



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

ACQUISITION OF 25.0% INTEREST IN GALAXIS

1. INTRODUCTION

Ascendas Funds Management (S) Limited, in its capacity as the manager (the “**Manager**”) of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit (the “**Trustee**”), has today entered into a share purchase agreement (the “**Share Purchase Agreement**”) with MBK Real Estate Asia Pte. Ltd. (the “**Vendor**”) on the principal terms set out in paragraph 2.3 below, to acquire 25.0% of the issued share capital, comprising 36,250,000 ordinary shares (the “**Sale Shares**”) of Ascendas Fusion 5 Pte. Ltd. (“**AF5PL**” or the “**Target Company**”) (the “**Acquisition**”). Completion of the Acquisition (“**Completion**”) has also taken place today.

2. INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

2.1 The Target Company

AF5PL is incorporated under the laws of Singapore, with its registered office address at 1 Fusionopolis Place #10-10 Galaxis Singapore 138522. AF5PL has an issued share capital of S\$145,000,000 consisting of 145,000,000 ordinary shares. 25.0% of the issued share capital of AF5PL, being the Sale Shares, have been transferred to the Trustee upon Completion today while the remaining 75.0% of the issued share capital of AF5PL is owned by Ascendas Fusion 5 Holding Pte. Ltd. (“**AF5H**”), a wholly-owned subsidiary of CapitaLand Singapore (BP&C) Pte. Ltd. (formerly “Ascendas Land (Singapore) Pte. Ltd.”).

2.2 The Property

AF5PL owns 100.0% of the land comprising Lot 5012W, Lot 5013V and Lot 5019X, each of Mukim 3 (the “**Land**”), and the buildings erected on the Land which are used for business park purposes, and known as 1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523 (together with the Land, the “**Property**” or “**Galaxis**”).

Galaxis is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore’s hub for infocomm technologies (ICT), media, physical sciences and engineering R&D industries. The Property has direct access to the one-north MRT station

and is a 5-minute drive to Ayer Rajah Expressway and a 15-minute drive to the Central Business District.

The Property has a gross floor area of 68,835 sqm and a net lettable area (“**NLA**”) of 60,752 sqm. It is sited on a land area of 19,283 sqm zoned for Business Park use with a 30% White Component¹. The remaining lease tenure of the land is around 52 years.

Galaxis comprises a 17-storey building with business park (NLA of 44,319 sqm) and office space (NLA of 10,305 sqm), a two-storey retail and F&B podium (NLA of 4,106 sqm), a five-storey building with work lofts (NLA of 2,022 sqm) and a two-storey basement carpark. It has a BCA Green Mark Platinum rating.

Completed in 2015, the Property is 99.6% occupied by reputable tenants such as Canon, Oracle, and Sea (formerly Garena). As at 26 March 2020, the weighted average lease to expiry of the Property is 2.5 years.

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

| | |
|---------------------------------|--|
| Address | 1 Fusionopolis Place Singapore 138522 3 Fusionopolis Place Singapore 138523 |
| Land Lots | Mukim 3 Lot 5012W, Mukim 3 Lot 5013V and Mukim 3 Lot 5019X |
| Site Area (sq m) | 19,283 |
| Gross Floor Area (sq m) | 68,835 |
| Net Lettable Area (sq m) | 60,752 |
| Registered Proprietor | Ascendas Fusion 5 Pte. Ltd. |
| Land Tenure | Leasehold estate of 60 years commencing from 12 July 2012 |

2.3 Total Acquisition Cost

Pursuant to the Share Purchase Agreement, the total purchase consideration (the “**Purchase Consideration**”) for the Acquisition is an amount equal to 25.0% of the adjusted net asset value (the “**Adjusted Net Asset Value**”) of AF5PL as at the date of Completion. In this respect, the Trustee has today paid a sum of S\$102.91 million, being the estimated Purchase Consideration, which will be subject to such post-Completion adjustments provided for in the Share Purchase Agreement.

The Purchase Consideration takes into consideration the agreed value of the Property of S\$630.0 million (the “**Agreed Property Value**”). The Agreed Property Value was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation obtained for the Property.

The total cost of the Acquisition is estimated to be approximately S\$105.90 million,

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

comprising the Purchase Consideration, buyer's stamp duty, acquisition fee payable to the Manager and professional and other fees and expenses in connection with the Acquisition.

The acquisition fee payable to the Manager (the "**Acquisition Fee**") in respect of the Completion, being 1.0% of the 25% of Agreed Property Value, amounts to approximately S\$1.575 million and will be paid to the Manager in cash.

2.4 Valuation

An independent valuation was commissioned by the Trustee and was carried out by CBRE Pte Ltd ("**CBRE**").

CBRE stated that the open market value of the Property as at 26 March 2020 is S\$650.0 million, which is 3.1% higher than the Agreed Property Value. In arriving at the open market value, CBRE relied on the Discounted Cash Flow approach and the Income Capitalisation approach.

3. RATIONALE OF THE ACQUISITION

3.1 Acquisition complements and strengthens Ascendas Reit's Portfolio

The Manager believes that the Acquisition is in line with Ascendas Reit's strategy of acquiring business park properties that complement and strengthen the quality of Ascendas Reit's existing business park portfolio.

3.2 Well-located with direct link to one-north MRT station

Galaxis is strategically located at the heart of Fusionopolis in the one-north precinct, and has direct access to the one-north MRT station. The Property is also a 5-minute drive to Ayer Rajah Expressway and a 15-minute drive to the Central Business District.

3.3 Rare opportunity to acquire a Singapore property with long remaining land lease tenure

Galaxis' remaining land lease tenure is about 52 years, which is rare given JTC Corporation's current policy of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales Programme.

3.4 High occupancy rates underpinned by quality tenants

Galaxis is 99.6% occupied with quality tenants such as Canon, Oracle, and Sea (formerly Garena), providing income stability.

3.5 Attractive Acquisition that is accretive to Unitholders

In the first year of the Acquisition, the Property is expected to generate a net property income ("**NPI**") yield of approximately 6.2% (before taking into account the transaction costs of the Acquisition of approximately S\$2.99 million which includes stamp duty, professional

advisory fees and acquisition fees payable to the Manager (the “**Transaction Costs**”) and 6.1% (after taking into account the Transaction Costs)².

The pro forma impact on distribution per Unit (“**DPU**”) for the 12 months ended 31 December 2019 would be an estimated improvement of between 0.013 to 0.110³ Singapore cents assuming the Acquisition was completed on 1 January 2019.

4. **METHOD OF FINANCING**

The Acquisition was financed through a combination of debt and internal resources.

5. **AMENDMENT OF EXISTING SHAREHOLDERS’ AGREEMENT AND OTHER RELATED DOCUMENTS**

Amended and Restated Shareholders’ Agreement

Following Completion, the existing shareholders’ agreement between AF5PL, AF5H and the Vendor has been terminated, and has been replaced by an amended and restated shareholders’ agreement entered into between AF5PL, AF5H and the Trustee today to regulate their relationship *inter se* as shareholders of AF5PL, provide for their rights and duties as shareholders of AF5PL to set out the basis on which the business affairs of AF5PL will be managed and controlled and to set out the operational safeguards required under Appendix 6 to the Code on Collective Investment Schemes (the Property Funds Appendix) to which Ascendas Reit, as a real estate investment trust, is subject to.

Accession and Discharge Agreements

In connection with the Acquisition, (i) AF5PL (the “**Borrower**”), as borrower, and (ii) Mizuho Bank, Ltd. (formerly known as Mizuho Corporate Bank, Ltd.) (the “**Lender**”), as lender, has entered into a second amendment agreement (the “**Second Amendment Agreement**”, relating to the S\$223,000,000 facility agreement dated 11 September 2012 and made between (i) the Borrower, as borrower and (ii) the Lender, as lender, as supplemented by the supplemental letter dated 11 January 2017 and as amended by the amendment agreement dated 20 September 2019 made between (i) the Borrower, as borrower and (ii) the Lender (the “**Facility**”).

In this connection, an accession and discharge agreement (Deed of Undertaking) and an accession and discharge agreement (Deed of Subordination) have also been entered into between (i) CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as Ascendas Land (Singapore) Pte Ltd) and Mitsui & Co., Ltd., as sponsors, (ii) the Borrower, as borrower, (iii) the Trustee and (iv) the Lender, as lender, in connection with the Second Amendment Agreement, pursuant to which the Trustee replaced Mitsui & Co., Ltd (the parent company of the Vendor) in providing certain undertakings to the Lender in connection with the Facility

² Ascendas Reit’s share of net profits after tax in AF5PL will be part of the amount available for distribution to the Unitholders. Net property income yield is computed based on the estimated first year net property income of Galaxis after the Acquisition over the Agreed Property Value.

³ Based on illustrative loan-to-value range of 40% to 100%.

(collectively, the “**Accession and Discharge Agreements**”).

The undertakings given by the Trustee to the Lender under the Accession and Discharge Agreements are in connection with the Facility extended by the Lender to AF5PL, and are hence ultimately for the benefit of AF5PL, a joint venture between AF5H and Ascendas Reit.

Interested Person Transactions

As AF5H holds 75.0% of the total issued share capital of AF5PL, AF5PL is an associate of AF5H under the Listing Manual. Given that AF5H is a wholly-owned subsidiary of CapitaLand Limited (“**CL**”), which is a controlling unitholder of Ascendas Reit and a controlling shareholder of the Manager under the Listing Manual, AF5PL is therefore an associate of an interested person of Ascendas Reit, and the entry by the Trustee into the Amended and Restated Shareholders’ Agreement and the Accession and Discharge Agreements each therefore constitutes an interested person transaction under Chapter 9 of the Listing Manual.

However, the value of the Accession and Discharge Agreements and the Amended and Shareholders’ Agreement, when aggregated with the value of all other interested person transactions entered into with CL and its associates for the financial year ending 31 December 2020 constitutes 0.8% of the last audited consolidated net tangible asset (“**NTA**”) of Ascendas Reit and its subsidiaries for the financial year ended 31 March 2019 (“**FY 2018/19**”) and is less than 3% of the last audited NTA of Ascendas Reit and its subsidiaries for FY 2018/19.

Accordingly, the entry into of the Amended and Restated Shareholders’ Agreement and the Accession and Discharge Agreements by Ascendas Reit are not subject to Rule 905 of the Listing Manual.

6. NON-DISCLOSEABLE SITUATION

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”, and the Listing Manual, the “**Listing Manual**”), the Acquisition is a “Non-Discloseable Transaction” within the meaning of Rule 1008 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

The Directors of the Manager have declared their interests (if any) in the proposed entry into of the Accession and Discharge Agreements and the Amended and Restated Shareholders’ Agreement and further confirm that they do not have any interest, direct and indirect, in the proposed entry into of the Accession and Discharge Agreements and the Amended and Restated Shareholders’ Agreement, other than those holding executive appointment(s) within CL group as follows:

- (a) Mr Manohar Khatani, a non-executive director of the Manager, is also a Senior Executive Director of CL;

- (b) Mr Lim Cho Pin Andrew Geoffrey, a non-executive director of the Manager, is also the Group Chief Financial Officer of CL; and
- (c) Mr William Tay Wee Leong is the Chief Executive Officer and an executive director of the Manager, a subsidiary of CL.

8. DOCUMENTS FOR INSPECTION

Copies of the Share Purchase Agreement, the Amended and Restated Shareholders' Agreement and the valuation report of CBRE dated 30 March 2020 will be available for inspection during normal business hours at the registered office of the Manager⁴ at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522 for a period of three months commencing from the date of 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
31 March 2020

Important Notice

This announcement may contain forward-looking statements. 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, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), 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 current view of management regarding future events. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this announcement. Neither Ascendas Funds Management (S) Ltd ("**Manager**") nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this announcement or its contents or otherwise arising in connection with this announcement.

The past performance of Ascendas Real Estate Investment Trust ("**Ascendas Reit**") is not indicative of future performance. The listing of the units in the Ascendas Reit ("**Units**") on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") does not guarantee a liquid market for the Units. The value of the 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 the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

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

⁴ Prior appointment with the Manager (telephone: +65 6508 8840, email address: a-reit@capitaland.com) will be appreciated.