



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

## PROPOSED ACQUISITIONS OF A PORTFOLIO OF UNITED STATES PROPERTIES AND TWO SINGAPORE PROPERTIES

### 1. INTRODUCTION

Ascendas Funds Management (S) Limited, in its capacity as the manager (the “**Manager**”) of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), has identified a portfolio of 28 business park properties (the “**US Properties**”) located in the United States of America (“**US**” or “**United States**”) and two Singapore properties (the “**Singapore Properties**”, each a “**Singapore Property**”, together with the US Properties, the “**Target Properties**”) for acquisition by Ascendas Reit (the “**Proposed Acquisitions**”).

#### 1.1 The US Acquisition

In connection with the Proposed Acquisitions, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit (the “**Trustee**”), has today entered into a conditional share purchase agreement (the “**Share Purchase Agreement**”) with Perpetual (Asia) Limited (as trustee of Ascendas US REIT) (the “**US Portfolio Vendor**”) on the principal terms set out in paragraph 3 below, to acquire the US Properties, through the acquisition of the entire issued share capital, comprising one ordinary share (the “**Sale Share**”) of Ascendas US Holdco Pte. Ltd. (“**Ascendas US Holdco**”) (the “**US Acquisition**”). The US Properties are held by Ascendas US Holdco through its wholly-owned subsidiary in the United States, Ascendas US REIT LLC, which in turn wholly-owns each of the property-holding entities in the US, namely San Diego 1 LLC, San Diego 2 LLC, Raleigh 1 LP, Portland 1 LLC and Portland 2 LLC<sup>1</sup>.

#### 1.2 The Singapore Acquisitions

In connection with the Proposed Acquisitions, the Trustee has today entered into (i) a conditional put and call option agreement (the “**Nucleos Option Agreement**”) with Ascendas Venture Pte. Ltd. (“**AVPL**”) in relation to the sale and purchase of the property known as Nucleos located at 21 Biopolis Road Singapore 138567 together with the Plant and Equipment<sup>2</sup> therein (“**Nucleos**”) and (ii) a conditional put and call option agreement

<sup>1</sup> Please refer to the appendix for a diagram illustrating the holding structure of the US Properties following completion of the US Acquisition.

<sup>2</sup> “**Plant and Equipment**” refers to 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 relevant Singapore Property), if any, located in or on or which otherwise exclusively relate to the relevant Singapore Property or the operations of the relevant Singapore Property and which are owned by the relevant vendor in its capacity as owner of the relevant Singapore Property.

(“**FMG Option Agreement**”, together with the Nucleos Option Agreement, the “**Put and Call Option Agreements**”) with Singapore Science Park Ltd (“**SSPL**”) in relation to the sale and purchase of the property known as FM Global Centre located at 288 Pasir Panjang Road Singapore 117369 together with the Plant and Equipment therein.

### 1.3 Other information

The sponsor of Ascendas Reit, CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as “Ascendas Land (Singapore) Pte Ltd”) (the “**Sponsor**”), is a wholly-owned subsidiary of CapitaLand Limited (“**CL**”). The Sponsor, AVPL, and SSPL, are all members of the CL group of companies (the “**CapitaLand Group**”) and Ascendas US REIT is a private trust that is also indirectly wholly-owned by CL.

In addition, the Manager proposes to appoint, among others, a subsidiary of CL, as asset manager to provide certain asset management services and other related services in respect of the US Properties upon completion of the US Acquisition and such US properties which Ascendas Reit may acquire from time to time. The fees payable to the asset manager are intended to be paid out of Manager’s base fee payable under the trust deed of Ascendas Reit (the “**Trust Deed**”) such that there will be no double-counting of fees. Further details will be announced upon the entry into the relevant asset management agreements on or prior to the completion of the US Acquisition.

## 2. INFORMATION ON THE TARGET PROPERTIES

### 2.1 The Target Properties

#### US Properties

The US Properties comprise 28 business park properties located in six business park campuses across three cities in the US with a net lettable area of approximately 310,102 square metres (“**sq m**”) and are sited on freehold land.

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

Property Address	Site Area (sq m)	Net Lettable Area (sq m)	Land Tenure
5005 & 5010 Wateridge Vista Drive, San Diego, CA 92121	86,877	16,068	Freehold
6055 Lusk Boulevard, San Diego, CA 92121	27,798	8,640	Freehold
10020 Pacific Mesa Boulevard, San Diego, CA 92121	43,964	29,543	Freehold
15051 Avenue of Science, San Diego, CA 92128	18,250	6,500	Freehold
15073 Avenue of Science, San Diego, CA 92128	13,144	4,497	Freehold
15231, 15253 & 15333 Avenue of Science, San Diego, CA 92128	38,138	16,553	Freehold

<b>Property Address</b>	<b>Site Area (sq m)</b>	<b>Net Lettable Area (sq m)</b>	<b>Land Tenure</b>
15378 Avenue of Science, San Diego, CA 92128	21,916	6,391	Freehold
15435 & 15445 Innovation Drive, San Diego, CA 92128	35,025	9,508	Freehold
5200 East and West Paramount Parkway, Morrisville, NC 27560	97,317	29,320	Freehold
3005 Carrington Mill Boulevard, Morrisville, NC 27560	59,062	18,865	Freehold
3020 Carrington Mill Boulevard, Morrisville, NC 27560	72,982	19,220	Freehold
3015 Carrington Mill Boulevard, Morrisville, NC 27560	76,598	22,794	Freehold
3025 Carrington Mill Boulevard, Morrisville, NC 27560	54,796	16,918	Freehold
15220 NW Greenbrier Parkway, Beaverton, OR 97006	41,723	15,899	Freehold
15455 NW Greenbrier Parkway, Beaverton, OR 97006	23,574	6,352	Freehold
14600-14700 NW Greenbrier Parkway, Beaverton, OR 97006	25,252	6,938	Freehold
15350-15400 NW Greenbrier Parkway, Beaverton, OR 97006	47,307	14,739	Freehold
15201 NW Greenbrier Parkway, Beaverton, OR 97006	31,727	8,767	Freehold
14908,14924,15247 and 15272 NW Greenbrier Parkway, Beaverton, OR 97006	54,500	11,752	Freehold
8300 SW Creekside Place, Beaverton, OR 97008	14,690	5,030	Freehold
8305 SW Creekside Place, Beaverton, OR 97008	6,127	1,837	Freehold
8405 SW Nimbus Avenue, Beaverton, OR 97008	14,575	4,997	Freehold
8500 SW Creekside Place, Beaverton, OR 97008	18,737	6,085	Freehold
8700-8770 SW Nimbus Avenue, Beaverton, OR 97008	11,405	3,317	Freehold
8705 SW Nimbus Avenue, Beaverton, OR 97008	10,239	4,463	Freehold
8905 SW Nimbus Avenue, Beaverton, OR 97008	17,927	6,927	Freehold
9205 SW Gemini Drive, Beaverton, OR 97008	14,771	3,800	Freehold

Property Address	Site Area (sq m)	Net Lettable Area (sq m)	Land Tenure
9405 SW Gemini Drive, Beaverton, OR 97008	15,644	4,382	Freehold

### Singapore Properties

The Singapore Properties comprise two business park developments located in Singapore with a net lettable area of approximately 49,762 sq m and are sited on leasehold land.

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

Property Address	Site Area (sq m)	Net Lettable Area (sq m)	Land Tenure
21 Biopolis Road, Nucleos, Singapore 138567	9,621	38,149	Leasehold estate of 60 years commencing from 1 June 2011 and expiring on 31 May 2071
288 Pasir Panjang Road, FM Global Centre, Singapore 117369	9,678	11,613	Leasehold estate of 99 years commencing from 24 March 1993 and expiring on 23 March 2092

## 2.2 Structure of the Proposed Acquisitions

### US Properties

The total purchase consideration payable by the Trustee in connection with the US Acquisition is the sum of the following (the “**US Portfolio Purchase Consideration**”):

- (i) the share consideration for the issued share capital of Ascendas US Holdco being the adjusted net asset value (the “**Adjusted Net Asset Value**”) of Ascendas US Holdco and its subsidiaries as at the date of completion of the US Acquisition (the “**US Acquisition Completion Date**”). The Adjusted Net Asset Value is estimated to be US\$76.5 million (approximately S\$104.9 million<sup>1</sup>) (“**Estimated Net Assets**”), taking into account the agreed value of the US Properties of US\$935.0 million (approximately S\$1,281.7 million) (the “**US Agreed Portfolio Value**”). The US Agreed Portfolio Value was arrived at on a willing-buyer and willing-seller basis taking into account the two independent valuations obtained for the US Properties. In determining the Adjusted Net Asset Value for the purposes of the US Portfolio Purchase Consideration, the Estimated Net Assets will be subject to the adjustments, pro-rations and/or credits provided for in the Share Purchase Agreement and the purchase consideration will also be subject to such credits as provided for in the Share Purchase Agreement; and

<sup>1</sup> All conversions from US Dollar amounts into Singapore Dollar amounts in this announcement are based the exchange rate of US\$1.000: S\$1.3708.

- (ii) the loan consideration comprising the total principal amount of US\$861.1 million (approximately S\$1,180.4 million) which is payable by the Trustee to the US Portfolio Vendor for the discharge of the existing loans of Ascendas US Holdco and its subsidiaries in full on the US Acquisition Completion Date.

### **Singapore Properties**

Pursuant to the Nucleos Option Agreement dated 1 November 2019, the Trustee and AVPL are required to enter into a sale and purchase agreement for Nucleos (the “**Nucleos Purchase Agreement**”) on the same day the Nucleos Call Option (as defined herein) is exercised by the Trustee, or on the same day the Nucleos Put Option (as defined herein) is exercised by AVPL (as the case may be).

The purchase consideration payable by the Trustee for the acquisition of Nucleos is S\$289.0 million (“**Nucleos Purchase Consideration**”) which was arrived at on a willing-buyer and willing-seller basis taking into account the two independent valuations obtained for Nucleos.

The Trustee has paid an option fee of S\$50,000 (the “**Nucleos Option Fee**”) to AVPL upon the signing of the Nucleos Option Agreement, which shall be applied towards full payment of the deposit to be paid by the Trustee pursuant to the Nucleos Purchase Agreement upon exercise of the option. The Nucleos Option Fee is refundable to the Trustee if neither the Nucleos Call Option nor the Nucleos Put Option is exercised. The balance of S\$288.95 million will be payable on completion.

Pursuant to the FMG Option Agreement dated 1 November 2019, the Trustee and SSPL are required to enter into a sale and purchase agreement for FM Global Centre (the “**FMG Purchase Agreement**”) on the same day the FMG Call Option (as defined herein) is exercised by the Trustee, or on the same day the FMG Put Option (as defined herein) is exercised by SSPL (as the case may be).

The purchase consideration payable by the Trustee for the acquisition of FM Global Centre (“**FMG Purchase Consideration**”) is S\$91.0 million which was arrived at on a willing-buyer and willing-seller basis taking into account the two independent valuations obtained for FM Global Centre.

The Trustee has paid an option fee of S\$50,000 (the “**FMG Option Fee**”) to SSPL upon the signing of the FMG Option Agreement, which shall be applied towards full payment of the deposit to be paid by the Trustee pursuant to the FMG Purchase Agreement upon exercise of the option. The FMG Option Fee is refundable to the Trustee if neither the FMG Call Option nor the FMG Put Option is exercised. The balance of S\$90.95 million will be payable on completion.

## 2.3 Valuation

### US Properties

The Trustee has commissioned an independent property valuer, JLL Valuation & Advisory Services, LLC (“**JLL**”), and the Manager has commissioned another independent property valuer, Newmark Knight Frank Valuation & Advisory, LLC (“**Newmark Knight Frank**”), to value the US Properties.

JLL stated that the open market value of the US Properties as at 1 September 2019 is US\$942.3 million (approximately S\$1,291.7 million). In arriving at the open market value, JLL relied on the capitalisation approach, discounted cash flow analysis and direct comparison method.

Newmark Knight Frank stated that the open market value of the US Properties as at 1 September 2019 is US\$961.5 million (approximately S\$1,318.0 million). In arriving at the open market value, Newmark Knight Frank relied on the capitalisation approach, discounted cash flow analysis and direct comparison method.

The US Agreed Portfolio Value for the US Properties is US\$935.0 million (approximately S\$1,281.7 million). The US Agreed Portfolio Value is lower than the two valuations by JLL and Newmark Knight Frank<sup>1</sup>.

### Singapore Properties

The Trustee has commissioned an independent property valuer, CBRE Pte Ltd (“**CBRE**”), and the Manager has commissioned another independent property valuer, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”), to value the Singapore Properties.

CBRE stated that the open market value of Nucleos is S\$303.0 million, and FM Global Centre is S\$94.1 million, as at 1 September 2019. In arriving at the open market value, CBRE relied on the capitalisation approach and discounted cash flow analysis.

Colliers stated that the open market value of Nucleos is S\$300.0 million, and FM Global Centre is S\$92.0 million, as at 1 September 2019. In arriving at the open market value, Colliers relied on the capitalisation approach, discounted cash flow analysis and direct comparison method.

The total purchase consideration for the Singapore Properties (which comprises the Nucleos Purchase Consideration and the FMG Purchase Consideration) is S\$380.0 million (the “**SG Total Consideration**”). The SG Total Consideration is lower than the two valuations by CBRE and Colliers<sup>1</sup>.

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<sup>1</sup> Paragraph 5.1(d) of the Property Funds Appendix states that assets acquired from interested parties shall be at a price not more than the higher of two values assessed by independent valuers.

### 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

#### 3.1 The Share Purchase Agreement and Put and Call Option Agreements

On 1 November 2019, the Trustee entered into the Share Purchase Agreement with the US Portfolio Vendor to acquire the US Properties.

##### (a) Conditions Precedent

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

- (i) tenant estoppel certificates from major tenants, as determined in accordance with the Share Purchase Agreement (the “**Major Tenants**”) shall have been delivered to the Trustee and if any of the foregoing tenant estoppel certificates are not delivered, the Trustee shall be permitted to deliver to the Trustee prior to completion a vendor estoppel certificate in substitution thereof, in accordance with the terms of the Share Purchase Agreement;
- (ii) the passing of a resolution at an extraordinary general meeting of the Unitholders to approve the US Acquisition;
- (iii) First American Title Insurance Company (the “**Title Company**”) shall have issued or shall be irrevocably committed, subject only to the payment of its usual and customary premiums to issue the title policies in accordance with the pro formas of the title policies attached to the Share Purchase Agreement; and
- (iv) the purchase and transfer of the Sale Share upon the terms and conditions of the Share Purchase Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any court, government or governmental, statutory or regulatory body of Singapore and any other relevant jurisdictions.

In the event that any of the conditions precedent above are not fulfilled or waived by 31 December 2019, the Share Purchase Agreement may be terminated by either the Trustee or the US Portfolio Vendor in accordance with the Share Purchase Agreement.

##### (b) Termination of the Share Purchase Agreement

In addition to termination arising from non-fulfilment or waiver of the conditions precedent by 31 December 2019, the US Portfolio Purchaser is entitled to terminate the Share Purchase Agreement upon the occurrence of certain events including the following:

- (i) a material breach of the undertakings by the US Portfolio Vendor between the date of the Share Purchase Agreement and the US Acquisition Completion Date;
- (ii) a breach by the US Portfolio Vendor of fundamental warranties specified in the Share Purchase Agreement;
- (iii) any new material disclosure against the US Portfolio Vendor’s warranties arising post-signing and the US Portfolio Vendor fails to exercise its right to cure the loss.
- (iv) a material damage to one or more of the US Properties prior to the completion of the US Acquisition; and

- (v) a material condemnation action or proceeding with respect to a US Property.

### 3.2 The Put and Call Option Agreements

On 1 November 2019, the Trustee entered into the Nucleos Option Agreement and the FMG Option Agreement with AVPL and SSPL (together with the US Portfolio Vendor, the “Vendors”) to acquire the Singapore Properties.

#### Nucleos Option Agreement

##### (a) Put and Call Options

Pursuant to the Nucleos Option Agreement:

- (i) in consideration of the Trustee’s payment of the Nucleos Option Fee to AVPL, AVPL granted to the Trustee a right (the “**Nucleos Call Option**”) to require AVPL to enter into the Nucleos Purchase Agreement with the Trustee for the acquisition of Nucleos at the Nucleos Purchase Consideration and on the terms of the Nucleos Purchase Agreement; and
- (ii) in consideration of the mutual covenants in the Nucleos Option Agreement, the Trustee granted to AVPL a right (the “**Nucleos Put Option**”) to require the Trustee to enter into the Nucleos Purchase Agreement with AVPL for the acquisition of Nucleos at the Nucleos Purchase Consideration and on the terms of the Nucleos Purchase Agreement.

##### (b) Conditions Precedent

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

- (i) the Unitholders’ approval being obtained for, among others, the acquisition of Nucleos by the Trustee; and
- (ii) (a) the written approval of JTC Corporation (“**JTC**”) and of those authorities whose approval/clearance is required by JTC as a condition to the grant of its approval, to the sale and transfer of Nucleos by AVPL to the Trustee and (b) JTC’s unconditional written confirmation that JTC does not wish to purchase Nucleos pursuant to the right of first refusal granted to JTC under the head lease in respect of Nucleos.

In the event that any Nucleos Condition Precedent is not fulfilled by 31 March 2020, the Nucleos Option Agreement may be terminated by the Trustee or AVPL.

##### (c) Exercise of Call Option or Put Option

Upon the Trustee’s or AVPL’s issuance and service of the Nucleos Call Option notice or Nucleos Put Option notice upon the fulfilment of all the Nucleos Conditions Precedent, both the Trustee and AVPL shall be bound to enter into the Nucleos Purchase Agreement on the same date of such service.



**(d) Application of Option Fee**

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

**(e) Termination of the Option Agreement**

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

- (i) there is any material breach of warranty under the Nucleos Option Agreement;
- (ii) there is any material damage of Nucleos or any part(s) thereof by fire or other risk or contingency whatsoever;
- (iii) there is any compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority which either singly or in aggregate affects the building in which Nucleos is comprised to any extent or measure or 5% or more of the land area of Lot 4830V of Mukim 3; or
- (iv) the replies to any of the Trustee's legal requisitions to the local authorities reveal any findings which materially adversely affect Nucleos or any part(s) thereof.

**FMG Option Agreement**

**(a) Put and Call Options**

Pursuant to the FMG Option Agreement:

- (i) in consideration of the Trustee's payment of the FMG Option Fee to SSPL, SSPL granted to the Trustee a right (the "**FMG Call Option**") to require SSPL to enter into the FMG Purchase Agreement with the Trustee for the acquisition of FM Global Centre at the FMG Purchase Consideration and on the terms of the FMG Purchase Agreement; and
- (ii) in consideration of the mutual covenants in the FMG Option Agreement, the Trustee granted to SSPL a right (the "**FMG Put Option**") to require the Trustee to enter into the FMG Purchase Agreement with SSPL for the acquisition of FM Global Centre at the FMG Purchase Consideration and on the terms of the FMG Purchase Agreement.

**(b) Conditions Precedent**

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

- (i) the Unitholders' approval being obtained for, among others, the acquisition of FM Global Centre together with the Plant and Equipment by the Trustee ; and
- (ii) the written approval of the President of the Republic of Singapore and his successors in office (the "**FM Head Lessor**") to the sale and transfer of FM Global Centre by SSPL to the Trustee; and
- (iii) the FM Head Lessor allowing SSPL's sub-lessees at FM Global Centre to licence space for the installation and placement of telecommunications equipment at FM Global Centre.

In the event that either of the FMG Conditions Precedent as set out in (i) and (ii) above is not fulfilled by 31 March 2020, the FMG Option Agreement may be terminated by the Trustee or AVPL.

In the event that the FMG Condition Precedent as set out in (iii) above is not fulfilled (or waived by the Trustee) by 31 March 2020, the FMG Option Agreement may be terminated by the Trustee.

**(c) Exercise of Call Option or Put Option**

Upon the Trustee's or AVPL's issuance and service of the FMG Call Option notice or Nucleos Put Option notice upon the fulfilment of all the FMG Condition Precedent, both the Trustee and SSPL shall be bound to enter into the FMG Purchase Agreement on the same date of such service.

**(d) Application of FMG Option Fee**

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

**(e) Termination of the FMG Option Agreement**

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

- (i) there is any material breach of warranty under the FMG Option Agreement;
- (ii) there is any material damage of FM Global Centre or any part(s) thereof by fire or other risk or contingency whatsoever;
- (iii) there is any compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority which either singly or in aggregate affects the building in which FM Global Centre is comprised to any extent or measure or 5% or more of the land area of Lot 5445V of Mukim 3 (being the land lot on which the aforesaid building is erected); or
- (iv) the replies to any of the Trustee's legal requisitions to the local authorities

reveal any findings which materially adversely affect FM Global Centre or any part(s) thereof.

### **3.3 Nucleos Purchase Agreement and FMG Purchase Agreement**

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

#### **Nucleos Purchase Agreement**

- (a) The Nucleos Purchase Consideration of S\$289.0 million (less the Nucleos Option Fee and the Deferred Payment Sum (as defined herein)) shall be paid to AVPL by way of cashier's order(s) or bank draft(s).
- (b) The Trustee shall withhold an amount of S\$150,000 (the "**Deferred Payment Sum**") on completion in relation to rectification works to be carried out by AVPL in respect of certain identified defects in Nucleos at its cost and expense within three months after completion.
- (c) AVPL shall deliver to the Trustee on completion vacant possession of such part(s) of Nucleos which are not occupied by (i) the tenants/licensees under existing tenancy/licence agreements and new tenancy/licence agreements entered into after the date of the Nucleos Option Agreement or (ii) the tenants/licensees holding over.

#### **FMG Purchase Agreement**

- (a) The FMG Purchase Consideration of S\$91.0 million (less the FMG Option Fee) shall be paid to SSPL by way of cashier's order(s) or bank draft(s).
- (b) SSPL shall deliver to the Trustee on completion vacant possession of such part(s) of FM Global Centre which are not occupied by (i) the tenants/licensees under existing tenancy/licence agreements and new tenancy/licence agreements entered into after the date of the FMG Option Agreement or (ii) the tenants/licensees holding over.

### **3.4 Estimated total cost of the Proposed Acquisitions**

The estimated total cost of the Proposed Acquisitions to Ascendas Reit (excluding the costs of the Rights Issue) (the "**Total Acquisition Cost**") is approximately S\$1,705.7 million comprising:

- 3.4.1 the estimated US Portfolio Purchase Consideration of US\$937.6 million (approximately S\$1,285.3 million) (the "**Estimated US Portfolio Purchase Consideration**"),
- 3.4.2 the SG Total Consideration of approximately S\$380.0 million (together with the Estimated US Portfolio Purchase Consideration, the "**Total Consideration**");
- 3.4.3 the acquisition fee payable in Units (the "**Acquisition Fee Units**") to the Manager for the Proposed Acquisitions (the "**Acquisition Fee**") of approximately S\$16.6 million (representing an Acquisition Fee at the rate of 1.0% of the sum of the SG

Total Consideration and the US Agreed Portfolio Value);<sup>1</sup> and

- 3.4.4 the estimated stamp duty, professional and other fees and expenses of approximately S\$23.8 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisitions, and the Loan Facilities (as defined herein).

#### 4. RATIONALE OF THE PROPOSED ACQUISITIONS

The Manager believes that the Proposed Acquisitions will complement and strengthen the quality of Ascendas Reit's existing business park portfolio. Ascendas Reit's investment in the business and science park segment will be boosted by 46% to S\$5,407 million and will account for 42% of total asset value on an Enlarged Portfolio basis of S\$12.8 billion.

The US Properties will provide further geographical diversification to Ascendas Reit's portfolio. The proportion of overseas investment (by asset value) is expected to increase from 21% to 28% on an Enlarged Portfolio basis. The US will account for about 10% of total asset value.

##### US Properties

#### 4.1 Fits strategically with the Manager's mandate of investing in developed markets

The US market has a high sovereign Aaa-credit rating<sup>2</sup> and has the largest commercial real estate investment market in the world. The depth and liquidity of the market provides attractive opportunities for Ascendas Reit to scale up and strengthen its portfolio.

#### 4.2 Attractive market fundamentals with robust leasing and absorption activities putting upward pressure on asking rents

According to Cushman & Wakefield, overall net absorption in suburban submarkets such as San Diego, Raleigh and Portland have outperformed central business districts and this trend is expected to continue as businesses relocate to suburban areas in search of lower rental rates, newer business space and proximity to affordable housing for its employees.

The overall average asking rents in San Diego, Raleigh and Portland where the US Properties are located, rose by between 30% to 40% since 2010 (to 2Q 2019) but are still generally lower than other top technology cities, making them attractive for companies to locate their operations<sup>2</sup>.

Generally, the supply outlook in the US Properties submarkets remains benign and asking

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<sup>1</sup> As the Proposed Acquisitions will constitute an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS", and Appendix 6, the "Property Funds Appendix"), the Acquisition Fee will be in the form of Units, which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

<sup>2</sup> Source: Moody's Credit Opinion (14 June 2019), U.S. sovereign credit profile rating: Aaa Stable. Moody's has not provided its consent to the inclusion of the information extracted from the credit opinion and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information extracted from the credit opinion is reproduced in its proper form and context, and that the information is extracted accurately and fairly from the credit opinion, neither the Manager nor any other party has conducted an independent review of the information contained in the credit opinion nor verified the accuracy of the contents of the relevant information.

rents are expected to continue to rise<sup>2</sup>.

#### **4.3 Strategic locations in the tech-driven cities of San Diego, Raleigh and Portland**

The US Properties comprise high-quality business park properties that are well-located within three Metropolitan Innovation Clusters<sup>1</sup> in the cities of San Diego, Raleigh and Portland. These three cities are ranked among the top ten US cities by technology sector contribution in 2018, placing fifth, seventh and tenth for Raleigh, Portland and San Diego respectively<sup>2</sup>.

All three cities, where the US Properties are located, have vibrant innovation ecosystems. They each house a critical mass of established, growth and start-up companies as well as research universities and institutions. In San Diego, the three major research universities in proximity to the US Properties are University of California San Diego, University of San Diego and San Diego State University. San Diego commands the highest percentage of patent growth in the U.S, with an aggregate growth of 84.4% over the last five years<sup>2</sup>.

Raleigh is part of the Research Triangle (Raleigh-Durham-Chapel), which houses three Tier 1 research universities, namely, Duke University, the University of North Carolina at Chapel Hill and North Carolina State University. The Research Triangle is one of the largest life sciences hub in the east coast and provides companies in the area with good access to research talent.

Portland's office market has attracted technology giants such as Amazon, Dell, and Intel. It is also known as the athletic performance shoe capital of the world and is home to the global headquarters of Nike and Columbia Sportswear Company, the North America headquarters and footwear design center of Adidas and the footwear design centers of Under Armour, Mizuno and other top sportswear companies. Portland holds the highest number of patents in the US in certain shoe-related products.

The US Properties also have good access to local and regional linkages via highways and major public transportation networks and are surrounded by a wide variety of amenities such as retail, hotel and resorts, restaurants, medical facilities etc. providing a rich "live-work-play" environment for employees.

The US Acquisition offers a strategic entry into other technology driven US business parks.

#### **4.4 Increases proportion of freehold land held by Ascendas Reit**

The US Properties are sited on freehold land. Following the completion of the Proposed Acquisitions, the proportion of freehold properties (by asset value) will increase from 21.6% to 29.0% (including the Singapore Acquisitions).

#### **4.5 High occupancy rate, long WALE and annual rent escalations**

Occupancy rate of the US Properties stood at 93.7% with a WALE of 4.2 years as at 30 September 2019. Majority of the leases have annual rent escalations of between 2.5% to 4.0%.

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<sup>1</sup> Metropolitan Innovation Clusters are characterised by an interconnected cluster of innovative industries and companies, academic, research and government institutions who share knowledge, infrastructure and amenities. These clusters attract a young and educated workforce and provide a higher quality of life with their relatively lower costs of living.

<sup>2</sup> Source: The independent market research report issued by Cushman & Wakefield Western, Inc..

#### **4.6 High quality tenants from the growing information, medical and financial technology industries provide steady cashflow**

The US Properties provides exposure to some of the fastest growing technology markets in the US as more than 65% of the tenants (by monthly rental income) are in the information, medical and financial technology related sectors. Key tenants in these sectors include CareFusion Manufacturing, LLC., Teleflex Medical Incorporated, TD Ameritrade Services Company Inc, Northrop Grumman Systems Corporation, Oracle America, Inc. and Microsoft Corporation.

Other reputable and public organisations include Nike and State of California (Social Services).

These high-quality tenants are expected to provide Ascendas Reit with a steady cashflow.

### **Singapore Properties**

#### **4.7 The Singapore Properties will further strengthen Ascendas Reit's leadership and market share in the Singapore business and science park segment**

Upon completion of the Singapore Acquisitions, the total gross floor area of Ascendas Reit's Singapore business and science park portfolio will increase from 813,053 sq m to 870,840 sq m (+7.1%). Total asset value of the segment will also increase from S\$3,705 million to S\$4,102 million (+10.7%).

#### **4.8 Well-established location in one-north and Singapore Science Park 2**

Nucleos is located within the biomedical R&D hub of Biopolis at one-north (business park) and is approximately 10 minutes walk to one-north MRT Station and Buona Vista MRT Station.

FM Global Centre is located at Singapore Science Park 2, a well-established location for research and development ("R&D") companies. It is approximately three-minutes walk to Haw Par Villa MRT Station and a 15-minute drive to the Central Business District.

#### **4.9 High occupancy rates underpinned by key tenants with long WALE**

Nucleos and FM Global Centre are 92.9% and 100.0% occupied respectively.

Key tenants include FM Global Group (a Fortune 1000 mutual insurance company), DuPont, Takeda and Ingredion, leading companies in their respective fields.

The WALE of the Singapore Properties is 6.9 years which is longer than the existing Singapore portfolio WALE of 3.6 years as at 30 September 2019.

#### **4.10 Rare opportunity to acquire Singapore Properties with long remaining land lease tenures**

Nucleos and FM Global Centre have long remaining land lease tenures of approximately 52 and 73 years respectively. This is a rare opportunity given JTC's current policy of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales (IGLS) Programme. Ascendas Reit's portfolio weighted average land lease to expiry

(excluding freehold properties) will improve from 44.1 years to 44.6 years as at 30 September 2019.

In addition, Nucleos and FM Global Centre are five years old and less than a year old respectively.

The Proposed Acquisitions are in line with the Manager's plan to remain Singapore-centric with the overseas assets in developed markets accounting for 30% to 40% of Ascendas Reit's portfolio over time.

## **5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS**

### **5.1 Method of Financing**

To partially fund the Proposed Acquisitions, the Manager is carrying out a renounceable rights issue of new Units to the existing Unitholders on a *pro rata* basis (the "**Rights Issue**").

The Manager intends to finance the Total Acquisition Cost of S\$1,705.7 million through:

- (a) the net proceeds from the Right Issue of S\$1,294.8 million after deducting Right Issue related cost of approximately S\$15.0 million;
- (b) the drawdown of loan facilities (the "**Loan Facilities**"); and
- (c) the issuance of the Acquisition Fee Units pursuant to the general units issue mandate obtained from Unitholders at the annual general meeting of Ascendas Reit held on 9 July 2019 as the Acquisition Fee.

The final decision regarding the proportion of the debt and equity to be employed to fund the Proposed Acquisitions has been announced in the launch of the Rights Issue announcement dated 1 November 2019 entitled "Launch of S\$1,310 Million Rights Issue", taking into account the then prevailing market conditions to provide overall DPU (as defined herein) and NAV (as defined herein) accretion to Unitholders while maintaining an optimum level of Aggregate Leverage<sup>1</sup>.

### **5.2 Pro Forma Financial Effects of the Proposed Acquisitions based on Ascendas Reit's Evaluation Method**

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 Method**"). This is to ensure that returns across all investments are evaluated on a sustainable and constant capital structure. Capital structure and gearing are managed at the Ascendas Reit level and not on a transaction-basis.

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<sup>1</sup> The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the gross assets of Ascendas Reit, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

The pro forma financial effects of the Proposed Acquisitions on the distribution per unit (“DPU”) and net asset value (“NAV”) per Unit presented below are strictly for illustrative purposes and are prepared based on the audited financial statements of Ascendas Reit for the financial year ended 31 March 2018 as well as the following assumptions and bases:

- (i) Ascendas Reit had purchased, held, and operated the Target Portfolio for the whole of FY18/19;
- (ii) consistent with Ascendas Reit’s Evaluation Policy<sup>1</sup>, S\$1,030.1 million, or 60.0% of the Total Acquisition Cost was satisfied by way of issue of Units (including the new Units issuable as payment of the Acquisition Fee), with the remainder amount funded wholly by debt;
- (iii) the new Units to fund the Proposed Acquisitions are issued at the Rights Issue price of S\$2.63 per Unit;
- (iv) the Acquisition Fee and base management fee Units are issued at the 10 days volume weighted average price (“VWAP”) prior to 31 October 2019 of S\$3.1552 per Unit;
- (v) the average cost of debt was 3.0% (being the average cost of debt for the whole of FY18/19); and
- (vi) in respect of the Enlarged Portfolio<sup>2</sup>, 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 Evaluation Method

The pro forma financial effects of the Proposed Acquisitions on Ascendas Reit’s DPU for the 2018/19 Audited Financial Statements, as if the Proposed Acquisitions, issuance of new Units, issuance of the Acquisition Fee Units, and the drawdown of Loan Facilities, were completed on 1 April 2018, and Ascendas Reit had held and operated the Properties through to 31 March 2019 are as follows:

	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
Net Property Income (S\$’000)	649,579	731,892	674,841	757,154
Total amount available for distribution to Unitholders (S\$’000)	485,683	538,766	504,622	557,705

<sup>1</sup> Ascendas Reit adopts a consistent approach for the evaluation of investment opportunities. Potential investments are evaluated on a consistent basis with a capital structure which comprises 60.0% equity funding and 40.0% debt funding.

<sup>2</sup> Comprises the existing portfolio of Ascendas Reit as at the date of this Announcement and the Target Properties.



	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
Units in issue at the end of the year ('000)	3,110,842 <sup>(3)</sup>	3,410,940 <sup>(4)</sup>	3,201,902 <sup>(4)</sup>	3,502,000 <sup>(4)</sup>
Applicable number of Units for the year ('000) <sup>(5)</sup>	3,028,893	3,328,991	3,119,953	3,420,051
DPU (S\$ cents) <sup>(5)</sup>	16.035	16.184	16.174	16.307
DPU Accretion	-	0.9%	0.9%	1.7%
DPU Yield	5.06% <sup>(6)</sup>	5.23% <sup>(7)</sup>	5.23% <sup>(7)</sup>	5.27% <sup>(7)</sup>
DPU Yield Accretion	-	3.4%	3.4%	4.2%

**Notes:**

- (1) The effect is presented on the basis that only the relevant asset is acquired.
- (2) The effect is presented on the basis that the US properties, Nucleos and FM Global Centre are all acquired.
- (3) Number of Units issued as at 31 March 2019.
- (4) Includes new Units issuable as payment of the Acquisition Fee and 20.0% base management fee payable to the Manager at an illustrative price of S\$3.1552 per Unit and additional Units issued to fund 60.0% of the Total Acquisition Cost at an illustrative price of S\$2.63 per new Unit (purely for illustrative purpose only).
- (5) DPU is calculated based on the applicable number of Units for the year.
- (6) Based on closing price per Unit of S\$3.17 on 31 October 2019.
- (7) Based on the Theoretical Ex-Right Price ("TERP") per Unit of S\$3.0955.

**5.2.2 Pro Forma NAV based on the Evaluation Method**

The pro forma financial effects of the Proposed Acquisitions on the NAV per Unit as at 31 March 2019, as if the Proposed Acquisitions, issuance of new Units under the Rights Issue, issuance of Acquisition Fee Units, and the drawdown of Loan Facilities, were completed on 1 April 2018, are as follows:

	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
NAV represented by Unitholders' funds (S\$'000)	6,641,611	7,431,906	6,881,391	7,671,686

	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
Units in issue at the end of the year ('000)	3,110,842 <sup>(3)</sup>	3,410,940 <sup>(4)</sup>	3,201,902 <sup>(4)</sup>	3,502,000 <sup>(4)</sup>
NAV per Unit (S\$)	2.13	2.18	2.15	2.19

**Notes:**

- (1) The effect is presented on the basis that only the relevant asset is acquired.
- (2) The effect is presented on the basis that the US properties, Nucleos and FM Global Centre are all acquired.
- (3) Number of Units issued as at 31 March 2019.
- (4) Includes new Units issued as payment of the Acquisition Fee and 20% base management fee payable to the Manager issued at an illustrative price of S\$3.1552, and additional Units issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.63 per new Unit (purely for illustrative purpose only).

### 5.2.3 Pro Forma Capitalisation and Aggregate Leverage based on the Evaluation Method

The pro forma capitalisation of Ascendas Reit as at 31 March 2019, as if Ascendas Reit had completed the Proposed Acquisitions, the issuance of new Units under the Rights Issue, the issuance of the Acquisition Fee Units, and the drawdown of Loan Facilities on 1 April 2018 are as follows:

	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
<b>Current</b> Unsecured loans and borrowings (S\$'000)	611,908	611,908	611,908	611,908
<b>Non-Current</b> Secured loans and borrowings (S\$'000)	541,543	541,543	541,543	541,543
Unsecured loans and borrowings (S\$'000)	2,944,340	3,462,659 <sup>(3)</sup>	3,101,660 <sup>(4)</sup>	3,619,979 <sup>(5)</sup>
<b>Total loans and borrowings (S\$'000)</b>	<b>4,097,791</b>	<b>4,616,110</b>	<b>4,255,111</b>	<b>4,773,430</b>

	Before the Proposed Acquisitions	After the proposed US Acquisition only <sup>(1)</sup>	After the proposed Singapore Acquisitions only <sup>(1)</sup>	After the proposed US and Singapore Acquisitions <sup>(2)</sup>
Unitholders' funds (S\$'000)	6,641,611	7,431,906 <sup>(6)</sup>	6,881,391 <sup>(7)</sup>	7,671,686 <sup>(8)</sup>
Perpetual securities holders' funds (S\$'000)	304,382	304,382	304,382	304,382
<b>Total Capitalisation</b> (S\$'000)	11,043,784	12,352,398	11,440,884	12,749,498
<b>Aggregate leverage</b>	36.3% <sup>(9)</sup>	36.6%	36.4%	36.7%

**Notes:**

- (1) The effect is presented on the basis that only the relevant asset is acquired.
- (2) The effect is presented on the basis that the US Properties, Nucleos and FM Global Centre are all acquired.
- (3) Includes S\$518.3 million of unsecured loan drawn to fund 40% of the Total Acquisition Cost (purely for illustrative purpose).
- (4) Includes S\$157.3 million of unsecured loan drawn to fund 40% of the Total Acquisition Cost (purely for illustrative purpose).
- (5) Includes S\$675.6 million of unsecured loan drawn to fund 40% of the Total Acquisition Cost (purely for illustrative purpose).
- (6) Includes S\$790.3 million of additional unitholders' funds (or approximately 295.6 million new Units issuable at an illustrative price of S\$2.63 per new Unit issued to fund 60% of the Total Acquisition Cost and approximately 4.1 million new Units issuable at an illustrative price of S\$3.1552 per new Unit to pay for the Acquisition Fees to the Manager (purely for illustrative purpose only).
- (7) Includes S\$239.8 million of additional unitholders' funds (or approximately 89.7 million new Units issuable at an illustrative price of S\$2.63 per new Unit issued to fund 60% of the Total Acquisition Cost and approximately 1.2 million new Units issuable at an illustrative price of S\$3.1552 per new Unit to pay for the Acquisition Fees to the Manager (purely for illustrative purpose only).
- (8) Includes S\$1,030.1 million of additional unitholders' funds (or approximately 385.3 million new Units issuable at an illustrative price of S\$2.63 per new Unit issued to fund 60% of the Total Acquisition Cost and approximately 5.3 million new Units issuable at an illustrative price of S\$3.1552 per new Unit to pay for the Acquisition Fees to the Manager (purely for illustrative purpose only).
- (9) Aggregate leverage as at 31 March 2019.

### 5.3 Pro Forma Financial Effects of the Proposed Acquisitions based on the Intended Method of Financing

Given that it is intended for the Proposed Acquisitions to be funded as described in paragraph 2.10 of the Letter to Unitholders in the Circular (the "**Intended Method of Financing**"), the pro forma financial effects of the Proposed Acquisitions 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 FY18/19, taking into account the Total Acquisition Cost, and assuming that:

- (i) Ascendas Reit had purchased, held and operated the Properties for the whole of FY18/19;
- (ii) S\$1,294.8 million of the Total Acquisition Cost after deducting the Acquisition Fee is funded by the net proceeds received from the Rights Issue after deducting the Rights Issue related cost of approximately S\$15.0 million;
- (iii) the remaining S\$394.3 million of the Total Acquisition Cost is funded by debt;
- (iv) the average cost of debt was 3.0% (being the average cost of debt for the whole of FY18/19);
- (v) the Acquisition Fee Units are issued at 10 days volume weighted average price (VWAP) prior to 31 October 2019 of S\$3.1552 per Unit;
- (vi) 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 9 July 2019 as the Acquisition Fee; and
- (vii) 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.

#### 5.3.1 Pro Forma DPU based on the Intended Method of Financing

	Effects of the Proposed Acquisitions	
	Before the Proposed Acquisitions	After the Proposed Acquisitions
Net Property Income (S\$'000)	649,579	758,247
Total amount available for distribution to Unitholders (S\$'000)	485,683	570,048
Units in issue at the end of the year ('000)	3,110,842 <sup>(1)</sup>	3,614,692 <sup>(2)</sup>
Applicable number of Units for the year ('000) <sup>(5)</sup>	3,028,893	3,532,743
DPU (S\$ cents) <sup>(5)</sup>	16.035	16.136
DPU Accretion	-	0.6%
DPU Yield	5.06% <sup>(3)</sup>	5.21% <sup>(4)</sup>
DPU Yield Accretion	-	3.0%

**Notes:**

- (1) Number of Units issued as at 31 March 2019.
- (2) Includes new Units issuable in the Rights Issue, and as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1552 per new Unit (purely for illustrative purpose only).
- (3) Based on closing price per Unit of S\$3.17 on 31 October 2019.
- (4) Based on the TERP per Unit of S\$3.0955.
- (5) DPU is calculated based on the applicable number of Units for the year.

**5.3.2 Pro Forma NAV based on the Intended Method of Financing**

The pro forma financial effects of the Proposed Acquisitions on the NAV per Unit as at 31 March 2019, as if the Proposed Acquisitions, issuance of new Units under the Rights Issue, issuance of Acquisition Fee Units, and drawdown of Loan Facilities, were completed on 1 April 2018, are as follows:

	Effects of the Proposed Acquisitions	
	Before the Proposed Acquisitions	After the Proposed Acquisitions
NAV represented by Unitholders' funds (S\$'000)	6,641,611	7,953,076
Units in issue at the end of the year (000)	3,110,842 <sup>(1)</sup>	3,614,692 <sup>(2)</sup>
NAV per Unit (S\$)	2.13	2.20

**Notes:**

- (1) Number of Units Issued as at 31 March 2019.
- (2) Includes new Units issuable in the Rights Issue, and as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1552 per new Unit (purely for illustrative purpose only).

**5.3.3 Pro Forma Capitalisation based on the Intended Method of Financing**

The pro forma capitalisation of Ascendas Reit as at 31 March 2019, as if Ascendas Reit had completed the Proposed Acquisitions, issuance of new Units under the Rights Issue, issuance of Acquisition Fee Units, and drawdown of Loan Facilities on 1 April 2018, as well as the pro forma Aggregate Leverage of Ascendas Reit as at 31 March 2019, as if Ascendas Reit had completed the Proposed Acquisitions, issuance of new Units under the Rights Issue, issuance of Acquisition Fee Units, and drawdown of Loan Facilities, are as follows:

	Effects of the Acquisition of the US Properties	
	Before the Acquisition of the US Properties	After the Acquisition of the US Properties
<b>Current</b>		
Unsecured loans and borrowings (S\$'000)	611,908	611,908
<b>Non-Current</b>		
Secured loans and borrowings (S\$'000)	541,543	541,543
Unsecured loans and borrowings (S\$'000)	2,944,340	3,338,589 <sup>(1)</sup>
<b>Total loans and borrowings (S\$'000)</b>	<b>4,097,791</b>	<b>4,492,040</b>
Unitholders' funds (S\$'000)	6,641,611	7,953,076 <sup>(2)</sup>
Perpetual securities holders' funds (S\$'000)	304,382	304,382
<b>Total Capitalisation (S\$'000)</b>	<b>11,043,784</b>	<b>12,749,498</b>
<b>Aggregate Leverage</b>	<b>36.3%</b>	<b>34.6%</b>

**Notes:**

- (1) Includes S\$394.3 million of unsecured loan drawn to partially fund the Total Acquisition Cost (purely for illustrative purpose).
- (2) Includes S\$1,311.4 million of additional unitholders' funds issued in the Rights Issue to partially fund the Total Acquisitions Cost and the new Units issued (or approximately 5.3 million new Units issuable at an illustrative price of S\$3.1552 per new Unit) to pay for the Acquisition Fees to the Manager (purely for illustrative purpose only).
- (3) Aggregate leverage as at 31 March 2019.

## 6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

**6.1** As at the Latest Practicable Date, and based on information available to the Manager as at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 71,000 Units.

**6.2** Mr Lim Hock San is the Chairman and an Independent Director of the Manager. Mr Manohar Khatani, a Non-Executive Director of the Manager, is the Senior Executive Director of the CapitaLand Group. Mr Lim Cho Pin Andrew Geoffrey, a Non-Executive Director of the Manager, is the Group Chief Financial Officer of the CapitaLand Group. Mr William Tay Wee Leong is the CEO and an Executive Director 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 28 October 2019 (the “Latest Practicable Date”):

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)	Contingent Awards of Units <sup>(2)</sup> under the Manager’s	
	No. of Units	%(1)	No. of Units	%(1)			Performance Unit Plan	Restricted Unit Plan
Mr Lim Hock San	-	-	-	-	-	-	-	-
Mr Manohar Khiatani	-	-	-	-	-	-	-	-
Mr Lim Cho Pin Andrew Geoffrey	11,000	0.0004	-	-	11,000	0.0004	-	-
Mr William Tay Wee Leong	40,000	0.001	-	-	40,000	0.001	0 to 118,914 <sup>(3)</sup>	0 to 133,777 <sup>(3)</sup>
Mr Chan Pengee, Adrian	-	-	-	-	-	-	-	-
Ms Chong Chiet Ping	-	-	-	-	-	-	-	-
Mr Daniel Cuthbert Ee Hock Huat	20,000	0.0006	-	-	20,000	0.0006	-	-
Ms Lim Sau Hoong	-	-	-	-	-	-	-	-
Mr Wong Yew Meng	-	-	-	-	-	-	-	-

**Note(s):**

- (1) The percentage is based on 3,112,755,652 Units in issue as at the Latest Practical Date.
- (2) This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager’s Performance Unit Plan (“PUP”) and Restricted Unit Plan (“RUP”). The final number of Units that will be released could range from 0% to a maximum of 200% of the baseline award under the PUP and from 0% to a maximum of 150% of the baseline award under the RUP.
- (3) The final number of Units to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for PUP and RUP.

**6.3** Save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the CL Shares as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of CL Shares held	%(1)	Contingent Awards of CL Shares <sup>(2)</sup> under CL’s	
	No. of CL Shares	%(1)	No. of CL Shares	%(1)			Performance Share Plan	Restricted Share Plan
Mr Lim Hock San	-	-	-	-	-	-	-	-
Mr Manohar Khiatani	-	-	40,000	NM <sup>(7)</sup>	40,000	NM <sup>(7)</sup>	0 to 176,078 <sup>(3)</sup>	0 to 168,075 <sup>(3)</sup>
Mr Lim Cho Pin Andrew Geoffrey	133,145	NM <sup>(7)</sup>	-	-	133,145	NM <sup>(7)</sup>	0 to 797,948 <sup>(3)</sup>	41,646 <sup>(4),(6)</sup> 99,706 <sup>(5),(6)</sup> 0 to 312,139 <sup>(3)</sup>

Name of Directors	Direct Interest		Deemed Interest		Total No. of CL Shares held	%(1)	Contingent Awards of CL Shares(2) under CL's	
	No. of CL Shares	%(1)	No. of CL Shares	%(1)			Performance Share Plan	Restricted Share Plan
Mr William Tay Wee Leong	-	-	-	-	-	-	-	-
Mr Chan Pengee, Adrian	13,000	NM(7)	14,000	NM(7)	27,000	NM(7)	-	-
Ms Chong Chiet Ping	-	-	60,000	NM(7)	60,000	NM(7)	-	-
Mr Daniel Cuthbert Ee Hock Huat	-	-	-	-	-	-	-	-
Ms Lim Sau Hoong	-	-	-	-	-	-	-	-
Mr Wong Yew Meng	-	-	-	-	-	-	-	-

**Note(s):**

- (1) The percentage is based on 5,037,494,396 shares (excluding treasury shares) in issue as at the Latest Practical Date.
- (2) This refers to the number of Shares which are the subject of contingent awards granted but not released under CL's Performance Share Plan ("PSP") and Restricted Share Plan ("RSP"). The final number of Shares that will be released could range from 0% to a maximum of 200% of the baseline award under the PSP and from 0% to a maximum of 150% of the baseline award under the RSP.
- (3) The final number of Shares to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for PSP and RSP.
- (4) Being the unvested final one-third of the RSP 2017 Award
- (5) Being the unvested two-thirds of the RSP 2018 Award.
- (6) On the final vesting, an additional number of Shares of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of RSP, will also be released.
- (7) Not meaningful.

**6.4** Based on the Register of Substantial Unitholders<sup>1</sup> Unitholdings 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)		
CapitalLand Limited	-	-	591,374,889	18.998	591,374,889	18.998

<sup>1</sup> "Substantial Unitholder" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.



CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as "Ascendas Land (Singapore) Pte Ltd")	517,001,996	16.609	-	-	517,001,996	16.609
APL <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
CLA	-	-	591,374,889	18.998	591,374,889	18.998
TJ Holdings (III) Pte. Ltd. <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
Glenville Investments Pte. Ltd. <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
Mawson Peak Holdings Pte. Ltd. <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
Bartley Investments Pte. Ltd. <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
Tembusu Capital Pte. Ltd. <sup>(2)</sup>	-	-	591,374,889	18.998	591,374,889	18.998
Temasek Holdings (Private) Limited ("Temasek") <sup>(2)</sup>	-	-	653,753,336	21.000	653,753,336	21.000
BlackRock, Inc. <sup>(3)</sup>	-	-	247,746,863	7.960	247,746,863	7.960
The PNC Financial Services Group, Inc. <sup>(4)</sup>	-	-	247,746,863	7.960	247,746,863	7.960

**Note(s):**

- (1) The percentage is based on 3,112,755,652 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., CLA, APL are deemed interested in the Units held by the Sponsor 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 various funds managed by BlackRock investment advisors.
- (4) The PNC Financial Services Group, Inc. is deemed interested in the Units held by BlackRock, Inc.

**6.5** Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the directors of the Manager or the Substantial Unitholder(s) has an interest, direct or indirect, in the Proposed Acquisitions.

## **7. INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION**

- 7.1** 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 net tangible asset ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the 2018/19 Audited Financial Statements, the NTA of Ascendas Reit was S\$6,946.0 million as at 31 March 2019. 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\$347.3 million, such a transaction would be subject to Unitholders' approval. Given the estimated Total Consideration of approximately S\$1,665.3 million (which is 24.0% of the NTA of Ascendas Reit as at 31 March 2019), the value of the Proposed Acquisitions exceeds the said threshold.
- 7.2** 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 2018/19 Audited Financial Statements, the NAV of Ascendas Reit was S\$6,946.0 million as at 31 March 2019. 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\$347.3 million, such a transaction would be subject to Unitholders' approval. Given the estimated Total Consideration of approximately S\$1,665.3 million (which is 24.0% of the NAV of Ascendas Reit as at 31 March 2019), the value of the Proposed Acquisitions exceeds the said threshold.
- 7.3** As at the Latest Practicable Date, CL holds, through its wholly-owned subsidiaries, the Sponsor and Ascendas Investment Pte. Ltd., an aggregate interest in 591,374,889 Units, which is equivalent to approximately 19.0% of the total number of Units in issue.
- 7.4** CL is therefore regarded as a "controlling unitholder" of Ascendas Reit under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of CL, CL is therefore regarded as a "controlling shareholder" of the Manager under the Listing Manual and the Property Funds Appendix.
- 7.5** As the Vendors are indirectly wholly-owned by CL, which is regarded as a "controlling unitholder" of Ascendas Reit, and a "controlling shareholder" of the Manager for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Vendors are (for the purposes of the Listing Manual) "interested persons" and (for the purposes of the Property Funds Appendix) "interested parties" of Ascendas Reit.
- 7.6** Therefore, the Proposed Acquisitions will constitute "interested person transactions" under Chapter 9 of the Listing Manual and the Proposed Acquisitions will constitute "interested party transactions" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

- 7.7** In approving the Proposed Acquisitions, Unitholders will be deemed to have approved all documents required to be executed or assigned by the parties in order to give effect to the Proposed Acquisitions. In this respect, a Unitholders' circular (the "**Circular**") will be issued and an extraordinary general meeting of Ascendas Reit will be held in due course.
- 7.8** As at the date of this announcement, the value of all interested person transactions (including the Proposed Acquisitions) entered into between Ascendas Reit and the Vendors during the course of the current financial year (including the Proposed Acquisitions) is approximately S\$1,665.3 million (which is approximately 24.0% of the NTA and NAV of Ascendas Reit as at 31 March 2019).
- 7.9** As at the date of this announcement, the value of all interested person transactions (including the Proposed Acquisitions) of Ascendas Reit during the course of the current financial year (including the Proposed Acquisitions) is approximately S\$1,691.9 million (which is approximately 24.4% of the NTA and NAV of Ascendas Reit as at 31 March 2019).

## **8. OTHER INFORMATION**

### **8.1 Directors' Service Contracts**

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

### **8.2 Disclosure under Rule 1010(13) of the Listing Manual**

Chapter 10 of the Listing Manual classifies transactions by Ascendas Reit into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases or comparison set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual:

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

The relative figures for the Proposed Acquisitions using the applicable bases of comparison in Rule 1006 are set out below.

	<b>The Proposed Acquisitions (S\$ million)</b>	<b>Ascendas Reit (S\$ million)</b>	<b>Relative Percentage (%)</b>
<b>Rule 1006(b)</b> Net profits after tax attributable to the assets acquired compared with Ascendas Reit's net profits after tax, in each case, for the financial period from 1 April 2019 to 30 September 2019	66.7	521.7 <sup>(1)</sup>	12.8 <sup>(1)</sup>
<b>Rule 1006(c)</b> Aggregate value of consideration to be paid by Ascendas Reit compared with Ascendas Reit's market capitalisation as at 31 October 2019, the last trading day on the SGX-ST preceding the date of the Acquisition Agreements	1,705.7	9,867.4	17.3 <sup>(2)</sup>

**Note:**

- (1) Based on Ascendas Reits' annualised unaudited financial accounts for the financial period from 1 April 2019 to 30 September 2019.
- (2) Based on Ascendas Reit's volume weighted average price of S\$3.1730 per Unit on 31 October 2019, being the market day immediately prior to the entry into the Share Purchase Agreement and the Put and Call Option Agreements (collectively, the "**Acquisition Agreements**").

The relative figure in Rule 1006(d) in relation to the number of Units issued by Ascendas Reit as consideration for the Proposed Acquisitions, compared with the number of Units previously in issue, is not applicable to the Proposed Acquisitions as the Total Consideration for the Proposed Acquisitions is payable entirely in cash.

As the relative figures exceed 5.0% but do not exceed 20.0%, the Proposed Acquisitions will be a discloseable transaction.

In any case, as the Proposed Acquisitions constitute an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix, the Proposed Acquisitions will still be subject to the specific approval of Unitholders.

### 8.3 Independent Directors' and Audit and Risk Committee's Statements

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

### 8.4 Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522 for a period of three months commencing from the date of this announcement:

- (i) the Share Purchase Agreement;
- (ii) the Put and Call Option Agreements;
- (iii) the IFA Letter;
- (iv) the summary valuation reports on each of the Singapore Properties issued by Colliers and CBRE;
- (v) the summary valuation reports on each of the US Properties issued by JLL and Newmark Knight Frank;
- (vi) the independent market research report issued by the Independent Market Research Consultant;
- (vii) the 2018/19 Audited Financial Statements; and
- (viii) the written consents of each of the IFA, the Independent Market Consultant, and the Independent Valuers.

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

Further details of the Proposed Acquisitions will be contained in the Circular which will be issued by the Manager in due course. Unitholders are advised to refer to the Circular for any updates to the information contained in this announcement.

BY ORDER OF THE BOARD

**ASCENDAS FUNDS MANAGEMENT (S) LIMITED**

(as manager of Ascendas Real Estate Investment Trust)

Mary Judith De Souza

Company Secretary

1 November 2019

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<sup>1</sup> Prior appointment with the Manager (telephone: +65 6508 8840, email address: a-reit@capitaland.com) 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 their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.

