



A Member of CapitaLand

(Constituted in the Republic of Singapore
Pursuant to a trust deed dated 9 October 2002 (as amended))

PROPOSED ACQUISITION OF 75% OF THE TOTAL ISSUED SHARE CAPITAL OF ASCENDAS FUSION 5 PTE. LTD.

1. INTRODUCTION

Ascendas Funds Management (S) Limited (“**AFM**”), the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**” and AFM as manager of Ascendas Reit, the “**Manager**”) is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit (the “**Trustee**”) and PLC 8 Holdings Pte. Ltd. (the “**Ascendas Reit HoldCo**”) a wholly-owned subsidiary of the Trustee, have today entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Ascendas Fusion 5 Holding Pte. Ltd. (the “**Vendor**”), an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”), to acquire 102,150,000 ordinary shares of the Ascendas Fusion 5 Pte. Ltd. (the “**Target Company**”) representing the balance 75.0% of the total issued share capital of the Target Company not held by the Trustee (the “**Sale Shares**” and the acquisition of the Sale Shares, the “**Proposed Acquisition**”).

In connection with the Proposed Acquisition, under the Share Purchase Agreement, the Trustee will, on the date of completion of the Proposed Acquisition (“**Completion**”), provide a shareholder’s loan to the Target Company (the “**Shareholder’s Loan**”) equivalent to the existing bank loans provided to the Target Company (the “**Bank Loans**”), with the proceeds from the Shareholder’s Loan being utilised by the Target Company to repay and discharge in full the Bank Loans on Completion. As the Shareholder’s Loan is provided in connection with the Proposed Acquisition, unless otherwise provided herein, all references to “Proposed Acquisition” shall include the “Shareholder’s Loan”.

Following Completion, the Target Company will become a wholly-owned subsidiary of the Trustee, with the Trustee directly holding 136,186,380 ordinary shares of the Target Company representing 99.99% of the issued share capital of the Target Company, with the balance 13,620 shares of the Target Company representing 0.01% of the issued share capital of the Target Company held by the Ascendas Reit HoldCo.

2. THE PROPOSED ACQUISITION

2.1 The Target Company

The Target Company is incorporated under the laws of Singapore, with its registered office address at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912. The Target Company currently has an issued share capital of S\$136,200,000 comprising 136,200,000 ordinary shares. 34,050,000 ordinary shares of the Target Company representing 25.0% of the

issued share capital of the Target Company are currently held by the Trustee, with the remaining 102,150,000 shares of the Target Company representing 75.0% of the issued share capital of the Target Company (being the Sale Shares) held by the Vendor, an indirect wholly-owned subsidiary of CapitaLand.

2.2 The Property

The Target Company owns 100.0% of the land comprising Lot 5012W, Lot 5013V and Lot 5019X, each of Mukim 3 (the “**Land**”), and the buildings erected on the Land which are used for business park purposes, and known as 1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523 (together with the Land, the “**Property**”).

The Property is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore’s hub for information and communications technologies (“**ICT**”), media, physical sciences and engineering R&D industries. The Property has direct access to the one-north MRT station and is a 5-minute drive to Ayer Rajah Expressway and a 15-minute drive to the Central Business District.

The Property has a gross floor area (“**GFA**”) of 68,835 square metres (“**sq m**”) and a net lettable area (“**NLA**”) of 60,935 sq m. It is sited on a land area of 19,283 sq m zoned for Business Park use with a 30% White Component¹. As at 31 March 2021, the remaining lease tenure of the Land is around 51 years.

The Property comprises a 17-storey building with business park (NLA of 44,556 sq m) and office space (NLA of 10,305 sq m), a two-storey retail and F&B podium (NLA of 4,106 sq m), a five-storey building with work lofts (NLA of 1,968 sq m) and a two-storey basement carpark. It has a BCA Green Mark Platinum rating.

Completed in 2015, as at 31 March 2021, the Property is 98.6% occupied by renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others, and the weighted average lease to expiry of the Property is 2.4 years.

The table below sets out a summary of selected information on the Property.

Address	1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523
Land Lots	Mukim 3 Lot 5012W, Mukim 3 Lot 5013V and Mukim 3 Lot 5019X
Site Area (sq m)	19,283
GFA (sq m)	68,835
NLA (sq m)	60,935
Registered Proprietor	Ascendas Fusion 5 Pte. Ltd.

¹ Allowable uses within the White component under the Urban Redevelopment Authority of Singapore’s development control guidelines include offices, restaurants, shops etc. Source: Urban Redevelopment Authority of Singapore.

Land Tenure	Leasehold estate of 60 years commencing from 12 July 2012 held by the Target Company under the JTC Lease
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2.3 Valuation and Purchase Consideration

The Trustee has commissioned an independent valuer, Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”), and the Manager has commissioned an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”), (collectively, the “**Independent Valuers**”) to respectively value the Property as at 30 April 2021.

JLL has valued the Property at S\$736.0 million as at 30 April 2021 using the discounted cash flow approach and the income capitalisation method.

Savills has valued the Property at S\$734.1 million as at 30 April 2021 using the discounted cash flow approach and the income capitalisation method.

The agreed property value of the Property on a 100.0% basis (the “**Agreed Property Value**”), which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers (the “**Independent Valuations**”), is S\$720.0 million and is an approximately 2% discount to the average of the two Independent Valuations.

The consideration payable to the Vendor under the Share Purchase Agreement for the Sale Shares is estimated to be approximately S\$372.8 million (subject to post-Completion adjustments) based on 75% of the adjusted net asset value (“**NAV**”) of the Target Company which is attributable to the Sale Shares as at Completion, taking into account 75% of the Agreed Property Value (the “**Sale Shares Consideration**”).

In connection with the completion of the Proposed Acquisition and separate from the Sale Shares Consideration, the Trustee will, on the date of Completion provide the Shareholder’s Loan, equivalent to the Bank Loans of S\$215.5 million, to the Target Company comprising:

- (a) S\$161.6 million, being the 75% share of the Bank Loans which the Vendor otherwise had to contribute to the Target Company as a 75% shareholder for the repayment of the Bank Loans by the Target Company on Completion (the “**Bank Loans Consideration**”) and together with the Sale Shares Consideration, the “**Purchase Consideration**”); and
- (b) S\$53.9 million, being the balance 25% share of the Bank Loans which the Trustee will contribute to the Target Company as a 25% shareholder (the “**25% share of the Bank Loans**”).

The proceeds from the Shareholder’s Loan will then be utilised to repay and discharge in full the Bank Loans on Completion.

2.4 Certain Terms and Conditions of the Share Purchase Agreement

Completion is conditional upon the satisfaction of the following conditions:

- 2.4.1 the passing of a resolution at an extraordinary general meeting of holders of units of Ascendas Reit (“**Units**”, and the holders of Units, the “**Unitholders**”, and the extraordinary general meeting of Unitholders, the “**EGM**”) to approve the Proposed Acquisition; and
- 2.4.2 the obtaining of the certain written confirmations from JTC Corporation confirming, among others, that:
 - (i) the Target Company may, at any time after Completion, make an application for, and be converted to, a limited liability partnership; and
 - (ii) JTC has no objections to the transfer and vesting of the Property in a limited liability partnership following such conversion pursuant to paragraph 6(b) of the Third Schedule of the Limited Liability Partnerships Act (Chapter 163A of Singapore).

2.5 Termination of the existing Shareholders’ Agreement

In connection with the Proposed Acquisition, the Vendor, the Trustee and the Target Company will enter into a termination deed to terminate the existing amended and restated shareholders’ agreement between the Vendor, the Trustee and the Target Company, such termination to be effective on and from Completion.

2.6 LLP Conversion

As soon as practicable following Completion, the Manager intends to convert the Target Company into a limited liability partnership (the “**Property LLP**”) pursuant to Section 21 of the Limited Liability Partnerships Act, Chapter 163A of Singapore (the “**LLP Conversion**”) and to hold the Property through the Property LLP. The LLP Conversion would allow Unitholders to enjoy tax transparency treatment on Ascendas Reit’s income from the Property and the income generated from the Property will not be subject to corporate income tax in the hands of the Property LLP as a limited liability partnership is tax transparent for Singapore tax purposes.

2.7 Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated to be approximately S\$543.8 million, comprising:

- 2.7.1 S\$534.4 million, being the estimated Purchase Consideration comprising:
 - (i) the estimated Sale Shares Consideration of S\$372.8 million, subject to post-Completion adjustments; and
 - (ii) the Bank Loans Consideration of S\$161.6 million;
- 2.7.2 the acquisition fee payable to the Manager pursuant to the trust deed dated 9 October 2002 constituting Ascendas Reit (as amended, restated and/or supplemented) (the “**Trust Deed**”) for the Proposed Acquisition (the “**Acquisition Fee**”) of approximately

S\$5.4 million (representing an Acquisition Fee at the rate of 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value)); and

- 2.7.3 the estimated stamp duty, professional and other fees and expenses of approximately S\$4.0 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

2.8 Payment of Acquisition Fee in Units

The Manager shall be paid an Acquisition Fee of approximately S\$5.4 million for the Proposed Acquisition pursuant to the Trust Deed. The Acquisition Fee is 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value).

As the Proposed Acquisition will constitute an “interested party transaction” under the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), the Acquisition Fee will be in the form of new Units (the “**Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2.9 Method of Financing for the Proposed Acquisition

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of the Acquisition Fee Units), estimated to be approximately S\$538.4 million, through a combination of:

- 2.9.1 debt financing;
- 2.9.2 (if the Proposed Issuance of Consideration Units is approved by Unitholders at an extraordinary general meeting of Unitholders, in respect of the part payment of up to S\$83.0 million of the Sale Shares Consideration, the exact amount is to be determined by the Manager), the issue of Consideration Units to the Vendor and/or its nominee(s); and
- 2.9.3 the proceeds from an equity fund raising (the “**Equity Fund Raising**”) to be carried out by the Manager to part finance the Proposed Acquisition.

The final decision regarding the proportion of debt and equity (taking into account the Consideration Units) to be employed to fund the Total Acquisition Cost, less the Acquisition Fee, will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions and interest rate environment to provide overall distribution per Unit (“**DPU**”) and NAV accretion to Unitholders while maintaining an optimum level of aggregate leverage.

The Manager will announce the details of the Equity Fund Raising on the SGXNET when it launches the Equity Fund Raising.

In the event that the approval of Unitholders for the Proposed Acquisition is obtained but the approval of Unitholders for the Proposed Issuance of Consideration Units is not obtained, the

Manager may elect to proceed with the Proposed Acquisition through debt financing and the net proceeds from the Equity Fund Raising only.

2.10 Requirement for Unitholders' Approval

2.10.1 Interested Person Transactions and Interested Party Transactions

(i) Related Party Transactions

Under Chapter 9 of the Listing Manual, where Ascendas Reit proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5% of the latest audited net tangible assets (“**NTA**”) of the Ascendas Reit group (the “**Group**”), Unitholders' approval is required in respect of the transaction.

Based on the audited financial statements of Ascendas Reit for the last financial year ended 31 December 2020 (“**FY2020**”, and the audited financial statements of Ascendas Reit for FY2020, the “**Ascendas Reit FY2020 Audited Financial Statements**”), the latest audited NTA of the Group was S\$9,190.6 million as at 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Ascendas Reit with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$459.5 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by Ascendas Reit whose value exceeds 5% of the Group's latest audited NAV. Based on the Ascendas Reit FY2020 Audited Financial Statements, the latest audited NAV of the Group was S\$9,190.6 million as 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into by Ascendas Reit with an interested party is equal to or greater than S\$459.5 million, such a transaction would be subject to Unitholders' approval.

(ii) Requirement for Unitholders' Approval

As at the date of this announcement, CapitaLand holds, through Ascendas Land International (Investments) Pte. Ltd. (“**ALII**”) and AFM, an aggregate interest in 723,127,197 Units, which is equivalent to approximately 17.98% of the total number of Units in issue.

The Manager and the Vendor are indirect wholly-owned subsidiaries of CapitaLand and the Target Company is also a subsidiary of CapitaLand, with CapitaLand holding an indirect 75.0% interest in the Target Company through the Vendor.

Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix:

- (1) Ascendas Reit is an “entity at risk”;
- (2) CapitaLand is a “controlling unitholder” of Ascendas Reit and a “controlling shareholder” of the Manager;
- (3) the Vendor and the Target Company are each an “associate” of CapitaLand;
- (4) pursuant to the Proposed Acquisition, Ascendas Reit, through the Trustee and the Ascendas Reit HoldCo, each being an “entity at risk”, will acquire the Sale Shares, being an aggregate of 102,150,000 shares of the Target Company representing 75.0% of the issued share capital of the Target Company from the Vendor, an associate of CapitaLand;
- (5) pursuant to the Proposed Acquisition (and subject to the Proposed Issuance of Consideration Units being approved by Unitholders), Consideration Units may be issued on Completion to the Vendor (and/or nominee(s) of the Vendor) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition;
- (6) in connection with the Proposed Acquisition, Ascendas Reit, through the Trustee, being an “entity at risk”, will provide the Shareholder’s Loan to the Target Company equivalent to the Bank Loans of S\$215.5 million comprising (i) S\$161.6 million as the Bank Loans Consideration and (ii) S\$53.9 million as the 25% share of the Bank Loans; and
- (7) the Proposed Acquisition (including the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition) constitutes an interested person transaction for the purposes of Chapter 9 of the Listing Manual and the Proposed Acquisition (including the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition) constitutes an interested party transaction for the purposes of paragraph 5 of the Property Funds Appendix.

The Sale Shares Consideration payable by the Trustee and the Ascendas Reit HoldCo to the Vendor, an associate of CapitaLand, and the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition amount to an aggregate sum of S\$588.3 million, representing 6.4% of the latest audited NTA of the Group of S\$9,190.6 million as at 31 December 2020 and 6.4% of the latest audited NAV of the Group of S\$9,190.6 million as at 31 December 2020.

Accordingly:

- (A) the Proposed Acquisition (including the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the

Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is required to be approved by the Unitholders (with CapitaLand and its associates abstaining from voting) under Rule 906(1)(a) of the Listing Manual;

- (B) the Proposed Acquisition (including the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is required to be approved by the Unitholders (with CapitaLand and its associates abstaining from voting) under Paragraph 5.2(b) of the Property Funds Appendix; and
- (C) the Proposed Acquisition (including the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is conditional upon such approval by Unitholders.

In this respect, a Unitholders' circular (the "**Circular**") will be issued and an EGM to obtain the approval of Unitholders of the Proposed Acquisition (and the Shareholder's Loan which the Trustee will be providing to the Target Company for the full repayment of the Bank Loans in connection with the Proposed Acquisition) will be held in due course.

(iii) **Existing Interested Person Transactions**

For the information of the Unitholders, as at the date of this announcement, save for the Proposed Acquisition and any transaction whose value is less than S\$100,000, the value of all other existing interested person transactions:

- (a) entered into between Ascendas Reit and CapitaLand and its associates during the course of the current financial year ending 31 December 2021 that are subject to disclosure under Chapter 9 of the Listing Manual is approximately S\$2.6 million, which is approximately 0.03% of the latest audited NTA of the Group based on the Ascendas Reit FY2020 Audited Financial Statements; and
- (b) entered into during the course of the current financial year up to the date of this announcement, between Ascendas Reit and all interested persons (including CapitaLand and its associates) is approximately S\$4.1 million which is approximately 0.04% of the latest audited NTA of the Group based on the Ascendas Reit FY2020 Audited Financial Statements.

For the avoidance of doubt, the approval of the Unitholders will not be sought in respect of such other existing interested person transactions.

2.10.2 Non-discloseable Transaction

(i) Non-discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by Ascendas Reit. Such transactions are classified into the following categories:

- (1) non-disclosable transactions;
- (2) disclosable transactions;
- (3) major transactions; and
- (4) very substantial acquisitions or reverse take-overs.

A proposed transaction by Ascendas Reit may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (A) the NAV of the assets to be disposed of, compared with the NAV of Ascendas Reit pursuant to Rule 1006(a) of the Listing Manual;
- (B) the net profits attributable to the assets to be acquired or disposed of, compared with the net profits of Ascendas Reit pursuant to Rule 1006(b) of the Listing Manual;
- (C) the aggregate value of the consideration given or received, compared with market capitalisation of Ascendas Reit based on the total number of issued Units (excluding treasury units) pursuant to Rule 1006(c) of the Listing Manual; and
- (D) the number of equity securities issued by Ascendas Reit as consideration for an acquisition, compared with the number of equity securities previously in issue pursuant to Rule 1006(d) of the Listing Manual.

Rule 1006(a) of the Listing Manual is not applicable to the Proposed Acquisition as Ascendas Reit will not be disposing of any assets under the Proposed Acquisition.

(ii) Relative Figures computed on the bases set out in Rule 1006

The relative figures computed on the bases set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual in respect of the Proposed Acquisition are as follows:

	The Proposed Acquisition (S\$ million)	Ascendas Reit (S\$ million)	Percentage (%)
Rule 1006(b) Net property income ⁽¹⁾ (“NPI”) attributable to the Sale Shares compared with NPI of Ascendas Reit, in each case, for FY2020	38.5	776.2 ⁽²⁾	4.9 ⁽²⁾
Rule 1006(c) The Purchase Consideration compared with the market capitalisation of Ascendas Reit	534.4	12,436.9 ⁽³⁾	4.3 ⁽³⁾
Rule 1006(d) The number of Consideration Units compared with the number of Units.	28.4 ⁽⁴⁾	4,020.8	0.7 ⁽⁴⁾

Notes:

- (1) In the case of a real estate investment trust, NPI is a close proxy to the net profits after tax attributable to its assets.
- (2) Based on the Ascendas Reit FY2020 Audited Financial Statements.
- (3) Based on the number of Units in issue multiplied by the volume weighted average price of S\$3.0931 per Unit on 3 May 2021, being the Market Day immediately prior to the entry into the Share Purchase Agreement.
- (4) Based on an issue price of S\$2.92 per Consideration Unit (for illustrative purposes only).

As the relative figures computed on the bases set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual in respect of the Proposed Acquisition do not exceed 5.0%, the Proposed Acquisition is classified as a “non-discloseable transaction” under Chapter 10 of the Listing Manual and, accordingly, is not subject to the approval of Unitholders at an extraordinary general meeting of Ascendas Reit. In any case, the Proposed Acquisition is a transaction which is in the ordinary course of business of Ascendas Reit as the Proposed Acquisition is within the existing investment policy of Ascendas Reit and does not change the risk profile of Ascendas Reit. The Proposed Acquisition is therefore not subject to the specific approval of Unitholders at an extraordinary general meeting under Chapter 10 of the Listing Manual.

However, as the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix which value exceeds

the relevant thresholds under the Listing Manual and the Property Funds Appendix, in respect of which the approval of Unitholders is required, the Proposed Acquisition will still be subject to the specific approval of Unitholders at an extraordinary general meeting. In this respect, the Circular will be issued and an EGM will be held in due course.

3. THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

3.1 Proposed Issue of Consideration Units

The Manager proposes to issue new Units to the Vendor (and/or nominee(s) of the Vendor) of up to S\$83.0 million (the “**Maximum Limit**”) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition on Completion (the “**Consideration Units**” and the issue of the Consideration Units to the Vendor (and/or nominee(s) of the Vendor), the “**Proposed Issuance of Consideration Units**”).

The number of Consideration Units to be issued shall be calculated based on (i) the dollar value amount of the Sale Shares Consideration (subject to the Maximum Limit) as determined by the Manager in its sole discretion to be paid in the form of Consideration Units divided by (ii) the issue price of each Consideration Unit (the “**Issue Price**”). Any fraction of a Consideration Unit resulting shall be disregarded for the purposes of calculating the number of Consideration Units to be issued and the Sale Shares Consideration less the dollar value of the Consideration Units to be issued, shall be payable in cash.

Pursuant to the Sale and Purchase Agreement, the Issue Price shall be determined as follows:

- 3.1.1 where the Equity Fund Raising is carried out prior to the date of issue of the Consideration Units (which will be the date of Completion), the Issue Price of each Consideration Unit will be the same as the issue price of each Unit issued under the Equity Fund Raising; and
- 3.1.2 if the Equity Fund Raising is not carried out prior to the date of issue of the Consideration Units, pursuant to the Sale and Purchase Agreement, the Issue Price of each Consideration Unit will be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the date of issuance of the Consideration Units which will be the date of Completion.

Pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Equity Fund Raising meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the issue price for the Units issued under the Equity Fund Raising.

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day volume weighted average price for a Unit immediately preceding the date of Completion is likely to differ from the issue price under any Equity Fund Raising undertaken to part finance the Total Acquisition Cost. To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), should the Consideration Units be issued after the Equity Fund Raising,

the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Equity Fund Raising. This allows the Vendor to have certainty with respect to the issue price of the Consideration Units and will put the Vendor in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units.

The Consideration Units shall be issued on the date of Completion under a temporary stock counter from the existing Ascendas Reit stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for the existing Units, in respect of the distribution period ending 30 June 2021 (or such other period as the Manager may determine). After the last day of “cum-distribution” trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing Ascendas Reit stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in Ascendas Reit’s distribution for the period immediately preceding the date of issue of the Consideration Units.

3.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Ascendas Reit for the period up to the day immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by Ascendas Reit from the date of their issue to the end of the financial half year in which the Consideration Units are issued, as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Consideration Units.

3.3 Requirement for Unitholders’ Approval

The Manager will seek the approval of Unitholders at an EGM for a mandate to be given to the Manager to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As at the date of this announcement, CapitaLand holds, through ALII and AFM, an aggregate interest in 723,127,197 Units, which is equivalent to approximately 17.98% of the total number of Units in issue.

CapitaLand is therefore regarded as a “controlling unitholder” and a “Substantial Unitholder” of Ascendas Reit under the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a “controlling shareholder” of the Manager under the Listing Manual.

As the Vendor is an indirect wholly-owned subsidiary of CapitaLand, the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(3) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders’ approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as the Vendor is an “associate” of CapitaLand, which is regarded as a “controlling unitholder” of Ascendas Reit, and a “controlling shareholder” of the Manager for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

The Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) is part of the Proposed Acquisition which constitutes an “interested person transaction” under Chapter 9 of the Listing Manual and an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required. Please refer to paragraph 2.10.1 of this announcement for details on the Proposed Acquisition.

Accordingly, the Manager will seek the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor). In this respect, the Circular will be issued and an EGM will be held in due course.

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor or its nominee(s) if approvals for both the Proposed Acquisition and the Proposed Issuance of Consideration Units are obtained from Unitholders. In the event that Unitholders’ approval for the Proposed Acquisition is obtained but Unitholders’ approval for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor and/or its nominee(s).

4. RATIONALE AND KEY BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

The Manager believes that the Proposed Acquisition and the Proposed Issuance of Consideration Units will bring the following key benefits to Unitholders:

THE PROPOSED ACQUISITION

4.1 Enlarges Ascendas Reit’s business park exposure in one-north, Singapore

Total asset value of Ascendas Reit’s Singapore business and science park segment will increase by 17.6% from S\$4,141.7 million² to S\$4,871.1 million³. Total NLA will increase by 8.8% from 689,980 sq m to 750,915 sq m.

Including the Property, Ascendas Reit is expected to own five properties⁴ with a total NLA of 188,225 sq m within one-north by the end of 2021.

4.2 Strategic Location

The Property is strategically located right in the heart of one-north, a vibrant business park in Singapore. one-north houses key growth sectors such as biomedical sciences, ICT and media, science and research institutes, as well as start-ups. The area has a plethora of food &

² As at 31 March 2021.

³ Based on 100% ownership.

⁴ Includes Grab’s Headquarters which is under development and is expected to complete in 2021.

beverage options and amenities such as hotels, supermarkets, clinics, gyms and childcare facilities.

The Property sits directly above the one-north MRT station and is a 5-minute drive to Ayer Rajah Expressway and a 15-minute drive to the Central Business District.

4.3 Rare opportunity to acquire and achieve full control of a Singapore property with long remaining land lease tenure

The Property has a remaining long land lease tenure of about 51 years, which is rare given JTC Corporation's current practice of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales Programme.

The Proposed Acquisition gives Ascendas Reit full control over the Property allowing for better operational and tax efficiency.

4.4 A high quality and green certified business park property with high White Component

Completed in 2015, the Property is zoned for Business Park usage with a 30% White Component⁵, which is higher than the typical 15% White Component, allowing for higher flexibility in the use of space such as having more office or retail space within the development. It currently offers a range of business spaces and amenities across its NLA of 60,935 sq m. This comprises of 44,556 sq m (73%) of business park space, 10,305 sq m (17%) of office space, 4,106 sq m (7%) of retail and F&B space, 1,968 sq m (3%) of work lofts, and a two-storey basement carpark.

The Property has achieved the highest BCA Green Mark accolade of Platinum. Its green features include high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials which is expected to attract high quality tenants.

4.5 High occupancy rate underpinned by renowned tenants

Ascendas Reit will benefit from the increased exposure to renowned tenants in the Property such as Sea (formerly Garena), Canon and Oracle, amongst others. This will result in higher rental contributions from ICT and electronics customers.

As at 31 March 2021, the Property enjoys a high occupancy rate of 98.6%.

4.6 DPU and NAV accretive to Unitholders

The initial NPI yield⁶ of the Proposed Acquisition is approximately 5.4% and 5.3% pre-transaction costs and post-transaction costs respectively. The Proposed Acquisition is expected to be DPU and NAV per Unit accretive on a *pro forma* basis assuming the Proposed Acquisition was completed on 1 January 2020. Please refer to paragraph 5 of this announcement for the *pro forma* financial effects of the Proposed Acquisition.

5 Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include office, restaurant, shop etc. Source: Urban Redevelopment Authority of Singapore.

6 The NPI yield is derived from the estimated NPI expected in the first year of the Proposed Acquisition.

THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

4.7 Further aligns the Sponsor, CapitaLand Group's interest with that of Ascendas Reit and its Unitholders

The Vendor, is an indirect wholly-owned subsidiary of CapitaLand, which is a controlling unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of Consideration Units to the Vendor, this will further align the interests of the Vendor with that of Ascendas Reit and its minority Unitholders. Consideration Units (if issued) allow Ascendas Reit to better manage its capital structure and create more debt headroom for future growth.

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor and/or its nominee(s) if approvals for both the Proposed Acquisition and the Proposed Issuance of Consideration Units are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor and/or its nominee(s).

5. PRO FORMA FINANCIAL EFFECTS

Ascendas Reit adopts a consistent approach for the evaluation of investment opportunities. Potential investments are evaluated on a consistent basis with a capital structure which comprises 60.0% equity funding (including the Proposed Issuance of Consideration Units, if any) and 40.0% debt funding ("**Evaluation Method**"). This is to ensure that returns across all investments are evaluated on a sustainable and constant capital structure. Capital structure and gearing are managed at Ascendas Reit's level and not on a transaction-basis. For the Proposed Acquisition, the Manager intends to adopt a funding method which is the same as the Evaluation Method.

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Proposed Acquisition on the DPU and NAV per Unit of Ascendas Reit presented below are strictly for illustrative purposes and have been prepared based on the Ascendas Reit FY2020 Audited Financial Statements, taking into account the Total Acquisition Cost and the completion of the Equity Fund Raising by way of Private Placement, and assuming that:

- (a) Ascendas Reit had completed the Proposed Acquisition on 1 January 2020 and held and operated the Property for the whole of FY2020;
- (b) should Consideration Units be issued, the payment of S\$83.0 million of the Purchase Consideration through the issuance of 28.4 million Consideration Units at an issue price of S\$2.92 per Consideration Unit;
- (c) the Equity Fund Raising had completed and S\$240.1 million of the Total Acquisition Cost after deducting the Acquisition Fee is funded by the net proceeds from Equity Fund Raising, with the new Units to be issued under the Equity Fund Raising being issued at the price of S\$2.92 per Unit with the remainder amount of S\$215.4 million funded by debt;

- (d) the Acquisition Fee Units and the base management fee Units are issued at the 10 days volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST (“**VWAP**”) prior to 3 May 2021 of S\$3.1066 per Unit;
- (e) the average cost of debt was 2.4%; and
- (f) in respect of the Enlarged Portfolio, the Manager had elected to receive 80% of its base management fee in cash and 20% in Units.

The *pro forma* financial effects of the Proposed Acquisition presented below have been prepared for illustrative purposes only to show:

- (i) what the DPU of Ascendas Reit for FY2020 would have been if the Proposed Acquisition had been completed with effect from 1 January 2020; and
- (ii) what the NAV of Ascendas Reit as at 31 December 2020 would have been if the Proposed Acquisition had been completed as at 31 December 2020.

The *pro forma* financial effects of the Proposed Acquisition presented below may not, because of its nature, give a true picture of what the amount of the DPU of Ascendas Reit or the NAV of Ascendas Reit might have been if the Proposed Acquisition (assuming that S\$83.0 million of Consideration Units had been issued as part-consideration for the Proposed Acquisition) had actually been completed with effect from or as at the respective dates, as the case may be.

5.1 **Pro Forma DPU**

The *pro forma* financial effects of the Proposed Acquisition on the amount available for distribution to Unitholders, the number of Units in issue and the DPU of Ascendas Reit and the accretion thereof, in each case, as at 31 December 2020 or for FY2020, as if the Proposed Acquisition was completed on 1 January 2020 and Ascendas Reit held 100.0% of the Property LLP through to 31 December 2020, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Property Income (S\$'000)	776,246	814,746
Total amount available for distribution to Unitholders (S\$'000)	538,428 ⁽¹⁾	557,189
Number of Units in issue at the end of the year ('000)	4,020,843 ⁽²⁾	4,133,394 ⁽³⁾
Applicable number of Units of the year ('000) ⁽⁴⁾	3,665,768	3,778,319
DPU (Singapore cents)	14.688	14.747 ⁽⁵⁾
DPU accretion (%)	-	0.40

Notes:

- (1) Included in the total amount available for distribution to the Unitholders, there was a distribution of S\$4.9 million from the Target Company to Ascendas Reit for the period from 31 March 2020 to 31 December 2020. Ascendas Reit held a 25% equity interest in the Target Company from 31 March 2020.
- (2) Number of Units in issue as at 31 December 2020.
- (3) Includes new Units issuable as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1066 per Unit and additional Units (including the Consideration Units) issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.92 per new Unit (for illustrative purposes only).
- (4) DPU is calculated based on the applicable number of Units for the year.
- (5) Should no Consideration Units be issued, S\$240.1 million of the Total Acquisition Cost would be funded by the net proceeds from the Equity Fund Raising, with the new Units to be issued under the Equity Fund Raising being issued at the price of S\$2.92 per Unit with the remaining amount of S\$298.4 million funded by debt. In such instance, the *pro forma* DPU would be 14.813 Singapore cents.

5.2 Pro Forma NAV

The *pro forma* financial effects of the Proposed Acquisition on the NAV of Ascendas Reit, the number of Units in issue and the NAV of each Unit, as at 31 December 2020, as if the Proposed Acquisition was completed on 31 December 2020, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders' funds (S\$'000)	8,891,615	9,220,617
Number of Units in issue at the end of the year ('000)	4,020,843 ⁽¹⁾	4,133,394 ⁽²⁾
NAV per Unit (S\$)	2.21	2.23

Notes:

- (1) Number of Units in issue as at 31 December 2020.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1066 per Unit and additional Units (including the Consideration Units) issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.92 per new Unit.

6. INDEPENDENT DIRECTORS' AND AUDIT AND RISK COMMITTEE'S STATEMENTS

The Manager has appointed SAC Capital Private Limited as the independent financial adviser (the "**Independent Financial Adviser**") to advise the independent directors of the Manager (the "**Independent Directors**"), the Audit and Risk Committee of the Manager (the "**Audit and Risk Committee**") and the Trustee as to whether the Proposed Acquisition and the Proposed Issuance of Consideration Units are based on normal commercial terms and are not prejudicial to the interests of Ascendas Reit and the minority Unitholders. The Independent Directors and Audit and Risk Committee will form their own views after reviewing the opinion of the Independent Financial Adviser, which will be set out in the Circular.

Each of (i) Dr Beh Swan Gin; (ii) Mr Chan Pengee, Adrian; (iii) Ms Chong Chiet Ping; (iv) Mr Daniel Cuthbert Ee Hock Huat; and (v) Mr Chinniah Kunnasagan are Independent Directors of the Manager.

7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the date of this announcement, certain directors of the Manager collectively hold, directly or indirectly, interests in the Units and/or ordinary shares in CapitaLand (“**CL Shares**”), collectively amounting to an aggregate of 177,686 Units and 871,002 CL Shares⁷.

Further, it should be noted that:

- (a) Mr Manohar Khiatani, a Non-Executive Non-Independent Director of the Manager, is the Senior Executive Director of the CapitaLand Group;
- (b) Mr Lim Cho Pin Andrew Geoffrey, a Non-Executive Non-Independent Director of the Manager, is Group Chief Financial Officer of the CapitaLand Group; and
- (c) Mr William Tay Wee Leong is the Chief Executive Officer and an Executive Non-Independent Director of the Manager.

As at the date of this announcement and based on information available to the Manager, CapitaLand, through ALII and AFM, has a deemed interest in 723,127,197 Units, which comprises 17.98% of the total number of Units in issue.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the directors or controlling Unitholders has an interest, direct or indirect, in the Proposed Acquisition (otherwise than through their unitholdings, if any, in Ascendas Reit).

8. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m. at the registered office of the Manager at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this Announcement up to and including the date falling three months after the date of this Announcement⁸:

- (a) the Share Purchase Agreement;
- (b) the full Valuation Reports on the Property issued by JLL and Savills; and
- (c) the IFA Letter.

⁷ Of the 871,002 CL Shares held by the directors, the Independent Directors of the Manager hold an aggregate of 104,038 CL Shares, with Mr Chan Pengee, Adrian holding 28,171 CL Shares, Ms Chong Chiet Ping holding 40,000 CL Shares and Mr Chinniah Kunnasagaran holding 35,867 CL Shares

⁸ Due to the current COVID-19 situation in Singapore, inspection at the registered office of the Manager shall be further subject to any applicable control order or regulatory restriction relating to safe distancing which may be issued by the relevant authorities. Prior appointment with the Manager is required. Please contact the Manager at tel. no. +65 6713 2888 or via email at a-reit@capitaland.com.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Ascendas Reit continues to be in existence.

BY ORDER OF THE BOARD

Ascendas Funds Management (S) Limited
(as manager of Ascendas Real Estate Investment Trust)
(Company Registration No. 200201987K)

Mary Judith De Souza
Company Secretary
4 May 2021

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The past performance of Ascendas Reit is not necessarily indicative of the future performance of Ascendas Reit.

This announcement may contain forward-looking statements that involve 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 and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.