

CIRCULAR DATED 10 JANUARY 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Consideration Units (as defined herein) on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of the Proposed Acquisition (as defined herein), the Consideration Units, the Manager (as defined herein), Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) and/or its subsidiaries.

If you have sold or transferred all your units in Ascendas Reit (“**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

MANAGED BY

ASCENDAS FUNDS MANAGEMENT (S) LIMITED

(Company Registration No. 200201987K)

Independent Financial Adviser to the Independent Directors of the Manager

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200200144N)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF 12, 14 AND 16 SCIENCE PARK DRIVE (THE “PROPERTY”) AS AN INTERESTED PERSON TRANSACTION**
- (2) THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF THE PROPERTY**

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

| | | |
|---|---|--|
| Last date and time for lodgement of Proxy Forms | : | 22 January 2017 at 3.00 p.m. |
| Date and time of Extraordinary General Meeting (“ EGM ”) | : | 25 January 2017 at 3.00 p.m. |
| Place of EGM | : | Pan Pacific Singapore, Pacific 1 & 2, Level 1 7 Raffles Boulevard, Marina Square, Singapore 039595 |

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CORPORATE INFORMATION

| | | |
|--|---|---|
| Directors of Ascendas Funds Management (S) Limited (the manager of Ascendas Reit) (the “Manager”) | : | Mr Koh Soo Keong (Chairman and Independent Director) Mr Miguel Ko (Vice-Chairman and Non-Executive Director) Mr Manohar Khiatani (Non-Executive Director) Mr Chia Nam Toon (Executive Director and Chief Executive Officer) Mr Chan Pengee, Adrian (Independent Director) Ms Chong Chiet Ping (Independent Director) Mr Lim Hock San (Independent Director) Ms Lim Sau Hoong (Independent Director) Mr Teo Choon Chye, Marc (Independent Director) Mr Wong Yew Meng (Independent Director) |
| Registered Office of the Manager | : | 1 Fusionopolis Place #10-10 Galaxis Singapore 138522 |
| Trustee of Ascendas Reit (the “Trustee”) | : | HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #13-02 HSBC Building Singapore 049320 |
| Legal Adviser for the Proposed Acquisition and to the Manager | : | WongPartnership LLP 12 Marina Boulevard #28-00 Marina Bay Financial Centre Tower 3 Singapore 018982 |
| Legal Adviser to the Trustee | : | Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542 |
| Unit Registrar and Unit Transfer Office | : | Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 |
| Independent Financial Adviser to the Independent Directors of the Manager (the “IFA”) | : | Deloitte & Touche Corporate Finance Pte. Ltd. 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809 |
| Independent Valuers | : | Edmund Tie & Company (SEA) Pte Ltd (appointed by the Manager) 100 Beach Road #35-00 Shaw Tower Singapore 189702 Knight Frank Pte Ltd (appointed by the Trustee) 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581 |

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 31 to 35 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from unitholders of Ascendas Reit (“**Unitholders**”) for the resolutions stated below:

- (a) the Proposed Acquisition (“**Resolution 1**”); and
- (b) the proposed issuance of the Consideration Units (“**Resolution 2**”).

Unitholders should note that Resolution 2 relating to the proposed issuance of Consideration Units is conditional upon Resolution 1 being passed. In the event that Resolution 1 is not passed, the Manager will not proceed with Resolution 2.

RESOLUTION 1: THE PROPOSED ACQUISITION

The Proposed Acquisition of 12, 14 and 16 Science Park Drive

On 5 December 2016, the Trustee entered into the Put and Call Option Agreement with Ascendas Land (Singapore) Pte. Ltd. (the “**Vendor**”) in relation to the Proposed Acquisition. As at the Latest Practicable Date, the Vendor holds an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue. Pursuant to the Put and Call Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be). The Purchase Price payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million.

Please see paragraphs 2.3 and 2.4 of the Letter to Unitholders for further details on the Put and Call Options and the Purchase Agreement respectively.

Description of the Property

The Property is located within Singapore Science Park 1, off South Buona Vista Road. Singapore Science Park 1 is situated along Singapore’s technology corridor and is amongst Asia’s most prestigious addresses for research and development and technology development. Prominent developments within the vicinity include the National University of Singapore, the National University Hospital, Campus for Research Excellence and Technological Enterprise and various public research institutions. The Property is within walking distance to Kent Ridge MRT station, and is a few minutes’ drive to West Coast Highway and Ayer Rajah Expressway, all of which facilitates access from the Property to other parts of Singapore.

The Property comprises 12 and 14 Science Park Drive (“**DSO National Laboratories Buildings**”) and 16 Science Park Drive (“**DNV GL Technology Centre**”) with a total contractual gross floor area of approximately 78,871 sq m.

The DSO National Laboratories Buildings consist of two 8-storey built-to-suit buildings with a total of 460 car park lots. The buildings have been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore (“**BCA**”) in 2013.

DNV GL Technology Centre is a 7-storey building with 90 car park lots, which has been certified Green Mark Gold Plus in 2013 and Green Mark Pearl in 2015 by BCA.

Please see **Appendix A** of this Circular for further details.

Valuation and Purchase Price

The Manager has commissioned an independent property valuer, Edmund Tie & Company (SEA) Pte Ltd (“**Edmund Tie**”) (formerly known as DTZ Debenham Tie Leung (SEA) Pte Ltd), and the Trustee has commissioned another independent property valuer, Knight Frank Pte Ltd (“**Knight Frank**”), to value the Property. The open market value of the Property as at 1 November 2016 is S\$428.8 million and S\$430.0 million as stated by Edmund Tie and Knight Frank in their respective valuation reports. The methods used by Edmund Tie and Knight Frank were the discounted cash flow method and the capitalisation method.

The Purchase Price payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million. The Purchase Price was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

The Trustee has paid an Option Fee of S\$50,000 to the Vendor upon the signing of the Put and Call Option Agreement, which shall be applied as payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement upon exercise of the Option. The Option Fee is refundable to the Trustee if the Call Option and the Put Option is not exercised. Of the balance of S\$419.95 million, S\$20.0 million (the “**Deferred Payment Sum**”) will be paid in cash by way of cashier’s order(s) on the date falling one (1) year after the Completion Date, subject to any deductions thereof properly made by the Trustee pursuant to the Purchase Agreement and S\$399.95 million (the “**Balance Purchase Price**”) will be payable on the Completion Date.

Please see paragraph 2.2 of the Letter to Unitholders for further details.

Total Acquisition Cost

The Total Acquisition Cost is currently estimated to be approximately S\$437.5 million, comprising:

- (a) the Purchase Price of S\$420.0 million;
- (b) the acquisition fee (the “**Acquisition Fee**”) payable in Units to the Manager for the Proposed Acquisition (the “**Acquisition Fee Units**”) of S\$4.2 million, being 1.0% of the Purchase Price¹; and
- (c) the estimated stamp duty, professional and other fees and expenses of approximately S\$13.3 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

1 As the Proposed Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one (1) year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (a) the issue of Acquisition Fee Units pursuant to the general unit issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 28 June 2016 as the Acquisition Fee;
- (b) internal resources and/or existing debt facilities, in relation to approximately S\$433.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time) or S\$333.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if neither Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time); and
- (c) unless either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time (as provided in paragraph 3.1 of the Letter to Unitholders), S\$100.0 million of the Balance Purchase Price will be satisfied by the issue of new Units (the “**Consideration Units**”) to the Vendor (the “**Equity Consideration**”).

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, the Vendor holds an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of Ascendas Reit under both the Listing Manual and the Property Funds Appendix. Further, the Vendor and the Manager are both wholly-owned subsidiaries of Ascendas Pte Ltd (“**APL**”).

In view of the foregoing, 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. Therefore, the Proposed Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Please see paragraph 5.3.3 of the Letter to Unitholders for further details.

Rationale for and Benefits of the Proposed Acquisition

The Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

- The Proposed Acquisition is in line with Ascendas Reit’s investment strategy
- Enables Ascendas Reit to capitalise on the competitive strengths of the Property
- Complements and enhances Ascendas Reit’s market share in the overall business and science park sector in Singapore
- Provides increased exposure to high quality tenants and income stability

RESOLUTION 2: THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

Partial Payment for the Proposed Acquisition

A sum of S\$100.0 million of the Balance Purchase Price will be satisfied by way of issue of Consideration Units to the Vendor unless either Party issues a notice electing for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price (the “**Cash Settlement Notice**”) by 1 p.m. on the date falling nine (9) Business Days after the date of commencement of the “ex-dividend” trading in relation to the books closure date for the advanced distribution, or as the case may be, cumulative distribution declared by the Manager (such date, the “**Consideration Units Price Determination Date**”) (the “**Cash Settlement Cut-Off Time**”).

Both Parties shall have absolute discretion to elect for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price in lieu of the Equity Consideration.

If neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time, the issue price of the Consideration Units will be determined by the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 Business Days commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution, or as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the Business Day immediately preceding the Completion Date (the “**10-Day VWAP**”).

The Consideration Units will be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

Please see paragraph 3.1 of the Letter to Unitholders for further details.

Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Ascendas Reit for the period immediately preceding the date of the 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 quarter in which the Consideration Units are issued, as well as all distributions thereafter.

Save as set out above, the Consideration Units will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of the issue of the Consideration Units.

Requirement of Unitholders’ Approval for the Proposed Issuance of the Consideration Units

The Manager is seeking Unitholders’ approval for the proposed issuance of the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As at the Latest Practicable Date, the Vendor has an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders’ approval is obtained.

The proposed issuance of the Consideration Units to the Vendor will constitute an “interested person transaction” under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor.

The proposed issuance of the Consideration Units will not trigger any obligations of APL to make a general offer under the Singapore Code on Takeovers and Mergers as APL's interest in Ascendas Reit would increase from 18.9% to 20.1%¹.

Please refer to paragraph 3 of the Letter to Unitholders for further details.

UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE PROPOSED ACQUISITION).

Rationale for the Proposed Issuance of the Consideration Units

The Vendor is a controlling Unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of the 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) allows 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 if approvals for the Resolutions are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the issue of the Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor.

¹ For the avoidance of doubt, this does not take into account the Acquisition Fee Units. Based on the illustrative issue price of S\$2.2876 per Unit (being the VWAP for 10 Business Days immediately preceding the Latest Practicable Date), a total of 1,835,985 Units will be issued to the Manager as payment of the Acquisition Fee of S\$4.2 million and APL's aggregate interest in Ascendas Reit would increase to approximately 20.2% of the total number of Units in issue. The aforementioned is solely for illustrative purposes only and the actual issue price of the Acquisition Fee Units will be determined based on the VWAP for all trades done on the SGX-ST for 10 Business Days immediately preceding the 30th calendar day after Completion.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

| Event | Date and Time |
|---|------------------------------|
| Last date and time for lodgement of Proxy Forms | 22 January 2017 at 3.00 p.m. |
| Date and time of the EGM | 25 January 2017 at 3.00 p.m. |

| If approval for the Proposed Acquisition is obtained at the EGM | |
|--|--|
| Target date for the completion of the Proposed Acquisition | Not later than 31 March 2017 (or such other date as may be agreed between the Trustee and the Vendor) |

LETTER TO UNITHOLDERS



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

Directors of the Manager

Mr Koh Soo Keong (Chairman and Independent Director)
Mr Miguel Ko (Vice-Chairman and Non-Executive Director)
Mr Manohar Khiatani (Non-Executive Director)
Mr Chia Nam Toon (Executive Director and Chief Executive Officer)
Mr Chan Pengee, Adrian (Independent Director)
Ms Chong Chiet Ping (Independent Director)
Mr Lim Hock San (Independent Director)
Ms Lim Sau Hoong (Independent Director)
Mr Teo Choon Chye, Marc (Independent Director)
Mr Wong Yew Meng (Independent Director)

Registered Office

1 Fusionopolis Place
#10-10 Galaxis
Singapore 138522

10 January 2017

To: Unitholders of Ascendas Reit

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders by way of an Ordinary Resolution in respect of:

- (a) Resolution 1: the Proposed Acquisition; and
- (b) Resolution 2: the proposed issuance of the Consideration Units.

Unitholders should note that Resolution 2 relating to the proposed issuance of Consideration Units is conditional upon Resolution 1 being passed. In the event that Resolution 1 is not passed, the Manager will not proceed with Resolution 2.

2. THE PROPOSED ACQUISITION

2.1 Description of the Property

The Property is located within Singapore Science Park 1, off South Buona Vista Road. Singapore Science Park 1 is situated along Singapore's technology corridor and is amongst Asia's most prestigious addresses for research and development and technology development. Prominent developments within the vicinity include the National University of Singapore, the National University Hospital, Campus for Research Excellence and Technological Enterprise and various public research institutions. The Property is within walking distance to Kent Ridge MRT station, and is a few minutes' drive to West Coast Highway and Ayer Rajah Expressway, all of which facilitates access from the Property to other parts of Singapore.

The Property comprises DSO National Laboratories Buildings and DNV GL Technology Centre with a total contractual gross floor area of approximately 78,871 sq m.

The DSO National Laboratories Buildings consist of two 8-storey built-to-suit buildings with a total of 460 car park lots. The buildings have been certified Green Mark Gold Plus by the BCA in 2013.

DNV GL Technology Centre is a 7-storey building with 90 car park lots, which has been certified Green Mark Gold Plus in 2013 and Green Mark Pearl in 2015 by BCA.

The Property is 100% occupied. The leases have a weighted average lease expiry (“WALE”) of 16.5 years and built-in rental escalation of 2.2% to 2.5% per annum. Including the Proposed Acquisition, Ascendas Reit’s portfolio WALE is expected to improve from 3.7 years to 4.4 years as at 30 September 2016¹.

The Proposed Acquisition is expected to generate a net property income yield of approximately 6.3% (based on Purchase Price) and 6.0% (based on Total Acquisition Cost) in the first year of ownership.

Please see **Appendix A** of this Circular for further details.

2.2 Details of the Proposed Acquisition and the Independent Valuations

On 5 December 2016, the Trustee entered into the Put and Call Option Agreement with the Vendor in relation to the Proposed Acquisition. As at the Latest Practicable Date, the Vendor holds an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue. Pursuant to the Put and Call Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be).

The Purchase Price payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million.

The Manager has commissioned an independent property valuer, Edmund Tie, and the Trustee has commissioned another independent property valuer, Knight Frank, to value the Property. The open market value of the Property as at 1 November 2016 is S\$428.8 million and S\$430.0 million as stated by Edmund Tie and Knight Frank in their respective valuation reports. The methods used by Edmund Tie and Knight Frank were the discounted cash flow method and the capitalisation method.

The Purchase Price was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

The Trustee has paid an Option Fee of S\$50,000 to the Vendor upon the signing of the Put and Call Option Agreement. The Option Fee is refundable to the Trustee if the Call Option and the Put Option is not exercised. Of the balance of S\$419.95 million, S\$399.95 million will be payable on the Completion Date and S\$20.0 million will be paid in way of cashier’s order(s) on the date falling one (1) year after the Completion Date, subject to any deductions thereof properly made by the Trustee pursuant to the Purchase Agreement.

¹ Assuming the Property was acquired on 30 September 2016 and A-REIT City @ Jinqiao was divested on 30 September 2016.

2.3 Principal Terms and Conditions of the Put and Call Option Agreement

(a) Put and Call Options

Pursuant to the Put and Call Option Agreement:

- (i) in consideration of the Trustee's payment of the Option Fee to the Vendor, the Vendor granted to the Trustee a right (the "**Call Option**") to require the Vendor to enter into the Purchase Agreement with the Trustee for the purchase of the Leasehold Interest in respect of the Property at the Purchase Price and on the terms of the Purchase Agreement; and
- (ii) in consideration of the mutual covenants in the Put and Call Option Agreement, the Trustee granted to the Vendor a right (the "**Put Option**") to require the Trustee to enter into the Purchase Agreement with the Vendor for the sale of the Leasehold Interest in respect of the Property at the Purchase Price and on the terms of the Purchase Agreement.

(b) Conditions Precedent

The principal terms of the Put and Call Option Agreement include the following conditions precedent (the "**Conditions Precedent**"), which are to be fulfilled before the Trustee can serve the Call Option notice on the Vendor (or the Vendor can serve the Put Option notice on the Trustee, as the case may be):

- (i) the Unitholders' approval being obtained for the acquisition of the Leasehold Interest in respect of the Property (the "**Unitholders' Acquisition Approval**");
- (ii) the written approval of the President of the Republic of Singapore and his successors in office to the sale of the Leasehold Interest in respect of the Property being obtained (the "**Head Lessor Sale Approval**"); and
- (iii) the Trustee completing due diligence (including legal, financial, commercial and technical due diligence) on the Property and the results of the due diligence being reasonably satisfactory to the Trustee (the "**Due Diligence Condition**").

In the event that any Condition Precedent is not fulfilled by 3 March 2017, either Party may elect by notice in writing to the other Party to terminate the Put and Call Option Agreement.

(c) Exercise of Call Option

The Trustee may exercise the Call Option by delivering to the Vendor the Call Option notice before the expiry of the call option exercise period ("**Call Option Exercise Period**"), being:

- (i) (if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the period commencing on the Conditions Fulfilment Date (as defined herein) and ending at 5 p.m. on the date falling five (5) Business Days after the Conditions Fulfilment Date (or such other date as the Parties may mutually agree in writing); or

- (ii) (if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the period commencing from (and including) 9 a.m. on the Business Day falling after the Consideration Units Price Determination Date (“**Designated Date**”) and ending on 1 p.m. on the Designated Date.

The “**Conditions Fulfilment Date**” means the later of:

- (A) the date on which the Trustee gives written notice to the Vendor after the latest of:
 - (1) the date of obtaining the Unitholders’ Acquisition Approval;
 - (2) the date on which the Due Diligence Condition is satisfied (as reasonably determined by the Trustee); and
 - (3) the Consideration Units Price Determination Date; and
- (B) the date on which the Vendor gives written notice to the Trustee that it has obtained the Head Lessor Sale Approval.

The Call Option notice may not be served on the Vendor except during the Call Option Exercise Period and unless all the Conditions Precedent have been fulfilled and Provided Further that if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time, the Call Option Notice may only be served on the Designated Date between 9 a.m. and 1.00 p.m..

Upon the Trustee’s issuance and service of the Call Option notice in accordance with the terms of the Put and Call Option Agreement, both the Trustee and the Vendor shall be bound to enter into the Purchase Agreement on the same date of such service.

(d) Exercise of Put Option

The Vendor may exercise the Put Option by delivering to the Trustee the Put Option notice before the expiry of the put option exercise period (“**Put Option Exercise Period**”), being:

- (i) (if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the period commencing immediately after the expiry of the Call Option Exercise Period and ending at 5 p.m. two (2) Business Days thereafter; or
- (ii) (if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the period commencing from (and including) 1.01 p.m. on the Designated Date and ending on 5 p.m. on the Designated Date.

The Vendor may not serve the Put Option notice on the Trustee:

- (A) except during the Put Option Exercise Period and unless all the Conditions Precedent have been fulfilled;
- (B) if the Trustee has served the Call Option notice on the Vendor during the Call Option Exercise Period; or
- (C) if the Trustee has given notice to terminate the Put and Call Option Agreement.

and Provided Further that if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time, the Put Option Notice may only be served on the Designated Date between 1.01 p.m. and 5 p.m.. Upon the Vendor's issuance and service of the Put Option notice, both the Trustee and the Vendor shall be bound to enter into the Purchase Agreement on the same date of such service.

(e) Application of Option Fee

The Vendor shall apply the Option Fee towards payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement. The Vendor shall refund the Option Fee to the Trustee within seven (7) Business Days after the date of expiry of the Put Option Exercise Period if neither the Call Option nor the Put Option has been exercised by the relevant party before the expiry of the Call Option Exercise Period or the Put Option Exercise Period (as the case may be).

(f) Termination of the Put and Call Option Agreement

The Trustee shall be entitled to terminate the Option Agreement if:

- (i) there is any material damage of the Property and/or the Plant and Equipment, or any part(s) thereof respectively, by fire or any other causes;
- (ii) there is any compulsory acquisition or notice of compulsory acquisition or notice of intended acquisition by the government or any other competent authority affecting (A) any of the buildings in which the Property is comprised (the "**Buildings**") to any extent or measure or (B) 5% or more of the land area of 5099L of Mukim 3;
- (iii) the replies to any of the Trustee's legal requisitions to the local authorities reveal any findings which materially adversely affect the Property or any part(s) thereof; or
- (iv) there is a material breach of any of the warranties set out in the Purchase Agreement by the Vendor.

2.4 Principal Terms and Conditions of the Purchase Agreement

The principal terms of the Purchase Agreement include, among others, the following:

- (a) if the Unitholders' approval for the proposed issuance of the Consideration Units is obtained prior to Completion, the Balance Purchase Price shall be paid by the Trustee on Completion in the following manner:
 - (i) a sum of S\$100.0 million of the Balance Purchase Price will be satisfied:
 - (A) by way of issue of new Units if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time; and
 - (B) by way of cash if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time; and
 - (ii) (A) (if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the remaining portion of the Balance Purchase Price, after deducting the aggregate value of the Consideration Units actually issued

in such manner to the Vendor pursuant to the Purchase Agreement, shall be paid in cash by way of cashier's order(s) or bank draft(s) to the Vendor (or such person(s) as the Vendor may direct); or

- (B) (if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the remaining portion of the Balance Purchase Price of S\$299.95 million shall be paid in cash by way of cashier's order(s) or bank draft(s) to the Vendor (or such person(s) as the Vendor may direct);
- (b) if the Unitholders' approval for the proposed issuance of the Consideration Units is not obtained prior to Completion, the Balance Purchase Price shall be paid by the Trustee to the Vendor in cash on Completion (and/or such person(s) as the Vendor may direct) by way of cashier's order(s) or bank draft(s);
- (c) the Trustee shall withhold the Deferred Payment Sum (being S\$20.0 million) which shall be paid to the Vendor on the date one (1) year after the Completion Date, subject to any deductions thereof properly made pursuant to the Purchase Agreement; and
- (d) the Vendor shall deliver to the Trustee, on Completion, vacant possession of such part(s) of the Property which are not occupied by (i) DSO National Laboratories ("DSO") or DNV GL Singapore Pte. Ltd. ("DNVPL") under the relevant leases or (ii) DSO or DNVPL holding over.

2.5 Lease Management

Upon Completion, the Manager will provide lease management services in respect of the Property. Under the terms of the lease management agreement entered into between the Manager and the Trustee (the "**Lease Management Agreement**"), the Manager will provide lease management services relating to all properties of Ascendas Reit located in Singapore and the People's Republic of China with effect from 1 October 2012. In respect of the lease management services provided by the Manager for a property, the Trustee shall pay to the Manager, for each fiscal year, a fee of 1% per annum of the adjusted gross revenue of such property in cash. In addition to the above fee, the Manager is also entitled to receive commission in relation to any new take-up of space by an existing tenant or where the space is taken up by a new tenant introduced by an existing tenant or in relation to a tenancy which is renewed. For more details on the Lease Management Agreement, please refer to the letter to Unitholders dated 13 June 2012, a copy of which is available on the website of the SGX-ST at www.sgx.com.

Upon Completion, the management of the Property will be covered by the Lease Management Agreement and all fees and reimbursements payable to the Manager or its nominees (as the Manager may direct) will be in accordance with the Lease Management Agreement.

2.6 Total Acquisition Cost

The Total Acquisition Cost is currently estimated to be approximately S\$437.5 million, comprising:

- (a) the Purchase Price of S\$420.0 million;
- (b) the Acquisition Fee (payable by issuance of the Acquisition Fee Units to the Manager) of S\$4.2 million, being 1.0% of the Purchase Price¹;

¹ As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one (1) year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

- (c) the estimated stamp duty, professional and other fees and expenses of approximately S\$13.3 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

2.7 Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (a) the issue of Acquisition Fee Units pursuant to the general unit issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 28 June 2016 as the Acquisition Fee;
- (b) internal resources and/or existing debt facilities, in relation to approximately S\$433.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time) or S\$333.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if neither Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time); and
- (c) unless either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time (as provided in paragraph 3.1), S\$100.0 million of the Balance Purchase Price will be satisfied by the issue of Consideration Units to the Vendor.

2.8 Advice of the Independent Financial Adviser in relation to Resolution 1

The Manager has appointed the IFA, being Deloitte & Touche Corporate Finance Pte. Ltd., to advise the independent directors of the Manager (the “**Independent Directors**”) and the audit committee of the Manager (the “**Audit Committee**”) in relation to the Proposed Acquisition. A copy of the letter from the IFA to the Independent Directors (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

3. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

3.1 Partial Payment for the Proposed Acquisition

A sum of S\$100.0 million of the Balance Purchase Price will be satisfied by way of issue of Consideration Units to the Vendor unless either Party issues a Cash Settlement Notice by the Cash Settlement Cut-Off Time.

Both Parties shall have absolute discretion to elect for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price in lieu of the Equity Consideration.

If neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time, the issue price of the Consideration Units will be determined by the 10-Day VWAP.

The Consideration Units will be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

As at the Latest Practicable Date, Ascendas Reit has a total number of 2,851,335,332 Units in issue. Assuming that 43,713,936 Units are issued to the Vendor at an illustrative issue price¹ of S\$2.2876 per Unit, amounting to an aggregate value of S\$100.0 million, the total number of Units that Ascendas Reit will have in issue after the issuance of the Consideration Units will be 2,895,049,268 (not taking into account the Acquisition Fee Units). The Consideration Units represent approximately 1.5% of the total number of Units that Ascendas Reit has in issue as at the Latest Practicable Date, and approximately 1.5% of the total number of Units that Ascendas Reit will have in issue after the Proposed Acquisition (assuming the Consideration Units are issued to the Vendor).

3.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Ascendas Reit for the period 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 quarter in which the Consideration Units are issued, as well as all distributions thereafter.

Save as set out above, the Consideration Units will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue of the Consideration Units.

3.3 Requirement of Unitholders' Approval for the Proposed Issuance of the Consideration Units

The Manager is seeking Unitholders' approval for the proposed issuance of the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As at the Latest Practicable Date, the Vendor has an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of the Consideration Units to the Vendor will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor.

The proposed issuance of the Consideration Units will not trigger any obligations of APL to make a general offer under the Singapore Code on Takeovers and Mergers as APL's interest in Ascendas Reit would increase from 18.9% to 20.1%².

1 The illustrative issue price is based on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 Business Days ending on 5 January 2017.

2 For the avoidance of doubt, this does not take into account the Acquisition Fee Units. Based on the illustrative issue price of S\$2.2876 per Unit (being the VWAP for 10 Business Days immediately preceding the Latest Practicable Date), a total of 1,835,985 Units will be issued to the Manager as payment of the Acquisition Fee of S\$4.2 million and APL's aggregate interest in Ascendas Reit would increase to approximately 20.2% of the total number of Units in issue. The aforementioned is solely for illustrative purposes only and the actual issue price of the Acquisition Fee Units will be determined based on the VWAP for all trades done on the SGX-ST for 10 Business Days immediately preceding the 30th calendar day after Completion.

3.4 Advice of the Independent Financial Adviser in relation to Resolution 2

The Manager has appointed the IFA to advise the Independent Directors and the Audit Committee in relation to the Proposed Acquisition. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed issuance of the Consideration Units is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

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

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

4.1 The Proposed Acquisition is in line with Ascendas Reit's investment strategy

The Proposed Acquisition is in line with the Manager's aims to deliver predictable distributions and to enhance the value of Ascendas Reit's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Proposed Acquisition is in line with the Manager's investment strategy, which includes making value-adding investments comprising development as well as acquisition of income-producing properties with strong underlying real estate fundamentals to deliver long-term sustainable distributions and capital stability to Unitholders.

4.2 Enables Ascendas Reit to capitalise on the competitive strengths of the Property

- **Strategic location and good connectivity**

The Property is located within Singapore Science Park 1, off South Buona Vista Road, a well-established location for research & development companies. It is within walking distance to Kent Ridge MRT station and public transport facilities are readily available along Science Park Drive. The Property is only a few minutes' drive to West Coast Highway and Ayer Rajah Expressway, which facilitates access from the Property to other parts of Singapore.

- **Strengths of the Property**

Properties with more than 60 years land lease tenure are rare given Jurong Town Corporation's ("JTC") policy to shorten industrial land lease tenures. The Property is not subject to any anchor tenant policy and sublet constraints imposed by JTC and thus allows for more leasing flexibility. In addition, upfront land premium for the remaining land lease term has been fully paid.

The Property is relatively new with a weighted average building age of 2 years. The design and layout is functional and efficiently designed for typical business park occupants.

4.3 Complements and enhances Ascendas Reit's market share in the overall business and science park sector in Singapore

The Proposed Acquisition will reinforce Ascendas Reit's presence and market share in the overall business and science park sector. With the addition of the Property, Ascendas Reit will increase its total gross floor area in the business and science park sector in Singapore from 743,363 sq m to 822,234 sq m. This positions Ascendas Reit's portfolio to cater to the higher value-add industries in Singapore.

4.4 Provides increased exposure to high quality tenants and income stability

Following the Proposed Acquisition, Ascendas Reit will benefit from the addition of two high quality tenants, DSO and DNVPL. DSO is Singapore's national defence research & development organisation and its customers include various Singapore ministries and statutory boards. DNVPL is a world-leading classification society and risk management company with approximately 15,000 employees operating in over 100 countries.

The leases have built-in rental escalations of 2.2% and 2.5% per annum and long weighted average lease expiry of 16.5 years. This will improve the stability and predictability of earnings of Ascendas Reit.

The Proposed Acquisition is expected to generate a net property income yield of approximately 6.3% (based on Purchase Price) and 6.0% (based on Total Acquisition Cost) in the first year of ownership.

4.5 Further aligns the Vendor's interest with that of Ascendas Reit and its minority Unitholders

The Vendor is a controlling Unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of the 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 if approvals for the Resolutions are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the issue of the Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor.

5. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

5.1 Pro Forma Financial Effects of the Proposed Acquisition

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% equity funding and 40% debt funding ("**Evaluation Policy**"). 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 the Ascendas Reit level and not on a transaction-basis.

The pro forma financial effects of the Proposed Acquisition on the distribution per Unit ("**DPU**") and NAV per Unit, and the pro forma capitalisation of Ascendas Reit presented below are strictly for illustrative purposes and were prepared based on the audited

consolidated financial statements of Ascendas Reit (the “**Ascendas Reit Audited Financial Statements**”) for the financial year ended 31 March 2016 (“**FY15/16**”), taking into account the Total Acquisition Cost, and assuming that:

- (a) Ascendas Reit had purchased, held and operated the Property for the whole of FY15/16;
- (b) consistent with the Evaluation Policy, \$262.5 million, or 60% of the Total Acquisition Cost was satisfied by way of issue of Units (including Consideration Units and new Units issuable as payment of the Acquisition Fee), with the remainder amount funded wholly by debt;
- (c) the average cost of debt was 2.8% (being the average cost of debt for the whole of FY15/16);
- (d) the Consideration Units were issued at an illustrative price of S\$2.2876 per Unit; and
- (e) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.

5.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit’s DPU for FY15/16, as if the Proposed Acquisition was completed on 1 April 2015 and Ascendas Reit held and operated the Property through to 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|--------------------------------|--|--------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| Net Property Income (S\$'000) | 533,701 | 560,145 |
| Distributable Income (S\$'000) | 378,321 | 397,547 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,780,516 ⁽²⁾ |
| DPU (cents) | 15.357 | 15.418 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units (including Consideration Units) issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).

5.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit's NAV per Unit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|---------------------|--|--------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| NAV (S\$'000) | 5,480,879 | 5,743,379 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,780,516 ⁽²⁾ |
| NAV per Unit (S\$) | 2.06 | 2.07 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20.0% of base management fee payable to the Manager and additional Units (including Consideration Units) issued to fund 60.0% of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).

5.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Ascendas Reit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016, is as follows:

| | Effects of the Proposed Acquisition | |
|---|--|--------------------------|
| | Before the Acquisition | After the Acquisition |
| Current | | |
| Unsecured loans and borrowings (S\$'000) | 826,397 | 826,397 |
| Secured loans and borrowings (S\$'000) | 354,000 | 354,000 |
| Non-Current | | |
| Unsecured loans and borrowings (S\$'000) | 1,910,595 | 2,085,595 ⁽¹⁾ |
| Secured loans and borrowings (S\$'000) | 583,642 | 583,642 |
| Total loans and borrowings (S\$'000) | 3,674,634 | 3,849,634 |
| Unitholders' funds (S\$'000) | 5,480,879 | 5,743,379 ⁽²⁾ |
| Total Capitalisation (S\$'000) | 9,155,513 | 9,593,013 |

Notes:

- (1) Includes S\$175.0 million of unsecured loan drawn to fund 40.0% of the Total Acquisition Cost (purely for illustrative purposes only).
- (2) Includes S\$262.5 million of additional unitholders' funds (or approximately 114.7 million new Units (including Consideration Units and Units issuable as payment of the Acquisition Fee) issuable at an illustrative price of S\$2.2876 per new Unit) issued to fund 60% of the Total Acquisition Cost (purely for illustrative purposes only).

5.2 Pro Forma Financial Effects of the Proposed Acquisition based on the Intended Method of Financing

Given that it is intended for the Proposed Acquisition to be funded as described in paragraph 2.7 of the Letter to Unitholders (the “**Intended Method of Financing**”), the pro forma financial effects of the Proposed Acquisition on the DPU and NAV per Unit and the pro forma capitalisation of Ascendas Reit based on the Intended Method of Financing are also presented below. These are strictly for illustrative purposes and were prepared based on the Ascendas Reit Audited Financial Statements for FY15/16, taking into account the Total Acquisition Cost, and assuming that:

- (a) Ascendas Reit had purchased, held and operated the Property for the whole of FY15/16;
- (b) S\$100.0 million of the Total Acquisition Cost will be satisfied by the issue of Consideration Units to the Vendor;
- (c) S\$333.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million is funded wholly by debt;
- (d) the issue of Acquisition Fee Units pursuant to the general unit issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 28 June 2016 as the Acquisition Fee;
- (e) the average cost of debt was 2.8% (being the average cost of debt for the whole of FY15/16);
- (f) the Consideration Units were issued at an illustrative price of S\$2.2876 per Unit; and
- (g) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.

5.2.1 Pro Forma DPU based on the Intended Method of Financing

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit’s DPU for FY15/16, as if the Proposed Acquisition was completed on 1 April 2015 and Ascendas Reit held and operated the Property through to 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|--------------------------------|-------------------------------------|--------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| Net Property Income (S\$'000) | 533,701 | 560,145 |
| Distributable Income (S\$'000) | 378,321 | 393,114 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,711,317 ⁽²⁾ |
| DPU (cents) | 15.357 | 15.667 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fund S\$100.0 million of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).

5.2.2 Pro Forma NAV based on the Intended Method of Financing

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit's NAV per Unit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|---------------------|-------------------------------------|--------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| NAV (S\$'000) | 5,480,879 | 5,585,079 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,711,317 ⁽²⁾ |
| NAV per Unit (S\$) | 2.06 | 2.06 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20.0% of base management fee payable to the Manager and additional Units issued to fund S\$100.0 million of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).

5.2.3 Pro Forma Capitalisation based on the Intended Method of Financing

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Ascendas Reit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016, is as follows:

| | Effects of the Proposed Acquisition | |
|---|-------------------------------------|--------------------------|
| | Before the Acquisition | After the Acquisition |
| Current | | |
| Unsecured loans and borrowings (S\$'000) | 826,397 | 826,397 |
| Secured loans and borrowings (S\$'000) | 354,000 | 354,000 |
| Non-Current | | |
| Unsecured loans and borrowings (S\$'000) | 1,910,595 | 2,243,895 ⁽¹⁾ |
| Secured loans and borrowings (S\$'000) | 583,642 | 583,642 |
| Total loans and borrowings (S\$'000) | 3,674,634 | 4,007,934 |
| Unitholders' funds (S\$'000) | 5,480,879 | 5,585,079 ⁽²⁾ |
| Total Capitalisation (S\$'000) | 9,155,513 | 9,593,013 |

Notes:

- (1) Includes S\$333.3 million of unsecured loan drawn to fund part of the Total Acquisition Cost (purely for illustrative purposes only).
- (2) Includes S\$104.2 million of additional unitholders' funds (or approximately 45.5 million new Units issuable at an illustrative price of S\$2.2876 per new Unit) issued to fund S\$100.0 million of the Total Acquisition Cost and the Acquisition Fee.

5.3 Requirement for Unitholders' Approval

5.3.1 Major Transaction

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

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A 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:

- (i) the NAV of the assets to be disposed of, compared with Ascendas Reit's NAV;
- (ii) the net profits attributable to the assets acquired, compared with Ascendas Reit's net profits;
- (iii) the aggregate value of the consideration given, compared with Ascendas Reit's market capitalisation; and
- (iv) the number of Units issued by Ascendas Reit as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving Ascendas Reit be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 5.3.1(ii) exceeds the relevant 20.0% threshold.

5.3.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in sub-paragraph 5.3.1 above (as set out in the announcement dated 5 December 2016 in relation to the Proposed Acquisition) are set out in the table below.

| | Percentage |
|--|---------------------|
| Rule 1006(b) Net profits attributable to the assets acquired compared to Ascendas Reit's net profits | 5.2% ⁽¹⁾ |
| Rule 1006(c) Aggregate value of consideration to be given compared with Ascendas Reit's market capitalisation | 6.3% ⁽²⁾ |
| Rule 1006(d) Number of units to be issued by Ascendas Reit as consideration for an acquisition compared with the number of units previously in issue | 1.5% ⁽³⁾ |

Notes:

- (1) Based on Ascendas Reit's annualised unaudited financial accounts for the financial period from 1 April 2016 to 30 September 2016.
- (2) This figure is based on Ascendas Reit's volume weighted average price of S\$2.3492 per Unit on 2 December 2016, being the market day immediately prior to the entry into of the Put and Call Option Agreement.
- (3) This figure is based on the issue price of S\$2.3492 per Consideration Unit and the number of Units in issue as at 2 December 2016, being the day immediately prior to the entry into of the Put and Call Option Agreement.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of Ascendas Reit's business as the Proposed Acquisition is within Ascendas Reit's investment policy and does not change Ascendas Reit's risk profile. As such, the Proposed Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. However, as the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix which value exceeds the relevant thresholds under the Listing Manual and the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of Unitholders.

5.3.3 Interested Person Transaction and Interested Party Transaction

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 5.0% of Ascendas Reit's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the Ascendas Reit Audited Financial Statements, the NTA of Ascendas Reit was S\$5,785.3 million as at 31 March 2016. 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\$289.3 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 5.0% of Ascendas Reit's latest audited NAV. Based on the Ascendas Reit Audited Financial Statements, the NAV of Ascendas Reit was S\$5,785.3 million as at 31 March 2016. 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\$289.3 million, such a transaction would be subject to Unitholders' approval.

Given that the Purchase Price is 7.3% of both the NTA of Ascendas Reit and the NAV of Ascendas Reit as at 31 March 2016, the value of the Proposed Acquisition exceeds the said thresholds.

As at the Latest Practicable Date, the Vendor holds an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of Ascendas Reit under both the Listing Manual and the Property Funds Appendix. Further, the Vendor and the Manager are both wholly-owned subsidiaries of APL.

In view of the foregoing, 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. Therefore, the Proposed Acquisition will constitute an "interested

person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Prior to the Latest Practicable Date, Ascendas Reit had entered into interested person transactions with, amongst others, Temasek Holdings (Private) Limited (“**Temasek**”), JTC, APL and their respective subsidiaries during the course of the current financial year (the “**Existing Interested Person Transactions**”). Details of the Existing Interested Person Transactions entered into during the course of the current financial year, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix D** of this Circular.

5.4 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 138,100 Units. Further details of the interests in Units of Directors and Substantial Unitholders are set below.

Directors

Mr Koh Soo Keong is the Chairman and an Independent Director of the Manager. Mr Miguel Ko is the Vice-Chairman and a Non-Executive Director of the Manager and the Group Chief Executive Officer (“**CEO**”) of Ascendas-Singbridge Pte. Ltd. (“**ASB**”). Mr Manohar Khiatani, a Non-Executive Director of the Manager, is the Deputy Group CEO of ASB and a Director of APL and certain other companies within the APL group of companies. Mr Chia Nam Toon is the CEO and an Executive Director of the Manager and a Director of Ascendas Land International Pte Ltd and Ascendas Investment Pte Ltd (each, a wholly-owned subsidiary of APL).

Each of (i) Mr Chan Pengee, Adrian; (ii) Mr Teo Choon Chye, Marc; (iii) Ms Chong Chiet Ping; (iv) Mr Lim Hock San; (v) Ms Lim Sau Hoong and (vi) Mr Wong Yew Meng are Independent Directors of the Manager.

Based on the Register of Directors’ Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

| Name of Directors | Direct Interest | | Deemed Interest | | Total No. of Units held | % ⁽¹⁾ |
|-------------------------|-----------------|------------------|-----------------|------------------|-------------------------|------------------|
| | No. of Units | % ⁽¹⁾ | No. of Units | % ⁽¹⁾ | | |
| Mr Koh Soo Keong | – | – | – | – | – | – |
| Mr Miguel Ko | – | – | – | – | – | – |
| Mr Manohar Khiatani | – | – | – | – | – | – |
| Mr Chan Pengee, Adrian | – | – | – | – | – | – |
| Mr Teo Choon Chye, Marc | 26,000 | 0.001 | – | – | 26,000 | 0.001 |
| Mr Wong Yew Meng | – | – | – | – | – | – |
| Ms Chong Chiet Ping | – | – | – | – | – | – |
| Ms Lim Sau Hoong | – | – | – | – | – | – |
| Mr Lim Hock San | – | – | – | – | – | – |
| Mr Chia Nam Toon | 112,100 | 0.004 | – | – | 112,100 | 0.004 |

Note:

(1) The percentage is based on 2,851,335,332 Units in issue as at the Latest Practicable Date.

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings (in accordance with the respective Substantial Unitholders' notifications) maintained by the Manager, the Substantial Unitholders of Ascendas Reit and their interests in the Units as at the Latest Practicable Date are as follows:

| Name of Substantial Unitholders | Direct Interest | | Deemed Interest | | Total No. of Units held | %(¹) |
|---|-----------------|-------------------|-----------------|-------------------|-------------------------|-------------------|
| | No. of Units | %(¹) | No. of Units | %(¹) | | |
| Ascendas Land (Singapore) Pte Ltd | 476,167,336 | 16.70 | – | – | 476,167,336 | 16.70 |
| APL ⁽²⁾ | – | – | 538,864,061 | 18.90 | 538,864,061 | 18.90 |
| ASB ⁽²⁾ | – | – | 538,864,061 | 18.90 | 538,864,061 | 18.90 |
| TJ Holdings (III) Pte. Ltd. ⁽²⁾ | – | – | 538,864,061 | 18.90 | 538,864,061 | 18.90 |
| Glenville Investments Pte. Ltd. ⁽²⁾ | – | – | 536,831,074 | 18.83 | 536,831,074 | 18.83 |
| Mawson Peak Holdings Pte. Ltd. ⁽²⁾ | – | – | 536,831,074 | 18.83 | 536,831,074 | 18.83 |
| Bartley Investments Pte. Ltd. ⁽²⁾ | – | – | 536,831,074 | 18.83 | 536,831,074 | 18.83 |
| Tembusu Capital Pte. Ltd. ⁽²⁾ | – | – | 537,849,074 | 18.86 | 537,849,074 | 18.86 |
| Temasek ⁽²⁾ | – | – | 562,842,004 | 19.74 | 562,842,004 | 19.74 |
| JTC ⁽²⁾ | – | – | 536,831,074 | 18.83 | 536,831,074 | 18.83 |
| BlackRock, Inc. ⁽³⁾ | – | – | 145,080,313 | 5.09 | 145,080,313 | 5.09 |
| The PNC Financial Services Group, Inc. ⁽⁴⁾ | – | – | 145,080,313 | 5.09 | 145,080,313 | 5.09 |
| Mondrian Investment Partners Limited ⁽⁵⁾ | – | – | 227,837,468 | 7.99 | 227,837,468 | 7.99 |

Notes:

- (1) The percentage is based on 2,851,335,332 Units in issue as at the Latest Practicable Date.
- (2) Temasek, Tembusu Capital Pte. Ltd., Bartley Investments Pte. Ltd., Mawson Peak Holdings Pte. Ltd., Glenville Investments Pte. Ltd., TJ Holdings (III) Pte. Ltd., ASB, JTC and APL are deemed interested in the Units held by the Vendor and the Manager. Temasek is also deemed to have an interest in the Units in which other subsidiaries and associated companies of Temasek hold or have deemed interests.
- (3) BlackRock, Inc. is deemed interested in the Units held by its subsidiaries.
- (4) The PNC Financial Services Group is deemed interested in the Units held by BlackRock, Inc. subsidiaries.
- (5) Mondrian Investment Partners Limited is deemed interested in the Units held by its subsidiaries and associates.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Acquisition.

5.5 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.

6. RECOMMENDATIONS

6.1 On the Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Proposed Acquisition as set out in paragraph 4 above, the Independent Directors (namely Mr Koh Soo Keong, Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc, Ms Chong Chiet Ping, Mr Lim Hock San, Ms Lim Sau Hoong and Mr Wong Yew Meng) and the Audit Committee (comprising Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc and Mr Wong Yew Meng) believe that the Proposed Acquisition is based on normal commercial terms and would not be prejudicial to the interests of Ascendas Reit and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition.

6.2 On the Proposed Issuance of the Consideration Units

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the proposed issuance of the Consideration Units as set out in paragraph 4 above, the Independent Directors (namely Mr Koh Soo Keong, Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc, Ms Chong Chiet Ping, Mr Lim Hock San, Ms Lim Sau Hoong and Mr Wong Yew Meng) and the Audit Committee (comprising Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc and Mr Wong Yew Meng) believe that the proposed issuance of the Consideration Units is on normal commercial terms and would not be prejudicial to the interests of Ascendas Reit and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the proposed issuance of the Consideration Units.

7. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Wednesday, 25 January 2017 at 3.00 p.m. at Pan Pacific Singapore, Pacific 1 & 2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages 65 and 66 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the Proposed Acquisition and the proposed issuance of the Consideration Units.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 72 hours before the time fixed for the EGM.

Unitholders should note that Resolution 2 (the proposed issuance of the Consideration Units) is subject to and contingent upon Resolution 1 (the Proposed Acquisition). In the event that Ascendas Reit fails to obtain Unitholders' approval for Resolution 1 (the Proposed Acquisition), Ascendas Reit will not proceed with Resolution 2 (the proposed issuance of the Consideration Units).

8. ABSTENTIONS FROM VOTING

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Unitholders' approval, the interested person and any associate of the interested person must not vote on the resolutions, nor accept appointments as proxies, unless specific instructions as to voting are given.

As at the Latest Practicable Date, the Vendor held an aggregate direct interest in 476,167,336 Units, which is equivalent to approximately 16.7% of the total number of Units in issue. APL is regarded as an "associate" of the Vendor under both the Listing Manual and the Property Funds Appendix. As at the Latest Practicable Date, APL has a deemed interest in 538,864,061 Units, which comprises approximately 18.9% of the total number of Units in issue.

As at the Latest Practicable Date, Temasek has an aggregate deemed interest in 562,842,004 Units, which includes its deemed interest through APL, comprising approximately 19.7% of the total number of Units in issue.

Accordingly, each of the Vendor, APL and Temasek and their associates will abstain from voting on the resolutions relating to the Proposed Acquisition and the issue of the Consideration Units to the Vendor.

9. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 22 January 2017 at 3.00 p.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies, unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint Mr Miguel Ko, Mr Manohar Khiatani or Mr Chia Nam Toon as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Consideration Units, Ascendas Reit and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

11. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte Ltd) and the Independent Valuers (being Knight Frank and Edmund Tie) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹ at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Put and Call Option Agreement (which contains the form of the Purchase Agreement);
- (ii) the IFA Letter;
- (iii) the independent valuation report on the Property issued by Knight Frank;
- (iv) the independent valuation report on the Property issued by Edmund Tie;
- (v) the Ascendas Reit Audited Financial Statements;
- (vi) the written consents of each of the IFA and Independent Valuers; and
- (vii) the Trust Deed.

Yours faithfully

Ascendas Funds Management (S) Limited

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

Mr Koh Soo Keong
Chairman and Independent Director

¹ Prior appointment with the Manager will be appreciated.

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 or purchase their Units for so long as the Units are listed on the SGX-ST. 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.

The past performance of Ascendas Reit is not indicative of the future performance of Ascendas Reit. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), 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 on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

| | | |
|---|---|--|
| % | : | Per centum or percentage |
| 10-Day VWAP | : | Volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 Business Days commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution, or as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the Business Day immediately preceding the Completion Date |
| Acquisition Fee | : | The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from Ascendas Reit upon Completion, which will be payable fully in Units |
| APL | : | Ascendas Pte Ltd |
| ASB | : | Ascendas-Singbridge Pte. Ltd. |
| Ascendas Reit | : | Ascendas Real Estate Investment Trust |
| Ascendas Reit Audited Financial Statements | : | The audited consolidated financial statements of Ascendas Reit for the financial year ended 31 March 2016 |
| ASPL | : | Ascendas Services Pte Ltd |
| Audit Committee | : | The audit committee of the Manager comprising Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc and Mr Wong Yew Meng |
| Balance Purchase Price | : | The sum of S\$399.95 million payable on the Completion Date |
| BCA | : | Building & Construction Authority of Singapore |
| Buildings | : | Buildings in which the Property is comprised |
| Business Day | : | A day (other than a Saturday, Sunday or public holiday) on which commercial banks in Singapore are open for business |
| Call Option | : | The Trustee’s right to require the Vendor to enter into the Purchase Agreement with the Trustee for the acquisition of the Property at the Purchase Price and on the terms of the Purchase Agreement |
| Cash Settlement Cut-Off Time | : | 1 p.m. on the Consideration Units Price Determination Date |
| Cash Settlement Notice | : | A notice electing for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price |

| | | |
|---|---|---|
| CDP | : | The Central Depository (Pte) Limited |
| Circular | : | This circular to Unitholders dated 10 January 2017 |
| Completion | : | The completion of the Proposed Acquisition |
| Completion Date | : | The date of Completion |
| Consideration Units | : | The new Units to be issued to the Vendor as partial consideration for the Proposed Acquisition |
| Consideration Units Price Determination Date | : | The date falling nine (9) Business Days after the date of commencement of the “ex-dividend” trading in relation to the books closure date for the advanced distribution, or as the case may be, cumulative distribution declared by the Manager |
| Directors | : | The directors of the Manager |
| DNV GL Technology Centre | : | 16 Science Park Drive |
| DNVPL | : | DNV GL Singapore Pte. Ltd. |
| DPU | : | Distribution per Unit |
| DSO | : | DSO National Laboratories |
| DSO National Laboratories Buildings | : | 12 and 14 Science Park Drive |
| Edmund Tie | : | Edmund Tie & Company (SEA) Pte Ltd (formerly known as DTZ Debenham Tie Leung (SEA) Pte Ltd) |
| EGM | : | The extraordinary general meeting of Unitholders to be held on 25 January 2017 at 3.00 p.m. at Pan Pacific Singapore, Pacific 1 & 2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, to approve the matters set out in the Notice of Extraordinary General Meeting on pages 65 and 66 of this Circular |
| Enlarged Portfolio | : | The Existing Portfolio and the Property |
| Equity Consideration | : | S\$100.0 million of the Balance Purchase Price which may be satisfied by the issue of new Units |
| Existing Interested Person Transactions | : | The interested person transactions entered into between Ascendas Reit and Temasek, JTC, APL and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date |
| Existing Portfolio | : | The portfolio of properties held by Ascendas Reit as at the Latest Practicable Date |

| | | |
|--------------------------------|---|--|
| FY15/16 | : | The financial year ended 31 March 2016 |
| IFA | : | Deloitte & Touche Corporate Finance Pte. Ltd. |
| IFA Letter | : | The letter from the IFA to the Independent Directors and the Audit Committee of the Manager containing its advice as set out in Appendix C of this Circular |
| Independent Directors | : | The independent directors of the Manager, namely, Mr Koh Soo Keong, Mr Chan Pengee, Adrian, Mr Teo Choon Chye, Marc, Ms Chong Chiet Ping, Mr Lim Hock San, Ms Lim Sau Hoong and Mr Wong Yew Meng |
| Independent Valuers | : | Knight Frank and Edmund Tie |
| JTC | : | Jurong Town Corporation |
| Knight Frank | : | Knight Frank Pte Ltd |
| Latest Practicable Date | : | 6 January 2017, being the latest practicable date prior to the printing of this Circular |
| Leasehold Interest | : | The leasehold term commencing from (and including) the date of Completion and ending on 30 May 2081 |
| Listing Manual | : | The listing manual of the SGX-ST |
| Manager | : | Ascendas Funds Management (S) Limited, in its capacity as manager of Ascendas Reit |
| MAS | : | Monetary Authority of Singapore |
| NAV | : | Net asset value |
| NTA | : | Net tangible assets |
| Option Fee | : | The option fee of S\$50,000 which was paid to the Vendor upon signing of the Put and Call Option Agreement on 5 December 2016 |
| Ordinary Resolution | : | A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed |
| Parties | : | The Vendor and the Trustee, and “ Party ” means either of them |

| | | |
|--------------------------------------|---|---|
| Plant and Equipment | : | The fixed plant and equipment (including, without limitation, all fixtures, lifts, air-conditioning equipment and other plant and equipment necessary for the operation of the Property), if any, located in or on or which otherwise exclusively relate to the Property or the operations of the Property and which are owned by the Vendor in its capacity as owner of the Property |
| Property | : | The property located at 12 Science Park Drive Singapore 118225, 14 Science Park Drive Singapore 118226 and 16 Science Park Drive Singapore 118227, together with the Plant and Equipment therein |
| Property Funds Appendix | : | Appendix 6 of the Code on Collective Investment Schemes issued by the MAS |
| Proposed Acquisition | : | The proposed acquisition of the Leasehold Interest in the Property |
| Purchase Agreement | : | The sale and purchase agreement which the Trustee and the Vendor are required to enter into pursuant to the terms and conditions of the Put and Call Option Agreement |
| Purchase Price | : | The purchase consideration of S\$420.0 million for the Proposed Acquisition |
| Put Option | : | The Vendor's right to require the Trustee to enter into the Purchase Agreement with the Vendor for the acquisition of the Property at the Purchase Price and on the terms of the Purchase Agreement |
| Put and Call Option Agreement | : | The conditional put and call option agreement dated 5 December 2016 entered into between the Trustee and the Vendor |
| S\$ and cents | : | Singapore dollars and cents |
| Securities Account | : | A securities account maintained by a Depositor with CDP but does not include a securities sub-account |
| SGX-ST | : | Singapore Exchange Securities Trading Limited |
| sq m | : | Square metres |
| Substantial Unitholder | : | A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue |
| Temasek | : | Temasek Holdings (Private) Limited |
| Total Acquisition Cost | : | The total cost of the Proposed Acquisition to Ascendas Reit |
| Trust Deed | : | The trust deed dated 9 October 2002 constituting Ascendas Reit, as amended, varied, or supplemented from time to time |

| | | |
|-------------------|---|--|
| Trustee | : | HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit |
| Unitholder | : | The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units |
| Units | : | Units in Ascendas Reit, and “Unit” means any one of them |
| Vendor | : | Ascendas Land (Singapore) Pte. Ltd. |
| VWAP | : | Volume weighted average price |

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF THE PROPERTY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. THE PROPERTY

1.1 Description of the Property

The Property is located within Singapore Science Park 1, off South Buona Vista Road. Singapore Science Park 1 is situated along Singapore's technology corridor and is amongst Asia's most prestigious addresses for research and development and technology development. Prominent developments within the vicinity include the National University of Singapore, the National University Hospital, Campus for Research Excellence and Technological Enterprise and various public research institutions. The Property is within walking distance to Kent Ridge MRT station, and is a few minutes' drive to West Coast Highway and Ayer Rajah Expressway, all of which facilitates access from the Property to other parts of Singapore.

The Property comprises DSO National Laboratories Buildings and DNV GL Technology Centre with a total contractual gross floor area of approximately 78,871 sq m.

The DSO National Laboratories Buildings consist of two 8-storey built-to-suit buildings with a total of 460 car park lots. The buildings have been certified Green Mark Gold Plus by the BCA in 2013.

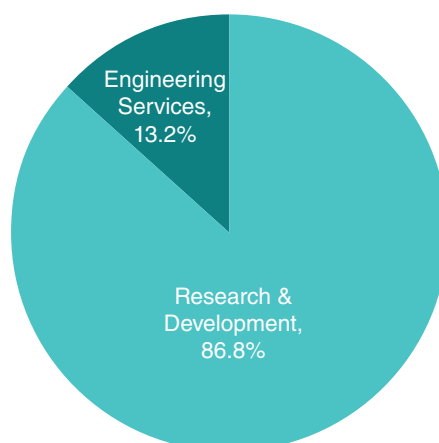
DNV GL Technology Centre is a 7-storey building with 90 car park lots, which has been certified Green Mark Gold Plus in 2013 and Green Mark Pearl in 2015 by BCA.

The table below sets out a summary of selected information on the Property as at 30 September 2016 (unless otherwise indicated).

| Building | DSO National Laboratories Buildings | | DNV GL Technology Centre |
|---|---|--|--|
| Location | 12 Science Park Drive Singapore 118225 | 14 Science Park Drive Singapore 118226 | 16 Science Park Drive Singapore 118227 |
| Site Area (sq m) | 39,435.8 | | |
| Contractual Gross Floor Area/ Contractual Net Lettable Area (sq m) | 69,016 | | 9,855 |
| Number of Storeys | 8 | 8 | 7 |
| Number of Tenants | 1 | | 1 |
| Occupancy | 100.0% | | 100.0% |
| Land Tenure | Leasehold for a term of 99 years commencing from 1 June 1982 and expiring on 31 May 2081. The Trustee is purchasing a leasehold interest of term commencing from (and including) the Completion Date and ending on 30 May 2081. | | |
| Number of Car Park Lots | 265 | 195 | 90 |
| Weighted Average Lease to Expiry by Gross Rental Income (years) | 16.5 | | |

1.2 Trade Sector Analysis for the Property (as at 30 September 2016)

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Property.



2. EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

Ascendas Reit's existing property portfolio as at the Latest Practicable Date comprises 102 properties in Singapore and 28 logistics properties in Australia. As at 30 September 2016, the total assets of Ascendas Reit amounted to approximately S\$9.9 billion. Its portfolio consists of the following:

- business and science park properties;
- integrated development, amenities and retail (IDAR);
- high-specifications industrial properties;
- light industrial properties/flatted factories; and
- logistics and distribution centres.

The table below sets out selected information on the Existing Portfolio and the Enlarged Portfolio as at 30 September 2016 (unless otherwise indicated).

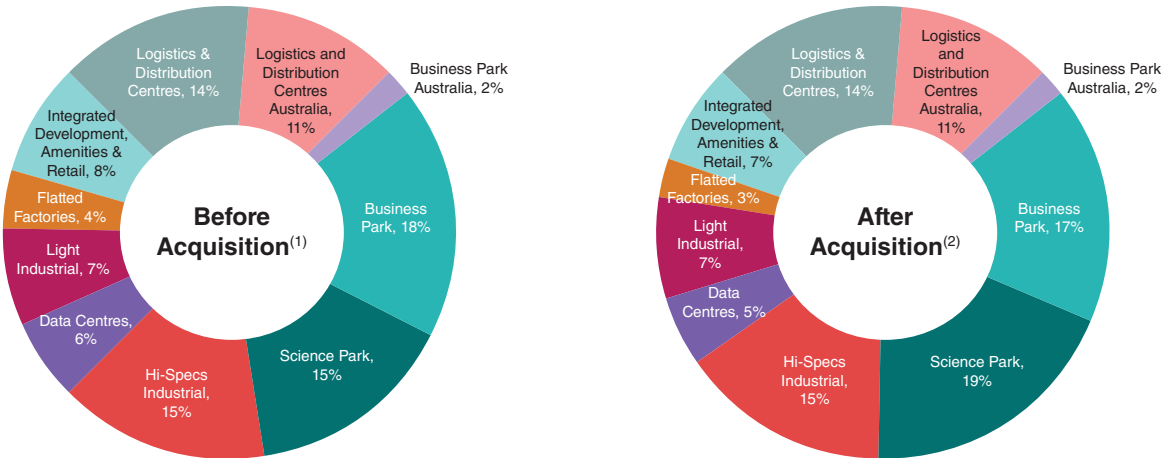
| Location | The Property | Existing Portfolio ⁽¹⁾ | Enlarged Portfolio |
|---|----------------------|-----------------------------------|--------------------|
| Contractual Gross Floor Area (sq m) | 78,871 | 3,657,688 | 3,736,559 |
| Contractual Net Lettable Area (sq m) | 78,871 | 3,110,283 | 3,189,154 |
| Number of Tenants | 2 | 1,415 | 1,417 |
| Valuation (S\$ million) | 429.4 ⁽³⁾ | 9,375.3 | 9,804.7 |
| Committed occupancy (%) | 100.0 | 89.3 | 89.5 |
| Weighted Average Lease to Expiry by Gross Rental Income (years) | 16.5 | 3.7 | 4.4 |
| Weighted Average Land Lease to Expiry (years) ⁽²⁾ | 64.7 | 46.0 | 46.9 |

Notes:

- Based on 130 properties as at 30 September 2016, assuming A-REIT City @Jinqiao was divested on 30 September 2016.
- Excluding freehold properties.
- Based on the average of the two valuations by Knight Frank (S\$430.0 million) and Edmund Tie (S\$428.8 million) as at 1 November 2016.

2.1 Property Segment Analysis for Existing Properties and Enlarged Portfolio as at 30 September 2016

The chart below provides a breakdown by asset value of the different property segments represented in the Existing Portfolio and the Enlarged Portfolio.

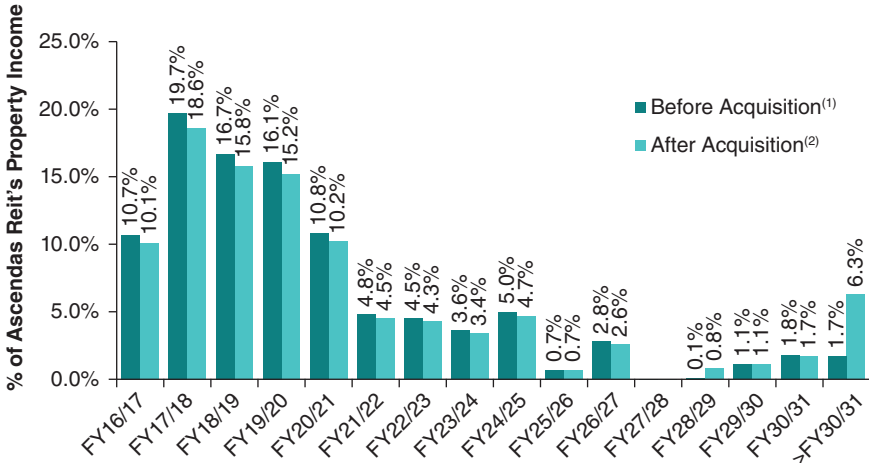


Notes:

- (1) Based on 130 properties as at 30 September 2016, assuming A-REIT City @Jinqiao was divested on 30 September 2016.
- (2) Assuming the Property was acquired on 30 September 2016.

2.2 Lease Expiry Profile for the Existing Portfolio and the Enlarged Portfolio

The chart below illustrates the lease expiry profile for the Existing Portfolio and the Enlarged Portfolio by gross rental income as at 30 September 2016.



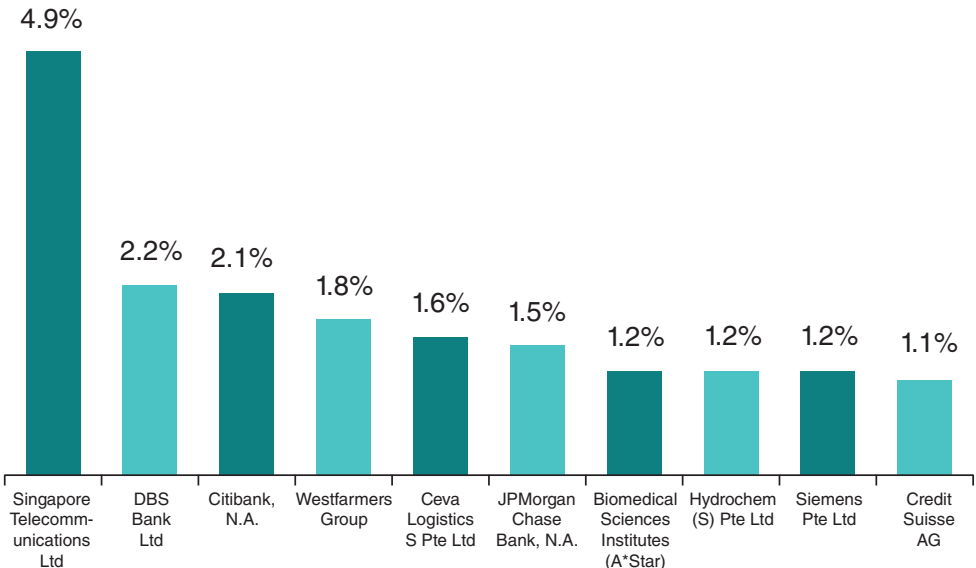
Notes:

- (1) Based on 130 properties as at 30 September 2016, assuming A-REIT City @Jinqiao was divested on 30 September 2016.
- (2) Assuming the Property was acquired on 30 September 2016.

2.3 Top Ten Tenants for the Existing Portfolio and the Enlarged Portfolio as at 30 September 2016

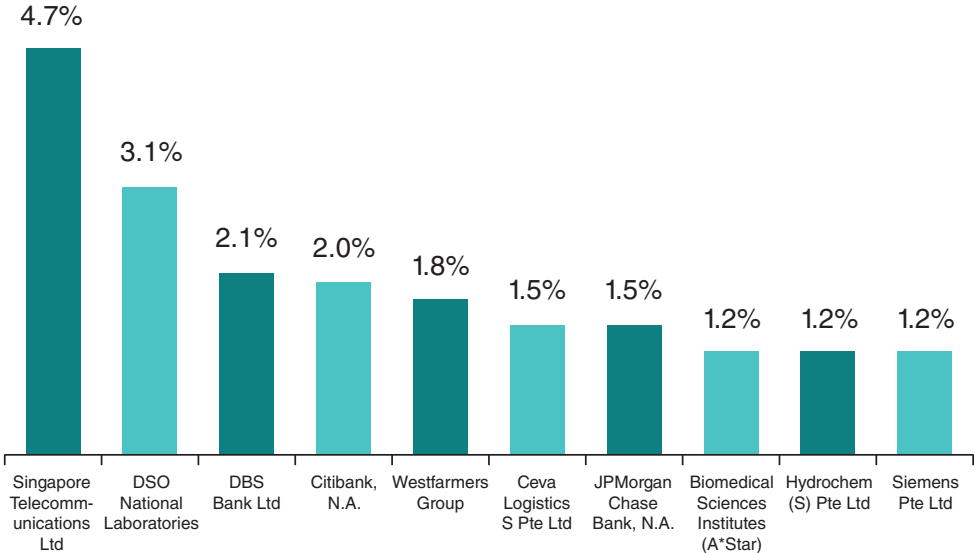
The chart below sets out the gross rental income contribution by the top ten tenants of the Existing Portfolio and the Enlarged Portfolio.

Before Acquisition



Note: Based on 130 properties as at 30 September 2016, assuming A-REIT City @Jinqiao was divested on 30 September 2016.

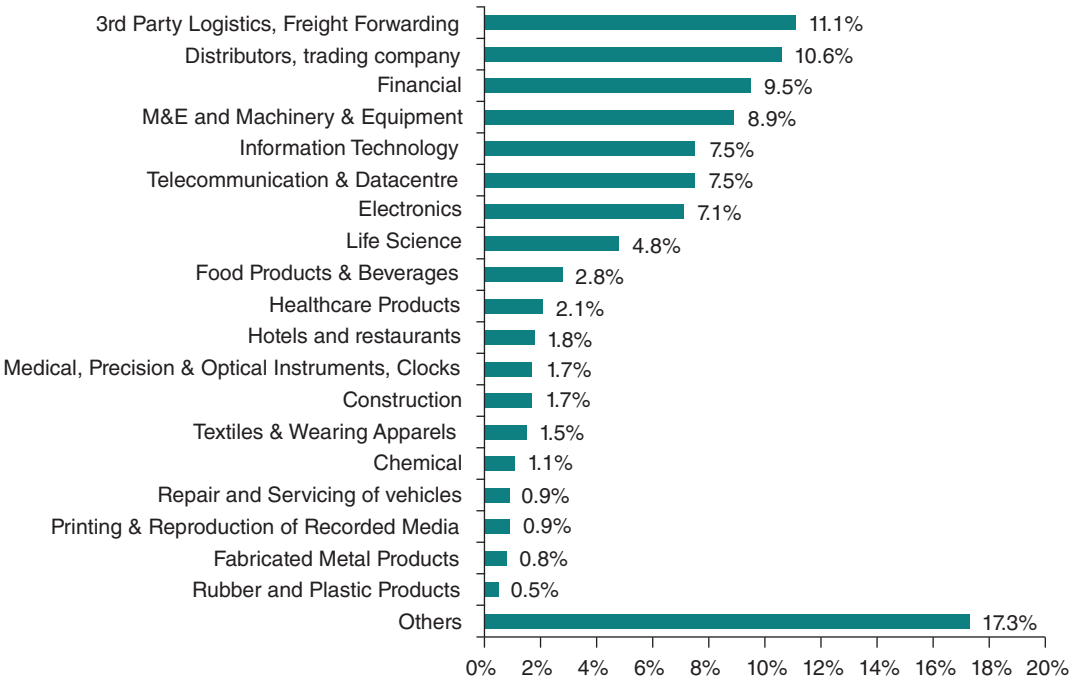
After Acquisition



Note: Assuming the Property was acquired on 30 September 2016.

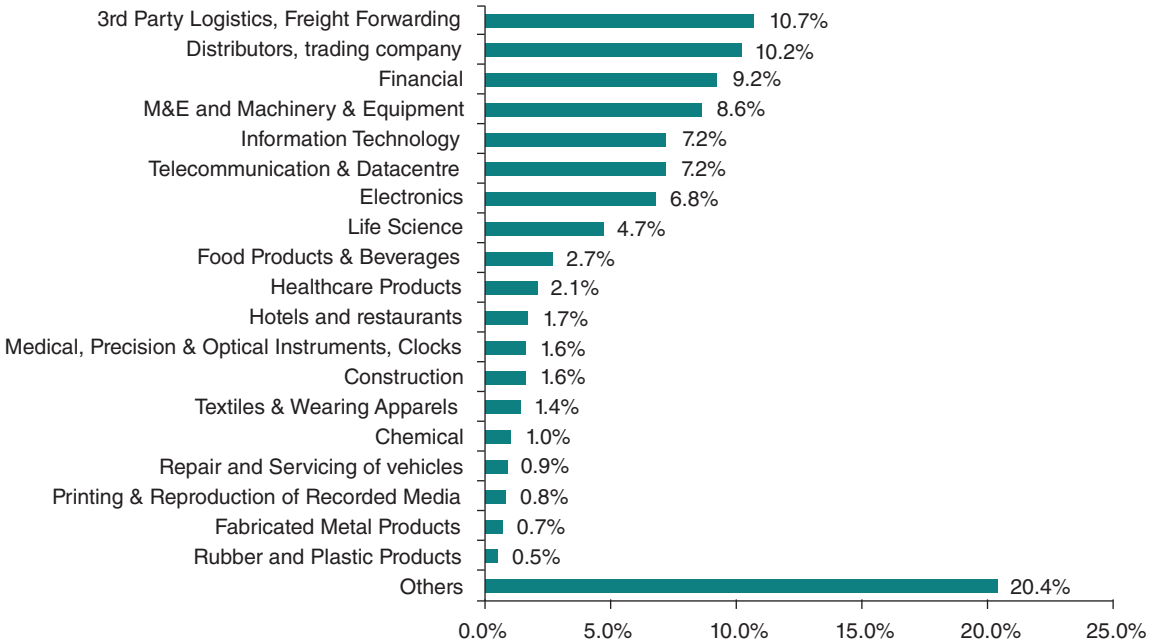
2.4 Trade Sector Analysis for the Existing Portfolio and the Enlarged Portfolio as at 30 September 2016

The chart below provides an existing breakdown by gross rental income of the different trade sectors represented in the Existing Portfolio.



Note: Based on 130 properties as at 30 September 2016, assuming A-REIT City @Jinqiao was divested on 30 September 2016.

The chart below provides an existing breakdown by gross rental income of the different trade sectors represented in the Enlarged Portfolio.




Note: Assuming the Property was acquired on 30 September 2016.

VALUATION CERTIFICATES



VALUATION CERTIFICATE

| | | |
|---------------------------------------|---|--|
| Date of Valuation | 1 November 2016 |  |
| Property: | 12, 14 & 16 Science Park Drive Singapore 118225/6/7 | |
| Legal Description: | Lot 5099L Mukim 3. | |
| Tenure: | 99 years leasehold commencing from 1 June 1982. | |
| Registered Lessee: | Ascendas Land (Singapore) Pte. Ltd. | |
| Brief Description of Property: | The subject property comprises 2 blocks of 8-storey business park building (known as DSO 1 & 2) and a 7-storey business park building (known as DNV GL Technology Centre). DSO 1 and 2 are linked by skybridges located on 6 th to 8 th storey. Temporary Occupation Permit (TOP) was obtained on 19 June 2013 for DSO 1 and DNV GL Technology Centre and on 23 September 2015 for DSO 2. | |
| | In addition, DNV GL Technology Centre was awarded BCA Green Mark Pearl award in 2015. | |
| Site Area: | 39,435.8 sq.m. | |
| Gross Floor Area (GFA): | 78,806.24 sq.m. – according to URA's Grant of Written Permission issued on 8 September 2015, as provided. | |
| Contractual Area: | 78,871.40 sq.m. – according to lease agreement, as provided. | |
| Tenancy Profile: | The 3 buildings are fully leased at an average current passing gross rent of approximately S\$30.78 psm per month/GFA. | |
| Annual Value (2016): | DSO 1 : DSO 2 : DNV GL Technology Centre : | S\$11,662,000/- Yet to be assessed by IRAS S\$4,341,000/- |
| Capitalisation Rate: | 6.00% | |
| Terminal Yield: | 6.25% | |
| Discount Rate: | 7.75% | |
| Master Plan Zoning (2014): | "Business Park" with plot ratio 2.0. | |
| Market Value: | S\$428,800,000/- (Singapore Dollars Four Hundred Twenty-Eight Million And Eight Hundred Thousand) | |
| Date of Valuation: | 1 November 2016 | |
| Value psm of GFA: | S\$5,455/- | |
| Prepared by: | Edmund Tie & Company (SEA) Pte Ltd | |

Poh Kwee Eng (Ms)
Executive Director
Head, Valuation Advisory
BSc (Est Mgt) FSISV
(Appraiser's Licence No: AD041-2003168D)

Carolyn Teo
Director
Valuation Advisory
BSc (Est Mgt) Hons MSISV
(Appraiser's Licence No. AD041-2009502A)

This valuation certificate is subject to the attached Limiting Conditions.

Valuation certificate

- Property** : 12 & 14 Science Park Drive "DSO National Laboratories" Singapore 118225 & 118226
16 Science Park Drive "DNV GL Technology Centre" Singapore 118227
- Client** : HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Ascendas Real Estate Investment Trust)
- Purpose** : Acquisition
- Legal description** : Lot No. : 5099L
Mukim : 3
- Tenure** : Leasehold 99 years commencing 1 June 1982 (Balance lease term of about 64.6 years as at 1 November 2016)
- Basis of valuation** : Market Value on existing use basis and subject to existing tenancies and occupational arrangements
- Registered owner** : Ascendas Land (Singapore) Pte Ltd
- Master plan 2014** : "Business Park" with a gross plot ratio of 2.0
- Brief description** : The Property is located on the southern side of Science Park Drive, off South Bouna Vista Road and approximately 8.5 km from the City Centre. DSO National Laboratories comprises of phase 1 & 2. Phase 1 comprises an 8-storey built-to-suit building with 265-lots multi-storey car park. Phase 2 comprises an 8-storey built-to-suit building with 195 car park lots. The Temporary Occupation Permits for DSO phase 1 and 2 were obtained on 19 June 2013 and 23 September 2015 respectively. The development won the BCA Green Mark (Gold Plus) award in 2013.
- DNV GL Technology Centre is a 7-storey building with 90 car park lots. It won the BCA Green Mark (Gold Plus) Award in 2013 and the BCA Green Mark Pearl Award in 2015. The Temporary Occupation Permit was obtained on 19 June 2013.
- Land area** : 39,435.8 sm
- Gross floor area** : 78,806.24 sm
- Contractual floor area** :
- | Property | Contractual floor area (sm) |
|---------------------------|-----------------------------|
| DSO National Laboratories | 69,016.0 |
| DNV GL Technology Centre | 9,855.4 |
| Total | 78,871.4 |
- Valuation approaches** : Capitalisation Approach and Discounted Cash Flow Analysis
- Valuation date** : 1 November 2016
- Market Value** : S\$430,000,000/-
(Singapore Dollars Four Hundred And Thirty Million Only)
- Assumptions, disclaimers, limitations & qualifications** : *This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business for Valuations located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.*
- Prepared by** : Knight Frank Pte Ltd



Low Kin Hon
B.Sc.(Estate Management) Hons.,FSISV
Deputy Group Managing Director
Managing Director, Valuation
Appraiser's Licence No. AD 041-20037521
For and on behalf of Knight Frank Pte Ltd



Png Poh Soon
MSc.,B.Sc.(Real Estate) Hons.,MSISV
Director
Valuation
Appraiser's Licence No. AD 041-2009900J
For and on behalf of Knight Frank Pte Ltd

INDEPENDENT FINANCIAL ADVISER'S LETTER

10 January 2017

The Independent Directors and Audit Committee
 Ascendas Funds Management (S) Limited
 (in its capacity as the Manager of Ascendas Real Estate Investment Trust)
 168 Robinson Road
 #30-01 Capital Tower
 Singapore 068912

Dear Sirs

- (1) **THE PROPOSED ACQUISITION OF 12, 14 AND 16 SCIENCE PARK DRIVE AS AN INTERESTED PERSON TRANSACTION**
- (2) **THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF THE PROPERTY**

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 10 January 2017 to the unitholders of Ascendas Real Estate Investment Trust (the “Circular”)

1. INTRODUCTION

Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is one of Singapore’s largest business space and industrial real estate investment trusts listed on the Main Board of Singapore Exchange Securities (“**SGX-ST**”). Ascendas Reit has a diversified portfolio of 102 properties in Singapore, 28 properties in Australia and 1 properties in the People’s Republic of China as at 30 September 2016. These properties host a customer base of around 1,410 international and local companies from a wide range of industries and activities, including research and development, life sciences, information technology, engineering, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room support office in service industries. Ascendas Reit is managed by Ascendas Funds Management (S) Limited (the “**Manager**”), a wholly-owned direct subsidiary of Ascendas Pte Ltd (“**APL**”).

1.1 The Proposed Acquisition

The Manager proposes to acquire 12, 14 and 16 Science Park Drive, together with the plant and equipment therein (the “**Property**”) from Ascendas Land (Singapore) Pte. Ltd. (the “**Vendor**”) (“**Proposed Acquisition**”). 12 and 14 Science Park Drive (“**DSO National Laboratories Buildings**”) consist of two 8-storey built-to-suit buildings with a total of 460 car park lots and 16 Science Park Drive (“**DNV GL Technology Centre**”) Centre is a 7-storey building with 90 car park lots. The Property is situated along Singapore’s technology corridor and is amongst Asia’s most prestigious addresses for research and development and technology development, occupying a total gross floor area of approximately 78,871 sq m.

Accordingly, HSBC Institutional Trust Services, in its capacity as trustee of Ascendas Reit (the “**Trustee**”), has entered into a put and call option agreement (“**Put and Call Option Agreement**”), in relation to the Proposed Acquisition, with the Vendor on 5 December 2016. Pursuant to the Put and Call Agreement, the Trustee and Vendor are required to enter into the sale and purchase agreement (“**Purchase Agreement**”) on the day when either the Trustee or Vendor exercises the Call Option or Put Option respectively.

1.2 The Proposed Transaction

The Manager is seeking approval from the holders of units of Ascendas Reit (“**Unitholders**”) for the Proposed Acquisition which will be satisfied by a combination of internal resources, debt and equity financing, including the proposed issuance of new units as partial consideration (“**Proposed Issuance**”), details of which are set out in paragraph 3 of this letter and paragraph 2 and 3 of the Circular. The Proposed Acquisition and the Proposed Issuance are collectively, the “**Proposed Transaction**”.

As described in paragraph 3.3 of this letter, the total purchase consideration that is payable to the Vendor for the Proposed Acquisition will be S\$420 million (being approximately 7.3% of the NTA and 7.3% of the NAV of Ascendas Reit respectively as at 31 March 2016) (“**Purchase Price**”), which exceeds the relevant thresholds as described in paragraph 5.3.3 of the Circular.

As the Vendor is a wholly-owned subsidiary of the APL, it is therefore regarded as an “associate” of the Manager under the Listing Manual and is (for the purposes of the Listing Manual) an “interested person” of Ascendas Reit and (for the purposes of the Property Funds Appendix) an “interested party” of Ascendas Reit. Therefore, the Proposed Acquisition and the Proposed Issuance will constitute an “interested person transaction” under Chapter 9 of the Listing Manual and an “interested party transaction” under paragraph 5 of the Property Funds Appendix.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”), have been appointed as independent financial adviser (“**IFA**”) to the Independent Directors and the Audit Committee of the Manager in respect of whether the Proposed Acquisition and Proposed Issuance are on normal commercial terms and not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

This letter, which sets out our evaluation for the Independent Directors and the Audit and Risk Committee in respect of this engagement, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Acquisition and the Proposed Issuance are on normal commercial terms and are not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

We were neither a party to the negotiations entered into in relation to the Proposed Transaction nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Proposed Transaction.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Transaction. All such evaluations, advice, judgements or comments remain the sole responsibility of the Management and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of Ascendas Reit. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Transaction nor on the future value, financial performance or condition of Ascendas Reit after the Proposed Transaction.

It is also not within our terms of reference to compare the merits of the Proposed Transaction to any alternative arrangements that were or may have been available to Ascendas Reit. Such comparison and consideration remain the responsibility of the Directors and their advisers.

In the course of our evaluation, we have held discussions with the management of the Manager, and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of Ascendas Reit or the Proposed Transaction. We have been furnished with the valuation reports for the Property prepared by Edmund Tie & Company (SEA) Pte Ltd ("**Edmund Tie**") (formerly known as DTZ Debenham Tie Leung (SEA) Pte Ltd), and Knight Frank Pte Ltd ("**Knight Frank**") (collectively, the "**Independent Valuers**"). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the assets concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at 6 January 2017 (the "**Latest Practicable Date**"). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Proposed Transaction which may be released by the Manager after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the Proposed Acquisition and the Proposed Issuance as set out under paragraph 5 of this letter should be considered in the context of the entirety of our advice. This letter is prepared for the purpose of compliance with Listing Rule 921(4)(a) and also for the benefit and use by the Trustee, Independent Directors and the Audit Committee of the Manager and will be incorporated as an Appendix to the Circular. The Manager may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the purpose stated herein, without our prior written consent in each instance.

3. DETAILS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF THE PROPERTY

3.1 Description of the Property

The Property is located within Singapore Science Park 1, off South Buona Vista Road. Singapore Science Park 1 is situated along Singapore's technology corridor and is amongst Asia's most prestigious addresses for research and development and technology development. Prominent developments within the vicinity include the National University of Singapore, the National University Hospital, Campus for Research Excellence and Technological Enterprise and various public research institutions. The Property is within walking distance to Kent Ridge MRT station, and is a few minutes' drive to West Coast Highway and Ayer Rajah Expressway, all of which facilitates access from the Property to other parts of Singapore.

The Property comprises DSO National Laboratories Buildings and DNV GL Technology Centre with a total contractual gross floor area of approximately 78,871 sq m.

DSO National Laboratories consists of two 8-storey built-to-suit buildings with a total of 460 car park lots. The buildings have been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore ("BCA") in 2013.

DNV GL Technology Centre is a 7-storey building with 90 car park lots, which has been certified Green Mark Gold Plus in 2013 and Green Mark Pearl in 2015 by BCA.

The Property is 100% occupied. The leases have a weighted average lease expiry ("WALE") of 16.5 years and built-in rental escalation of 2.2% to 2.5% per annum.

The Proposed Acquisition is expected to generate a net property income yield of approximately 6.3% (based on Purchase Price) and 6.0% (based on Total Acquisition Cost) in the first year of ownership.

Please refer to **Appendix A** of the Circular for further details.

3.2 Description of the Proposed Acquisition and the Independent Valuations

On 5 December 2016, the Trustee entered into a Put and Call Option Agreement with the Vendor in relation to the Proposed Acquisition. Pursuant to the Put and Call Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be). The Purchase Price payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million.

Please see paragraphs 2.3 and 2.4 of the Circular for further details on the Put and Call Options and the Purchase Agreement respectively.

The Manager has commissioned an independent property valuer, Edmund Tie, and the Trustee has commissioned another independent property valuer, Knight Frank, to value the Property. The open market value of the Property as at 1 November 2016 is S\$428.8 million and S\$430.0 million as stated by Edmund Tie and Knight Frank in their respective valuation reports. The methods used by Edmund Tie and Knight Frank were the discounted cash flow method and the capitalisation method.

The Purchase Price was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

The Trustee has paid an Option Fee of S\$50,000 to the Vendor upon the signing of the Put and Call Option Agreement, which shall be applied as payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement upon exercise of the Option. The Option Fee is refundable to the Trustee if the Call Option and the Put Option is not exercised. Of the balance of S\$419.95 million, S\$20.0 million (the “**Deferred Payment Sum**”) will be paid in cash by way of cashier’s order(s) on the date falling one (1) year after the date of completion of the Proposed Acquisition (“**Completion Date**”), subject to any deductions thereof properly made by the Trustee pursuant to the Purchase Agreement and S\$399.95 million (the “**Balance Purchase Price**”) will be payable on the Completion Date.

The principal terms of the Put and Call Option Agreement include the following conditions precedent (the “**Conditions Precedent**”), which are to be fulfilled before the Trustee can serve the Call Option notice on the Vendor (or the Vendor can serve the Put Option notice on the Trustee, as the case may be):

- (a) the Unitholders’ approval being obtained for the acquisition of the Leasehold Interest in respect of the Property (the “**Unitholders’ Acquisition Approval**”);
- (b) the written approval of the President of the Republic of Singapore and his successors in office to the sale of the Leasehold Interest in respect of the Property being obtained (the “**Head Lessor Sale Approval**”); and
- (c) the Trustee completing due diligence (including legal, financial, commercial and technical due diligence) on the Property and the results of the due diligence being reasonably satisfactory to the Trustee (the “**Due Diligence Condition**”).

In the event that any Condition Precedent is not fulfilled by 3 March 2017, the Vendor or the Trustee (referring to either of them as the “**Party**”) may elect by notice in writing to the other Party to terminate the Put and Call Option Agreement.

The principal terms of the Purchase Agreement include, among others, the following:

- (a) if the Unitholders’ approval for the proposed issuance of new units in Ascendas Reit (“**Units**”) to the Vendor as partial consideration for the Proposed Acquisition (“**Consideration Units**”) is obtained prior to Completion, the Balance Purchase Price shall be paid by the Trustee on Completion in the following manner:
 - (i) a sum of S\$100.0 million of the Balance Purchase Price will be satisfied:
 - (A) by way of issue of new Units if neither Party issues a notice electing for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price (the “**Cash Settlement Notice**”) by 1 p.m. on the date falling nine (9) Business Days after the date of commencement of the “ex-dividend” trading in relation to the books closure date for the advanced

distribution, or as the case may be, cumulative distribution declared by the Manager (such date, the “**Consideration Units Price Determination Date**”) (the “**Cash Settlement Cut-Off Time**”); and

- (B) by way of cash if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time; and
- (ii) (A) (if neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the remaining portion of the Balance Purchase Price, after deducting the aggregate value of the Consideration Units actually issued in such manner to the Vendor pursuant to the Purchase Agreement, shall be paid in cash by way of cashier’s order(s) or bank draft(s) to the Vendor (or such person(s) as the Vendor may direct); or
- (B) (if either Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time) the remaining portion of the Balance Purchase Price of S\$299.95 million shall be paid in cash by way of cashier’s order(s) or bank draft(s) to the Vendor (or such person(s) as the Vendor may direct);
- (b) if the Unitholders’ approval for the proposed issuance of the Consideration Units is not obtained prior to Completion, the Balance Purchase Price shall be paid by the Trustee to the Vendor in cash on Completion (and/or such person(s) as the Vendor may direct) by way of cashier’s order(s) or bank draft(s);
- (c) the Trustee shall withhold the Deferred Payment Sum (being S\$20.0 million) which shall be paid to the Vendor on the date one (1) year after the Completion Date, subject to any deductions thereof properly made pursuant to the Purchase Agreement; and
- (d) the Vendor shall deliver to the Trustee, on Completion, vacant possession of such part(s) of the Property which are not occupied by (i) DSO National Laboratories (“**DSO**”) or DNV GL Singapore Pte Ltd. (“**DNVPL**”) under the relevant leases or (ii) DSO or DNVPL holding over.

Further details of the Proposed Acquisition can be found in paragraph 2 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

3.3 Total Cost of the Proposed Acquisition

The total cost of the Proposed Acquisition to Ascendas Reit (“**Total Acquisition Cost**”) is currently estimated to be approximately S\$437.5 million, comprising:

- (a) the Purchase Price of S\$420.0 million;
- (b) the acquisition fee (the “**Acquisition Fee**”) payable in Units to the Manager for the Proposed Acquisition (the “**Acquisition Fee Units**”) of S\$4.2 million, being 1.0% of the Purchase Price¹; and

¹ As the Proposed Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one (1) year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

- (c) the estimated stamp duty, professional and other fees and expenses of approximately S\$13.3 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

3.4 Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (a) the issue of Acquisition Fee Units pursuant to the general unit issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 28 June 2016 as the Acquisition Fee; and
- (b) internal resources and/or existing debt facilities, in relation to approximately S\$433.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time) or S\$333.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million (if neither Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time); and
- (c) unless either Party issues a Cash Settlement Notice by the Cash Settlement Cut-off Time (as provided in paragraph 3.1 of the Circular), S\$100.0 million of the Balance Purchase Price will be satisfied by the issue of Consideration Units to the Vendor (the “**Equity Consideration**”).

4. EVALUATION OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF THE PROPERTY

In reaching our recommendation in respect of the above, we have given due consideration to, *inter alia*, the following factors:

- (i) rationale for the Proposed Acquisition;
- (ii) valuations of the Property prepared by the Independent Valuers;
- (iii) valuations of the Property as compared to selected comparable properties owned by REITs listed on SGX-ST;
- (iv) proposed issuance of new units as partial consideration for the Proposed Acquisition; and
- (v) pro forma financial effects of the Proposed Acquisition.

4.1 Rationale for the Proposed Acquisition

The Manager’s rationale for the Proposed Acquisition is set out in paragraph 4 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We have reproduced below excerpts of this section in respect of the Proposed Acquisition:

“4.1 The Proposed Acquisition is in line with Ascendas Reit’s investment strategy

The Proposed Acquisition is in line with the Manager’s aims to deliver predictable distributions and to enhance the value of Ascendas Reit’s property portfolio over time through, inter alia, selectively acquiring additional properties that meet the Manager’s investment criteria. The Proposed Acquisition is in line with the Manager’s investment strategy, which includes making value-adding investments comprising development as well as acquisition of income-producing properties with strong underlying real estate fundamentals to deliver long-term sustainable distributions and capital stability to Unitholders.

4.2 Enables Ascendas Reit to capitalise on the competitive strengths of the Property

- **Strategic location and good connectivity**

The Property is located within Singapore Science Park 1, off South Buona Vista Road, a well-established location for research & development companies. It is within walking distance to Kent Ridge MRT station and public transport facilities are readily available along Science Park Drive. The Property is only a few minutes’ drive to West Coast Highway and Ayer Rajah Expressway, which facilitates access from the Property to other parts of Singapore.

- **Strengths of the Property**

Properties with more than 60 years land lease tenure are rare given Jurong Town Corporation’s (“JTC”) policy to shorten industrial land lease tenures. The Property is not subject to any anchor tenant policy and sublet constraints imposed by JTC and thus allows for more leasing flexibility. In addition, upfront land premium for the remaining land lease term has been fully paid.

The Property is relatively new with a weighted average building age of 2 years. The design and layout is functional and efficiently designed for typical business park occupants.

4.3 Complements and enhances Ascendas Reit’s market share in the overall business and science park sector in Singapore

The Proposed Acquisition will reinforce Ascendas Reit’s presence and market share in the overall business and science park sector. With the addition of the Property, Ascendas Reit will increase its total gross floor area in the business and science park sector in Singapore from 743,363 sq m to 822,234 sq m. This positions Ascendas Reit’s portfolio to cater to the higher value-add industries in Singapore.

4.4 Provides increased exposure to high quality tenants and income stability

Following the Proposed Acquisition, Ascendas Reit will benefit from the addition of two high quality tenants, DSO and DNVPL. DSO is Singapore’s national defence research & development organisation and its customers include various Singapore ministries and statutory boards. DNV is a world-leading classification society and risk management company with approximately 15,000 employees operating in over 100 countries.

The leases have built-in rental escalations of 2.2% and 2.5% per annum and long weighted average lease expiry of 16.5 years. This will improve the stability and predictability of earnings of Ascendas Reit.

The Proposed Acquisition is expected to generate a net property income yield of approximately 6.3% (based on Purchase Price) and 6.0% (based on Total Acquisition Cost) in the first year of ownership.”

4.2 Valuation of the Property prepared by the Independent Valuers

The Manager has commissioned an independent property valuer, Edmund Tie, and the Trustee has commissioned another independent property valuer, Knight Frank, to value the Property. The open market value of the Property as at 1 November 2016 is S\$428.8 million and S\$430.0 million as stated by Edmund Tie and Knight Frank in their respective valuation reports. The methods used by Edmund Tie and Knight Frank were discounted cash flow method and capitalisation method.

| The Property | Market Value (S\$) | | Purchase Price (S\$) |
|---------------------------|--------------------|---------------|----------------------|
| | Edmund Tie | Knight Frank | |
| DSO National Laboratories | 428.8 million | 430.0 million | 420.0 million |
| DNV GL Technology Centre | | | |

The key points to be highlighted in respect of the Independent Valuations are as follows:

- The basis of valuation used is “Market Value”, the definitions of which are broadly consistent as between the Independent Valuers;
- The relevant date for the valuations undertaken is 1 November 2016;
- Edmund Tie and Knight Frank used the capitalisation approach and discounted cash flow analysis; and
- The methods used by the Independent Valuers are widely accepted methods for the purpose of valuing income-producing properties. We note that the Purchase Price for the Property of S\$420.0 million represents a discount of approximately 2.1% and 2.3% to the valuations by Edmund Tie and Knight Frank respectively.

4.3 Valuation of the Property as Compared to Selected Comparable Properties Owned by REITs Listed on SGX-ST

We note that the Property is a single-tenanted property and classified as a “science park property”. However, for the purpose of our evaluation and for illustration, we set out below the comparisons of the gross property yield expected to be generated from the Property and selected comparable properties that are single-tenanted or under a master lease arrangement for properties classified as either “science park properties” or “business park properties” in the property portfolio of REITs listed and traded on the SGX-ST (“**Selected Comparable Properties**”).

While we have made our analysis against the Selected Comparable Properties as shown in the table below, we recognized that the Selected Comparable Properties are not identical to the Property in terms of building size, location, future prospects and other relevant criteria. In addition, the Selected Comparable Properties include properties that are classified as “business park properties” which are not direct comparisons to the

Property which are classified as “science park properties”. As such, any comparisons made with respect to the Selected Comparable Properties are therefore intended to serve as an illustrative guide only. We have used the gross property yield for purpose of comparison as only data on gross revenue is publicly available.

| Property | Valuation Date | Valuation (\$'000) | Gross Property Income (\$'000) | Gross Property Yield ⁽¹⁾ (%) |
|--------------------------------|------------------|------------------------------|--------------------------------|---|
| Science Park | | | | |
| PSB Science Park Building | 31-Mar-16 | 82,000 | 4,100 | 5.0% |
| Business Parks | | | | |
| Hansapoint@CBP | 31-Mar-16 | 90,700 | 9,000 | 9.9% |
| DBS Asia Hub | 31-Mar-16 | 168,200 | 12,300 | 7.3% |
| 1A International Business Park | 31-Mar-16 | 88,700 | 8,380 | 9.4% |
| Solaris | 31-Dec-15 | 360,000 | 17,500 | 4.9% |
| 16 International Business Park | 31-Dec-15 | 31,000 | 1,800 | 5.8% |
| High | | | | 9.9% |
| Mean ⁽²⁾ | | | | 7.1% |
| Median | | | | 6.6% |
| Low | | | | 4.9% |
| The Property | 01-Nov-16 | 437,500⁽⁴⁾ | 28,998 | 6.6%⁽³⁾ |

Source: Circular, FY15/16 Annual Report of Ascendas Reit, AIMS AMP Capital Industrial Trust, Soilbuild Business Space Trust and Cambridge Industrial Trust and the Manager's inputs

Notes:

- (1) The gross property yields are computed based on the gross property income for each property divided by the valuation of the respective property as extracted from the FY15/16 Annual Report of Ascendas Reit.
- (2) The mean gross property yield are based on the valuation of each property.
- (3) The gross property yield of the Property is computed based on the expected gross property income of the Property divided by the Total Acquisition Cost.
- (4) Total Acquisition Cost.

Based on the above analysis, we note that the gross property yield of 6.6% (based on gross property income) expected to be generated from the Property is:

- (i) within the range of the gross property yields of the Selected Comparable Properties;
- (ii) below the mean of the gross property yields of the Selected Comparable Properties; and
- (iii) equal to the median of the gross property yields of the Selected Comparable Properties.

4.4 Proposed Issuance of New Units as Partial Consideration for the Proposed Acquisition

We note from paragraph 3.1 of the Circular that a sum of S\$100.0 million of the Balance Purchase Price will be satisfied by way of issue of Consideration Units to the Vendor unless either Party issues a Cash Settlement Notice by the Cash Settlement Cut-Off Time.

The Vendor and the Trustee (the “Parties”) shall have absolute discretion to elect for the full settlement in cash of the sum of S\$100.0 million of the Balance Purchase Price in lieu of the Equity Consideration.

If neither Party issues the Cash Settlement Notice by the Cash Settlement Cut-Off Time, the issue price of the Consideration Units will be determined by the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 Business Days commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution, or as the case may be, cumulative distribution declared by the Manager (in relation to the then existing Units in issue) and ending on the Business Day immediately preceding the Completion Date (the “10-Day VWAP”).

The Consideration Units will be issued on the Completion Date and the number of Consideration Units issued shall be rounded downwards to the nearest board lot.

As at the Latest Practicable Date, Ascendas Reit has a total number of 2,851,335,332 Units in issue. Assuming that 43,713,936 Units are issued to the Vendor at an illustrative issue price² of S\$2.2876 per Unit, amounting to an aggregate value of S\$100.0 million, the total number of Units that Ascendas Reit will have in issue after the issuance of the Consideration Units will be 2,895,049,268 (not taking into account the Acquisition Fee Units). The Consideration Units represent approximately 1.5% of the total number of Units that Ascendas Reit has in issue as at the Latest Practicable Date, and approximately 1.5% of the total number of Units that Ascendas Reit will have in issue after the Proposed Acquisition (assuming the Consideration Units are issued to the Vendor).

4.4.1 Rationale for the Proposed Issuance of New Units as Partial Consideration for the Proposed Acquisition

As set out in paragraph 4.5 of the Circular, the Vendor is a controlling Unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of the 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.

As part payment to the Vendor (or its nominees(s)) in the form of Units will only be made on Completion Date, there will be no impact on the DPU for the period from the date of the Put and Call Option Agreement to the date of the issuance of the Consideration Units to the Vendor.

¹ The illustrative issue price is based on the volume weighted average price for a Unit for all trades on the SGX-ST for the period of 10 Business Days ending on 5 January 2017.

4.4.2 Precedent Placements to Interested Persons

We set out below, for illustrative purposes only, examples of placements undertaken by SGX-ST listed companies and REITs to interested persons for the period commencing 1 January 2014 to the Latest Practicable Date. In our analysis of similar offerings of units, we have not included fund raising exercises by way of rights issues.

| Comparable | Date of Circular | Type of Transaction | Basis of Issue Price |
|------------------------------------|-------------------------|---|---|
| Frasers Centrepoint Trust | 12-May-14 | Private placement of approximately S\$155.7 million to finance the acquisition of Changi City Point – Frasers Centrepoint Limited and/or any of its subsidiaries may subscribe for such number of placement units up to its proportionate pre-placement unitholding in Frasers Centrepoint Trust, in percentage terms | Discount of not more than 10% to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed |
| Lippo Malls Indonesia Retail Trust | 22-Oct-14 | Private placement of approximately S\$106.6 million for the acquisition of Lippo Mall Kemang | Discount of not more than 10% to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed |
| Keppel REIT Management Limited | 31-Oct-14 | Private placement of approximately S\$224.6 million to institutional and other investors for the acquisition of one-third interest in Marina Bay Financial Centre Tower 3 | Zero discount to the prevailing VWAP for the period of 10 business days prior to the date of completion of the respective acquisitions |

| Comparable | Date of Circular | Type of Transaction | Basis of Issue Price |
|--------------------------|-------------------------|---|--|
| Frasers Commercial Trust | 03-Jun-15 | Private placement of approximately S\$142.5 million to institutional and other investors for the acquisition of 357 Collins Street, Melbourne, Victoria, Australia – Frasers Centrepoint Limited and/or any of its subsidiaries may subscribe for such number of placement units up to its proportionate pre-placement unitholding in Frasers Commercial Trust, in percentage terms | Discount of not more than 10% to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed |
| Ascendas Reit | 29-Jan-16 | A private placement to institutional and other investors and a non-renounceable preferential offering for approximately a total of S\$224.7 million to finance the acquisition of ONE@Changi City | A discount of 6.2% to the volume weighted average price for trades done on the SGX-ST for the Market Day preceding the day on which the placement agreement was signed and up to the time the placement agreement was signed |

Source: SGX and Circulars to Unitholders

For the five transactions mentioned above, we note the following:

- (a) Three transactions listed above had issue prices of units offered pursuant to the placement exercises set at a discount of no more than 10% to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed;
- (b) The issue price of placement units for Keppel REIT Management Limited was computed based on the volume weighted average price for trades done on the SGX-ST for the period of 10 business days commencing from the day on which the placement unit trade ex-distribution without imposition of a discount; and
- (c) The issue price of placement units for Ascendas Reit had been determined in accordance with the provisions of the Trust Deed and the Listing Manual and taking into account, inter alia, market conditions, with the total proceeds raised to include a non-renounceable preferential offering.

4.5 Pro Forma Financial Effects of the Proposed Acquisition

As set out in paragraph 5 of the Circular, 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% equity funding and 40% debt funding (“**Evaluation Policy**”). 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 the Ascendas Reit level and not on a transaction-basis.

The pro forma financial effects of the Proposed Acquisition on the distribution per Unit (“**DPU**”) and NAV per Unit, and the pro forma capitalisation of Ascendas Reit are set out in Section 5 of the Circular. Excerpts have been presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of Ascendas Reit (the “**Ascendas Reit Audited Financial Statements**”) for the financial year ended 31 March 2016 (“**FY15/16**”), taking into account the Total Acquisition Cost, and assuming that:

- “(a) Ascendas Reit had purchased, held and operated the Property for the whole of FY15/16;
- (b) consistent with the Evaluation Policy, S\$262.5 million, or 60% of the Total Acquisition Cost was satisfied by way of issue of Units (including Consideration Units and new Units issuable as payment of the Acquisition Fee), with the remainder amount funded wholly by debt;
- (c) the average cost of debt was 2.8% (being the average cost of debt for the whole of FY15/16);
- (d) the Consideration Units were issued at an illustrative price of S\$2.2876 per Unit; and
- (e) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.”

4.5.1 Pro Forma NAV

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit's NAV per Unit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|---------------------|--|---------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| NAV (S\$'000) | 5,480,879 | 5,743,379 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,780,516 ⁽²⁾ |
| NAV per Unit (S\$) | 2.06 | 2.07 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20.0% of base management fee payable to the Manager and additional Units (including Consideration Units) issued to fund S\$60.0% of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).”

4.5.2 Pro Forma DPU

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit’s DPU for FY15/16, as if the Proposed Acquisition was completed on 1 April 2015 and Ascendas Reit held and operated the Property through to 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|--------------------------------|--|---------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| Net Property Income (S\$’000) | 533,701 | 560,145 |
| Distributable Income (S\$’000) | 378,321 | 397,547 |
| Issued Units (’000) | 2,665,576 ⁽¹⁾ | 2,780,516 ⁽²⁾ |
| DPU (cents) | 15.357 | 15.418 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units (including Consideration Units) issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).”

4.5.3 Pro Forma Capitalisation

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Ascendas Reit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016, is as follows:

| | Effects of the Proposed Acquisition | |
|---|--|------------------------------|
| | Before the Acquisition | After the Acquisition |
| <u>Current</u> | | |
| Unsecured loans and borrowings (S\$’000) | 826,397 | 826,397 |
| Secured loans and borrowings (S\$’000) | 354,000 | 354,000 |
| <u>Non-Current</u> | | |
| Unsecured loans and borrowings (S\$’000) | 1,910,595 | 2,085,595 ⁽¹⁾ |
| Secured loans and borrowings (S\$’000) | 583,642 | 583,642 |
| Total loans and borrowings (S\$’000) | 3,674,634 | 3,849,634 |
| Unitholders’ funds (S\$’000) | 5,480,879 | 5,743,379 ⁽²⁾ |
| Total Capitalisation (S\$’000) | 9,155,513 | 9,593,013 |

Notes:

- (1) Includes S\$175.0 million of unsecured loan drawn to fund 40.0% of the Total Acquisition Cost (purely for illustrative purposes only).
- (2) Includes S\$262.5 million of additional unitholders’ funds (or approximately 114.7 million new Units (including Consideration Units and Units issuable as payment of the Acquisition Fee) issuable at an illustrative price of S\$2.2876 per new Unit) issued to fund 60% of the Total Acquisition Cost (purely for illustrative purposes only).”

4.6 Pro Forma Financial Effects of the Proposed Acquisition based on the Intended Method of Financing

As set out in paragraph 5.2 of the Circular, given that it is intended for the Proposed Acquisition to be funded as described in paragraph 2.7 of the Circular (the “**Intended Method of Financing**”), the pro forma financial effects of the Proposed Acquisition on the DPU and NAV per Unit and the pro forma capitalisation of Ascendas Reit based on the Intended Method of Financing are presented below. These are strictly for illustrative purposes and were prepared based on the Ascendas Reit Audited Financial Statements for FY15/16, taking into account the Total Acquisition Cost, and assuming that:

- “(a) Ascendas Reit had purchased, held and operated the Property for the whole of FY15/16;
- (b) S\$100.0 million of the Total Acquisition Cost will be satisfied by the issue of Consideration Units to the Vendor;
- (c) S\$333.3 million of the Total Acquisition Cost after deducting the Acquisition Fee of S\$4.2 million is funded wholly by debt;
- (d) the issue of Acquisition Fee Units pursuant to the general unit issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 28 June 2016 as the Acquisition Fee;
- (e) the average cost of debt was 2.8% (being the average cost of debt for the whole of FY15/16);
- (f) the Consideration Units were issued at an illustrative price of S\$2.2876 per Unit; and
- (g) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.”

4.6.1 Pro Forma NAV based on the Intended Method of Financing

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit's NAV per Unit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|---------------------|--|---------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| NAV (S\$'000) | 5,480,879 | 5,585,079 |
| Issued Units ('000) | 2,665,576 ⁽¹⁾ | 2,711,317 ⁽²⁾ |
| NAV per Unit (S\$) | 2.06 | 2.06 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20.0% of base management fee payable to the Manager and additional Units issued to fund S\$100.0 million of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).”

4.6.2 Pro Forma DPU based on the Intended Method of Financing

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on Ascendas Reit’s DPU for FY15/16, as if the Proposed Acquisition was completed on 1 April 2015 and Ascendas Reit held and operated the Property through to 31 March 2016 are as follows:

| | Effects of the Proposed Acquisition | |
|--------------------------------|--|---------------------------------------|
| | Before the Proposed Acquisition | After the Proposed Acquisition |
| Net Property Income (S\$’000) | 533,701 | 560,145 |
| Distributable Income (S\$’000) | 378,321 | 393,114 |
| Issued Units (’000) | 2,665,576 ⁽¹⁾ | 2,711,317 ⁽²⁾ |
| DPU (cents) | 15.357 | 15.667 |

Notes:

- (1) Number of Units issued as at 31 March 2016.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fund S\$100.0 million of the Total Acquisition Cost at an illustrative price of S\$2.2876 per new Unit (purely for illustrative purposes only).”

4.6.3 Pro Forma Capitalisation based on the Intended Method of Financing

“FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Ascendas Reit as at 31 March 2016, as if the Proposed Acquisition was completed on 31 March 2016, is as follows:

| | Effects of the Proposed Acquisition | |
|---|--|------------------------------|
| | Before the Acquisition | After the Acquisition |
| <u>Current</u> | | |
| Unsecured loans and borrowings (S\$’000) | 826,397 | 826,397 |
| Secured loans and borrowings (S\$’000) | 354,000 | 354,000 |
| <u>Non-Current</u> | | |
| Unsecured loans and borrowings (S\$’000) | 1,910,595 | 2,243,895 ⁽¹⁾ |
| Secured loans and borrowings (S\$’000) | 583,642 | 583,642 |
| Total loans and borrowings (S\$’000) | 3,674,634 | 4,007,934 |
| Unitholders’ funds (S\$’000) | 5,480,879 | 5,585,079 ⁽²⁾ |
| Total Capitalisation (S\$’000) | 9,155,513 | 9,593,013 |

Notes:

- (1) Includes S\$333.3 million of unsecured loan drawn to fund part of the Total Acquisition Cost (purely for illustrative purposes only).
- (2) Includes S\$104.2 million of additional unitholders’ funds (or approximately 45.5 million new Units issuable at an illustrative price of S\$2.2876 per new Unit) issued to fund S\$100.0 million of the Total Acquisition Cost and the Acquisition Fee.”

5. OUR RECOMMENDATIONS

In arriving at our recommendations, we have taken into account the following factors which we consider have a significant bearing on our assessment of the Proposed Acquisition and the Proposed Issuance:

In respect of the Proposed Acquisition and the Proposed Issuance:

- (i) the rationale of the Proposed Acquisition;
- (ii) Edmund Tie and Knight Frank have estimated the market value of the Property is S\$428.8 million and S\$430.0 million, respectively;
- (iii) the approach used by the Independent Valuers in making their opinions are consistent with the market standards;
- (iv) the gross property yield of the Property is equivalent to the median of the Selected Comparable Properties;
- (v) the rationale for the proposed issuance of new units as partial consideration for the Proposed Acquisition;
- (vi) the rationale of the Proposed Issuance;
- (vii) the issue price of the Proposed Issuance is fair and reasonable as compared to the issue price of the units issued under the Private Placement;
- (viii) based on the illustrative pro forma financial effects of the Proposed Acquisition as at 31 March 2016, the Proposed Acquisition is NAV accretive by 1.000 cent and DPU accretive by 0.061 cents; and
- (ix) based on the Intended Method of Financing, the illustrative pro forma financial effects of the Proposed Acquisition on Ascendas Reit as at 31 March 2016 is DPU accretive by 0.310 cents.

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that Proposed Acquisition and the Proposed Issuance are on normal commercial terms and are not prejudicial to Ascendas Reit and its minority Unitholders.

Our recommendations are made in compliance with Listing Rule 921(4)(a) requirements and addressed to the Audit Committee and Independent Directors of the Manager for their benefit, in connection with and for the purposes of their consideration of the Proposed Acquisition and the Proposed Issuance. Any recommendations made by the Independent Directors in respect of the Proposed Acquisition and the Proposed Issuance shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Ng Jiak See
Executive Director

EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between (1) Ascendas Reit and (2) Temasek, JTC, APL and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

| No. | Interested Person | Nature of Transaction | Value of Transaction (S\$'000) |
|--------------|---------------------------------------|--|-----------------------------------|
| 1. | Ascendas Funds Management (S) Limited | Reimbursement of amounts received/paid on behalf, rent and utilities charges and payment of deposits in relation to leases at certain properties | 1,975.4 |
| 2. | Ascendas Services Pte Ltd | Carpark licence fees in relation to 3 Changi Business Park Crescent and reimbursement of amounts received/paid on behalf | 387.4 |
| 3. | Ascendas Land (Singapore) Pte Ltd | Common services fees in relation to certain properties and utilities charges for a lease at The Galen | 205.9 |
| 4. | Ascendas (Tuas) Pte Ltd | Incentive payment in relation to the construction of DBS Phase II, pursuant to the sale and purchase agreement for the acquisition of DBS Asia Hub | 803.7 |
| 5. | Singtel Limited | Facilities management and utilities charges in relation to a lease at Telepark | 300.6 |
| 6. | Singtel Mobile Singapore Pte Ltd | Licence fee, utilities income, security deposits and reimbursement of sublet fee, late fee interest and other administrative costs at various properties | 742.3 |
| 7. | Cargo Community Network Pte Ltd | Lease rental, service charges, carpark revenue, utilities income, administrative fees and deposit at Cintech III | 1,601.4 |
| 8. | Iglobes Partners (II) Pte Ltd | Lease rental | 600.8 |
| 9. | Starhub Mobile Pte Ltd | Licence fee, reimbursement of sublet fees, utilities income, security, utility and renovation deposits and late fee interest | 294.1 |
| 10. | Starhub Limited | Lease rental, service charge, utility income, late fee interest and licence fee | 3,927.9 |
| 11. | ST Synthesis Pte Ltd | Lease rental, service charge, reimbursement of sublet fee, utility income and deposits received | 176.4 |
| Total | | | 11,015.9 |

These Existing Interested Person Transactions have been subject to internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interest of Ascendas Reit and its minority Unitholders. These procedures include the review and approval of such transactions by the Audit Committee, as appropriate.

Details of the Existing Interested Person Transactions

(1) Transactions with Ascendas Funds Management (S) Limited

Ascendas Funds Management (S) Limited is the Manager of Ascendas Reit and is hence an interested person of Ascendas Reit.

The reimbursement of amounts received on behalf relates primarily to grants received by the Manager on behalf of Ascendas Reit. The rent and utilities charges, and the payment of deposits, were in relation to leases at certain properties in both Singapore and China.

The transactions with the Manager were entered into in the ordinary course of business and the amounts paid by the Manager were on an arm's length basis, based on normal commercial terms.

(2) Transactions with Ascendas Services Pte Ltd

ASPL is a related company of the Manager and is hence an interested person of Ascendas Reit.

The carpark licence fees income received from ASPL relates to the granting of a licence for ASPL to operate and manage the car park facilities at 3 Changi Business Park Crescent. ASPL has also sought reimbursement from Ascendas Reit for certain operating expenses incurred on behalf of Ascendas Reit.

The transaction with ASPL was entered into in the ordinary course of business and the amount paid to ASPL was on an arm's length basis, based on normal commercial terms.

(3) Transactions with Ascendas Land (Singapore) Pte Ltd

The Vendor is a related company of the Manager and is hence an interested person of Ascendas Reit.

Transactions relate to common services fees paid to the Vendor for Ascendas Reit's share of common services provided to several properties located in the science parks and utilities income received from the Vendor in relation to a lease at The Galen.

The transactions with the Vendor were entered into in the ordinary course of business and the amount paid to the Vendor/received from the Vendor was on an arm's length basis, based on normal commercial terms.

(4) Transactions with Ascendas (Tuas) Pte Ltd

Ascendas (Tuas) Pte Ltd ("**A-Tuas**") is a related company of the Manager and is hence an interested person of Ascendas Reit.

The incentive payment to A-Tuas was in relation to the construction of DBS Phase II, pursuant to the sale and purchase agreement with A-Tuas for the acquisition of DBS Asia Hub.

The transaction with A-Tuas was entered into in the ordinary course of business and the amount paid to A-Tuas was on an arm's length basis, based on normal commercial terms.

(5) Transactions with Singtel Limited

Singtel Limited (“**Singtel**”) is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The facilities management and utilities charges received from Singtel were in relation to an existing lease at Telepark.

The transactions with Singtel were entered into in the ordinary course of business and the amounts paid by Singtel were on an arm’s length basis, based on normal commercial terms.

(6) Transactions with Singtel Mobile Singapore Pte Ltd

Singtel Mobile Singapore Pte Ltd (“**Singtel Mobile**”) is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The licence fee, utilities income, security deposits and reimbursement of sublet fee, late fee interests and other administrative costs are for the placement of antennae and equipment on rooftops.

The transactions with Singtel Mobile were entered into in the ordinary course of business and the amounts paid by Singtel Mobile were on an arm’s length basis, based on normal commercial terms.

(7) Transactions with Cargo Community Network Pte Ltd

Cargo Community Network Pte Ltd (“**Cargo Community**”) is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The lease rental, service charges, carpark revenue, utilities income, administrative fees and deposits are due to the rental space at Cintech III leased by Cargo Community from Ascendas Reit.

The transactions with Cargo Community were entered into in the ordinary course of business and the amounts paid by Cargo Community were on an arm’s length basis, based on normal commercial terms.

(8) Transactions with Iglobe Partners (II) Pte Ltd

Iglobe Partners (II) Pte Ltd (“**Iglobe Partners**”) is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The lease rental is due to the rental space at Nexus leased by Iglobe Partners from Ascendas Reit.

The transactions with Iglobe Partners were entered into in the ordinary course of business and the amounts paid by Iglobe Partners were on an arm’s length basis, based on normal commercial terms.

(9) Transactions with Starhub Mobile Pte Ltd

Starhub Mobile Pte Ltd (“**Starhub Mobile**”) is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The licence fee, utilities income, security deposits and reimbursement of sublet fee, late fee interests and other administrative costs are for the placement of antennae and equipment on rooftops.

The transactions with Starhub Mobile were entered into in the ordinary course of business and the amounts paid by Starhub Mobile were on an arm's length basis, based on normal commercial terms.

(10) Transactions with Starhub Limited

Starhub Limited ("**Starhub**") is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The lease rental, service charge, utility income and late fee interest and licence fees are in relation to the lease rental agreements Starhub signed with Ascendas Reit for various buildings.

The transactions with Starhub were entered into in the ordinary course of business and the amounts paid by Starhub were on an arm's length basis, based on normal commercial terms.

(11) Transactions with ST Synthesis Pte Ltd

ST Synthesis Pte Ltd ("**ST Synthesis**") is a subsidiary of Temasek and is hence an interested person of Ascendas Reit.

The lease rental, service charge, utility income, reimbursement of sublet fee and deposits received are in relation to the lease rental agreement ST Synthesis signed with Ascendas Reit for Pioneer Hub.

The transactions with ST Synthesis were entered into in the ordinary course of business and the amounts paid by ST Synthesis were on an arm's length basis, based on normal commercial terms.



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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the holders of units of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”, and the holders of units of Ascendas Reit, “**Unitholders**”) will be held on Wednesday, 25 January 2017 at 3.00 p.m. at Pan Pacific Singapore, Pacific 1 & 2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 10 January 2017 to Unitholders (the “**Circular**”)):

1. ORDINARY RESOLUTION 1

THE PROPOSED ACQUISITION OF THE PROPERTY

That:

- (a) approval be and is hereby given for the proposed acquisition (the “**Proposed Acquisition**”) of the property located at 12 Science Park Drive Singapore 118225, 14 Science Park Drive Singapore 118226 and 16 Science Park Drive Singapore 118227, together with the plant and equipment therein (the “**Property**”), from Ascendas Land (Singapore) Pte. Ltd. (the “**Vendor**”), on the terms and conditions set out in the put and call option agreement dated 5 December 2016 (the “**Put and Call Option Agreement**”) and the sale and purchase agreement (the “**Purchase Agreement**”) to be entered into between HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit (the “**Trustee**”) and the Vendor, and the entry into of the Put and Call Option Agreement and the Purchase Agreement be and is hereby approved and/or ratified;
- (b) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and
- (c) Ascendas Funds Management (S) Limited, as the manager of Ascendas Reit (the “**Manager**”), any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Ascendas Reit to give effect to the Proposed Acquisition and all transactions in connection therewith.

2. ORDINARY RESOLUTION 2

THE PROPOSED ISSUANCE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF THE PROPERTY

That subject to and contingent upon the passing of Resolution 1:

- (a) approval be and is hereby given for the Manager to issue, in the manner described in the Circular, the Consideration Units (as defined in the Circular) to the Vendor in relation to the Proposed Acquisition; and

- (b) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Ascendas Reit to give effect to the issuance of the Consideration Units.

BY ORDER OF THE BOARD

Ascendas Funds Management (S) Limited
(Company Registration Number: 200201987K)
as manager of Ascendas Real Estate Investment Trust

Mary Judith de Souza
Company Secretary
Singapore
10 January 2017

Notes:

- (1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Ascendas Reit is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
- (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The proxy form must be deposited at the Unit Registrar’s office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 no later than Sunday, 22 January 2017 at 3.00 p.m., being 72 hours before the time fixed for the EGM of Ascendas Reit.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of Ascendas Reit and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of Ascendas Reit (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of Ascendas Reit (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.



ASCENDAS REAL ESTATE INVESTMENT TRUST

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

PROXY FORM Extraordinary General Meeting

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the EGM and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.

3. PLEASE READ THE NOTES TO THE PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 10 January 2017.

I/We _____ (Name(s) _____ (NRIC/Passport/ Company Registration Number) of _____ (Address) being a unitholder/unitholders of Ascendas Real Estate Investment Trust ("**Ascendas Reit**"), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Unitholdings (Notes 1 and 2) | |
|------|---------|----------------------|--|---|
| | | | No. of Units | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Unitholdings (Notes 1 and 2) | |
|------|---------|----------------------|--|---|
| | | | No. of Units | % |
| | | | | |

or, both of whom failing, the Chairman of the Extraordinary General Meeting of Ascendas Reit ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held at Pan Pacific Singapore, Pacific 1 & 2, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Wednesday, 25 January 2017 at 3:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

| Resolutions | | Number of Votes For* | Number of Votes Against* |
|-------------|--|----------------------|--------------------------|
| 1 | To approve the Proposed Acquisition | | |
| 2 | To approve the proposed issuance of the Consideration Units (Conditional upon Resolution 1 being passed) | | |

* If you wish to exercise all your votes "For" or "Against", please mark with an "√" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Signature or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

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Notes:

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of Ascendas Reit is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
"relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Ascendas Reit, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of Ascendas Reit, he/she should insert the aggregate number of Units. If no number is inserted, the proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, no later than Sunday, 22 January 2017 at 3.00 p.m., being 72 hours before the time fixed for the EGM.

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Affix
Postage
Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
(as Unit Registrar of Ascendas Real Estate Investment Trust)

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
8. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the EGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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