917** | | | |  | **1,798,917** |  |  |
| - Medium term notes | 1,893,839 | 1,893,839 |  |
| - Term loans | **1,984,531** | | | | 1,061,435 | **978,282** | 704,080 |  |
|  |  | **3,783,448** | | | 2,955,274 | **2,777,199** | 2,597,919 |  |
| Amount repayable within one year | **215,121** | | | |  | **215,121** |  |  |
| - Short term borrowings | 215,819 | 215,819 |  |
| - Medium term notes | **100,000** | | | | 95,000 | **100,000** | 95,000 |  |
| - Term loans | **-** | | | | 301,142 | **-** | 301,142 |  |
| **Total unsecured borrowings** |  | | **315,121** | | 611,961 | **315,121** | 611,961 |  |
|  | | | **4,098,569** | 3,567,235 | **3,092,320** | 3,209,880 |  |
|  |  |  |  |  |  |  |  |  |

As at 31 December 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$1,038.7 million or A$1,119.4 million as at 31 December 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 31 December 2019, 75.8% (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 3.3 years (31 March 2019: 3.6 years). The overall weighted average cost of borrowings for the period ended 31 December 2019 was 2.9% (31 March 2019: 3.0%).

1. Deferred tax liabilities relate to tax provided on the undistributed profits and temporary differences arising from the fair value uplift of investment properties of certain overseas subsidiaries.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Group** | |  |  |
|  |  |  |  |  |  |  | **3Q FY2019** | **3Q FY18/19** | **9M FY2019** | **12M FY18/19** |  |
|  | Note |  |  |  |  |  | **S$'000** | **S$'000** | **S$'000** | **S$'000** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Cash flows from operating activities** |  |  |  |  |  |  |  |  |  |  |  |
| Total return for the period before tax |  | **141,310** | | | | | | 131,766 | **408,548** | 517,474 |  |
| Adjustments for; |  |  |  |  |  |  |  |  |  |  |  |
| Provision of allowance for impairment loss on |  |  |  |  |  |  |  |  |  |  |  |
| doubtful receivables |  | **-** | | | | | | - | **(1)** | 20 |  |
| Finance income |  | **(2,707)** | | | | | | (2,653) | **(8,159)** | (10,448) |  |
| Finance costs |  | **40,455** | | | | | | 32,694 | **121,556** | 126,488 |  |
| Net foreign exchange differences |  | **(20,438)** | | | | | | 9,411 | **8,640** | 11,093 |  |
| Gain from disposal of investment properties |  | **-** | | | | | | - | **(3,220)** | (5,088) |  |
| Management fees paid/payable in units |  | **2,994** | | | | | | 2,839 | **8,642** | 10,873 |  |
| Net change in fair value of financial derivatives |  | **52,470** | | | | | | (19,338) | **3,784** | (22,197) |  |
| Net change in fair value of investment properties |  | **(48,059)** | | | | | | - | **(48,059)** | (29,304) |  |
| Net change in fair value of right-of-use assets |  | **1,575** | | | | | | - | **4,668** | - |  |
| Share of joint venture’s results |  | **(146)** | | | | | | (162) | **(409)** | (493) |  |
| **Operating income before working capital changes** |  |  |  |  |  |  |  |  |  |  |  |
|  | **167,454** | | | | | | 154,557 | **495,990** | 598,418 |  |
| Changes in working capital: |  | **(12,950)** | | | | | | (15,735) | **9,966** | (3,373) |  |
| Trade and other receivables |  |  |
| Trade and other payables |  | **100,651** | | | | | | 1,603 | **86,759** | 23,117 |  |
| **Cash generated from operating activities** |  |  | **255,155** | | | | | 140,425 | **592,715** | 618,162 |  |
| Income tax paid |  | **(1,142)** | | | | | | (1,459) | **(3,609)** | (5,729) |  |
| **Net cash generated from operating activities** |  |  | | |  |  |  |  |  |  |  |
|  |  | | **254,013** | | | | 138,966 | **589,106** | 612,433 |  |
| **Cash flows from investing activities** |  | **130** | | | | | | 133 | **357** | 512 |  |
| Dividend received from a joint venture company |  |  |
| Purchase of investment properties |  | **(1,634,209)** | | | | | | (431,766) | **(1,634,209)** | (903,933) |  |
| Payment for investment properties under development |  | **(47,275)** | | | | | | (241) | **(67,376)** | (109,888) |  |
| Payment for capital improvement on investment properties |  | **(58,411)** | | | | | | (24,932) | **(70,977)** | (76,471) |  |
| Proceeds from the divestment of investment property |  | **-** | | | | | | - | **27,000** | 37,580 |  |
| Interest received |  | **8,002** | | | | | | 7,999 | **20,545** | 24,413 |  |
| **Net cash used in investing activities** |  |  | | | |  |  |  |  |  |  |
|  |  | | | **(1,731,763)** | | | (448,807) | **(1,724,660)** | (1,027,787) |  |
| **Cash flows from financing activities** |  | **1,309,848** | | | | | | - | **1,309,848** | 452,138 |  |
| Proceeds from issue of units |  |  |
| Equity issue costs paid |  | **(12,067)** | | | | | | (111) | **(12,067)** | (3,970) |  |
| Distributions paid to Unitholders |  | **(248,491)** | | | | | | (232,319) | **(501,900)** | (463,083) |  |
| Distributions paid to perpetual securities holders |  | **(7,145)** | | | | | | (7,145) | **(14,250)** | (14,250) |  |
| Finance costs paid |  | **(33,615)** | | | | | | (32,579) | **(108,239)** | (128,650) |  |
| Payment of lease liabilities |  | **(8,204)** | | | | | | - | **(24,596)** | - |  |
| Transaction costs paid in respect of borrowings |  | **(1,750)** | | | | | | (3,036) | **(2,091)** | (7,407) |  |
| Proceeds from borrowings |  | **1,245,412** | | | | | | 708,131 | **1,858,358** | 2,311,699 |  |
| Repayment of borrowings |  | **(792,644)** | | | | | | (157,712) | **(1,319,277)** | (1,702,070) |  |
| **Net cash generated from financing activities** |  |  | | | | |  |  |  |  |  |
|  |  | | | | **1,451,345** | | 275,229 | **1,185,786** | 444,407 |  |
| **Net (decrease)/increase in cash and cash equivalents** |  | **(26,405)** | | | | | | (34,612) | **50,232** | 29,053 |  |
| Cash and cash equivalents at beginning of the period | (a) | **80,376** | | | | | | 8,639 | **4,921** | (22,949) |  |
| Effect of exchange rate changes on cash balances |  | **584** | | | | | | (573) | **(598)** | (1,183) |  |
| **Cash and cash equivalents at end of the financial period** | (a) |  | | | | |  |  |  |  |  |
|  | | | | | **54,555** | (26,546) | **54,555** | 4,921 |  |

**Footnote**

1. Included in cash and cash equivalents was a bank overdraft amounting to approximately S$41.2 million as at 31 December 2019 (31 December 2018:S$59.8 million and 31 March 2019: S$47.4 million)

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**1(d)(i) Statements of Movements in Unitholders’ Funds**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Group** | | **Trust** | |
|  | **3Q FY2019** | **3Q FY18/19** | **3Q FY2019** | **3Q FY18/19** |
| Note | **S$'000** | **S$'000** | **S$'000** | **S$'000** |

**Unitholders' Funds**

Balance at beginning of the financial period **Operations**

Total return for the period attributable to Unitholders and perpetual securities holders

Less: Amount reserved for distribution to perpetual securities holders

**Net increase in net assets from operations**

**Movement in foreign currency translation reserve**

**Unitholders' transactions**

New Units issued

Equity issue costs

Acquisition fees paid/payable in Units

Management fees paid/payable in Units Distributions to Unitholders

**Net increase / (decrease) in net assets from Unitholders' transactions**

Balance at end of the financial period

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **6,633,271** | 6,626,765 | **6,597,270** | 6,594,847 |  |
|  |  |  |  |  |  |
|  | **127,007** | 128,798 | **67,923** | 118,409 |  |
|  | **(3,591)** | (3,591) | **(3,591)** | (3,591) |  |
|  | **123,416** | 125,207 | **64,332** | 114,818 |  |
| (a) | **(12,704)** | (19,646) | **-** | - |  |
|  |  |
| (b) |  |  |  |  |  |
| **1,309,848** | - | **1,309,848** | - |  |
| (c) | **(14,500)** | - | **(14,500)** | - |  |
| **16,536** | - | **16,536** | - |  |
|  | **2,994** | 2,839 | **2,994** | 2,839 |  |
| (d) | **(248,491)** | (232,319) | **(248,491)** | (232,319) |  |
|  | **1,066,387** | (229,480) | **1,066,387** | (229,480) |  |
|  |  |  |  |  |  |
|  | **7,810,370** | 6,502,846 | **7,727,989** | 6,480,185 |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Perpetual Securities Holders' Funds** |  |  |  |  |  |
| Balance at beginning of the financial period | **304,422** | 304,422 | **304,422** | 304,422 |  |
| Amount reserved for distribution to perpetual | **3,591** | 3,591 | **3,591** | 3,591 |  |
| securities holders |  |
| Balance at end of the financial period |  |  |  |  |  |
| **300,868** | 300,868 | **300,868** | 300,868 |  |
| **Non-controlling interests** |  |  |  |  |  |
| Balance at beginning of the financial period | **-** | (13) | **-** | - |  |
| Total return for the period attributable to | **-** | 13 | **-** | - |  |
| non-controlling interests |  |
| Balance at end of the financial period | **-** | - | **-** | - |  |
| **Total** |  |  |  |  |  |
| **8,111,238** | 6,803,714 | **8,028,857** | 6,781,053 |  |

**Footnotes**

1. This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries denominated in foreign currencies.
2. This relates to the issuance of new Units on 6 December 2019 pursuant to the Rights Issue of 498,040,904 Units at an issue price of S$2.63 per Unit.
3. These Units were for payment of acquisition fee in relation to the acquisition of 2 Singapore properties and the US portfolio, and were issued at an issue price of S$3.0098 per Unit on 10 January 2020.
4. The distribution paid in 3Q FY2019 and 3Q FY18/19 comprised of distributions to Unitholders for the period from 1 April 2019 to 30 September 2019 and from 1 April 2018 to 30 September 2018 respectively.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Group** | | **Trust** |  |  |
|  |  | **FY2019** | **FY18/19** | **FY2019** | **FY18/19** |  |
|  | Note | **S$'000** | **S$'000** | **S$'000** | **S$'000** |  |
|  |  |  |  |  |  |  |
| **Unitholders' Funds** |  |  |  |  |  |  |
| Balance at beginning of the financial year |  | **6,641,611** | 6,194,310 | **6,612,622** | 6,170,366 |  |
| **Operations** |  |  |  |  |  |  |
| Total return for the period attributable to Unitholders |  | **387,871** | 503,087 | **307,477** | 459,938 |  |
| and perpetual securities holders |  |  |
| Less: Amount reserved for distribution to perpetual |  | **(10,736)** | (14,250) | **(10,736)** | (14,250) |  |
| securities holders |  |  |
| **Net increase in net assets from operations** |  | **377,135** | 488,837 | **296,741** | 445,688 |  |
| **Movement in foreign currency translation** | (a) |  |  |  |  |  |
| **reserve** | **(27,002)** | (38,104) | **-** | - |  |
|  |  |

**Unitholders' transactions**

|  |  |
| --- | --- |
| New Units issued | (b) |
| Equity issue costs |  |
| Development management fee paid in units | (c) |
| Acquisition fess paid/payable in Units | (d) |
| Management fees paid/payable in Units |  |
| Distributions to Unitholders | (e) |

**Net increase / (decrease) in net assets from Unitholders' transactions**

Balance at end of the financial year

**Perpetual Securities Holders' Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| **1,309,848** | 452,138 | **1,309,848** | 452,138 |
| **(14,500)** | (4,200) | **(14,500)** | (4,200) |
| **-** | 840 | **-** | 840 |
| **16,536** | - | **16,536** | - |
| **8,642** | 10,873 | **8,642** | 10,873 |
| **(501,900)** | (463,083) | **(501,900)** | (463,083) |
| **818,626** | (3,432) | **818,626** | (3,432) |
|  |  |  |  |
| **7,810,370** | 6,641,611 | **7,727,989** | 6,612,622 |

Balance at beginning of the financial period

Amount reserved for distribution to perpetual securities holders

Distributions to Perpetual Securities Holders Balance at end of the financial year

**Non-controlling interests**

|  |  |  |  |
| --- | --- | --- | --- |
| **304,382** | 304,382 | **304,382** | 304,382 |
| **10,736** | 14,250 | **10,736** | 14,250 |
| **(14,250)** | (14,250) | **(14,250)** | (14,250) |
|  |  |  |  |
| **300,868** | 304,382 | **300,868** | 304,382 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Balance at beginning of the financial period | **-** | 4 | **-** | - |  |
| Total return for the period attributable to | **-** | (4) | **-** | - |  |
| non-controlling interests |  |
| Balance at end of the financial year | **-** | - | **-** | - |  |
| **Total** |  |  |  |  |  |
| **8,111,238** | 6,945,993 | **8,028,857** | 6,917,004 |  |

**Footnotes**

1. This represents the foreign exchange translation differences arising from translation of the financial statements of foreign subsidiaries denominated in foreign currencies.
2. The new Units for FY2019 relate to the issuance of new Units on 6 December 2019 pursuant to the Rights Issue of 498,040,904 Units at an issue price of S$2.63 per Unit. The new Units for FY18/19 relate to the issuance of new Units on 18 September 2018 pursuant to a private placement of 178,007,000 Units at an issue price of S$2.540 per Unit.
3. This relates to the issuance of 298,656 new Units at S$2.8126 per Unit for the partial payment of development management fee for a built-to-suit development in Singapore.
4. These Units were for payment of acquisition fee in relation to the acquisition of 2 Singapore properties and the US portfolio, and were issued at an issue price of S$3.0098 per Unit on 10 January 2020.
5. The distribution paid in FY2019 and FY18/19 comprised of distributions to Unitholders for the period from 1 October 2018 to 30 September 2019 and from 1 October 2017 to 30 September 2018 respectively.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Group and Trust** | |  |  |
|  | **3Q FY2019** | **3Q FY18/19** | **FY2019** | **FY18/19** |  |
|  | **Units** | **Units** | **Units** | **Units** |  |
|  |  |  |  |  |  |
| Issued Units at beginning of the financial period | **3,112,755,652** | 3,108,438,055 | **3,110,841,823** | 2,928,503,929 |  |
| **Issue of new Units:** | **1,897,276** |  | **3,811,105** |  |  |
| - Management fees paid in Units | 2,105,112 | 4,032,238 |  |
| - Equity fund raising | **498,040,904** | - | **498,040,904** | 178,007,000 |  |
| - Development management fees paid in Units | **-** | - | **-** | 298,656 |  |
|  |  |  |  |  |  |
| Issued Units at the end of the financial period | **3,612,693,832** | 3,110,543,167 | **3,612,693,832** | 3,110,841,823 |  |
| **Units to be issued:** |  |  |  |  |  |
| **380,347** |  | **380,347** |  |  |
| Management fees payable in Units | 369,829 | 1,295,832 |  |
| Acquisition fee payable in Units | **5,494,086** | - | **5,494,086** | - |  |
| Units issued and issuable at end of the financial |  |  |  |  |  |
| **3,618,568,265** | 3,110,912,996 | **3,618,568,265** | 3,112,137,655 |  |
| period |  |
|  |  |  |  |  |

**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 31 December 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.

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

The figures have not been audited or reviewed.

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

Not applicable.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. **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.

1. **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 (“FRS”) and interpretations effective for the financial period beginning 1 April 2019 as follows:

FRS 116 *Leases*

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 previous standard (FRS 17), 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.

1. **Earnings per Unit (“EPU”) and Distribution per Unit (“DPU”) for the financial period**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Note |  | **Group** | |  |  |
|  | **3Q FY2019** | **3Q FY18/19** | **9M FY2019** | **12M FY18/19** |  |
|  |  |  |  |  |  |  |
| **Basic and Diluted EPU** | (a) |  |  |  |  |  |
| **attributable to Unitholders** |  |  |  |  |  |
|  |  |  |  |  |  |
| (adjusted to include effects of rights issue) | (b) | **3,322,781,200** |  | **3,228,335,658** |  |  |
| Weighted average number of Units |  | 3,177,619,678 | 3,092,740,887 |  |
| Earnings per Unit in cents |  | **3.714** | 3.941 | **11.682** | 15.806 |  |
| (as previously reported) |  |  | 3,108,785,300 |  | 3,025,745,174 |  |
| Weighted average number of Units |  |  |  |  |
| Earnings per Unit in cents |  |  | 4.028 |  | 16.156 |  |
| **DPU** |  |  |  |  |  |  |
| Number of Units in issue and issuable | (c) | **3,618,187,918** | 3,110,543,167 | **3,618,187,918** | 3,110,841,823 |  |
| (as actually distributed or distributable) |  | **3.507** |  | **11.490** |  |  |
| Distribution per Unit in cents |  | 3.998 | 16.035 |  |
| (restated to include effects of rights issue) | (d) |  |  |  |  |  |
| Distribution per Unit in cents |  | **3.507** | 3.911 | **11.317** | 15.688 |  |
|  |  |  |  |  |  |  |

**Footnotes**

1. 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 31 December 2019, 31 March 2019 and 31 December 2018.
2. The weighted average number of Units and EPU have been adjusted to reflect the effects of the Rights Units issued on 6 December 2019. This is in accordance with requirements of FRS 33 “Earnings per Share”.
3. Included 5,494,086 Units of acquisition fees in Units issued on 10 January 2020 as these Units are entitled to receive the distribution for the period from 1 October 2019 to 31 December 2019.
4. The DPU for 1H FY2019 and FY18/19 have been restated to reflect the effects of the Rights Units issued on 6 December 2019. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts”.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Group** |  | **Trust** |  |  |
|  | Note | **31/12/19** | **31/03/19** | **31/12/19** | **31/03/19** |  |
|  | **cents** | **cents** | **cents** | **cents** |  |
|  |  |  |  |  |  |  |
| Net asset value per Unit |  | **216** | 213 | **214** | 212 |  |
| Adjusted net asset value per Unit | (a) | **213** | 205 | **210** | 204 |  |

**Footnote**

* 1. 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.

1. **Review of Performance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Group** |  |  |
| **3Q FY2019** | **2Q FY2019** | **Variance** | **3Q FY18/19** | **Variance** |
| **(A)** | **(B)** | **(A) vs (B)** | **(C)** | **(A) vs (C)** |
| **S$'000** | **S$'000** | **%** | **S$'000** | **%** |
|  |  |  |  |  |

Gross revenue

Property operating expenses

**Net property income**

Non property expenses

Net finance costs

Finance costs on lease liabilities Foreign exchange differences

Gain on disposal of investment property

**Net income**

Net change in fair value of financial derivatives

Net change in fair value of investment properties

Change in fair value of right-of-use assets

Share of joint venture’s results

**Total return for the period before tax** Tax expense

**Total return for the period**

**Attributable to:**

Unitholders and perpetual securities holders Non-controlling interests

**Total return for the period**

**Distribution Statement**

Total return for the period attributable to Unitholders and perpetual securities holders

Less: Amount reserved for distribution to perpetual securities holders

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

Net change in fair value of investment properties **Income available for distribution**

Total amount available for distribution comprising:

* Taxable income
* Tax-exempt income
* Distribution from capital

**Total amount available for distribution**

**EPU/DPU**

Earnings per unit (cents)

Distribution per unit (cents)

*Note: “n.m.” denotes “not meaningful”*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **239,734** | 229,649 | 4.4% | 226,420 | 5.9% |
| **(57,454)** | (51,710) | 11.1% | (58,387) | (1.6%) |
|  |  |  |  |  |
| **182,280** | 177,939 | 2.4% | 168,033 | 8.5% |
| **(17,819)** | (16,295) | 9.4% | (16,315) | 9.2% |
| **(31,120)** | (30,718) | 1.3% | (30,041) | 3.6% |
| **(6,628)** | (6,607) | 0.3% | - | n.m. |
| **20,438** | (21,420) | (195.4%) | (9,411) | n.m. |
| **-** | 3,220 | (100.0%) | - | n.m. |
|  |  |  |  |  |
| **(35,129)** | (71,820) | (51.1%) | (55,767) | (37.0%) |
| **147,151** | 106,119 | 38.7% | 112,266 | 31.1% |
| **(52,470)** | 22,289 | n.m. | 19,338 | n.m. |
| **48,059** | - | n.m. | - | n.m. |
| **(1,575)** | (1,546) | 1.9% | - | n.m. |
| **145** | 130 | 11.5% | 162 | (10.5%) |
| **141,310** | 126,992 | 11.3% | 131,766 | 7.2% |
| **(14,303)** | (3,888) | n.m. | (2,955) | n.m. |
|  |  |  |  |  |
| **127,007** | 123,104 | 3.2% | 128,811 | (1.4%) |
| **127,007** | 123,104 | 3.2% | 128,798 | (1.4%) |
| **-** | - | n.m. | 13 | (100.0%) |
| **127,007** | 123,104 | 3.2% | 128,811 | (1.4%) |
| **127,007** | 123,104 | 3.2% | 128,798 | (1.4%) |
| **(3,591)** | (3,592) | (0.0%) | (3,591) | - |
| **31,604** | (12,547) | n.m. | (17,706) | n.m. |
| **(48,059)** | - | n.m. | - | n.m. |
| **106,961** | 106,965 | (0.0%) | 107,501 | (0.5%) |
| **106,961** | 106,965 | (0.0%) | 107,501 | (0.5%) |
| **4,717** | - | n.m. | - | n.m. |
| **15,248** | 16,857 | (9.5%) | 16,846 | (9.5%) |
| **126,926** | 123,822 | 2.5% | 124,347 | 2.1% |
| **3.714** | 3.839 | (3.3%) | 4.028 | (7.8%) |
| **3.507** | 3.978 | (11.8%) | 3.998 | (12.3%) |

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**3Q FY2019 vs 2Q FY2019**

Gross revenue increased by 4.4%, mainly due to contributions from the US portfolio of 28 business park properties and 2 Singapore business park properties, which were acquired in 3Q FY2019.

Property operating expenses increased due to the newly acquired properties and accrual of maintenance costs for certain properties in Singapore.

Non-property expenses increased 9.4% mainly due to an increase in management fees and professional fees as a result of the enlarged deposited property under management.

In 3Q FY2019, the Group recorded a foreign exchange gain of S$20.4 million mainly due to the strengthening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN. The foreign exchange loss of S$21.4 million in 2Q FY2019 was mainly due to the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN.

3Q FY2019 recorded higher tax expenses than 2Q FY2019 mainly due to the provision of deferred tax expenses arising from the temporary difference between the accounting and tax base of the investment properties in the US and Australia.

Gain on disposal of investment property of $3.2 million in 2Q FY2019 was due to the divestment of No. 8 Loyang Way 1 in Singapore in September 2019.

DPU decreased by 11.8%, due to the enlarged number of Units in issue arising from the Rights Issue (about 16% of Units in issue as at the end of 2Q FY2019). The Rights Issue was conducted to partially finance the acquisitions of 28 business park properties in the US and two business park properties in Singapore. Although the acquisitions were completed and these properties started contributing income to Ascendas Reit on 11 December 2019, the Rights Units that were issued on 6 December 2019 rank *pari passu* in all respects with the Units in issue before the Rights Issue, including the right to the distributions for the period from 1 October 2019 to 31 December 2019.

**3Q FY2019 vs 3Q FY18/19**

Gross revenue increased by 5.9%, mainly due to contributions from the US portfolio of 28 business park properties and 2 Singapore business park properties, which were acquired in December 2019, as well as liquidated damages in relation to the pre-termination of a lease in Australia.

Property operating expenses decreased by 1.6%, mainly due to the adoption of FRS116 as disclosed in note 1(a)(i)(b). Land rent expense of $8.2 mil was recorded in 3Q FY18/19 but nil in 3Q FY2019. This was offset by higher expenses from the new acquisitions made in Dec 2019, accrual of maintenance costs for certain properties in Singapore in 3Q FY2019 and lower property tax expense arising from the retrospective downward revision in the annual value of certain properties in 3Q FY18/19.

Non-property expenses increased 9.2% mainly due to an increase in management fees and professional fees as a result of the enlarged deposited property under management.

Arising from the adoption of FRS116, finance cost on lease liabilities of S$6.6 million was recognised in 3Q FY2019 without corresponding cost in 3Q FY18/19.

In 3Q FY2019, the Group recorded a foreign exchange gain of S$20.4 million mainly due to the strengthening of SGD against JPY and HKD in relation to both JPY and HKD denominated MTN. In 3Q FY18/19, the Group recorded a foreign exchange loss of S$9.4 million mainly due to the weakening of SGD against HKD, JPY and USD in relation to HKD denominated MTN, JPY denominated MTN and USD denominated credit facilities, partially offset by the strengthening of the AUD and GBP in relation to certain AUD and GBP denominated credit facilities.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**3Q FY2019 vs 3Q FY18/19** (continued)

3Q FY2019 recorded higher tax expenses than 3Q FY18/19 mainly due to the provision of deferred tax expenses arising from the temporary difference between the accounting and tax base of the investment properties in the US and Australia.

DPU decreased by 12.3%, due to the enlarged number of Units in issue arising from the Rights Issue (about 16% of Units in issue as at the end of 3Q FY18/19). The Rights Issue was conducted to partially finance the acquisitions of 28 business park properties in the US and two business park properties in Singapore. Although the acquisitions were completed and these properties started contributing income to Ascendas Reit on 11 December 2019, the Rights Units that were issued on 6 December 2019 rank *pari passu* in all respects with the Units in issue before the Rights Issue, including the right to the distributions for the period from 1 October 2019 to 31 December 2019.

1. **Variance between forecast and the actual results**

The current results are broadly in line with the Trust’s commentary made in 2Q FY2019 Financial Results Announcement under Paragraph 10 on page 17. The Trust has not disclosed any financial forecast to the market.

1. **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.**

In 2019, global growth was dampened by trade tensions and weak business sentiments. Although several economists expect global growth to recover modestly in 2020, downside risks from trade and economic policy uncertainties remain. The recent outbreak of the novel coronavirus, which has been declared as a Public Health Emergency of International Concern by the World Health Organisation, has created a new element of uncertainty.

**Singapore**

The Singapore economy grew 0.7% year-on-year (“y-o-y”) in 2019, slower than the 3.1% growth in 2018. Whilst the construction and services producing industries grew 2.5% (2018: -3.7%) and 1.1% (2018: 2.9%) y-o-y respectively, the manufacturing sector contracted by 1.5% y-o-y (2018: 7.0%) . In 2020, GDP growth is expected to be between 0.5% to 2.5% (source: Ministry of Trade and Industry).

Another 2.2 million sqm of new industrial space, representing 4.4% of the total stock of 49.6 million sqm, is expected to complete in 2020. This is higher than the average annual supply of around 1.1 million sqm in the past three years. According to JTC, the higher supply will help to provide replacement space for businesses affected by JTC’s Industrial Redevelopment Programme to rejuvenate older industrial estates (source: JTC).

Companies are expected to remain conservative with their business and expansion plans in view of the lingering economic uncertainties. Coupled with the relatively high amount of new completions in 2020, rental growth and demand for industrial space may remain subdued.

**Australia**

The Australian economy grew by 1.7% y-o-y in 3Q 2019 compared to 1.4% y-o-y a quarter ago. Household spending continued to slow, recording a 1.2% growth y-o-y (2Q 2019: +1.4%) (source: Australian Bureau of Statistics). The Reserve Bank of Australia lowered the cash rate three times in 2019 from 1.5% to 0.75% to support employment and income growth and achieve its inflation target over time. Consensus GDP growth forecast for 2020 is 2.2% y-o-y (source: Bloomberg), higher than the estimated 1.8% y-o-y growth in 2019.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The bushfires have impacted some rural areas in Australia. Ascendas Reit’s properties are unaffected as they are located in the capital cities and metropolitan areas (i.e. Sydney, Melbourne, Brisbane).

The Australian portfolio continues to deliver stable performance due to their good locations, long weighted average lease to expiry (“WALE”) of 4.4 years and average rent escalations of approximately 3% per annum.

**United Kingdom (UK)**

In 3Q 2019, the UK economy rose by 1.1% y-o-y compared to 1.2% y -o-y in 2Q 2019. During the quarter, there was a pick up in the services (3Q 2019:+0.5%, 2Q 2019: +0.2%) and construction (3Q 2019: +1.2%, 2Q 2019: -1.0%) sectors whilst the production sector was flat (3Q 2019: +0.1%, 2Q 2019: -1.7%) (source: Office for National Statistics). Consensus GDP growth forecast for 2020 is 1.1% y-o-y (source: Bloomberg), unchanged from the estimated 1.1% y-o-y growth in 2019.

The high e- commerce penetration rate (21% of retail sales) (source: Office for National Statistics) in the UK is expected to continue to benefit the logistics sector. Ascendas Reit’s UK portfolio has a long WALE of 8.8 years, which will help to mitigate the on-going uncertainties surrounding the future of the UK post Brexit.

**United States (US)**

The US economy is in its 11th consecutive year of growth. In 3Q 2019, the economy recorded a growth of 2.1% y-o-y compared to 2.0% y-o-y in 2Q 2019 (source: US Bureau of Economic Analysis). After making three interest rate cuts in 2019, the Federal Reserve signalled that the current policy is appropriate to support a sustainable level of economic activity and inflation for the US. Consensus GDP growth forecast for 2020 is 1.8% y-o-y (source: Bloomberg), lower than the estimated 2.3% y-o-y growth in 2019.

Ascendas Reit acquired 28 business park properties located in US tech cities (San Diego, Raleigh and Portland) for S$1.3 billion. The properties are well-positioned to benefit from the fast-growing technology and healthcare sectors. The strength of the US portfolio is also underpinned by its WALE of 4.1 years, and the high proportion of leases with rent escalations of between 2.5% to 4.0% per annum.

**Conclusion**

The stability of Ascendas Reit’s performance is underpinned by its large and diversified portfolio with a strong tenant base. The Manager will continue to strengthen Ascendas Reit’s presence across its four developed markets to optimise portfolio returns.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **11.** | **Distributions** | |  |  |  |  |  |  |  |  |  |  |
|  | **(a) Current financial period** | |  |  |  |  |  |  |  |  |  |  |
|  | Any distributions declared for | |  |  |  |  |  |  |  |  |  |  |
|  | the current financial period: | | Yes | | |  |  |  |  |  |  |  |
|  | **(i) Name of distribution:** | | **61st distribution for the period from 1 October 2019** | | | | | | | | | |
|  |  |  |  | **to 31 December 2019** | | |  |  |  |  |  |  |
|  |  |  |  |  |  |  | |  |  |  |  |  |
|  |  | Distribution Type/ Rate |  |  | Taxable | Tax-exempt | | |  | Capital |  | Total |
|  |  | Amount (cents per units) |  |  | 2.956 | 0.130 |  |  |  | 0.421 |  | 3.507 |
|  |  | Par value of units: |  | Not applicable | |  |  |  |  |  |  |  |
|  | Tax Rate: | |  | Taxable income distribution | | | |  | |  |  |  |
|  |  |  |  | Individuals who receive such distribution as investment | | | | | | | | |
|  |  |  |  | income (excluding | | | income | | | received | | through |
|  |  |  |  | partnership) will be exempted from tax. | | | | | | | |  |

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Qualifying corporate investors will receive pre-tax | | |
|  |  | distributions and pay tax on the distributions at their own | | |
|  |  | marginal rate subsequently. | | |
|  |  | Investors using CPF funds and SRS funds will also | | |
|  |  | receive pre-tax distributions. These distributions are tax | | |
|  |  | exempt where the distributions received are returned to | | |
|  |  | the respective CPF and SRS accounts. | | |
|  |  | Qualifying foreign non-individual investors will receive | | |
|  |  | their distributions after deduction of tax at the rate of | | |
|  | 10%. | |  |  |
|  |  | All other investors will receive their distributions after | | |
|  |  | deduction of tax at the rate of 17%. | | |
|  |  | Tax-exempt income distribution | |  |
|  |  | Tax-exempt income distribution is exempt from tax in | | |
|  |  | the hands of all Unitholders, regardless of their | | |
|  |  | nationality, corporate identity or tax residence status. | | |
|  |  | Unitholders are not entitled to tax credits for any taxes | | |
|  |  | paid by the trustee of Ascendas Reit on the income of | | |
|  |  | Ascendas Reit against their Singapore income tax | | |
|  |  | liability. | | |
|  |  | Capital distribution | | |
|  |  |  |  | |
|  |  | Distributions out of capital are not taxable in the hands | | |
|  |  | of all Unitholders provided that the Units are not held as | | |
|  |  | trading assets. For Unitholders who hold the Units as | | |
|  |  | trading or business assets and are liable to Singapore | | |
|  |  | income tax on gains arising from disposal of the Units, | | |
|  |  | the amount of such distributions will be applied to | | |
|  |  | reduce the cost of the Units for the purpose of | | |
|  |  | calculating the amount of taxable trading gain arising | | |
|  |  | from a subsequent disposal of the Units. If the amount | | |
|  |  | exceeds the cost of the Units, the excess will be subject | | |
|  |  | to tax as trading income of such Unitholders. | | |
| Books closure date: | 10 February 2020 | | | |
| Payment date: |  | 4 March 2020 | | |

1. **Corresponding financial period of the immediately preceding year**

Any distributions declared for

the current financial period: No distribution declared for the period from 1 October 2018 to 31 December 2018

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

Not applicable.

1. **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.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. **Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines**

The Manager hereby certifies that, in relation to the distribution to the Unitholders of Ascendas Reit for the period from 1 October 2019 to 31 December 2019, the Manager is satisfied on reasonable grounds that, immediately after making the distribution, Ascendas Reit will be able to fulfil, from its deposited property, its liabilities as and when they fall due.

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

Due to the change of financial year end from 31 March to 31 December, the current financial year is a 9- month period from 1 April 2019 to 31 December 2019. The regular distributions to unitholders of Ascendas Reit shall be for the six-month period ended 30 September 2019 and the 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. **Use of proceeds from equity fund raising**

Gross proceeds of S$452.1 million from the Private Placement in September 2018 have been entirely disbursed, and was in accordance with the intended use as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Announced** | **Actual** | **Balance** |
|  | **use of** | **use of** | **of** |
|  | **proceeds** | **proceeds** | **proceeds** |
| **Intended use of proceeds** | **(S$’million)** | **(S$’million)** | **(S$’million)** |

To partially fund the second portfolio of 26 UK logistics properties and the associated costs.

To partially fund the development of a build-to-suit facility located in Singapore.

To fund debt repayment and future acquisitions.

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.

246.6 246.6 -

109.0 109.0 -

92.3 92.3 -

4.2 4.2 -

**Total** **452.1** **452.1** **-**

As announced on 11 December 2019, gross proceeds of approximately S$1,310 million from the Rights Issue in December 2019, has been entirely disbursed. The use is in accordance with the stated use and in accordance with the percentage allocated in the launch announcement of the Rights Issue.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. **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. **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.

**ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

1. **Segmented revenue and results for business or geographical segments**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **9M** | **Group** |  |  |
|  |  |  |  | Note | **12M** | **Variance** |  |
|  |  |  |  | **FY2019** | **FY18/19** |  |
|  |  |  |  |  | **S$'000** | **S$'000** | **%** |  |
|  | **Gross revenue** | | |  | **244,883** | 316,796 | (22.7%) |  |
|  |  |  |  |  |  |
|  | Business & Science Park/Suburban Office | | |  |  |
|  | High-Specifications Industrial Properties | | |  | **149,383** | 194,721 | (23.3%) |  |
|  | Light Industrial Properties | | |  | **68,415** | 90,399 | (24.3%) |  |
|  | Logistics and Distributions Centres | | | (a) | **189,297** | 222,870 | (15.1%) |  |
|  | Integrated Development, Amenities & Retail | | |  | **47,080** | 61,385 | (23.3%) |  |
|  | **Total Gross revenue** | | | (c) |  |  |  |  |
|  | **699,057** | 886,171 | (21.1%) |  |
|  | **Net property income** | | |  |  |  |  |  |
|  | (b) | **180,827** | 217,966 | (17.0%) |  |
|  |  | |  |  |
|  | Business & Science Park/Suburban Office | | |  |
|  | High-Specifications Industrial Properties | | | (b) | **116,935** | 152,520 | (23.3%) |  |
|  | Light Industrial Properties | | | (b) | **49,994** | 62,250 | (19.7%) |  |
|  | Logistics and Distributions Centres | | | (a) (b) | **153,352** | 169,688 | (9.6%) |  |
|  | Integrated Development, Amenities & Retail | | |  | **36,569** | 47,155 | (22.4%) |  |
|  | **Total Net property income** | | | (c) |  |  |  |  |
|  | **537,678** | 649,579 | (17.2%) |  |

**Footnotes**

1. The gross revenue and net property income in the Logistics and Distribution Centres segment includes the full year contribution from the acquisition of the 38 properties in the UK and 4 logistics properties in Australia.
2. The net property income includes the adoption of FRS 116 as disclosed in note 1(a)(i)(b). No land rent expense was included in the property operating expenses for FY2019, while land rent expenses was included in FY18/19.
3. Please refer to paragraphs 1(a)(i)(a) and 1(a)(i)(b) on page 4 for details.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Group** |  |  |
|  |  |  |  | Note | **9M** | **12M** | **Variance** |  |
|  |  |  |  | **FY2019** | **FY18/19** |  |
|  |  |  |  |  | **S$'000** | **S$'000** | **%** |  |
|  | **Gross revenue** |  | |  | **571,033** | 747,661 | (23.6%) |  |
|  | Singapore | | |  |  |
|  | Australia | | |  | **88,894** | 116,676 | (23.8%) |  |
|  | United Kingdom | | |  | **32,661** | 21,834 | 49.6% |  |
|  | United States | | |  | **6,470** | - | 100.0% |  |
|  | **Total Gross revenue** | | | (a) |  |  |  |  |
|  | **699,057** | 886,171 | (21.1%) |  |
|  | **Net property income** | | |  |  |  |  |  |
|  |  | **428,728** | 533,358 | (19.6%) |  |
|  | Singapore | |  |  |  |
|  | Australia | | |  | **72,667** | 95,240 | (23.7%) |  |
|  | United Kingdom | | |  | **31,650** | 20,981 | 50.9% |  |
|  | United States | | |  | **4,634** | - | 100.0% |  |
|  | **Total Net property income** | | | (a) |  |  |  |  |
|  | **537,678** | 649,579 | (17.2%) |  |

**Footnotes**

* 1. Please refer to paragraphs 1(a)(i)(a) and 1(a)(i)(b) on page 4 for details.

1. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to paragraph 8 on pages 16 to 17 for the review of the actual performance.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **20.** | **Breakdown of revenue** |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  | Group |  |  |
|  |  | Note | FY2019 | FY18/19 | Variance |  |
|  |  |  |  |  |
|  |  |  | S$'000 | S$'000 | % |  |
|  | Gross revenue reported for first half year | (a) | 459,323 | 434,693 | 5.7% |  |
|  | Net income after tax for first half year | (b) | 215,007 | 218,772 | (1.7%) |  |
|  | Gross revenue reported for second half year | (c) | 239,734 | 451,478 | (46.9%) |  |
|  | Net income after tax for second half year | (c) | 132,848 | 232,317 | (42.8%) |  |
|  |  |  |  |  |  |  |

**Footnotes**

1. Gross revenue increased by 5.7% in 1H FY2019, mainly due to contributions from the 2 UK logistics portfolios consisting of a total of 38 properties that was acquired in FY18/19.
2. Net income after tax decreased by 1.7% in 1H FY2019 despite increase in gross revenue, mainly due to (i) higher borrowing costs and non-operating expenses associated with the UK acquisitions (ii) higher foreign exchange loss attributable to the weakening of SGD against JPY and HKD in relation to both JPY and HKD denominated Medium Term Notes in 1H FY2019.
3. Due to change of the financial year end, 2H FY2019 refers to the 3-month period from 1 October 2019 to 31 December 2019 while 2H FY18/19 refers to the 6-month period from 1 October 2018 to 31 March 2019. Thus, the comparative amounts presented for second half year are not comparable.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

**ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

1. **Breakdown of the total distribution for the financial years ended 31 December 2019 and 31 March 2019**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Group | |  |  |
|  |  |  | 9M |  | 12M |  |
|  |  |  | FY2019 |  | FY18/19 |  |
|  |  |  | S$'000 |  | S$'000 |  |
| 1 | Oct 19 to 31 Dec 19 | | 126,926 |  | - |  |
| 1 | Jul 19 to 30 Sep 19 | | 123,822 |  | - |  |
| 1 | Apr 19 to 30 | Jun 19 | 124,664 |  | - |  |
| 1 | Jan 19 to 31 | Mar 19 | - |  | 129,023 |  |
| 1 | Oct 18 to 31 | Dec 18 | - |  | 124,347 |  |
| 1 | Jul 18 to 30 Sep 18 | | - |  | 115,042 |  |
| 1 | Apr 18 to 30 | Jun 18 | - |  | 117,271 |  |
| Total distribution to unitholders | | |  |  |  |  |
| 375,412 |  | 485,683 |  |

1. **Confirmation pursuant to Rule 704(13) of the Listing Manual**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in Ascendas Funds Management (S) Limited (the “Company”) or in any of Ascendas Reit’s principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of Ascendas Reit.

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**

**31 January 2020**

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