



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

COMPLETION OF ACQUISITIONS OF A PORTFOLIO OF UNITED STATES PROPERTIES AND TWO SINGAPORE PROPERTIES AND USE OF PROCEEDS FROM THE RIGHTS ISSUE

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the announcement dated 1 November 2019 titled "Proposed Acquisitions of a Portfolio of United States Properties and Two Singapore Properties" (the "Announcement").

1. Completion of the Proposed Acquisitions

Further to the Announcement in relation to the proposed acquisitions of 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**") on 1 November 2019, Ascendas Funds Management (S) Limited, in its capacity as the manager (the "**Manager**") of Ascendas Real Estate Investment Trust ("**Ascendas Reit**"), is pleased to announce that Ascendas Reit has completed the acquisitions of the Target Properties today (the "**Completion**") pursuant to the Share Purchase Agreement and the Put and Call Option Agreements.

The purchase consideration for the Proposed Acquisitions is estimated to be approximately S\$1,665.3 million (the "**Total Consideration**"), subject to post-completion adjustments. The estimated stamp duty, professional and other fees, and expenses incurred by Ascendas Reit in connection with the Proposed Acquisitions amount to approximately S\$23.8 million. As announced, the Proposed Acquisitions would be fully funded by a combination of the net proceeds received from the Rights Issue and debt.

The acquisition fee payable to the Manager for the Proposed Acquisitions (the "**Acquisition Fee**"), amounts to approximately S\$16.6 million (representing an Acquisition Fee at the rate of 1.0% of the sum of the US Agreed Portfolio Value and SG Total Consideration) and will be paid to the Manager in 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.

Following the Completion, Ascendas Reit owns 99 properties in Singapore, 35 properties in Australia, 38 properties in the United Kingdom and 28 properties in the United States.

2. Use of Proceeds

Further to the announcement dated 1 November 2019 in relation to the underwritten and renounceable rights issue (the "**Rights Issue**", and the announcement, the "**Launch Announcement**"), the Manager wishes to announce that approximately S\$1,295.7 million (which is equivalent to approximately 98.9% of the gross proceeds of the Rights Issue) of the gross proceeds from the Rights Issue of approximately S\$1,310 million, has been used to

partially fund the Proposed Acquisitions. The net proceeds from the Rights Issue have therefore been entirely disbursed, and such use is in accordance with the stated use and in accordance with the percentage allocated in the Launch Announcement.

3. **Asset and Lease Management Agreement**

In connection with the completion of the Proposed Acquisitions, Ascendas Reit has today appointed CapitaLand International USA LLC as the asset manager (the “**Asset Manager**”) for a term of approximately three years till 1 October 2022 to provide certain asset management, lease management and project management services in respect of the properties located in the United States, including the US Properties, held (whether directly or indirectly) by Ascendas Reit from time to time. The Asset Manager is an indirect wholly-owned subsidiary of CapitaLand Limited (“**CL**”), which owns 100% of CapitaLand Singapore (BP&C) Pte Ltd, the sponsor of Ascendas Reit (the “**Sponsor**”). In connection with the foregoing, the Manager, the Trustee and the Asset Manager will be entering into a master asset and lease management agreement (the “**Master ALMA**”) concurrently with the completion of the Proposed Acquisitions.

Pursuant to the Master ALMA, individual asset and lease management agreements (the “**Individual ALMAs**”, together with the Master ALMA, the “**ALMAs**”) will from time to time also be entered into by each underlying property-holding company with the Asset Manager. In this connection, the relevant property-holding entities have today entered into Individual ALMAs with the Asset Manager, to appoint the Asset Manager as the asset manager for the Properties for a term of approximately three years till 1 October 2022.

Under the ALMAs, the Asset Manager will provide, among others, the following services:

- **Asset and lease management:** working with the property managers and leasing agents to execute, through the property-holding entities, Ascendas Reit’s asset and lease management strategy in accordance with the decisions made by and the strategy formulated by the Manager and the guidelines issued by the Manager which include requirements relating to the tenant type and tenant mix, asset enhancement works and rationalising operation costs.
- **Project management:** recommending project organisation structure and the appointment of relevant consultants, and working with the appointed consultants to establish the design brief for proposed building or retrofitting works.
- **Accounting:** preparing financial accounts, management reports, budget forecasts and variance analysis for each property.

In consideration of the Asset Manager providing the asset management, lease management and project management services under the ALMAs, the Asset Manager will be entitled to the following fees:

- (i) an asset management fee which is payable monthly in arrears, not exceeding the rate of 0.4% per annum of the total value of the Adjusted Deposited Property¹ for which the asset management services are provided;
- (ii) a lease management fee which is payable monthly in arrears, of 1.0% per annum of the Adjusted Gross Revenue² of the relevant US Properties for which the lease management services are provided; and
- (iii) project management fees in respect of development, re-development, refurbishment, retrofitting and renovation works to the relevant US Properties. The project management fee shall be:
 - (i) where the construction costs do not exceed US\$70.0 million, between 1.35% to 3.0% of the construction costs (depending on the amount of construction costs); or
 - (ii) where the construction costs exceed US\$70.0 million, an amount mutually agreed between the parties (which shall be no higher than 1.35% of the construction costs).

For the avoidance of doubt, the payment of asset management fees to the Asset Manager under the ALMAs will reduce the base management fees payable to the Manager under the trust deed constituting Ascendas Reit dated 9 October 2002 (as amended) correspondingly, such that there is no double-counting of the payment of the asset management fees under the ALMAs and the payment of base management fees to the Manager. The lease management fees and the project management fees under the ALMAs are only payable to the Asset Manager, and will be separately borne by Ascendas Reit out of its deposited property.

4. Rationale for the appointment of the Asset Manager

The Asset Manager has been managing the US Properties for more than one year and thus has good knowledge of the Properties. The Asset Manager consists of an experienced management team with a strong track record in asset and property management.

5. Audit and Risk Committee Statement

The Audit and Risk Committee has considered the terms of the ALMAs and is of the view that the appointment of the Asset Manager to provide services under the ALMAs is on normal

¹ Means all the assets of Ascendas Reit located in the United States, excluding derivative assets and properties under development.

² In respect of a property (not being a property under development) and in relation to any fiscal year or part thereof, means gross rental income (after deducting rent rebates and other tenant incentives amortised or otherwise) from the property, all penalties and liquidated damages from tenants (such as past-due interests, compensation for pre-termination of lease) and amounts from any profit sharing agreements for sub-letting of a property, but shall exclude (a) all real estate, rent occupancy or similar taxes paid by tenants, refunds of real estate tax, operating expense or similar pass-through expenses collected from tenants, amounts charged to tenants for overtime and similar extraordinary services, and license or similar revenue generated from the letting of rooftop space and (b) all other income earned by Ascendas Reit such as (i) all other income earned from the property including, but not limited to, utilities income, car park income, sale of equipment, liquidated damages from contractors, rentals for fitting-out works for tenants and rental support and (ii) all goods and services tax or tax collected from the tenants and licensees and rental deposits and other refundable security deposits to the extent that they are not set off against the sums due to Ascendas Reit.

commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

6. Interested Person Transactions under Chapter 9 of the Listing Manual

As at the date of this announcement, CL, through its wholly-owned subsidiaries, the Sponsor and Ascendas Investment Pte. Ltd., holds an aggregate interest in 685,994,870 Units, which is equivalent to approximately 19.0% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of Ascendas Reit under the Listing Manual. 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 both the Listing Manual and the Property Funds Appendix.

The Asset Manager is an indirect wholly-owned subsidiary of CL. Accordingly, the Asset Manager (being an indirect wholly-owned subsidiary of a “controlling Unitholder” and a “controlling shareholder” of the Manager), is an “interested person” and “interested party” of Ascendas Reit for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix respectively.

Therefore, the entry into the ALMAs are “interested person transactions” under Chapter 9 of the Listing Manual and “interested party transactions” under paragraph 5 of the Property Funds Appendix.

As at the date of this announcement, the value of all interested person transactions (including the ALMAs) entered into between Ascendas Reit and CL during the course of the current financial year (including the ALMAs) is approximately S\$1,698.2 million (which is approximately 24.4% of the NTA and NAV of Ascendas Reit as at 31 March 2019).

As at the date of this announcement, the value of all interested person transactions (including the ALMAs) of Ascendas Reit during the course of the current financial year (including the ALMAs) is approximately S\$1,709.6 million (which is approximately 24.6% of the NTA and NAV of Ascendas Reit as at 31 March 2019).

7. Interests of Directors and Substantial Unitholders

As at the date of this announcement, none of the Directors of the Manager is a director of CL. Save as disclosed above, and based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager or substantial Unitholders have an interest in the appointment of the Asset Manager.

BY ORDER OF THE BOARD

ASCENDAS FUNDS MANAGEMENT (S) LIMITED

(as manager of Ascendas Real Estate Investment Trust)

Mary Judith De Souza

Company Secretary

11 December 2019

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.