



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

PROPOSED ACQUISITION OF TWO UNITED STATES OFFICE PROPERTIES LOCATED AT 505 BRANNAN STREET & 510 TOWNSEND STREET, SAN FRANCISCO, CALIFORNIA, UNITED STATES

1. INTRODUCTION

Ascendas Funds Management (S) Limited, in its capacity as the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**” and Ascendas Funds Management (S) Limited in such capacity, the “**Manager**”), has identified two office properties located in the United States of America (“**US**” or “**United States**”) for acquisition by Ascendas Reit (“**Proposed Acquisition**”).

In connection with the Proposed Acquisition, the Manager is pleased to announce that Ascendas Reit SF 1 LLC and Ascendas Reit SF 2 LLC¹ (each a “**Buyer**” and collectively the “**Buyers**”) have on 9 November 2020 respectively entered into a conditional purchase and sale agreement (“**SPA**”) with B505 Industries, LLC and ARE-San Francisco No. 47, LLC (collectively, the “**Vendors**” and each a “**Vendor**”), as respective vendors of the properties located at 505 Brannan Street, San Francisco, California (“**505 Brannan**”) and 510 Townsend Street, San Francisco, California (“**510 Townsend**” and collectively with 505 Brannan, the “**US Properties**”). The Vendors are unrelated third parties.

2. INFORMATION ON THE US PROPERTIES

- 2.1 The US Properties are located in San Francisco’s South of Market (“**SoMa**”), the epicenter of San Francisco’s technology industry, which is the cradle for some of the world’s most well-known companies such as Pinterest, Inc., Stripe, Inc., Airbnb, Inc. and Lyft, Inc. The US Properties also enjoy good access to many of San Francisco’s best restaurants, cafes and hotels and multiple transit options. SoMa continues to be one of the most active submarkets for residential developers with thousands of residential units having recently been completed and more than 5,800 units currently under development between SoMa and the South Financial District of San Francisco.
- 2.2 505 Brannan is a six-storey Class A office building with a net lettable area of 13,935 square metres (“**sq m**”). 505 Brannan is a LEED® Platinum-certified building completed in 2017 featuring a complementary glass and steel exterior, light-filled two-story lobby, expansive ceiling heights, a landscaped passageway, and a roof deck with panoramic views of San Francisco. 505 Brannan is 100% leased to Pinterest, Inc. (“**Pinterest Lease**”), a technology company listed on the New York Stock Exchange (“**NYSE**”) known for its visual discovery platform.
- 2.3 510 Townsend is a seven-storey Class A office building with a net lettable area of 27,437 sq m. 510 Townsend is a LEED® Platinum-certified building completed in 2017 featuring a brick

¹ For the purpose of the Proposed Acquisition, Ascendas US REIT LLC, an indirect wholly-owned subsidiary of HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit, has established two new wholly-owned Delaware limited liability companies, namely, Ascendas Reit SF 1 LLC and Ascendas Reit SF 2 LLC, each with an issued and paid-up capital of US\$1. The Buyers are property holding companies. The incorporation of these companies is not expected to have any material impact on the net asset value per unit or distribution per unit of Ascendas Reit for the financial year ending 31 December 2020.

façade, expansive floor plates and rich amenities including a landscaped mini-plaza and a 1,858 sq m roof deck with a large urban garden and skyline views of San Francisco. 510 Townsend is 100% leased to Stripe, Inc.² (“**Stripe Lease**”), a high-profile private global technology company that builds and licenses online payment infrastructure.

| Building | 505 Brannan | 510 Townsend |
|--|---|--|
| Purchase Consideration | US\$196,500,000 (S\$269,400,000) ³ | US\$363,662,407 (S\$498,537,520) |
| Property Address | 505 Brannan Street, San Francisco, California 94107 | 510 Townsend Street, San Francisco, California 94103 |
| Net Lettable Area (sq m) | 13,935 | 27,437 |
| Gross Floor Area (sq m) | 16,569 | 27,437 |
| Number of Storeys | 6 | 7 |
| Land Area (sq m) | 2,377 | 5,504 |
| Land Tenure | Freehold | Freehold |
| Year Built | 2017 | 2017 |
| Key Tenants | Pinterest, Inc. (Headquarters) | Stripe, Inc. |
| Occupancy Rate | 100% | 100% |
| Number of Car Park Lots | 68 (including 4 accessible parking and 2 car sharing) | 50 (including 4 loading, 3 EV, 2 accessible parking and 1 car sharing) |
| Building Certification | LEED® Platinum-certified | LEED® Platinum-certified |
| Remaining lease term (as at 30 September 2020) | 12.4 years | 7.0 years |

3. DETAILS OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration and Valuation

The purchase consideration payable to the Vendor in connection with the acquisition of 505 Brannan is US\$196,500,000 (“**Brannan Consideration**”) and is subject to closing adjustments in the ordinary course of business. The purchase consideration payable to the Vendor in connection with the acquisition of 510 Townsend is US\$363,662,407 (“**Townsend Consideration**”) and together with the Brannan Consideration, the “**Total Consideration**”) and is subject to closing adjustments in the ordinary course of business. The Brannan Consideration and Townsend Consideration were negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of the US Properties by Newmark Knight Frank Valuation & Advisory, LLC, the independent valuer (“**Valuer**”) commissioned by the Manager and the Trustee to value the US Properties. The independent valuation conducted by the Valuer concluded a market value of US\$201,000,000 for 505 Brannan and US\$372,000,000 for 510 Townsend as of 15 October 2020. The Valuer has valued the US Properties based on the sales comparison and income capitalisation approaches.

² The Stripe Lease has a remaining lease term of 7 years as at 30 September 2020. Stripe, Inc. has communicated its potential plans to move its headquarters from 510 Townsend Street to a larger space in South San Francisco, by the end of 2021. As the terms of the Stripe Lease do not give Stripe, Inc. a unilateral right to terminate the Stripe Lease before the expiry of the lease term, Stripe, Inc. has indicated it may either continue to occupy the space for their other existing operations, or it may consider sub-leasing the space, which would require the approval of the landlord of the Stripe Lease.

³ An illustrative exchange rate of US\$1.000: S\$1.37088 is used for all conversions from US Dollar amounts into Singapore Dollar amounts in this announcement.

Each Buyer has paid a non-refundable independent contract consideration of US\$100 (“**Independent Contract Consideration**”) to each Vendor upon the signing of each SPA, which will be applied to each of the Brannan Consideration and Townsend Consideration upon the completion of the Proposed Acquisition. In addition, (i) US\$3,930,000 (“**505 Brannan Deposit**”) was paid in respect of 505 Brannan and (ii) US\$7,273,248 (“**510 Townsend Deposit**”) was paid in respect of 510 Townsend, to Chicago Title Insurance Company (“**Escrow Agent**”) who deposited the 505 Brannan Deposit and the 510 Townsend Deposit into separate non-commingled trust accounts. The 505 Brannan Deposit and the 510 Townsend Deposit are refundable in the event the Proposed Acquisition is not completed for any reason except for a default under the relevant SPA on the part of the Buyers. The balance of the Brannan Consideration less the Independent Contract Consideration and the 505 Brannan Deposit shall be payable at 9 a.m. California time on 20 November 2020 (“**Closing Date**”). The balance of the Townsend Consideration less the Independent Contract Consideration and the 510 Townsend Deposit shall be payable on the Closing Date.

3.2 Principal Terms of the Proposed Acquisition

On 9 November 2020, each Buyer entered into substantially similar SPAs to acquire the US Properties. The principal terms of each SPA include, among others, the following:

- 3.2.1 customary terms and provisions relating to the Proposed Acquisition, including limited representations and warranties;
- 3.2.2 the conditions precedent to the Buyer’s obligation to proceeding with the closing (“**Buyer’s Conditions**”) includes that (i) the Chicago Title Insurance Company shall be prepared and irrevocably committed to issue to the Buyer an American Land Title Association 2006 extended coverage owner’s policy of title insurance in favour of the Buyer in an amount equal to the Brannan Consideration or Townsend Consideration (as applicable) showing fee simple title to 505 Brannan or 510 Townsend (as applicable) vested in Buyer, containing no exceptions other than the matters in the title documents that are not objected to by the Buyer, (ii) all of the Vendor’s representations and warranties set forth in the SPA shall be true and correct in all material respects as of the Closing Date, (iii) the Vendor, on or prior to the Closing Date, shall have complied with and/or performed all of the material obligations, covenants and agreements required on the part of the Vendor to be complied with or performed pursuant to the terms of the SPA, (iv) tenant estoppel certificates from anchor tenants shall have been delivered to the Buyer in accordance with the terms of the SPA, (v) the Buyer shall have received a municipal zoning letter from the City of San Francisco confirming that there are no material open building or zoning code violations with respect to the US Property (vi) (in the case of 505 Brannan) the Pinterest Lease and (in the case of 510 Townsend) the Stripe Lease is in full force and effect and (vii) unless due to a default of the Buyer, the Vendor of 505 Brannan is able to complete the sale and purchase of 505 Brannan concurrently with the completion of the sale and purchase of 510 Townsend (and vice versa);
- 3.2.3 the US Property is being conveyed on an “AS IS” physical condition and state of repair;
- 3.2.4 the Buyer shall have the right to terminate the SPA if (i) 505 Brannan or 510 Townsend (as applicable), or any part thereof, is materially damaged (as determined in the SPA), (ii) all or any material portion (as determined in the SPA) of 505 Brannan or 510 Townsend (as applicable) is subject to a taking by a public authority, (iii) the Buyer obtains information that contradicts any of the Vendor’s representations and warranties or renders any of such Vendor’s representations and warranties materially

untrue or incorrect, (iv) there is a material default of the terms of SPA by the Vendor or (v) there is a failure of any of the Buyer's Conditions which is not due to a material breach of representation or other material default by the Buyer; and

- 3.2.5 505 Brannan and 510 Townsend are to be acquired by the Buyer on a portfolio basis such that the Vendor of 505 Brannan shall have no obligation to sell and the Buyer of 505 Brannan shall have no right or obligation to purchase 505 Brannan unless the closing for the sale and purchase of 510 Townsend occurs simultaneously (and vice versa).

3.3 Estimated Total Cost of the Proposed Acquisition

The estimated total cost of the Proposed Acquisition to Ascendas Reit ("**Total Acquisition Cost**") is currently estimated to be approximately US\$572.1 million (approximately S\$784.3 million), comprising:

- 3.3.1 the estimated Total Consideration of US\$560.2 million (approximately S\$768.0 million);
- 3.3.2 acquisition fee (the "**Acquisition Fee**") payable in cash to the Manager for the Proposed Acquisition of approximately US\$5.6 million (approximately S\$7.7 million), being 1.0% of the Total Consideration; and
- 3.3.3 the estimated stamp duty, professional and other fees and expenses of approximately US\$6.3 million (approximately S\$8.6 million) incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

4. RATIONALE OF THE PROPOSED ACQUISITION

The Manager believes that the Proposed Acquisition will complement and strengthen Ascendas Reit's portfolio. The key benefits to unitholders of Ascendas Reit ("**Unitholders**") are detailed below.

Extends Ascendas Reit's Footprint in US Top Tech Cities

4.1 Increases exposure to the US technology cities and diversifies Ascendas Reit's portfolio

San Francisco was ranked as the 2nd top US tech city (by technology sector contribution to its local economy⁴), while the cities of Raleigh, San Diego and Portland, where Ascendas Reit's existing US portfolio is located, were ranked as the 5th, 7th and 8th top US tech cities respectively.

The Proposed Acquisition will further diversify Ascendas Reit's US portfolio with San Francisco accounting for 37% of the portfolio, and with San Diego (29%), Raleigh (20%) and Portland (14%) making up the rest⁵ of the portfolio. Ascendas Reit's US portfolio will contribute 15% to its total portfolio (up from 10% as at 30 September 2020)⁶. Overall, Ascendas Reit's overseas exposure will increase from 30% to 34% of its total asset value⁷.

4.2 Strategic location in San Francisco, a leading tech city in the US

Google, Facebook, FibroGen and Vir Biotechnology are some of the renowned companies who have established their headquarters or regional offices in San Francisco, driven by the

⁴ Source: Cyberstates 2020, an annual analysis of the nation's industry published by CompTIA.

⁵ Pro forma impact by asset value as at 30 September 2020.

⁶ Pro forma impact by asset value as at 30 September 2020.

⁷ Pro forma impact as at 30 September 2020.

availability of a highly skilled and educated workforce, high standard of living, and excellent transportation infrastructure.

The Bay Area is ranked the top region for venture capital funding for tech from 3Q2019 – 2Q2020, and within the Bay Area, San Francisco is the second largest tech market, with a large footprint of software and cloud firms⁸.

In the US, San Francisco is expected to be one of the prime beneficiary for the expected increase in tech employment. San Francisco is one of the top-growth tech city in the US and has experienced one of the highest “brain gain” in the US, adding more tech talent jobs than graduates⁹.

The expansion of life sciences sector is expected to boost overall real estate demand in San Francisco. San Francisco is the Top 2 region in life sciences employment across the US, and is ranked the top city in terms of life sciences employment growth¹⁰.

4.3 Well-located in SoMa, an attractive submarket in San Francisco

The US Properties are situated in SoMa, which has one of the highest concentration (over 85% of inventory¹¹) of technology tenants in the city. The strong demand from technology companies is expected to continue to underpin the high occupancy and rental rate in SoMa. Key tenants in the vicinity include Adobe, Paypal, Airbnb, Pinterest and Cruise Automation.

The close proximity of the US Properties to both Mission Bay and South Park enhances its attractiveness, by being part of a tech and life sciences ecosystem.

Less than two kilometres south of the Portfolio is Mission Bay, one of the US’ leading life science and biotech clusters. South Park, adjacent to the US Properties, is renowned for venture capital presence.

SoMa has an extensive connectivity network and the US Properties are well-located as they are just blocks away from Caltrain Station (a commuter rail line between San Jose and San Francisco) and BART and MUNI metro (light rail system) and bus networks. The area has an abundance of amenities from restaurants, bars and museums.

SoMa has consistently been the top performing submarket in San Francisco with an average occupancy rate of more than 96% (Class A properties) since 2013¹². Average rental rate has grown 4.9% per annum since 2013¹³.

Upcoming supply of office developments in San Francisco is expected to be limited with the passing of Proposition E in March 2020¹⁴. CBRE Research forecasts the new restriction will prevent nearly all new office development projects from being approved until beyond 2030. This bodes well for the overall demand and supply dynamics for the US properties.

⁸ Source: CBRE Research.

⁹ Source: CBRE website.

¹⁰ EMSI, per Cushman & Wakefield research.

¹¹ Source: CBRE Research.

¹² Source: CBRE Research.

¹³ Source: CBRE Research.

¹⁴ The proposition reduces the mandatory cap for office development in a year by the same percentage that affordable housing construction is not met in the prior year, as assessed by the Regional Housing Needs Allocation assessment.

Strengthens Ascendas Reit's Portfolio

4.4 High quality and newly completed properties

Both US Properties were newly completed in 2017 featuring large floor plates, state-of-the-art building and HVAC¹⁵ systems. 505 Brannan and 510 Townsend are both LEED® Platinum-certified Class A office buildings.

4.5 High occupancy rate, long remaining lease tenures and annual rent escalations

The US Properties are 100% occupied by Pinterest, Inc. and Stripe, Inc., with a long weighted average lease to expiry (“WALE”) of 9.1 years¹⁶ as at 30 September 2020, and with no termination options for both leases.

Both US Properties have triple net lease structures with built-in annual rent escalation of 2% to 3% per annum¹⁷.

With the addition of the Proposed Acquisition, Ascendas Reit's portfolio WALE will increase to 4.1 years from 3.9 years.

4.6 Increases proportion of freehold land held by Ascendas Reit

The US Properties are situated on freehold land. Following the completion of the Proposed Acquisition, the proportion of freehold properties (by asset value) will increase from 30.3% to 34.3%.

4.7 Strengthens Ascendas Reit's US tenant base

Stripe, Inc. is a private global technology company that builds and licenses online payment infrastructure. They are the third most valuable startup in the US, and recognised as a leader amongst merchant providers. Their customers include Salesforce, Amazon, Google and Shopify, amongst others.

Pinterest, Inc. is a visual discovery engine used to find creative inspiration for recipes, home and style ideas, travel destinations and many more topics. It is one of the top 10 brands in the US, and has over 400 million of monthly active users globally. It is listed on the NYSE (NYSE: PINS) with a market capitalisation of more than US\$35 billion¹⁸.

These two tenants will further increase Ascendas Reit's exposure to the growing technology, biomedical and digital media industry in the US to 75% from 65% as at 30 September 2020, thereby further enhancing Ascendas Reit's foothold within the technology and new economy sectors.

4.8 DPU and NAV Accretive to Unitholders

The initial net property income yield¹⁹ of the Proposed Acquisition is approximately 4.9% and 4.8% pre-transaction costs and post-transaction costs respectively.

The Proposed Acquisition is expected to be distribution per unit (“DPU”) and net asset value (“NAV”) per unit accretive on a pro forma basis assuming the Proposed Acquisition was

¹⁵ Heating, ventilation and air conditioning.

¹⁶ By rental income.

¹⁷ 510 Townsend Street and 505 Brannan Street have an initial built-in annual rent escalation of 3%. For 505 Brannan Street, the last 5 years of lease have a built-in annual rent escalation of 2%.

¹⁸ As at 6 November 2020. Source: Bloomberg L.P.

¹⁹ The net property income (“NPI”) yield is derived from the estimated NPI expected in the first year of the Proposed Acquisition.

completed on 1 January 2019. Please refer to paragraph 5 for the financial effects of the Proposed Acquisition.

5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 Method of Financing

The Manager intends to finance the Total Acquisition Cost with proceeds from the Equity Fund Raising (please refer to “Launch of Equity Fund Raising to Raise Gross Proceeds of Approximately S\$1,200.0 million” announcement dated 10 November 2020), debt financing, and/or internal cash resources.

5.2 Pro Forma Financial Effects of the Proposed Acquisition

5.2.1 General Assumptions

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of Ascendas Reit following the completion of the Proposed Acquisition. They have been prepared based on the latest audited financial statements of Ascendas Reit for the financial year commencing on 1 April 2019 and ended on 31 December 2019, i.e. a 9-month financial year, taking into account the Total Consideration, as well as the following assumptions:

- (i) Ascendas Reit had completed the Proposed Acquisition on 1 April 2019 and held and operated the US Properties since then;
- (ii) 50.0% of the Total Acquisition Cost was satisfied by way of issue of Units with the remainder amount funded wholly by debt;
- (iii) the new Units to fund the Proposed Acquisition and the base management fee Units for the financial year are issued at an illustrative price of S\$3.05 per new Unit (purely for illustrative purpose only); and
- (iv) in respect of the Proposed Acquisition, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.

For ease of comparison, the pro forma financial effects of the Proposed Acquisition are presented on a 12-month basis. The latest audited financial statements of Ascendas Reit has also been presented as an annualised figures, where applicable.

5.2.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Proposed Acquisition on the NAV per unit of Ascendas Reit (“Unit”) as at 31 December 2019, as if the Proposed Acquisition was completed on 31 December 2019.

| | Before the Proposed Acquisition | Adjusted for the Proposed Acquisition |
|---|---------------------------------|---------------------------------------|
| NAV represented by Unitholders' funds (S\$'000) | 7,810,370 | 8,202,484 |
| Units in issue as at 31 December 2019 ('000) | 3,618,568 | 3,747,130 ⁽¹⁾ |
| NAV per Unit (S\$) | 2.16 | 2.19 ⁽²⁾ |

Notes:

- (1) Includes new Units issuable at an illustrative price of S\$3.05 per new Unit (purely for illustrative purpose only).
- (2) It is currently expected that the proceeds from the Equity Fund Raising will be used to finance the Proposed Acquisition and two other potential acquisitions (the "**Potential Acquisitions**") which the Manager is currently in the midst of negotiations as further described in the announcement on the Equity Fund Raising titled "Launch of Equity Fund Raising to Raise Gross Proceeds of Approximately S\$1,200.0 Million" issued by the Manager 10 November 2020. The pro forma financial effects on the NAV per Unit as set out above is prepared on a 50:50 equity debt funding mix. Purely for illustrative purposes only, the NAV per Unit assuming that the Proposed Acquisition and the Potential Acquisitions were completed on 31 December 2019 is S\$2.24. For the avoidance of doubt, the above pro forma financial effects on the NAV per Unit assuming all acquisitions are completed are purely for illustrative purposes only, and are subject to the terms and conditions of the Potential Acquisitions, the terms of the Equity Fund Raising and the terms of any debt financing. Further, such Potential Acquisitions may or may not proceed. The Manager will make appropriate announcements in relation to the Potential Acquisitions in due course in accordance with the SGX-ST Listing Manual.

5.2.3 Pro Forma DPU²⁰ and Net Profits before Tax

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Proposed Acquisition on Ascendas Reit's DPU and net profits before tax for the financial year ended on 31 December 2019, as if Ascendas Reit had completed the Proposed Acquisition on 1 April 2019 and held the US Properties through the financial year. For ease of comparison, the numbers presented below are annualised to 12-months:

| | Before the Proposed Acquisition (9-month financial year) | Before the Proposed Acquisition (annualised) | The Proposed Acquisition | Adjusted for the Proposed Acquisition |
|---|--|--|--------------------------|---------------------------------------|
| Net property income (S\$'000) | 537,678 | 716,904 | 37,495 | 754,399 |
| Total amount available for distribution (S\$'000) | 375,412 | 500,549 | 23,896 | 524,445 |
| Units in issue as at 31 | 3,618,568 | 3,618,568 | 128,818 ⁽¹⁾ | 3,747,386 |

²⁰ Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the distributable income per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

| | | | | |
|--|-----------------------|-----------|------------------------|----------------------|
| December 2019 ('000) | | | | |
| Applicable number of Units for the financial period ('000) | 3,317,125 | 3,317,125 | 128,818 ⁽¹⁾ | 3,445,943 |
| DPU (cents) ⁽²⁾ | 11.317 ⁽³⁾ | 15.090 | | 15.219 |
| DPU accretion (cents) | | | | 0.129 ⁽⁴⁾ |
| DPU accretion % | | | | 0.85% ⁽⁴⁾ |

Notes:

- (1) Includes new Units issuable and 20.0% base management fee payable to the Manager at an illustrative price of S\$3.05 per new Unit (purely for illustrative purpose only).
- (2) DPU is calculated based on the applicable number of Units for the pro forma period.
- (3) DPU for the financial year ended 31 December 2019 have been restated to reflect the effects of the Rights Units issued on 6 December 2019. This restatement is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts". The DPU actually distributed for the financial year ended 31 December 2019 was 11.490 cents.
- (4) It is currently expected that the proceeds from the Equity Fund Raising will be used to finance the Proposed Acquisition and the Potential Acquisitions which the Manager is currently in the midst of negotiations as further described in the announcement on the Equity Fund Raising titled "Launch of Equity Fund Raising to Raise Gross Proceeds of Approximately S\$1,200.0 Million" issued by the Manager on 10 November 2020. The pro forma financial effects on the DPU per Unit as set out above is prepared on a 50:50 equity debt funding mix. Purely for illustrative purposes only, the DPU assuming that the Proposed Acquisition and the Potential Acquisitions were completed on 1 April 2019 is between 15.4 cents and 15.5 cents resulting in a DPU accretion of 2.0% to 2.5%. For the avoidance of doubt, the above pro forma financial effects on the DPU assuming all acquisitions are completed are purely for illustrative purposes only and are subject to the terms and conditions of the Potential Acquisitions, the terms of the Equity Fund Raising and the terms of any debt financing. Further, such Potential Acquisitions may or may not proceed. The Manager will make appropriate announcements in relation to the Potential Acquisitions in due course in accordance with the SGX-ST Listing Manual.

5.2.4 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Proposed Acquisition on Ascendas Reit's aggregated leverage as at 31 December 2019, as if Ascendas Reit had completed the Proposed Acquisition on 1 April 2019.

| | Before the Proposed Acquisition | Adjusted for the Proposed Acquisition |
|--------------------|---------------------------------|---------------------------------------|
| Aggregate Leverage | 35.1% | 36.0% |

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this Announcement, none of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Proposed Acquisition (otherwise than through their unitholdings, if any, in Ascendas Reit).

7. OTHER INFORMATION

7.1 Director's Service Contracts

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

7.2 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual governs the acquisition and divestment of assets, including options to acquire or dispose of assets, by Ascendas Reit. Such transactions are classified 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 of comparison set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual:

- (i) the net property income attributable to the assets acquired, compared with Ascendas Reit's net property income. In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets;
- (ii) the aggregate value of the consideration given, compared with Ascendas Reit's market capitalisation based on the total number of issued Units excluding treasury units; and
- (iii) the number of Units issued by Ascendas Reit as consideration for the Proposed Acquisition, compared with the number of Units previously in issue.

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

| | The Proposed Acquisition (S\$ '000) | Ascendas Reit (S\$ '000) | Relative Percentage |
|--|--|-----------------------------|---------------------|
| Rule 1006(b) Net property income attributable to the assets acquired compared with Ascendas Reit's net property income for the financial period from 1 January 2020 to 30 June 2020, annualised to 12 months | 37,495 | 776,084 ⁽¹⁾ | 4.8% |
| Rule 1006(c) Aggregate value of consideration ⁽²⁾ to be given compared with Ascendas Reit's market capitalisation ⁽³⁾ | 767,915 | 11,619,514 | 6.6% |

Notes:

- (1) Based on net property income of S\$388.0 million for the 6-month financial period from 1 January 2020 to 30 June 2020 (taken from the unaudited consolidated financial account for the financial period annualised to 12-months).
- (2) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Ascendas Reit is the Total Consideration for the US Properties.

- (3) Based on 3,620,237,368 Units in issue and the weighted average price of S\$3.2096 per Unit on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 9 November 2020 (Singapore time), being the Singapore market day preceding the execution of the SPAs.

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

As the relative figure in Rule 1006(c) exceeds 5.0% but do not exceed 20.0%, the Proposed Acquisition is a discloseable transaction.

7.3 Documents for Inspection

Copies of the purchase and sale agreements for each of 505 Brannan and 510 Townsend and the independent valuation reports of Newmark Knight Frank Valuation & Advisory, LLC are available for inspection during normal business hours at the registered office of the Manager²¹ located 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

(Company Registration No. 200201987K)

(as manager of Ascendas Real Estate Investment Trust)

Mary Judith De Souza

Company Secretary

10 November 2020

²¹ Prior appointment with the Manager will be appreciated.

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem 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.