

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, EUROPEAN ECONOMIC AREA (OTHER THAN INSTITUTIONAL PROFESSIONAL CLIENTS IN THE UNITED KINGDOM), CANADA, JAPAN OR AUSTRALIA



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

**LAUNCH OF PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS OF
NO LESS THAN S\$450.0 MILLION**

1. Introduction

Ascendas Funds Management (S) Limited, in its capacity as manager of Ascendas Real Estate Investment Trust ("**Ascendas Reit**", and as manager of Ascendas Reit, the "**Manager**"), wishes to announce the proposed private placement of 178,007,000 new units in Ascendas Reit ("**Units**", and such new units, the "**New Units**") to institutional and other investors at an issue price of between S\$2.528 (the "**Minimum Issue Price**") and S\$2.606 (per New Unit (both figures inclusive) (the "**Issue Price Range**") to raise gross proceeds of no less than S\$450.0 million (based on the Minimum Issue Price) (the "**Private Placement**").

2. Details of the Private Placement

The Manager, DBS Bank Ltd. ("**DBS**") and J.P. Morgan (S.E.A.) Limited ("**JPM**", and together with DBS, the "**Joint Lead Managers and Underwriters**") have today entered into a placement agreement (the "**Placement Agreement**") in relation to the Private Placement. Pursuant to the Placement Agreement, each of the Joint Lead Managers and Underwriters has agreed to procure subscriptions for or place out, as applicable, and failing which, to subscribe and pay for, the New Units at the issue price per New Unit (the "**Issue Price**") to be determined, on the terms and subject to the conditions of the Placement Agreement. The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Units on the Main Board of the SGX-ST. The Private Placement is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Placement Agreement.

The Issue Price Range of between S\$2.528 and S\$2.606 per New Unit (both figures inclusive) represents a discount of between:

This announcement is not an offer of securities for sale into the United States or elsewhere. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless registered under the Securities Act, or except pursuant to an applicable exemption from registration. There will be no public offer of securities in the United States.

- (i) 3.65% and 6.53% to the volume weighted average price (“**VWAP**”) of S\$2.7047 per Unit for trades in the Units done on the SGX-ST for the Market Day¹ on 6 September 2018 (being the Market Day on which the Placement Agreement was signed); and
- (ii) (for illustrative purposes only) 1.00% and 3.95% to the adjusted VWAP² of S\$2.6322 per Unit.

The Issue Price will be determined by the Manager and the Joint Lead Managers and Underwriters following a book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

3. Use of Proceeds

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately S\$450.0 million (based on the Minimum Issue Price) from the Private Placement in the following manner:

- (i) approximately S\$250.0 million³ (which is equivalent to 55.5% of the gross proceeds of the Private Placement) to partially fund the acquisition of a second UK logistics portfolio⁴ (the “**Proposed UK Acquisition**”) and the associated costs, subject to completion of negotiations with the vendor and satisfactory due diligence⁵;
- (ii) approximately S\$109.0 million (which is equivalent to 24.2% of the gross proceeds of the Private Placement) to partially fund the development of a build-to-suit facility located in Singapore (the “**Proposed Singapore Development**”), subject to completion of negotiations with the vendor and satisfactory due diligence⁶;
- (iii) approximately S\$87.1 million (which is equivalent to 19.4% of the gross proceeds of the Private Placement) to be used for funding debt repayment and future acquisitions; and
- (iv) approximately S\$3.9 million (which is equivalent to 0.9% of the gross proceeds of

1 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

2 The adjusted VWAP is computed based on the VWAP of all trades in the Units on the SGX-ST for the Market Day on 6 September 2018 (being the Market Day on which the Placement Agreement was signed) and subtracting the Advanced Distribution (as defined herein) of approximately 7.25 cents per Unit. This amount is only an estimate based on information currently available to the Manager and the Manager’s estimate of Ascendas Reit’s revenue and expenses, and the actual Advanced Distribution may differ.

3 For optimal capital management purposes, amounts set aside for potential acquisition may be used to repay some debt around the time of the acquisition while Ascendas Reit takes on additional debt to fund the acquisition.

4 On 16 August 2018, the Manager had announced the completion of the acquisition of a portfolio comprising 12 logistics properties located in the United Kingdom (the “**First UK Logistics Portfolio**”).

5 The Manager is currently in the process of conducting due diligence on the properties and it may or may not proceed with the Proposed UK Acquisition. The Manager will make appropriate announcements in relation to the Proposed UK Acquisition in due course in accordance with the SGX-ST Listing Manual.

6 The Manager is currently in the process of evaluating the Proposed Singapore Development and it may or may not proceed with the Proposed Singapore Development. The Manager will make appropriate announcements in relation to the Proposed Singapore Development in due course in accordance with the SGX-ST Listing Manual.

the Private Placement) to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Ascendas Reit in connection with the Private Placement,

with the balance of the gross proceeds of the Private Placement, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, in the event that the Private Placement is completed but the Proposed UK Acquisition and/or the Proposed Singapore Development does not proceed for whatever reason, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes, including, without limitation, to repay existing indebtedness and fund capital expenditures.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

4. Rationale for the Private Placement

The Manager intends to use the net proceeds from the Private Placement towards the Proposed UK Acquisition, the Proposed Singapore Development and the repayment of borrowings, which will bring the following benefits to unitholders of Ascendas Reit (“**Unitholders**”).

4.1 Benefits of the Proposed UK Acquisition

Given the high quality specifications of the properties comprising the second UK logistics portfolio, the Proposed UK Acquisition would further strengthen Ascendas Reit’s position in the United Kingdom. The Manager expects to acquire the properties at attractive property yields. The Manager believes that this will enhance distributable income to Unitholders.

The Manager believes that the Proposed UK Acquisition represents an attractive opportunity to gain further exposure to the growing UK logistics property sector, benefiting from similar characteristics as the First UK Logistics Portfolio such as attractive spreads to 10-year UK government bond yields, tight supply of logistics properties, increasing rentals over the past 5 years despite the Brexit referendum and a large and rapidly growing e-commerce and freight market. The Proposed UK Acquisition will strengthen Ascendas Reit’s current portfolio, complementing our established UK platform and enlarging our tenant base with additional quality tenants.

The Proposed UK Acquisition is in line with Ascendas Reit’s disciplined value-adding investment strategy of acquiring good quality, income-producing assets with established

tenants, strengthening Ascendas Reit's ability to fulfil its mission to generate stable and predictable income streams and long term capital stability.

4.2 Benefits of the Proposed Singapore Development

The Proposed Singapore Development 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, 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.

4.3 Strengthen Ascendas Reit's balance sheet and capital structure and enhance its financial flexibility

Ascendas Reit's Aggregate Leverage⁷ increased from 35.7% as at 30 June 2018 to 38.0% immediately after the completion of recent acquisitions and divestment, namely, the acquisition of the First UK Logistics Portfolio (which was completed on 16 August 2018), the divestment of No. 41 Changi South Avenue 2 (which was completed on 20 August 2018) and the acquisition of Cargo Business Park (assuming that it has been completed) (collectively, the "**Recent Acquisitions and Divestment**").

Ascendas Reit's Aggregate Leverage is expected to decrease from 38.0% (taking into account the Recent Acquisitions and Divestment) to 33.8% immediately after the Private Placement assuming that pending deployment of net proceeds of the Private Placement, the net proceeds from the Private Placement are fully used to repay debt facilities as illustrated in the table below.

Ascendas Reit's Aggregate Leverage would be 37.7%, immediately after the Private Placement, assuming that the Proposed UK Acquisition and the Proposed Singapore Development will be funded immediately after the Private Placement.

(in SGD million)	As of 30 June 2018	Immediately after completion of the Recent Acquisitions and Divestment ⁽¹⁾	Immediately after the Private Placement and pending deployment of the net proceeds of the Private Placement for their intended use ⁽¹⁾	Immediately after the Private Placement and taking into account the Proposed UK Acquisition and the Proposed Singapore Development ⁽²⁾
Borrowings and Deferred Payment	3,707	4,094	3,648	4,299
Deposited Property	10,389	10,779	10,779	11,418

⁷ "**Aggregate Leverage**" is defined in the Property Funds Appendix (Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore as the ratio of Ascendas Reit's borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or Units) to the value of its deposited property.

(in SGD million)	As of 30 June 2018	Immediately after completion of the Recent Acquisitions and Divestment ⁽¹⁾	Immediately after the Private Placement and pending deployment of the net proceeds of the Private Placement for their intended use ⁽¹⁾	Immediately after the Private Placement and taking into account the Proposed UK Acquisition and the Proposed Singapore Development ⁽²⁾
Aggregate Leverage	35.7%	38.0%	33.8%	37.7%

Notes:

- (1) Based on Ascendas Reit's unaudited financial statements as at 30 June 2018 and assuming that pending deployment of the net proceeds of the Private Placement as described in the section "Use of Proceeds" above, the net proceeds are fully used to repay debt facilities.
- (2) Based on Ascendas Reit's unaudited financial statements as at 30 June 2018 and assuming the deployment of the net proceeds of the Private Placement for their intended use as described in the section "Use of Proceeds" above.

The Private Placement will provide Ascendas Reit with greater financial capacity to capitalise on and pursue further growth opportunities, including acquisitions of income-producing properties and built-to-suit development projects, as and when they may arise to create greater value and returns for Unitholders.

With the proceeds from the Private Placement, Ascendas Reit will be able to act more expeditiously and be more responsive when pursuing potential growth opportunities, which are essential in a competitive environment where the timelines in making bids and making payment for acquisition of income-producing properties are important.

4.4 Possible increase in trading liquidity of Units

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by 178,007,000, which represents an increase of 6.1% of the total number of Units currently in issue.

This increase in the total number of Units in issue and enlarged Unitholder base are expected to improve the trading liquidity of the Units.

5. Authority to Issue New Units

The New Units will be issued pursuant to a general mandate (the "**General Mandate**") given to the Manager at the annual general meeting ("**AGM**") held on 28 June 2018, pursuant to which the Manager may, during the period from 28 June 2018 to (i) the conclusion of the next AGM of Ascendas Reit or (ii) the date by which the next AGM of Ascendas Reit is required by applicable regulations to be held, whichever is earlier, issue new Units and/or securities, warrants, debentures or other instruments convertible into Units ("**Convertible Securities**") such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the total number of Units in issue (excluding treasury Units, if any) as at 28 June 2018 (the "**Base Figure**"), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a pro-rata basis to existing

Unitholders, shall not be more than 20.0% of the Base Figure.

As at 28 June 2018, the number of Units in issue was 2,930,431,055.

The amount of Units that can be issued under the General Mandate is 1,465,215,527 Units, of which no more than 586,086,211 Units may be issued for a non pro-rata placement. The Manager has not issued any Units since 28 June 2018 on a non pro-rata basis.

178,007,000 New Units to be issued pursuant to the Private Placement would constitute 6.1% of the Base Figure, which is within the 20.0% limit for issue of new Units other than on a pro-rata basis. Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

6. Eligibility to Participate in the Private Placement

The offer of New Units under the Private Placement will be made to institutional and other investors.

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, or under the securities laws of any other jurisdiction, and may not be offered, sold, resold, granted, delivered, allotted, taken up or transferred, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws.

The Manager, along with the Joint Lead Managers and Underwriters, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

7. Status of the New Units

7.1 Entitlement to Advanced Distribution

Ascendas Reit’s policy is to distribute its distributable income on a semi-annual basis to Unitholders.

In connection with the Private Placement, the Manager intends to declare, in respect of the Units in issue on the day immediately prior to the date on which the New Units pursuant to the Private Placement are issued (the “**Existing Units**”), a distribution of the distributable income for the period from 1 April 2018 to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement (the “**Advanced Distribution**”).

The New Units pursuant to the Private Placement are expected to be listed on 18 September 2018. The current expectation of the Manager is that the quantum of

distribution per Unit under the Advanced Distribution will be approximately 7.25 cents⁸. A further announcement on the actual amount of Advanced Distribution (which may differ from the estimate above) will be made by the Manager in due course after the management accounts of Ascendas Reit for the relevant period have been finalised.

The next distribution thereafter will comprise Ascendas Reit's distributable income for the period from the day the New Units are issued pursuant to the Private Placement to 30 September 2018. Semi-annual distributions will resume thereafter.

The Advanced Distribution is intended to ensure that the distributable income accrued by Ascendas Reit up to the day immediately preceding the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

7.2 Status of New Units issued pursuant to the Private Placement

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to Ascendas Reit's distributable income from the day of issuance of the New Units under the Private Placement as well as all distributions thereafter, other than in respect of the Advanced Distribution.

For the avoidance of doubt, the holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Advanced Distribution.

8. Application to the SGX-ST for Approval in-Principle

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)
Mary Judith de Souza
Company Secretary
6 September 2018

⁸ This amount is an estimate only based on information currently available to the Manager and the Manager's estimate of Ascendas Reit's revenue and expenses and the actual Advanced Distribution may differ. The actual quantum of the distribution will be announced on a later date after the closure of the Transfer Books and Register of Unitholders.

Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area (other than institutional professional clients in the United Kingdom), Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such new Units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

The value of Units and the income derived from them, if any, 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 should note that they will 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 necessarily indicative of the future performance of Ascendas Reit.

All figures in this announcement unless expressed differently or otherwise stated are rounded off to one decimal place.