

CIRCULAR DATED 31 MAY 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.



A Member of CapitaLand

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

Managed by

ASCENDAS FUNDS MANAGEMENT (S) LIMITED

(Company Registration No. 200201987K)

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF 75% OF THE TOTAL ISSUED SHARE CAPITAL OF ASCENDAS FUSION 5 PTE. LTD. AS AN INTERESTED PERSON TRANSACTION; AND**
- (2) THE PROPOSED ISSUANCE OF CONSIDERATION UNITS.**

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

EXTRAORDINARY GENERAL MEETING

Key Milestones	Details
Last date and time for lodgment of the Proxy Form	: Sunday, 13 June 2021 at 4.00 p.m. (Singapore Time)
Date and time of Extraordinary General Meeting	: Wednesday, 16 June 2021 at 4.00 p.m. (Singapore Time)

This circular dated 31 May 2021 (“**Circular**”) is issued by Ascendas Funds Management (S) Limited (the “**Manager**”), in its capacity as manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”). Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Ascendas Reit (“**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. Any proposed issue of new Units described in this Circular have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction, and the Consideration Units may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of Ascendas Reit in the United States would be made by means of a prospectus that would contain detailed information about Ascendas Reit and the Manager, as well as financial statements. The Manager does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.



SAC CAPITAL PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401542N)

Independent Financial Adviser to the Audit and Risk Committee and Independent Directors of Ascendas Funds Management (S) Limited (as manager of Ascendas Real Estate Investment Trust) and HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust)

TABLE OF CONTENTS

Contents	Page
CORPORATE INFORMATION	2
IMPORTANT NOTICE	4
SUMMARY	5
INDICATIVE TIMETABLE	15
LETTER TO UNITHOLDERS	16
1. INTRODUCTION	16
2. RESOLUTION 1: THE PROPOSED ACQUISITION	17
3. RESOLUTION 2: THE PROPOSED ISSUANCE OF CONSIDERATION UNITS	27
4. RATIONALE AND KEY BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS	30
5. <i>PRO FORMA</i> FINANCIAL EFFECTS	31
6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER	34
7. RECOMMENDATIONS	35
8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL UNITHOLDERS	35
9. DIRECTORS' SERVICE CONTRACTS	39
10. EXTRAORDINARY GENERAL MEETING	39
11. ABSTENTIONS FROM VOTING	40
12. ACTIONS TO BE TAKEN BY UNITHOLDERS	41
13. DIRECTORS' RESPONSIBILITY STATEMENT	46
14. CONSENTS	46
15. DOCUMENTS AVAILABLE FOR INSPECTION	46
GLOSSARY	47
Schedule 1 Details of the Property, the Existing Portfolio and the Enlarged Portfolio	56
Appendix A Valuation Certificates	A-1
Appendix B Letter from the Independent Financial Adviser	B-1
NOTICE OF EGM	C-1
PROXY FORM	

CORPORATE INFORMATION

Manager of Ascendas Reit (the “Manager”)	:	Ascendas Funds Management (S) Limited 168 Robinson Road #30-01 Capital Tower Singapore 068912
Directors of the Manager	:	Dr Beh Swan Gin (Chairman and Non-Executive Independent Director) Mr William Tay Wee Leong (Chief Executive Officer and Executive Non-Independent Director) Mr Chan Pengee, Adrian (Non-Executive Lead Independent Director) Ms Chong Chiet Ping (Non-Executive Independent Director) Mr Daniel Cuthbert Ee Hock Huat (Non-Executive Independent Director) Mr Chinniah Kunnasagaran (Non-Executive Independent Director) Mr Manohar Khiatani (Non-Executive Non-Independent Director) Mr Lim Cho Pin Andrew Geoffrey (Non-Executive Non-Independent Director)
Trustee of Ascendas Reit (the “Trustee”)	:	HSBC Institutional Trust Services (Singapore) Limited 10 Marina Boulevard Tower Two #48-01 Marina Bay Financial Centre Singapore 018983
Independent Financial Adviser to the Audit and Risk Committee and Independent Directors of the Manager and the Trustee	:	SAC Capital Private Limited 1 Robinson Road #21-00 AIA Tower Singapore 048542
Legal Adviser to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. (a member of Boardroom Limited) 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

Independent Valuers

: Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08
Paya Lebar Quarter, Tower 2
Singapore 408533

Savills Valuation and Professional Services (S) Pte. Ltd.
30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

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.

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

This Circular 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, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. 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. If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of new units described in this Circular will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such new units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Manager does not intend to conduct a public offering of any securities of Ascendas Reit in the United States.

SUMMARY

Meanings of defined terms may be found in the Glossary on pages 46 to 54 of this Circular.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

1. OVERVIEW OF ASCENDAS REIT

Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is Singapore’s first and largest business space and industrial real estate investment trust established with the investment strategy of owning and operating a diversified portfolio that will provide investors with a stable and predictable income stream and long-term growth prospects.

As at 31 March 2021, Ascendas Reit has a market capitalisation of approximately S\$12.3 billion and investment properties under management of approximately S\$15.1 billion.

As at 31 March 2021, Ascendas Reit’s portfolio comprised 212 properties located in Singapore, Australia, the United States and the United Kingdom/Europe (the “**Existing Portfolio**”). As at 24 May 2021, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), Ascendas Reit has since divested 11 Changi North Way in Singapore on 16 April 2021 and Ascendas Reit’s portfolio now comprises 211 properties located in Singapore, Australia, the United States and the United Kingdom/Europe.

2. APPROVALS SOUGHT

Ascendas Funds Management (S) Limited, the manager of Ascendas Reit (“**AFM**” and as manager of Ascendas Reit, the “**Manager**”) is convening an extraordinary general meeting of unitholders of Ascendas Reit (the “**Unitholders**”) to seek Unitholders’ Approval for:

- (1) **Resolution 1 (Ordinary Resolution)**: the Proposed Acquisition; and
- (2) **Resolution 2 (Ordinary Resolution)**: the Proposed Issuance of Consideration Units.

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

(See paragraph 1 of the Letter to Unitholders of this Circular for further details.)

3. RESOLUTION 1: THE PROPOSED ACQUISITION

(a) The Proposed Acquisition

On 4 May 2021, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit (the “**Trustee**”) and PLC 8 Holdings Pte. Ltd. (the “**Ascendas Reit HoldCo**”) a wholly-owned subsidiary of the Trustee, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Ascendas Fusion 5 Holding Pte. Ltd. (the “**Vendor**”), an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”), to collectively acquire 102,150,000 ordinary shares of Ascendas Fusion 5 Pte. Ltd. (the “**Target Company**”) representing the balance 75.0% of the total issued share capital of the Target Company not held by the Trustee (the “**Sale Shares**” and the acquisition of the Sale Shares, the “**Proposed Acquisition**”) for approximately S\$372.8 million (subject to post-Completion adjustments) (the “**Sale Shares Consideration**”).

In connection with the Proposed Acquisition, under the Share Purchase Agreement, the Trustee will, on the date of completion of the Proposed Acquisition (“**Completion**”), provide a shareholder’s loan to the Target Company (the “**Shareholder’s Loan**”) equivalent to the existing bank loans previously provided to the Target Company to fund the development of the Property (the “**Bank Loans**”), with the proceeds from the Shareholder’s Loan being utilised by the Target Company to repay and discharge in full the Bank Loans on Completion. As the Shareholder’s Loan is provided in connection with the Proposed Acquisition, unless otherwise provided herein, all references to “**Proposed Acquisition**” shall include the Shareholder’s Loan.

On 31 March 2020, the Trustee had acquired 25.0% of the issued share capital of the Target Company from an unrelated third party, as announced by the Manager on the same day. The Trustee currently holds 34,050,000 ordinary shares in the Target Company, representing the remaining 25.0% of the issued share capital of the Target Company. Following Completion, the Target Company will become a wholly-owned subsidiary of the Trustee, with the Trustee directly holding 136,186,380 ordinary shares in the Target Company representing 99.99% of the issued share capital of the Target Company, with the balance 13,620 ordinary shares in the Target Company representing 0.01% of the issued share capital of the Target Company held by the Ascendas Reit HoldCo.

The Target Company 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**”).

(See paragraph 2.1 of the Letter to Unitholders of this Circular for further details.)

(b) The Property

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

Address	1 Fusionopolis Place Singapore 138522 and 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
NLA (sq m)	60,935
Registered Proprietor	Ascendas Fusion 5 Pte. Ltd.
Land Tenure	Leasehold estate of 60 years commencing from 12 July 2012 held by the Target Company under the JTC Lease

(See paragraph 2.2 of the Letter to Unitholders of this Circular for further details.)

(c) Valuation and Purchase Consideration

The Trustee has commissioned an independent valuer, Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”), and the Manager has commissioned an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”), (collectively, the “**Independent Valuers**”) to respectively value the Property as at 30 April 2021.

JLL has valued the Property at S\$736.0 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

Savills has valued the Property at S\$734.1 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

The agreed property value of the Property on a 100.0% basis (“**Agreed Property Value**”), which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers (the “**Independent Valuations**”), is S\$720.0 million and is an approximately 2% discount to the average of the two Independent Valuations.

The Sale Shares Consideration is estimated to be approximately S\$372.8 million (subject to post-Completion adjustments) based on 75% of the adjusted net asset value (“**NAV**”) of the Target Company which is attributable to the Sale Shares as at Completion, taking into account the Agreed Property Value.

In connection with the completion of the Proposed Acquisition and separate from the Sale Shares Consideration, the Trustee will, on the date of Completion provide the Shareholder’s Loan, equivalent to the Bank Loans of S\$215.5 million, to the Target Company comprising:

- (i) S\$161.6 million being the 75% share of the Bank Loans which the Vendor otherwise had to contribute to the Target Company as a 75% shareholder for the repayment of the Bank Loans by the Target Company on Completion (the “**Bank Loans Consideration**” and together with the Sale Shares Consideration, the “**Purchase Consideration**”); and

- (ii) S\$53.9 million, being the balance 25% share of the Bank Loans which the Trustee will contribute to the Target Company as a 25% shareholder (the “**25% share of the Bank Loans**”).

The proceeds from the Shareholder’s Loan will then be utilised to repay and discharge in full the Bank Loans on Completion.

(See paragraph 2.3 and **Appendix A** of the Letter to Unitholders of this Circular for further details.)

(d) LLP Conversion

The Target Company is currently subject to the standard corporate income tax rate of 17% on its taxable income. As soon as practicable following Completion, the Manager intends to convert the Target Company into a limited liability partnership (the “**Property LLP**”) pursuant to Section 21 of the Limited Liability Partnerships Act, Chapter 163A of Singapore (the “**LLP Conversion**”) and to hold the Property through the Property LLP. The LLP Conversion would allow Unitholders to enjoy tax transparency treatment on Ascendas Reit’s income from the Property and the income generated from the Property will not be subject to corporate income tax in the hands of the Property LLP as a limited liability partnership is tax transparent for Singapore tax purposes.

(See paragraph 2.6 of the Letter to Unitholders of this Circular for further details.)

(e) Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated to be approximately S\$543.8 million, comprising:

- (i) S\$534.4 million, being the estimated Purchase Consideration comprising (1) the estimated Sale Shares Consideration of S\$372.8 million, subject to post-Completion adjustments, and (2) the Bank Loans Consideration of S\$161.6 million;
- (ii) the acquisition fee payable to the Manager pursuant to the trust deed dated 9 October 2002 constituting Ascendas Reit (as amended, restated and/or supplemented) (the “**Trust Deed**”) for the Proposed Acquisition (the “**Acquisition Fee**”) of approximately S\$5.4 million (representing an Acquisition Fee at the rate of 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value)); and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$4.0 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

(See paragraph 2.7 of the Letter to Unitholders of this Circular for further details.)

(f) Payment of Acquisition Fee in Units

The Manager shall be paid an Acquisition Fee of approximately S\$5.4 million for the Proposed Acquisition pursuant to the Trust Deed. The Acquisition Fee is 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value).

As the Proposed Acquisition will constitute an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), the Acquisition Fee will be in the form of new Units (the “**Acquisition Fee 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.

(See paragraph 2.8 of the Letter to Unitholders of this Circular for further details.)

(g) Method of Financing for the Proposed Acquisition

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of the Acquisition Fee Units), estimated to be approximately S\$538.4 million, through a combination of:

- (i) debt financing; and
- (ii) (if the Proposed Issuance of Consideration Units is approved by Unitholders at an extraordinary general meeting of Unitholders, in respect of the part payment of up to S\$83.0 million of the Sale Shares Consideration, the exact amount is to be determined by the Manager) the issue of Consideration Units to the Vendor and/or its nominee(s); and
- (iii) the proceeds from the equity fund raising *via* a private placement of new Units to institutional and other investors as announced on SGXNET on 4 May 2021 (the “**Equity Fund Raising**”).

The Manager also intends to finance the 25% share of the Bank Loans through a combination of debt financing and the proceeds from the Equity Fund Raising.

The final decision regarding the proportion of debt and equity (taking into account the Consideration Units) to be employed to fund the Total Acquisition Cost (less the Acquisition Fee) and the 25% share of the Bank Loans will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions and interest rate environment to provide overall distribution per Unit (“**DPU**”) and NAV accretion to Unitholders while maintaining an optimum level of Aggregate Leverage.

(See paragraph 2.9 of the Letter to Unitholders of this Circular for further details.)

(h) REQUIREMENT FOR UNITHOLDERS' APPROVAL

(i) Interested Person Transactions and Interested Party Transactions

As at the Latest Practicable Date, CapitaLand holds, through Ascendas Land International (Investments) Pte. Ltd. ("**ALII**") and AFM, an aggregate interest in 723,109,762 Units, which is equivalent to approximately 17.37% of the total number of Units in issue.

CapitaLand is therefore regarded as a "controlling unitholder" of Ascendas Reit under both the listing manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a "controlling shareholder" of the Manager under the Listing Manual and the Property Funds Appendix.

As the Vendor is an "associate" of CapitaLand, 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 respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

The Sale Shares Consideration payable by the Trustee and the Ascendas Reit HoldCo to the Vendor, an associate of CapitaLand, and the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition amount to an aggregate sum of S\$588.3 million, representing 6.4% of the latest audited net tangible assets ("**NTA**") of the Ascendas Reit group (the "**Group**") of S\$9,190.6 million as at 31 December 2020 and 6.4% of the latest audited NAV of the Group of S\$9,190.6 million as at 31 December 2020. Subject to Unitholders' approval of Resolution 2 being obtained, part of the Sale Shares Consideration of up to S\$83.0 million will be payable in the form of Consideration Units to be issued to the Vendor (and/or nominee(s) of the Vendor).

Therefore, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

By approving the Proposed Acquisition, Unitholders are deemed to approve the Shareholder's Loans which the Trustee will be providing to the Target Company for the full repayment of the Bank Loans in connection with the Proposed Acquisition.

(See paragraph 2.10.1 of the Letter to Unitholders of this Circular for further details.)

(ii) Non-discloseable Transaction

As the relative figures computed on the bases set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual in respect of the Proposed Acquisition do not exceed 5.0%, the Proposed Acquisition is classified as a “non-discloseable transaction” under Chapter 10 of the Listing Manual and, accordingly, is not subject to the approval of Unitholders at an extraordinary general meeting of Ascendas Reit. In any case, the Proposed Acquisition is a transaction which is in the ordinary course of business of Ascendas Reit as the Proposed Acquisition is within the existing investment policy of Ascendas Reit and does not change the risk profile of Ascendas Reit. The Proposed Acquisition is therefore not subject to the specific approval of Unitholders at an extraordinary general meeting under Chapter 10 of the Listing Manual.

(See paragraph 2.10.2 of the Letter to Unitholders of this Circular for further details.)

However, as the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix which value exceeds the relevant thresholds under the Listing Manual and Property Funds Appendix, in respect of which the approval of Unitholders is required, the Proposed Acquisition will still be subject to the specific approval of Unitholders at an extraordinary general meeting.

(See paragraph 2.10.1 of the Letter to Unitholders of this Circular for further details.)

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

4. RESOLUTION 2: THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

(a) Proposed Issue of Consideration Units

The Manager proposes to issue new Units to the Vendor (and/or nominee(s) of the Vendor) of up to S\$83.0 million (the “**Maximum Limit**”) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition on Completion (the “**Consideration Units**” and the issue of the Consideration Units to the Vendor (and/or nominee(s) of the Vendor), the “**Proposed Issuance of Consideration Units**”).

The number of Consideration Units to be issued shall be calculated based on (i) the dollar value amount of the Sale Shares Consideration (subject to the Maximum Limit) as determined by the Manager in its sole discretion to be paid in the form of Consideration Units divided by (ii) the issue price of each Consideration Unit (the “**Issue Price**”). Any fraction of a Consideration Unit resulting shall be disregarded for the purposes of calculating the number of Consideration Units to be issued and the Sale Shares Consideration less the dollar value of the Consideration Units to be issued, shall be payable in cash.

Pursuant to the Sale and Purchase Agreement, the Issue Price shall be determined as follows:

- (i) where the Equity Fund Raising is carried out prior to the date of issue of the Consideration Units (which will be the date of Completion), the Issue Price of each Consideration Unit will be the same as the issue price of each Unit issued under the Equity Fund Raising; and
- (ii) if the Equity Fund Raising is not carried out prior to the date of issue of the Consideration Units, pursuant to the Sale and Purchase Agreement, the Issue Price of each Consideration Unit will be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the date of issuance of the Consideration Units which will be the date of Completion.

Pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Equity Fund Raising meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the issue price for the Units issued under the Equity Fund Raising.

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day volume weighted average price for a Unit immediately preceding the date of Completion is likely to differ from the issue price under the Equity Fund Raising undertaken to part finance the Total Acquisition Cost. To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Equity Fund Raising. This will also allow the Vendor to have certainty with respect to the issue price of the Consideration Units and will put the Vendor in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units.

Issue Price of Consideration Units is equal to the Issue Price for Private Placement

In connection with the Proposed Acquisition, the Equity Fund Raising was carried out by way of a Private Placement as announced on 4 May 2021 and the issue price for each Unit issued under the Private Placement was S\$2.9440. As such, the Issue Price is S\$2.9440 being the same as the issue price per Unit issued pursuant to the Private Placement and the Issue Price represents a discount of 5.2% to the volume weighted average price of S\$3.1062 per Unit for trades in the Units done on the SGX-ST for 4 May 2021, being the Market Day (as defined herein) on which the placement agreement in connection with the Private Placement was signed. “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

Subject to Unitholders’ approval being obtained for the Proposed Issuance of Consideration Units, the Manager has determined that S\$79,997,312 of the Sale Shares Consideration is to be paid in the form of Consideration Units. Accordingly,

based on the Issue Price of S\$2.9440, the total number of Consideration Units to be issued will be 27,173,000 and will represent approximately 0.7% of the total number of Units in issue as at the Latest Practicable Date.

(See paragraph 3.1 of the Letter to Unitholders of this Circular for further details.)

(b) Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Ascendas Reit for the period up to the day immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by Ascendas Reit from the date of their issue to the end of the financial half year in which the Consideration Units are issued, as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Consideration Units.

(c) Requirement for Unitholders' Approval

The Manager is seeking Unitholders' approval for a mandate to be given to the Manager to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As at the Latest Practicable Date, CapitaLand holds, through ALII and AFM, an aggregate interest in 723,109,762 Units, which is equivalent to approximately 17.37% of the total number of Units in issue.

CapitaLand is therefore regarded as a "controlling unitholder" and a "Substantial Unitholder" of Ascendas Reit under the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a "controlling shareholder" of the Manager under the Listing Manual.

As the Vendor is an indirect wholly-owned subsidiary of CapitaLand, the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as the Vendor is an "associate" of CapitaLand, 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 respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

The Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) is part of the Proposed Acquisition which constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. (See paragraph 2.10.1 of the Letter to Unitholders of this Circular for further details.)

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor). (See paragraph 11 of the Letter to Unitholders of this Circular for further details on the abstentions from voting on Resolution 2.)

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor (and/or nominee(s) of the Vendor) if approvals for the Proposed Acquisition and the Proposed Issuance of Consideration Units are obtained from Unitholders. In the event that the approval of Unitholders for the Proposed Acquisition is obtained but the approval of Unitholders for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor).

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

5. RATIONALE AND KEY BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

The Manager believes that the Proposed Acquisition and the Proposed Issuance of Consideration Units will bring the following key benefits to Unitholders:

The Proposed Acquisition

- (a) enlarges Ascendas Reit's business park exposure in one-north, Singapore;
- (b) strategic location;
- (c) rare opportunity to acquire and achieve full control of a Singapore property with long remaining land lease tenure;
- (d) a high quality and green certified business park property with high White Component¹;
- (e) high occupancy rate underpinned by renowned tenants;
- (f) DPU and NAV accretive to Unitholders; and

The Proposed Issuance of Consideration Units

- (g) further aligns the Sponsor, CapitaLand's interest with that of Ascendas Reit and its Unitholders.

(See paragraph 4 of the Letter to Unitholders of this Circular for further details.)

¹ Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include offices, restaurants, shops etc. Source: Urban Redevelopment Authority of Singapore.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the Extraordinary General Meeting of Unitholders of Ascendas Reit is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of the Proxy Form	: Sunday, 13 June 2021 at 4.00 p.m. (Singapore Time)
Date and time of Extraordinary General Meeting	: Wednesday, 16 June 2021 at 4.00 p.m. (Singapore Time)

If approval for the Proposed Acquisition and the Proposed Issuance of Consideration Units is obtained at the Extraordinary General Meeting

Target date for completion of the Proposed Acquisition and the Proposed Issuance of Consideration Units	: 30 June 2021 or such other date as may be agreed between the Trustee, the Ascendas Reit HoldCo and Ascendas Fusion 5 Holding Pte. Ltd.
---	--

LETTER TO UNITHOLDERS

Ascendas Real Estate Investment Trust

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

Directors of the Ascendas Funds Management (S) Limited (as manager of Ascendas Real Estate Investment Trust)

Registered Office

Dr Beh Swan Gin
(Chairman and Non-Executive Independent Director)
Mr William Tay Wee Leong
(Chief Executive Officer and Executive Non-Independent Director)
Mr Chan Pengee, Adrian
(Non-Executive Lead Independent Director)
Ms Chong Chiet Ping
(Non-Executive Independent Director)
Mr Daniel Cuthbert Ee Hock Huat
(Non-Executive Independent Director)
Mr Chinniah Kunnasagaran
(Non-Executive Independent Director)
Mr Manohar Khiatani
(Non-Executive Non-Independent Director)
Mr Lim Cho Pin Andrew Geoffrey
(Non-Executive Non-Independent Director)

168 Robinson Road
#30-01 Capital Tower
Singapore 068912

31 May 2021

To: The Unitholders of Ascendas Real Estate Investment Trust

Dear Sir/Madam

1. INTRODUCTION

1.1 OVERVIEW OF ASCENDAS REIT

Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is Singapore’s first and largest business space and industrial real estate investment trust established with the investment strategy of owning and operating a diversified portfolio that will provide investors with a stable and predictable income stream and long-term growth prospects.

As at 31 March 2021, Ascendas Reit has a market capitalisation of approximately S\$12.3 billion and investment properties under management of approximately S\$15.1 billion.

As at 31 March 2021, Ascendas Reit’s portfolio comprised 212 properties located in Singapore, Australia, the United States and the United Kingdom/Europe (the “**Existing Portfolio**”). As at 24 May 2021, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), Ascendas Reit has since divested 11 Changi North Way in Singapore on 16 April 2021 and Ascendas Reit’s portfolio now comprises 211 properties located in Singapore, Australia, the United States and the United Kingdom/Europe.

1.2 APPROVALS SOUGHT

Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (“**AFM**” and as manager of Ascendas Reit, the “**Manager**”) is convening an extraordinary general meeting of unitholders of Ascendas Reit (“**Unitholders**” and the extraordinary general meeting of Unitholders, the “**EGM**”) to seek Unitholders’ approval for the Proposed Acquisition (as defined herein) and the Proposed Issuance of Consideration Units (as defined herein):

No.	Approval Sought	Approval Threshold	Abstentions
1.	To approve the Proposed Acquisition of 75% of the total issued share capital of Ascendas Fusion 5 Pte. Ltd. as an Interested Person Transaction (“ Resolution 1 ”)	Ordinary Resolution ⁽¹⁾	Ascendas Land International (Investments) Pte. Ltd. (“ ALII ”) and AFM
2.	To approve the Proposed Issuance of Consideration Units (“ Resolution 2 ”)	Ordinary Resolution ⁽¹⁾	ALII and AFM

Note:

(1) “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50 per cent. of the total number of votes cast for and against such resolution at a meeting of Unitholders.

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

Details of the Proposed Acquisition (Resolution 1) and the Proposed Issuance of Consideration Units (Resolution 2) are set out respectively in paragraphs 2 and 3 of the Letter to Unitholders of this Circular below.

2. RESOLUTION 1: THE PROPOSED ACQUISITION

2.1 The Proposed Acquisition

HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit (the “**Trustee**”), currently holds 34,050,000 ordinary shares in Ascendas Fusion 5 Pte. Ltd. (the “**Target Company**”), representing 25.0% of the issued share capital of the Target Company. In turn, the Target Company 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**”).

On 4 May 2021, the Trustee and PLC 8 Holdings Pte. Ltd. (the “**Ascendas Reit HoldCo**”) a wholly-owned subsidiary of the Trustee, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Ascendas Fusion 5 Holding Pte. Ltd. (the “**Vendor**”), an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”), to acquire 102,150,000 ordinary shares of the Target Company representing the balance 75.0% of the total issued share capital of the Target Company not held by the Trustee (the “**Sale Shares**” and the acquisition of the Sale Shares, the “**Proposed Acquisition**”) for approximately S\$372.8 million (subject to post-Completion adjustments) (the “**Sale Shares Consideration**”).

In connection with the Proposed Acquisition, under the Share Purchase Agreement, the Trustee will, on the date of completion of the Proposed Acquisition (“**Completion**”), provide a shareholder’s loan to the Target Company (the “**Shareholder’s Loan**”) equivalent to the existing bank loans previously provided to the Target Company to fund the development of the Property (the “**Bank Loans**”), with the proceeds from the Shareholder’s Loan being utilised by the Target Company to repay and discharge in full the Bank Loans on Completion. As the Shareholder’s Loan is provided in connection with the Proposed Acquisition, unless otherwise provided herein, all references to “**Proposed Acquisition**” shall include the Shareholder’s Loan.

Following Completion, the Target Company will become a wholly-owned subsidiary of the Trustee, with the Trustee directly holding 136,186,380 ordinary shares of the Target Company representing 99.99% of the issued share capital of the Target Company, with the balance 13,620 shares of the Target Company representing 0.01% of the issued share capital of the Target Company held by the Ascendas Reit HoldCo.

2.2 Information on the Target Company and the Property

2.2.1 The Target Company

The Target Company is incorporated under the laws of Singapore, with its registered office address at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912. As at 4 May 2021, the date of signing of the Share Purchase Agreement, the Target Company has an issued share capital of S\$136,200,000 comprising 136,200,000 ordinary shares. On 31 March 2020, the Trustee had acquired 25.0% of the issued share capital of the Target Company from an unrelated third party, as announced by the Manager on the same day. The Trustee currently holds 34,050,000 ordinary shares of the Target Company representing 25.0% of the issued share capital of the Target Company, with the remaining 102,150,000 shares of the Target Company representing 75.0% of the issued share capital of the Target Company (being the Sale Shares) held by the Vendor, an indirect wholly-owned subsidiary of CapitaLand.

2.2.2 The Property

The Target Company owns 100.0% of the Property.

The Property is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore’s hub for information and communications 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 BCA Green Mark Platinum rating. Its green features include a high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials. Other premium business park features include facial recognition access, contactless and destination control system for passenger lifts and self-registration kiosk for visitors. The Property also offers diverse work-live and retail options, with partially fitted work lofts, two levels of retail and F&B outlets, and a sky garden.

The Property has a gross floor area (“**GFA**”) of 68,835 square metres (“**sq m**”) and a net lettable area (“**NLA**”) of 60,935 sq m. It is sited on a land area of 19,283 sq m zoned for Business Park use with a 30% White Component¹. As at 31 March 2021, the remaining lease tenure of the Land is around 51 years.

The Property comprises a 17-storey building with business park (NLA of 44,556 sq m) and office space (NLA of 10,305 sq m), a two-storey retail and F&B podium (NLA of 4,106 sq m), a five-storey building with partially fitted work lofts (NLA of 1,968 sq m) and a two-storey basement carpark.

Completed in 2015, as at 31 March 2021, the Property is 98.6% occupied by renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others, and the weighted average lease to expiry of the Property is 2.4 years.

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

Address	1 Fusionopolis Place Singapore 138522 and 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
GFA (sq m)	68,835
NLA (sq m)	60,935
Registered Proprietor	Ascendas Fusion 5 Pte. Ltd.
Land Tenure	Leasehold estate of 60 years commencing from 12 July 2012 held by the Target Company under the JTC Lease

Please refer to Schedule 1 of the Letter to Unitholders of this Circular for further details on the Property, the existing portfolio of properties held by Ascendas Reit as at 31 March 2021 (the “**Existing Portfolio**”) and the enlarged portfolio of Ascendas Reit following the Proposed Acquisition, comprising the Existing Portfolio and the Property, taking into account the divestment of 11 Changi North Way in Singapore, on 16 April 2021 (the “**Enlarged Portfolio**”).

2.3 Valuation and Purchase Consideration

The Trustee has commissioned an independent valuer, Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”), and the Manager has commissioned an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”), (collectively, the “**Independent Valuers**”) to respectively value the Property as at 30 April 2021.

JLL has valued the Property at S\$736.0 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

Savills has valued the Property at S\$734.1 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

Copies of the valuation certificates issued by JLL and Savills (the “**Valuation Certificates**”) are appended to this Circular as **Appendix A**.

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

The agreed property value of the Property on a 100.0% basis (the “**Agreed Property Value**”), which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers (the “**Independent Valuations**”), is S\$720.0 million and is an approximately 2% discount to the average of the two Independent Valuations.

The Sale Shares Consideration is estimated to be approximately S\$372.8 million (subject to post-Completion adjustments) based on 75% of the adjusted NAV of the Target Company which is attributable to the Sale Shares as at Completion, taking into account the Agreed Property Value.

In connection with the completion of the Proposed Acquisition and separate from the Sale Shares Consideration, the Trustee will, on the date of Completion provide the Shareholder’s Loan, equivalent to the Bank Loans of S\$215.5 million, to the Target Company comprising:

- (a) S\$161.6 million being the 75% share of the Bank Loans which the Vendor otherwise had to contribute to the Target Company as a 75% shareholder for the repayment of the Bank Loans by the Target Company on Completion (the “**Bank Loans Consideration**” and together with the Sale Shares Consideration, the “**Purchase Consideration**”); and
- (b) S\$53.9 million, being the balance 25% share of the Bank Loans which the Trustee will contribute to the Target Company as a 25% shareholder (the “**25% share of the Bank Loans**”).

The proceeds from the Shareholder’s Loan will then be utilised to repay and discharge in full the Bank Loans on Completion.

2.4 Certain Terms and Conditions of the Share Purchase Agreement

Completion is conditional upon the satisfaction of the following conditions:

- (a) the passing of a resolution at an extraordinary general meeting of Unitholders to approve the Proposed Acquisition; and
- (b) the obtaining of the JTC Confirmation (as defined herein).

2.5 Termination of the existing Shareholders’ Agreement

In connection with the Proposed Acquisition, the Vendor, the Trustee and the Target Company will enter into a termination deed to terminate the existing amended and restated shareholders’ agreement dated 31 March 2020 between the Vendor, the Trustee and the Target Company, such termination to be effective on and from Completion.

2.6 LLP Conversion

The Target Company is currently subject to the standard corporate income tax rate of 17% on its taxable income. As soon as practicable following Completion, the Manager intends to convert the Target Company into a limited liability partnership (the “**Property LLP**”) pursuant to Section 21 of the Limited Liability Partnerships Act, Chapter 163A of Singapore (the “**LLP Conversion**”) and to hold the Property through the Property LLP. The LLP Conversion would allow Unitholders to enjoy tax transparency treatment on Ascendas Reit’s income from the Property and the income generated from the Property will not be subject to corporate income tax in the hands of the Property LLP as a limited liability partnership is tax transparent for Singapore tax purposes.

2.7 Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated to be approximately S\$543.8 million, comprising:

- (a) S\$534.4 million, being the estimated Purchase Consideration comprising:
 - (i) the estimated Sale Shares Consideration of S\$372.8 million, subject to post-Completion adjustments; and
 - (ii) the Bank Loans Consideration of S\$161.6 million;
- (b) the acquisition fee payable to the Manager pursuant to the trust deed dated 9 October 2002 constituting Ascendas Reit (as amended, restated and/or supplemented) (the “**Trust Deed**”) for the Proposed Acquisition (the “**Acquisition Fee**”) of approximately S\$5.4 million (representing an Acquisition Fee at the rate of 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value)); and
- (c) the estimated stamp duty, professional and other fees and expenses of approximately S\$4.0 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

2.8 Payment of Acquisition Fee in Units

The Manager shall be paid an Acquisition Fee of approximately S\$5.4 million for the Proposed Acquisition pursuant to the Trust Deed. The Acquisition Fee is 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value).

As the Proposed Acquisition will constitute an “interested party transaction” under the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), the Acquisition Fee will be in the form of new Units (the “**Acquisition Fee 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.

2.9 Method of Financing for the Proposed Acquisition

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of the Acquisition Fee Units), estimated to be approximately S\$538.4 million, through a combination of:

- (i) debt financing; and
- (ii) (if the Proposed Issuance of Consideration Units is approved by Unitholders at an extraordinary general meeting of Unitholders, in respect of the part payment of up to S\$83.0 million of the Sale Shares Consideration, the exact amount is to be determined by the Manager), the issue of Consideration Units to the Vendor and/or its nominee(s); and
- (iii) the proceeds from the equity fund raising *via* a private placement of new Units to institutional and other investors as announced on SGXNET on 4 May 2021 (the “**Equity Fund Raising**”).

The Manager also intends to finance the 25% share of the Bank Loans through a combination of debt financing and the proceeds from the Equity Fund Raising.

The final decision regarding the proportion of debt and equity (taking into account the Consideration Units) to be employed to fund the Total Acquisition Cost (less the Acquisition Fee) and the 25% share of the Bank Loans will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions and interest rate environment to provide overall distribution per Unit (“DPU”) and NAV accretion to Unitholders while maintaining an optimum level of Aggregate Leverage.

2.10 Requirement for Unitholders’ Approval

2.10.1 Interested Person Transactions and Interested Party Transactions

(i) Related Party Transactions

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% of the latest audited net tangible assets (“NTA”) of the Ascendas Reit group (the “Group”), Unitholders’ approval is required in respect of the transaction.

Based on the audited financial statements of Ascendas Reit for the last financial year ended 31 December 2020 (“FY2020”, and the audited financial statements of Ascendas Reit for FY2020, the “**Ascendas Reit FY2020 Audited Financial Statements**”), the latest audited NTA of the Group was S\$9,190.6 million as at 31 December 2020. 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\$459.5 million, such a transaction would be subject to Unitholders’ approval.

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% of the Group’s latest audited NAV. Based on the Ascendas Reit FY2020 Audited Financial Statements, the latest audited NAV of the Group was S\$9,190.6 million as 31 December 2020. 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\$459.5 million, such a transaction would be subject to Unitholders’ approval.

(ii) Requirement for Unitholders’ Approval

As at the Latest Practicable Date, CapitaLand holds, through ALII and AFM, an aggregate interest in 723,109,762 Units, which is equivalent to approximately 17.37% of the total number of Units in issue.

The Manager and the Vendor are indirect wholly-owned subsidiaries of CapitaLand and the Target Company is also a subsidiary of CapitaLand, with CapitaLand holding an indirect 75.0% interest in the Target Company through the Vendor.

Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix:

- (1) Ascendas Reit is an “entity at risk”;
- (2) CapitaLand is a “controlling unitholder” of Ascendas Reit and a “controlling shareholder” of the Manager;
- (3) the Vendor and the Target Company are each an “associate” of CapitaLand;
- (4) pursuant to the Proposed Acquisition, Ascendas Reit, through the Trustee and the Ascendas Reit HoldCo, each being an “entity at risk”, will acquire the Sale Shares, being an aggregate of 102,150,000 shares of the Target Company representing 75.0% of the issued share capital of the Target Company from the Vendor, an associate of CapitaLand;
- (5) pursuant to the Proposed Acquisition (and subject to Resolution 2 being approved by Unitholders), Consideration Units may be issued on Completion to the Vendor (and/or nominee(s) of the Vendor) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition;
- (6) in connection with the Proposed Acquisition, Ascendas Reit, through the Trustee, being an “entity at risk”, will provide the Shareholder’s Loan to the Target Company equivalent to the Bank Loans of S\$215.5 million comprising (i) S\$161.6 million as the Bank Loans Consideration and (ii) S\$53.9 million as the 25% share of the Bank Loans; and
- (7) the Proposed Acquisition (including the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition) constitutes an interested person transaction for the purposes of Chapter 9 of the Listing Manual and the Proposed Acquisition (including the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition) constitutes an interested party transaction for the purposes of paragraph 5 of the Property Funds Appendix.

The Sale Shares Consideration payable by the Trustee and the Ascendas Reit HoldCo to the Vendor, an associate of CapitaLand and the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition amount to an aggregate sum of S\$588.3 million, representing 6.4% of the latest audited NTA of the Group of S\$9,190.6 million as at 31 December 2020 and 6.4% of the latest audited NAV of the Group of S\$9,190.6 million as at 31 December 2020.

Accordingly:

- (A) the Proposed Acquisition (including the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is required to be approved by the Unitholders (with CapitaLand and its associates abstaining from voting) under Rule 906(1)(a) of the Listing Manual;
- (B) the Proposed Acquisition (including the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is required to be approved by the Unitholders (with CapitaLand and its associates abstaining from voting) under Paragraph 5.2(b) of the Property Funds Appendix; and
- (C) the Proposed Acquisition (including the Shareholder's Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition, and taking into consideration the Proposed Issuance of Consideration Units in connection with the Proposed Acquisition) is conditional upon such approval by Unitholders.

By approving the Proposed Acquisition, Unitholders are deemed to approve the Shareholder's Loan which the Trustee will be providing to the Target Company for the full repayment of the Bank Loans in connection with the Proposed Acquisition.

The Manager will seek the approval of Unitholders by way of a separate Ordinary Resolution of the Unitholders for the Proposed Issuance of Consideration Units. Please refer to paragraph 3 of the Letter to Unitholders of this Circular for details on the Proposed Issuance of Consideration Units.

Please refer to paragraph 11 of the Letter to Unitholders of this Circular for details on the abstentions from voting on Resolution 1 and Resolution 2.

(iii) Existing Interested Person Transactions

For the information of the Unitholders, as at the Latest Practicable Date, save for the Proposed Acquisition and any transaction whose value is less than S\$100,000, the value of all other existing interested person transactions:

- (1) entered into between Ascendas Reit and CapitaLand and its associates during the course of the current financial year ending 31 December 2021 that are subject to disclosure under Chapter 9 of the Listing Manual is approximately S\$2.7 million, which is approximately 0.03% of the latest audited NTA of the Group based on the Ascendas Reit FY2020 Audited Financial Statements; and
- (2) entered into during the course of the current financial year up to the Latest Practicable Date, between Ascendas Reit and all interested persons (including CapitaLand and its associates) is approximately S\$4.2 million which is approximately 0.04% of the latest audited NTA of the Group based on the Ascendas Reit FY2020 Audited Financial Statements.

For the avoidance of doubt, the approval of the Unitholders is not being sought in respect of such other existing interested person transactions.

The Target Company is party to an existing Property Management Agreement dated 12 March 2013 pursuant to which Ascendas Services Pte Ltd has been appointed as property manager of the Property until 20 August 2022. The Property Management Agreement (which is an interested person transaction) is deemed to be inherited by Ascendas Reit through the Proposed Acquisition and will continue to be in effect following Completion.

2.10.2 Non-discloseable Transaction

(i) Non-discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by Ascendas Reit. Such transactions are classified into the following categories:

- (1) non-disclosable transactions;
- (2) disclosable transactions;
- (3) major transactions; and
- (4) very substantial acquisitions or reverse take-overs.

A proposed transaction by Ascendas Reit may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (A) the NAV of the assets to be disposed of, compared with the NAV of Ascendas Reit pursuant to Rule 1006(a) of the Listing Manual;
- (B) the net profits attributable to the assets to be acquired or disposed of, compared with the net profits of Ascendas Reit pursuant to Rule 1006(b) of the Listing Manual;
- (C) the aggregate value of the consideration given or received, compared with market capitalisation of Ascendas Reit based on the total number of issued Units (excluding treasury units) pursuant to Rule 1006(c) of the Listing Manual; and
- (D) the number of equity securities issued by Ascendas Reit as consideration for an acquisition, compared with the number of equity securities previously in issue pursuant to Rule 1006(d) of the Listing Manual.

Rule 1006(a) of the Listing Manual is not applicable to the Proposed Acquisition as Ascendas Reit will not be disposing of any assets under the Proposed Acquisition.

(ii) **Relative Figures computed on the bases set out in Rule 1006**

As announced on 4 May 2021, the relative figures computed on the bases set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual in respect of the Proposed Acquisition are as follows:

	The Proposed Acquisition (‘million)	Ascendas Reit (‘million)	Percentage (%)
Rule 1006(b) Net property income ⁽¹⁾ (“NPI”) attributable to the Sale Shares compared with NPI of Ascendas Reit, in each case, for FY2020.	S\$38.5	S\$776.2 ⁽²⁾	4.9 ⁽²⁾
Rule 1006(c) The Purchase Consideration compared with the market capitalisation of Ascendas Reit.	S\$534.4	S\$12,436.9 ⁽³⁾	4.3 ⁽³⁾
Rule 1006(d) The number of Consideration Units compared with the number of Units in issue.	28.4 ⁽⁴⁾	4,020.8	0.7 ⁽⁴⁾

Notes:

- (1) In the case of a real estate investment trust, NPI is a close proxy to the net profits after tax attributable to its assets.
- (2) Based on the Ascendas Reit FY2020 Audited Financial Statements.
- (3) Based on the number of Units in issue multiplied by the volume weighted average price of S\$3.0931 per Unit on 3 May 2021, being the Market Day (as defined herein) immediately prior to the entry into the Share Purchase Agreement.
- (4) Based on an issue price of S\$2.92 per Consideration Unit. For the avoidance of doubt, the number of Consideration Units and the issue price are for illustrative purposes only as announced on 4 May 2021.

As the relative figures computed on the bases set out in Rule 1006(b), Rule 1006(c) and Rule 1006(d) of the Listing Manual in respect of the Proposed Acquisition do not exceed 5.0%, the Proposed Acquisition is classified as a “non-discloseable transaction” under Chapter 10 of the Listing Manual and, accordingly, is not subject to the approval of Unitholders at an extraordinary general meeting of Ascendas Reit. In any case, the Proposed Acquisition is a transaction which is in the ordinary course of business of Ascendas Reit as the Proposed Acquisition is within the existing investment policy of Ascendas Reit and does not change the risk profile of Ascendas Reit. The Proposed Acquisition is therefore not subject to the specific approval of Unitholders at an extraordinary general meeting under Chapter 10 of the Listing Manual.

However, as the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix which value exceeds the relevant thresholds under the Listing Manual and the Property Funds Appendix, in respect of which the approval of Unitholders is required, the Proposed Acquisition will still be subject to the specific approval of Unitholders at an extraordinary general meeting.

(See paragraph 2.10.1 of the Letter to Unitholders of this Circular for further details.)

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

3. RESOLUTION 2: THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

3.1 Proposed Issue of Consideration Units

The Manager proposes to issue new Units to the Vendor (and/or nominee(s) of the Vendor) of up to S\$83.0 million (the “**Maximum Limit**”) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition on Completion (the “**Consideration Units**”) and the issue of the Consideration Units to the Vendor (and/or nominee(s) of the Vendor), the “**Proposed Issuance of Consideration Units**”).

The number of Consideration Units to be issued shall be calculated based on (i) the dollar value amount of the Sale Shares Consideration (subject to the Maximum Limit) as determined by the Manager in its sole discretion to be paid in the form of Consideration Units divided by (ii) the issue price of each Consideration Unit (the “**Issue Price**”). Any fraction of a Consideration Unit resulting shall be disregarded for the purposes of calculating the number of Consideration Units to be issued and the Sale Shares Consideration less the dollar value of the Consideration Units to be issued, shall be payable in cash.

Pursuant to the Sale and Purchase Agreement, the Issue Price shall be determined as follows:

3.1.1 where the Equity Fund Raising is carried out prior to the date of issue of the Consideration Units (which will be the date of Completion), the Issue Price of each Consideration Unit will be the same as the issue price of each Unit issued under the Equity Fund Raising; and

3.1.2 if the Equity Fund Raising is not carried out prior to the date of issue of the Consideration Units, pursuant to the Sale and Purchase Agreement, the Issue Price of each Consideration Unit will be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the date of issuance of the Consideration Units which will be the date of Completion.

Pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Equity Fund Raising meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the issue price for the Units issued under the Equity Fund Raising.

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day volume weighted average price for a Unit immediately preceding the date of Completion is likely to differ from the issue price under the Equity Fund Raising undertaken to part finance the Total Acquisition Cost. To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units), as the Consideration Units will be issued after the Equity Fund Raising, the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Equity Fund Raising. This will also allow the Vendor to have certainty with respect to the issue price of the Consideration Units and will put the Vendor in a position that is on par with the incoming investors under the Equity Fund Raising.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units.

Issue Price of Consideration Units is equal to the Issue Price for Private Placement

In connection with the Proposed Acquisition, the Equity Fund Raising was carried out by way of a Private Placement as announced on 4 May 2021 and the issue price for each Unit issued under the Private Placement was S\$2.9440. As such, the Issue Price is S\$2.9440 being the same as the issue price per Unit issued pursuant to the Private Placement and the Issue Price represents a discount of 5.2% to the volume weighted average price of S\$3.1062 per Unit for trades in the Units done on the SGX-ST for 4 May 2021, being the Market Day on which the placement agreement in connection with the Private Placement was signed. “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

Subject to Unitholders’ approval being obtained for the Proposed Issuance of Consideration Units, the Manager has determined that S\$79,997,312 of the Sale Shares Consideration is to be paid in the form of Consideration Units. Accordingly, based on the Issue Price of S\$2.9440, the total number of Consideration Units to be issued will be 27,173,000 and will represent approximately 0.7% of the total number of Units in issue as at the Latest Practicable Date.

The Consideration Units shall be issued on the date of Completion under a temporary stock counter from the existing Ascendas Reit stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for the existing Units, in respect of the distribution period ending 30 June 2021 (or such other period as the Manager may determine). After the last day of “cum-distribution” trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing Ascendas Reit stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in Ascendas Reit’s distribution for the period immediately preceding the date of issue of the Consideration Units.

3.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by Ascendas Reit for the period up to the day immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by Ascendas Reit from the date of their issue to the end of the financial half year in which the Consideration Units are issued, as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Consideration Units.

3.3 Requirement for Unitholders' Approval

The Manager is seeking Unitholders' approval for a mandate to be given to the Manager to issue the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As at the Latest Practicable Date, CapitaLand holds, through ALII and AFM, an aggregate interest in 723,109,762 Units, which is equivalent to approximately 17.37% of the total number of Units in issue.

CapitaLand is therefore regarded as a "controlling unitholder" and a "Substantial Unitholder" of Ascendas Reit under the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of CapitaLand, CapitaLand is therefore regarded as a "controlling shareholder" of the Manager under the Listing Manual.

As the Vendor is an indirect wholly-owned subsidiary of CapitaLand, the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) will constitute a placement to a related company of a Substantial Unitholder. Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement.

Further, as the Vendor is an "associate" of CapitaLand, 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 respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

The Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) is part of the Proposed Acquisition which constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. Please refer to paragraph 2.10.1 of the Letter to Unitholders of this Circular for details on the Proposed Acquisition.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor). Please refer to paragraph 11 of the Letter to Unitholders of this Circular for details on the abstentions from voting on Resolution 2.

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor and/or its nominee(s) if approvals for both the Proposed Acquisition and the Proposed Issuance of Consideration Units are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor and/or its nominee(s).

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

4. RATIONALE AND KEY BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

The Manager believes that the Proposed Acquisition and the Proposed Issuance of Consideration Units will bring the following key benefits to Unitholders:

THE PROPOSED ACQUISITION

4.1 Enlarges Ascendas Reit's business park exposure in one-north, Singapore

Total asset value of Ascendas Reit's Singapore business and science park segment will increase by 17.6% from S\$4,141.7 million¹ to S\$4,871.1 million². Total NLA will increase by 8.8% from 689,980 sq m to 750,915 sq m.

Including the Property, Ascendas Reit is expected to own five properties³ with a total NLA of 188,225 sq m within one-north by the end of 2021.

4.2 Strategic Location

The Property is strategically located right in the heart of one-north, a vibrant business park in Singapore. one-north houses key growth sectors such as biomedical sciences, ICT, media, science and research institutes, as well as start-ups. The area has a plethora of food & beverage options and amenities such as hotels, supermarkets, clinics, gyms and childcare facilities.

The Property sits directly above 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.

4.3 Rare opportunity to acquire and achieve full control of a Singapore property with long remaining land lease tenure

The Property has a remaining long land lease tenure of about 51 years, which is rare given JTC Corporation's current practice of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales Programme.

The Proposed Acquisition gives Ascendas Reit full control over the Property allowing for better operational and tax efficiency.

4.4 A high quality and green certified business park property with high White Component

Completed in 2015, the Property is zoned for Business Park usage with a 30% White Component⁴, which is higher than the typical 15% White Component, allowing for higher flexibility in the use of space such as having more office or retail space within the development. It currently offers a range of business spaces and amenities across its NLA of 60,935 sq m. This comprises 44,556 sq m (73%) of business park space, 10,305 sq m (17%) of office space, 4,106 sq m (7%) of retail and F&B space, 1,968 sq m (3%) of work lofts, and a two-storey basement carpark.

1 As at 31 March 2021.

2 Based on 100% ownership.

3 Includes Grab's Headquarters which is under development and expected to complete in 2021.

4 Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include offices, restaurants, shops etc. Source: Urban Redevelopment Authority of Singapore.

The Property has achieved the highest BCA Green Mark accolade of Platinum. Its green features include high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials which is expected to attract high quality tenants.

4.5 High occupancy rate underpinned by renowned tenants

Ascendas Reit will benefit from the increased exposure to renowned tenants in the Property such as Sea (formerly Garena), Canon and Oracle, amongst others. This will result in higher rental contributions from ICT and electronics customers.

As at 31 March 2021, the Property enjoys a high occupancy rate of 98.6%.

4.6 DPU and NAV accretive to Unitholders

The initial NPI yield¹ of the Proposed Acquisition is approximately 5.4% and 5.3% pre-transaction costs and post-transaction costs respectively. The Proposed Acquisition is expected to be DPU and NAV per Unit accretive on a *pro forma* basis assuming the Proposed Acquisition was completed on 1 January 2020. Please refer to paragraph 5 of the Letter to Unitholders of this Circular for the *pro forma* financial effects of the Proposed Acquisition.

THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

4.7 Further aligns the Sponsor, CapitaLand's interest with that of Ascendas Reit and its Unitholders

The Vendor is an indirect wholly-owned subsidiary of CapitaLand, which is a controlling unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of Consideration Units to the Vendor, this will further align the interests of the Vendor with that of Ascendas Reit and its minority Unitholders. Consideration Units (if issued) allow Ascendas Reit to better manage its capital structure and create more debt headroom for future growth.

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor and/or its nominee(s) if approvals for both Resolutions are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor and/or its nominee(s).

5. PRO FORMA FINANCIAL EFFECTS

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 (including the Proposed Issuance of Consideration Units, if any) and 40.0% 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 Ascendas Reit's level and not on a transaction-basis. For the Proposed Acquisition, the Manager intends to adopt a funding method which is the same as the Evaluation Method.

¹ The NPI yield is derived from the estimated NPI expected in the first year of the Proposed Acquisition.

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Proposed Acquisition on the DPU and NAV per Unit of Ascendas Reit presented below are strictly for illustrative purposes and have been prepared based on the Ascendas Reit FY2020 Audited Financial Statements, taking into account the Total Acquisition Cost and the completion of the Equity Fund Raising by way of Private Placement on 5 May 2021, and assuming that:

- (a) Ascendas Reit had completed the Proposed Acquisition on 1 January 2020 and held and operated the Property for the whole of FY2020, assuming the LLP Conversion happened on 1 July 2020;
- (b) should Consideration Units be issued, the payment of S\$79,997,312 of the Purchase Consideration through the issuance of 27,173,000 Consideration Units at an issue price of S\$2.9440 per Consideration Unit;
- (c) the Equity Fund Raising had completed and S\$240.1 million of the Total Acquisition Cost after deducting the Acquisition Fee is funded by the net proceeds from Equity Fund Raising, with the new Units to be issued under the Equity Fund Raising being issued at the price of S\$2.9440 per Unit with the remainder amount of S\$218.3 million funded by debt;
- (d) the Acquisition Fee Units and the base management fee Units are issued at the 10 days volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST (“**VWAP**”) prior to 3 May 2021, being the Market Day (as defined herein) immediately prior to the entry into the Share Purchase Agreement, of S\$3.1066 per Unit;
- (e) the average cost of debt was 2.4%; and
- (f) in respect of the Enlarged Portfolio, the Manager had elected to receive 80% of its base management fee in cash and 20% in Units.

The *pro forma* financial effects of the Proposed Acquisition presented below have been prepared for illustrative purposes only to show:

- (i) what the DPU of Ascendas Reit for FY2020 would have been if the Proposed Acquisition had been completed with effect from 1 January 2020; and
- (ii) what the NAV of Ascendas Reit as at 31 December 2020 would have been if the Proposed Acquisition had been completed as at 31 December 2020.

The *pro forma* financial effects of the Proposed Acquisition presented below may not, because of its nature, give a true picture of what the amount of the DPU of Ascendas Reit or the NAV of Ascendas Reit might have been if the Proposed Acquisition (assuming that S\$79,997,312 Consideration Units had been issued as part-consideration for the Proposed Acquisition) had actually been completed with effect from or as at the respective dates, as the case may be.

5.1 Pro Forma DPU

The *pro forma* financial effects of the Proposed Acquisition on the amount available for distribution to Unitholders, the number of Units in issue and the DPU of Ascendas Reit and the accretion thereof, in each case, as at 31 December 2020 or for FY2020, as if the Proposed Acquisition was completed on 1 January 2020 and Ascendas Reit held 100.0% of the Target Company through to 31 December 2020, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Property Income (S\$'000)	776,246	814,746
Total amount available for distribution to Unitholders (S\$'000)	538,428 ⁽¹⁾	557,189
Number of Units in issue at the end of the year ('000)	4,020,843 ⁽²⁾	4,131,471 ⁽³⁾
Applicable number of Units of the year ('000) ⁽⁴⁾	3,665,768	3,776,396
DPU (Singapore cents)	14.688	14.755 ⁽⁵⁾
DPU accretion (%)	–	0.46

Notes:

- (1) Included in the total amount available for distribution to the Unitholders, there was a distribution of S\$4.9 million from the Target Company to Ascendas Reit for the period from 31 March 2020 to 31 December 2020. Ascendas Reit held a 25% equity interest in the Target Company from 31 March 2020.
- (2) Number of Units in issue as at 31 December 2020.
- (3) Includes new Units issuable as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1066 per Unit and additional Units (including the Consideration Units) issued at an issue price of S\$2.9440 per new Unit.
- (4) DPU is calculated based on the applicable number of Units for the year.
- (5) Should no Consideration Units be issued, S\$240.1 million of the Total Acquisition Cost would be funded by the net proceeds from the Equity Fund Raising, with the new Units issued under the Equity Fund Raising at the price of S\$2.9440 per Unit and the remaining amount of S\$298.4 million funded by debt. In such instance, the *pro forma* DPU would be 14.816 Singapore cents.

5.2 Pro Forma NAV

The *pro forma* financial effects of the Proposed Acquisition on the NAV of Ascendas Reit, the number of Units in issue and the NAV of each Unit, as at 31 December 2020, as if the Proposed Acquisition was completed on 31 December 2020, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders' funds (S\$'000)	8,891,615	9,217,614
Number of Units in issue at the end of the year ('000)	4,020,843 ⁽¹⁾	4,131,471 ⁽²⁾
NAV per Unit (S\$)	2.21	2.23

Notes:

- (1) Number of Units in issue as at 31 December 2020.
- (2) Includes new Units issuable as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1066 per Unit and additional Units (including the Consideration Units) issued at an issue price of S\$2.9440 per new Unit.

6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

6.1 Appointment of the Independent Financial Adviser

The Manager has appointed SAC Capital Private Limited as the independent financial adviser to the Audit and Risk Committee of the Manager (the “**Audit and Risk Committee**”), the Independent Directors (as defined herein) and the Trustee (the “**IFA**”) to advise:

- (a) the Audit and Risk Committee of the Manager;
- (b) the independent directors of the Manager, being Dr Beh Swan Gin, Mr Chan Pengee, Adrian, Ms Chong Chiet Ping, Mr Daniel Cuthbert Ee Hock Huat and Mr Chinniah Kunnasgaran (the “**Independent Directors**”); and
- (c) the Trustee,

as to whether:

- (i) the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority unitholders; and
- (ii) the Proposed Issuance of Consideration Units is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority unitholders.

A copy of the letter from the IFA (the “**IFA Letter**”), containing its advice in full, is appended to this Circular as **Appendix B**. Unitholders are advised to read the IFA Letter carefully.

6.2 Advice of the Independent Financial Adviser: Resolution 1

Based upon, and having considered, *inter alia*, the factors described in the IFA Letter and the information that has been made available to the IFA as at the Latest Practicable Date, and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that as at the Latest Practicable Date the Proposed Acquisition (including the Proposed Issuance of Consideration Units when considered in the context of the Proposed Acquisition) is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders. Accordingly, the IFA has advised that the Audit and Risk Committee and the Independent Directors may recommend that the independent Unitholders vote in favour of the Proposed Acquisition.

6.3 Advice of the Independent Financial Adviser: Resolution 2

Based upon, and having considered, *inter alia*, the factors described in the IFA Letter and the information that has been made available to the IFA as at the Latest Practicable Date, and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that as at the Latest Practicable Date the Proposed Issuance of Consideration Units are based on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders. Accordingly, the IFA has advised that the Audit and Risk Committee and the Independent Directors may recommend that the independent Unitholders vote in favour of the Proposed Issuance of Consideration Units.

7. RECOMMENDATIONS

7.1 Recommendations: Resolution 1

Having considered the relevant factors, including the terms of the Proposed Acquisition (as set out in paragraph 2 of the Letter to Unitholders of this Circular), the rationale and key benefits for the Proposed Acquisition (as set out in paragraph 4 of the Letter to Unitholders of this Circular) and the IFA Letter, the Independent Directors and the Audit and Risk Committee¹ believe that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee¹ hereby recommend that Unitholders **VOTE IN FAVOUR** of Resolution 1.

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

7.2 Recommendations: Resolution 2

Having considered the relevant factors, including the terms of the Proposed Issuance of Consideration Units (as set out in paragraph 3 of the Letter to Unitholders of this Circular), the rationale and key benefits for the Proposed Issuance of Consideration Units (as set out in paragraph 4 of the Letter to Unitholders of this Circular) and the IFA Letter, the Independent Directors and the Audit and Risk Committee¹ believe that the Proposed Issuance of Consideration Units is based on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee¹ hereby recommend that Unitholders **VOTE IN FAVOUR** of Resolution 2.

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 195,121 Units. Further details of the interests in Units of the directors of the Manager (“**Directors**”) and Substantial Unitholders are set out below.

Further, it should be noted that:

- (a) Mr Manohar Khiatani, a Non-Executive Non-Independent Director of the Manager, is the Senior Executive Director of the CapitaLand Group;
- (b) Mr Lim Cho Pin Andrew Geoffrey, a Non-Executive Non-Independent Director of the Manager, is Group Chief Financial Officer of the CapitaLand Group; and

¹ As Mr Manohar Khiatani is not an Independent Director, he has abstained from any and all decision making at any meeting of the Audit and Risk Committee with respect to Proposed Acquisition (Resolution 1) and the Proposed Issuance of Consideration Units (Resolution 2).

- (c) Mr William Tay Wee Leong is the Chief Executive Officer and an Executive Non-Independent Director of the Manager.

Each of (i) Dr Beh Swan Gin; (ii) Mr Chan Pengee, Adrian; (iii) Ms Chong Chiet Ping; (iv) Mr Daniel Cuthbert Ee Hock Huat; and (v) Mr Chinniah Kunnasagar are Independent Directors 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 the Latest Practicable Date:

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	% ⁽¹⁾	Contingent Awards of Units ⁽²⁾ under the Manager's	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾			Performance Unit Plan	Restricted Unit Plan
Dr Beh Swan Gin	–	–	–	–	–	–	–	–
Mr William Tay Wee Leong	134,174	0.003	–	–	134,174	0.003	0 to 376,258 ⁽³⁾	85,954 ^{(4),(5)} 0 to 101,241 ^{(3),(5)}
Mr Chan Pengee, Adrian	6,570	NM ⁽⁶⁾	–	–	6,570	NM ⁽⁶⁾	–	–
Ms Chong Chiet Ping	4,701	NM ⁽⁶⁾	–	–	4,701	NM ⁽⁶⁾	–	–
Mr Daniel Cuthbert Ee Hock Huat	29,346	0.001	–	–	29,346	0.001	–	–
Mr Chinniah Kunnasagar	876	NM ⁽⁶⁾	6,222	NM ⁽⁶⁾	7,098	NM ⁽⁶⁾	–	–
Mr Manohar Khatani	–	–	–	–	–	–	–	–
Mr Lim Cho Pin Andrew Geoffrey	13,232	NM ⁽⁶⁾	–	–	13,232	NM ⁽⁶⁾	–	–

Notes:

- (1) The percentage is based on a total of 4,163,506,385 Units in issue as at the Latest Practicable 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 the PUP and the RUP.
- (4) Being the unvested Units under the RUP.
- (5) On the final vesting, an additional number of Units 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 RUP, will also be released.
- (6) Not meaningful.

Save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the ordinary shares in CapitaLand (“CL Shares”) as at the Latest Practicable Date:

Name of Director	Direct Interest		Deemed Interest		No. of CL Shares Held	%(1)	Contingent Awards of CL Shares ⁽²⁾ under CapitaLand's	
	No. of CL Shares	%(1)	No. of CL Shares	%(1)			Performance Share Plan	Restricted Share Plan
Dr Beh Swan Gin	–	–	–	–	–	–	–	–
Mr William Tay Wee Leong	–	–	–	–	–	–	–	–
Mr Chan Pengee, Adrian	13,564	NM ⁽⁶⁾	14,607	NM ⁽⁶⁾	28,171	0.001	–	–
Ms Chong Chiet Ping	–	–	40,000	0.001	40,000	0.001	–	–
Mr Daniel Cuthbert Ee Hock Huat	–	–	–	–	–	–	–	–
Mr Chinniah Kunnasagaran	35,867	0.001	–	–	35,867	0.001	–	–
Mr Manohar Khatiani	92,743	0.002	40,000	0.001	132,743	0.003	0 to 333,906 ⁽³⁾	72,571 ^{(4),(5)} 0 to 57,643 ^{(3),(5)}
Mr Lim Cho Pin Andrew Geoffrey	634,221	0.012	–	–	634,221	0.012	0 to 891,190 ⁽³⁾	189,588 ^{(4),(5)} 0 to 253,635 ^{(3),(5)}

Notes:

- (1) The percentage is based on a total of 5,202,962,608 CL Shares in issue as at the Latest Practicable Date.
- (2) This refers to the number of CL Shares which are the subject of contingent awards granted but not released under CapitaLand's Performance Share Plan (“PSP”) and Restricted Share Plan (“RSP”). The final number of CL 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 CL Shares to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for the PSP and the RSP.
- (4) Being the unvested CL Shares under the RSP.
- (5) On the final vesting, an additional number of CL 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.
- (6) Not meaningful.

Based on the information available to 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 Unitholder ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units Held	% ⁽²⁾
	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾		
Temasek Holdings (Private) Limited ⁽³⁾ (“ Temasek ”)	–	–	849,910,046	20.41	849,910,046	20.41
Tembusu Capital Pte. Ltd. ^{(4),(5)} (“ Tembusu ”)	–	–	793,230,499	19.05	793,230,499	19.05
Bartley Investments Pte. Ltd. ⁽⁵⁾ (“ Bartley ”)	–	–	723,109,762	17.36	723,109,762	17.36
Mawson Peak Holdings Pte. Ltd. ⁽⁵⁾ (“ Mawson ”)	–	–	723,109,762	17.36	723,109,762	17.36
Glenville Investments Pte. Ltd. ⁽⁵⁾ (“ Glenville ”)	–	–	723,109,762	17.36	723,109,762	17.36
TJ Holdings (III) Pte. Ltd. ⁽⁵⁾ (“ TJ Holdings (III) ”)	–	–	723,109,762	17.36	723,109,762	17.36
CLA Real Estate Holdings Pte. Ltd. ^{(5),(6)} (“ CLA ”)	–	–	723,109,762	17.36	723,109,762	17.36
CapitaLand Limited ⁽⁷⁾ (“ CL ”)	–	–	723,109,762	17.36	723,109,762	17.36
Ascendas Pte Ltd ⁽⁸⁾ (“ APL ”)	–	–	723,083,783	17.36	723,083,783	17.36
Ascendas Land International (Investments) Pte. Ltd. (“ ALII ”)	723,083,783	17.36	–	–	723,083,783	17.36
BlackRock, Inc. ⁽⁹⁾ (“ BlackRock ”)	–	–	263,700,777	6.33	263,700,777	6.33

Notes:

- (1) “**Substantial Unitholder**” means a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.
- (2) The percentage is based on a total of 4,163,506,385 Units in issue as at the Latest Practicable Date. Percentages are rounded down to the nearest 0.01%.
- (3) Temasek is deemed to have an interest in the unitholdings in which its subsidiaries and associated companies (including but not limited to CLA) have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”).
- (4) Tembusu is deemed to have an interest in the unitholdings in which its subsidiaries (including but not limited to CLA) have or are deemed to have an interest pursuant to Section 4 of the SFA.
- (5) Temasek holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJ Holdings (III), which holds 100% of the equity interest in CLA. CLA holds approximately 51.76% of the issued shares in CL. Each of Temasek, Tembusu, Bartley, Mawson, Glenville and TJ Holdings (III) is deemed to have an interest in the unitholdings in which CLA is deemed to have an interest pursuant to Section 4 of the SFA.
- (6) CLA is deemed to have an interest in the unitholdings that CL is deemed to have an interest pursuant to Section 4 of the SFA.
- (7) CL is deemed to have an interest in the unitholdings of its indirect wholly-owned subsidiaries namely, ALII and AFM. AFM holds 25,979 Units.
- (8) APL is deemed to have an interest in the unitholding of its direct wholly-owned subsidiary namely, ALII.
- (9) BlackRock is deemed to have an interest in the Units held by the various funds managed by BlackRock investment advisors.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTORS' 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.

10. EXTRAORDINARY GENERAL MEETING

10.1 Background on COVID-19

The Manager and the Trustee refer to:

- (a) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed entities in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and
- (b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 (as amended), and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts.

Due to the current COVID-19 restrictions set out therein, the Unitholders will not be able to attend the EGM in person. Instead, the alternative arrangements and key dates relating to participation in the EGM via electronic means are set out in paragraphs 12.2 and 12.3 below.

10.2 Date, time and conduct of the EGM

The EGM will be convened and held by way of electronic means on Wednesday, 16 June 2021 at 4.00 p.m., (Singapore Time) for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which are set out on pages C-1 to C-4 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions.

Approval by way of an Ordinary Resolution is required in respect of Resolution 1.

Approval by way of an Ordinary Resolution is required in respect of Resolution 2.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 72 hours before the time fixed for the EGM.

The Chairman of the Manager, Dr Beh Swan Gin, and Chief Executive Officer of the Manager, Mr William Tay Wee Leong, will conduct the proceedings of the EGM. The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM from the Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on the website of Ascendas Reit and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on the website of Ascendas

Reit and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

Unitholders will not be able to ask questions at the EGM “live” during the live audio-visual webcast or live audio-only stream, and therefore it is important for the Unitholders who wish to ask questions to submit their questions in advance of the EGM.

11. ABSTENTIONS FROM VOTING

11.1 Relationship between CapitaLand, the Manager and Ascendas Reit

As at the Latest Practicable Date, CapitaLand directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 17.37% of the Units and (ii) 100% of the issued share capital of the Manager, and is therefore regarded as a “controlling unitholder” of Ascendas Reit as well as a “controlling shareholder” of the Manager respectively.

As at the Latest Practicable Date, the Vendor is an indirect wholly-owned subsidiary of CapitaLand.

11.2 Abstention from Voting: Resolution 1

Under Rule 919 of the Listing Manual, where a meeting is held to obtain unitholders’ approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Accordingly, CapitaLand and its associates will abstain from voting (either in person or by proxy) on Resolution 1. Further, each of them shall decline to accept appointments as proxies in respect of Resolution 1. In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are required to complete the Proxy Form (as defined herein) to appoint the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

The Manager will also disregard any votes cast by persons required to abstain from voting.

11.3 Abstention from Voting: Resolution 2

Under Rule 812(2) of the Listing Manual, where a meeting is held to obtain unitholders’ approval for a placement of units to a Substantial Unitholder, the Substantial Unitholder and any associate of the Substantial Unitholder must not vote on the resolution approving the placement.

Further, Under Rule 919 of the Listing Manual, where a meeting is held to obtain unitholders’ approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Accordingly, CapitaLand and its associates will abstain from voting (either in person or by proxy) on Resolution 2. Further, each of them shall decline to accept appointments as proxies in respect of Resolution 2. In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are required to complete the Proxy Form to appoint the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

The Manager will also disregard any votes cast by persons required to abstain from voting.

12. ACTIONS TO BE TAKEN BY UNITHOLDERS

12.1 Circular, Notice of EGM and Proxy Form

This Circular, the Notice of EGM and the instrument appointing the Chairman of the EGM as proxy ("**Proxy Form**") will be sent to Unitholders by electronic means via publication on the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html>, and will also be made available on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>.

Printed copies of the Notice of EGM and the Proxy Form will not be sent to Unitholders.

12.2 Alternative arrangements for participation in the EGM

Unitholders may participate in the EGM by:

- (a) observing and/or listening to the EGM proceedings via the live audio-visual webcast or live audio-only stream;
- (b) submitting questions in advance of the EGM; and/or
- (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

A Unitholder (whether individual or corporate) who has Units entered against his/her/its name in (a) the Register of Unitholders; or (b) the Depository Register as at the cut-off time being 72 hours prior to the time of the EGM (being the time at which the name of the Unitholder must appear in the Register of Unitholders or the Depository Register, in order for him/her/it to be considered to have Units entered against his/her/its name in the said Registers), shall be entitled to attend (via electronic means), submit questions in advance and vote by proxy at the EGM.

In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are requested to complete the Proxy Form in accordance with the instructions therein and submit it to the Manager c/o the Unit Registrar of Ascendas Reit, Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Unit Registrar**"), in the following manner:

- (i) if submitted electronically, be submitted via email to Ascendas Reit's Unit Registrar at areit-egm2021@boardroomlimited.com; or
- (ii) if submitted by post, be lodged at the office of Ascendas Reit's Unit Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623,

in either case, by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM. All Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights must appoint the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

12.3 Steps for participation in the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream by pre-registering, submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM and vote by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps in accordance with the dates/deadlines specified:

Pre-registration		
No.	Steps	Dates/Deadlines
1.	Unitholders (including CPF and SRS investors) must pre-register for the live audio-visual webcast or live audio-only stream of the EGM proceedings by 4.00 p.m. (Singapore Time) on 13 June 2021 to enable the Manager to verify their status as Unitholders.	Pre-registration by 4.00 p.m. (Singapore Time) on 13 June 2021 Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) through which they hold such Units as soon as possible in order to make the necessary arrangements.
2.	Following the verification, authenticated Unitholders will receive an email which will contain user ID and password details, as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the “ Confirmation Email ”).	Unitholders who do not receive the Confirmation Email by 4.00 p.m. (Singapore Time) on 15 June 2021 but have registered by the deadline at 4.00 p.m. (Singapore Time) on 13 June 2021 should contact Ascendas Reit’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at areit-egm2021@boardroomlimited.com , or alternatively, at (65) 6536 5355 (during office hours).

Submission of Questions		
No.	Steps	Dates/Deadlines
1.	<p>Unitholders (whether individual or corporate) may submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM, in the following manner:</p> <p>(a) if submitted electronically, via the pre-registration website at the URL https://ir.ascendas-reit.com/agm.html; or</p> <p>(b) if submitted by post, be deposited at the office of Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623,</p> <p>in any case, by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM.</p> <p>Unitholders who submit questions by post to the Unit Registrar must provide the following information:</p> <p>(1) the Unitholder's full name;</p> <p>(2) the Unitholder's address; and</p> <p>(3) the manner in which the Unitholder holds Units in Ascendas Reit (e.g., via CDP, CPF or SRS).</p>	<p>All questions must be submitted by 4.00 p.m. (Singapore Time) on 13 June 2021.</p> <p>The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM from the Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on the website of Ascendas Reit and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on the website of Ascendas Reit and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.</p>

Submission of Proxy Form to Vote

No.	Steps	Dates/Deadlines
1.	<p>Unitholders (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Proxy Form is available for download at the website of Ascendas Reit at the URL https://ir.ascendas-reit.com/agm.html and on website of the SGX at the URL https://www.sgx.com/securities/company-announcements.</p> <p>Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.</p>	–

Submission of Proxy Form to Vote		
No.	Steps	Dates/Deadlines
2.	<p>The Proxy Form, appointing the Chairman of the EGM as proxy must be submitted to the Manager c/o Ascendas Reit's Unit Registrar, in the following manner:</p> <p>(a) if submitted electronically, be submitted via email to Ascendas Reit's Unit Registrar at areit-egm2021@boardroomlimited.com; or</p> <p>(b) if submitted by post, be lodged at the office of Ascendas Reit's Unit Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623,</p> <p>in either case, by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM.</p> <p>A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.</p> <p>In view of the COVID-19 situation, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.</p>	<p>Proxy Forms to reach Ascendas Reit's Unit Registrar by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM.</p> <p>Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SRS investors) should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) through which they hold such Units as soon as possible in order to make the necessary arrangements, including the submission of their voting instructions by 5.00 p.m. (Singapore Time) on Friday, 4 June 2021, being seven (7) working days before the date of the EGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM.</p>

12.4 Information relating to SRS Investors

SRS investors who wish to attend the EGM are advised to consult their respective SRS Operators for further information and if they are in any doubt as to the action they should take, SRS investors should seek independent professional advice.

12.5 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should regularly check the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> for the latest updates on the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition (including the Shareholder's Loan), the Proposed Issuance of Consideration Units and Ascendas Reit and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

14. CONSENTS

Each of the Independent Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its valuation report ("**Valuation Report**") and Valuation Certificates and all references thereto to its name in the form and context in which they are included in this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto and in the form and context in which they are included in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this Circular up to and including the date falling three months after the date of this Circular¹:

- (a) the Share Purchase Agreement;
- (b) the full Valuation Reports on the Property issued by JLL and Savills; and
- (c) the IFA Letter.

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

Yours faithfully

Ascendas Funds Management (S) Limited
(as manager of Ascendas Real Estate Investment Trust)
(Company Registration No. 200201987K)

Dr Beh Swan Gin
Chairman and Non-Executive Independent Director

¹ Due to the current COVID-19 situation in Singapore, inspection at the registered office of the Manager shall be further subject to any applicable control order or regulatory restriction relating to safe distancing which may be issued by the relevant authorities. Prior appointment with the Manager is required. Please contact the Manager at tel. no. (65) 6713 2888 or via email at a-reit@capitaland.com.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage.
25% share of the Bank Loans	:	S\$53.9 million, being the balance 25% share of the Bank Loans which the Trustee will contribute to the Target Company as a 25% shareholder for the repayment of the Bank Loans by the Target Company on Completion.
Acquisition Fee	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from Ascendas Reit upon completion of the Proposed Acquisition.
Acquisition Fee Units	:	The Units issued to the Manager as payment of the Acquisition Fee.
AFM	:	Ascendas Funds Management (S) Limited (UEN: 200201987K).
Aggregate Leverage	:	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 Deposited Property.
Agreed Property Value	:	The agreed value of the Property, being S\$720.0 million.
ALII	:	Ascendas Land International (Investments) Pte. Ltd. (UEN: 201619421E).
APL	:	Ascendas Pte Ltd (UEN: 200010635R).
Ascendas Reit	:	Ascendas Real Estate Investment Trust.
Ascendas Reit FY2020 Audited Financial Statements	:	The audited financial statements of Ascendas Reit for the last financial year ended 31 December 2020.
Ascendas Reit HoldCo	:	PLC 8 Holdings Pte. Ltd. (UEN: 201109345D), a wholly-owned subsidiary of the Trustee.
Audit and Risk Committee	:	The Audit and Risk Committee of the Manager.
Bank Loans	:	The existing bank loans previously provided to the Target Company to fund the development of the Property to be discharged upon Completion.
Bank Loans Consideration	:	S\$161.6 million, being the share of the aggregate principal amount of the Bank Loans attributable to the Sale Shares.
Bartley	:	Bartley Investments Pte. Ltd (UEN: 200407872N).

BlackRock	:	BlackRock, Inc.
CapitaLand	:	CapitaLand Limited (UEN: 198900036N).
CDP	:	The Central Depository (Pte) Limited.
Circular	:	This circular to Unitholders dated 31 May 2021.
CL Shares	:	The ordinary shares in the share capital of CapitaLand.
CLA	:	CLA Real Estate Holdings Pte. Ltd. (UEN: 201429036E).
Completion	:	Completion of the Proposed Acquisition.
Confirmation Email	:	The email to authenticated persons which will contain user ID and password details, as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings.
Consideration Units	:	The new Units to be issued as part consideration for the Proposed Acquisition.
controlling shareholder	:	(In relation to a company), a person who: <ul style="list-style-type: none"> 1. holds directly or indirectly 15% or more of the total voting rights in the company; or 2. in fact exercises control over a company.
controlling unitholder	:	(in relation to a real estate investment trust), a person who <ul style="list-style-type: none"> 1. holds directly or indirectly 15% or more of the nominal amount of all voting units in the real estate investment trust; or 2. in fact exercises control over the real estate investment trust.
Deposited Property	:	The gross assets of Ascendas Reit, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.
Directors	:	The directors of the Manager.
DPU	:	Distribution per Unit.
EGM	:	The extraordinary general meeting of Unitholders to be convened and held by way of electronic means on Wednesday, 16 June 2021 at 4.00 p.m. (Singapore Time), to approve the matters set out in the Notice of Extraordinary General Meeting on pages C-1 to C-4 of this Circular.

Enlarged Portfolio	:	The enlarged portfolio of properties held by Ascendas Reit following the Proposed Acquisition, comprising the Existing Portfolio and the Property, taking into account the divestment of 11 Changi North Way in Singapore on 16 April 2021.
Equity Fund Raising	:	The equity fund raising, for the purpose of part-financing the Total Acquisition Cost, less the Acquisition Fee and such portion of the Purchase Consideration paid in Consideration Units (if the Proposed Issuance of Consideration Units is approved by Unitholders).
Evaluation Method	:	Ascendas Reit's approach of evaluating investment opportunities with a capital structure which comprises 60.0% equity funding and 40.0% debt funding.
Existing Interested Person Transactions	:	The "interested person transactions" entered into between Ascendas Reit and CapitaLand and its associates during the course of the current financial year ending 31 December 2021 as at the Latest Practicable Date.
Existing Portfolio	:	The portfolio of properties held by Ascendas Reit as at 31 March 2021, comprising 212 properties located in Singapore, Australia, the United States and the United Kingdom/Europe.
GFA	:	Gross floor area.
Glenville	:	Glenville Investments Pte. Ltd. (UEN: 201427783E).
IFA	:	SAC Capital Private Limited (UEN: 200401542N), the independent financial adviser to the Audit and Risk Committee, the Independent Directors and the Trustee.
IFA Letter	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice appended to this Circular as Appendix B .
Independent Directors	:	The independent Directors of the Manager, being Dr Beh Swan Gin, Mr Chan Pengee, Adrian, Ms Chong Chiet Ping, Mr Daniel Cuthbert Ee Hock Huat and Mr Chinniah Kunnasagar.
Independent Valuations	:	The independent valuations of the Property as at 30 April 2021 by the Independent Valuers.
Independent Valuers	:	JLL and Savills.
Intended Method of Financing	:	The intended method of financing the Proposed Acquisition as described in paragraph 2.9 of the Letter to Unitholders of this Circular.
Issue Price	:	The issue price of each Consideration Unit.

- JLL** : Jones Lang LaSalle Property Consultants Pte Ltd (UEN: 198004794D).
- JTC** : JTC Corporation, a body corporate incorporated under the Jurong Town Corporation Act, Chapter 150 of Singapore and having its office at The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434 and its successors.
- JTC Confirmation** : Collectively:
1. JTC's written confirmation that JTC is not aware of any breaches in respect of the JTC Lease Documents,
 2. JTC's written confirmation that:
 - (a) the Target Company may, at any time after Completion, make an application for, and be converted to, a limited liability partnership; and
 - (b) JTC has no objections to the transfer and vesting of the Property in the Property LLP following such conversion pursuant to paragraph 6(b) of the Third Schedule of the Limited Liability Partnerships Act, Chapter 163A of Singapore,
 3. JTC's written confirmation that JTC's right of first refusal under the JTC Lease is not triggered by either of the following:
 - (a) the purchase by the Trustee and Ascendas Reit HoldCo of the Sale Shares from the Vendor; and
 - (b) the conversion of the Target Company to the Property LLP and the vesting of the Property by the Target Company to the Property LLP following such conversion pursuant to paragraph 6(b) of the Third Schedule of the Limited Liability Partnerships Act, Chapter 163A of Singapore;
 4. JTC's written confirmation that no environmental baseline study will be required by JTC in connection with either of the following:
 - (a) the purchase by the Trustee and Ascendas Reit HoldCo of the Sale Shares from the Vendor; and
 - (b) the conversion of the Target Company to the Property LLP and the vesting of the Property by the Target Company to the Property LLP following such conversion pursuant to paragraph 6(b) of the Third Schedule of the Limited Liability Partnerships Act, Chapter 163A of Singapore;

		5. JTC's written confirmation that the portion of Fusionopolis Place delineated in Appendix 2 of JTC's letter of 18 March 2020 is state land managed by JTC, which is a public road and is accessible by the public.
JTC Lease	:	Lease IF/397738P dated 26 November 2018 entered into between JTC (as lessor) and the Target Company (as lessee) in respect of the Property.
JTC Lease Documents	:	Collectively: <ol style="list-style-type: none"> 1. the JTC Lease; 2. the Concept and Price Tender to Build, Own and Operate Fusionopolis Phase 5 ("CPT"); 3. Ascendas Land (Singapore) Pte. Ltd.'s submission for the CPT dated 9 March 2012; 4. JTC's tender acceptance letter dated 5 June 2012 and all enclosures therein; 5. the revised Schedule of Building Terms issued in JTC's letter dated 3 August 2012 (as supplemented by the Supplemental Deed dated 10 September 2012); 6. Undertaking dated 22 February 2017 issued by the Lessee to JTC in relation to certain maintenance of landscaping; and 7. Undertaking dated 31 October 2017 issued by the Lessee to JTC in relation to the proposed erection of a pedestrian ramp along Fusionopolis Place by JTC.
Land	:	The land comprising Lot 5012W, Lot 5013V and Lot 5019X, each of Mukim 3.
Latest Practicable Date	:	24 May 2021.
Listing Manual	:	The Listing Manual of the SGX-ST.
LLP Conversion	:	The conversion of the Target Company to a limited liability partnership pursuant to Section 21 of the Limited Liability Partnerships Act, Chapter 163A of Singapore.
Manager	:	AFM, as manager of Ascendas Reit.
Market Day	:	A day on which the SGX-ST is open for securities trading.
Mawson	:	Mawson Peak Holdings Pte. Ltd. (UEN: 201114895R).

Maximum Limit	:	S\$83.0 million, being the maximum dollar value of the Sale Shares Consideration which may be paid in the form of Consideration Units.
NAV	:	Net Asset Value.
NLA	:	Net Lettable Area.
NPI	:	Net Property Income.
NTA	:	Net tangible asset.
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50 per cent. of the total number of votes cast for and against such resolution at a meeting of Unitholders.
Private Placement	:	A private placement of new Units to institutional and other investors.
Property	:	Collectively, 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.
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
Property LLP	:	The LLP to be registered following the LLP Conversion.
Proposed Acquisition	:	The proposed acquisition of the Sale Shares by the Trustee and Ascendas Reit HoldCo from the Vendor on the terms and conditions set out in the Share Purchase Agreement.
Proposed Issuance of Consideration Units	:	The proposed issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) of up to the value of S\$83.0 million as part-consideration for the Proposed Acquisition.
Proxy Form	:	The instrument appointing the Chairman of the EGM as proxy.
PSP	:	CapitaLand's Performance Share Plan.
PUP	:	The Manager's Performance Unit Plan.
Purchase Consideration	:	The purchase consideration payable to the Vendor under the Share Purchase Agreement estimated to be approximately S\$534.4 million (subject to post-Completion adjustments) comprising the Sale Shares Consideration and the Bank Loans Consideration.

Resolution 1	:	The resolution to approve the Proposed Acquisition as an interested person transaction approving the Proposed Acquisition.
Resolution 2	:	The resolution to approve the Proposed Issuance of Consideration Units.
RSP	:	CapitaLand's Restricted Share Plan.
RUP	:	The Manager's Restricted Unit Plan.
Sale Shares	:	The 102,150,000 ordinary shares in the share capital of the Target Company representing the balance 75.0% of the total issued share capital of the Target Company not held by the Trustee.
Sale Shares Consideration	:	S\$372.8 million, being the proportionate amount of the 75% of the adjusted NAV of the Target Company which is attributable to the Sale Shares at Completion, taking into account the Agreed Property Value.
Savills	:	Savills Valuation and Professional Services (S) Pte. Ltd. (UEN: 200402411G).
Securities Act	:	US Securities Act of 1933, as amended.
SFA	:	Securities and Futures Act (Cap. 289 of Singapore).
Share Purchase Agreement	:	The share purchase agreement dated 4 May 2021 entered into between the Trustee, Ascendas Reit HoldCo and the Vendor in respect of the Proposed Acquisition.
Shareholder's Loan	:	The shareholder's loan to be provided by the Trustee to the Target Company on Completion.
sq m	:	Square metres.
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5% of the total number of Units in issue.
Target Company	:	Ascendas Fusion 5 Pte. Ltd. (UEN: 201212553K).
Temasek	:	Temasek Holdings (Private) Limited (UEN: 197401143C).
Tembusu	:	Tembusu Capital Pte. Ltd. (UEN: 200407437Z).
TJ Holdings (III)	:	TJ Holdings (III) Pte. Ltd. (UEN: 201428428R).
Total Acquisition Cost	:	The total cost of the Proposed Acquisition.

Trust Deed	:	The trust deed dated 9 October 2002 constituting Ascendas Reit, as amended, restated and/or supplemented by a first supplemental deed dated 16 January 2004, a second supplemental deed dated 23 February 2004, a third supplemental deed dated 30 September 2004, a fourth supplemental deed dated 17 November 2004, a fifth supplemental deed dated 20 April 2006, a first amending and restating deed dated 11 June 2008, a seventh supplemental deed dated 22 January 2009, a eighth supplemental deed dated 17 September 2009, a ninth supplemental deed dated 31 May 2010, a tenth supplemental deed dated 22 July 2010, a eleventh supplemental deed dated 14 October 2011, a twelfth supplemental deed dated 19 October 2015, a thirteenth supplemental deed dated 26 January 2016, a second amending and restating deed dated 10 August 2017, a fifteenth supplemental deed dated 20 August 2018, a sixteenth supplemental deed dated 24 July 2019, a seventeenth supplemental deed dated 3 April 2020 and a eighteenth supplemental deed dated 28 November 2020 as amended, varied, or supplemented from time to time.
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit.
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of Ascendas Reit.
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “ Unitholder ” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units.
Units	:	A unit representing an undivided interest in Ascendas Reit.
Valuation Certificates	:	The Valuation Certificates prepared by the Independent Valuers appended to this Circular as Appendix A .
Valuation Reports	:	The Valuation Reports prepared by the Independent Valuers.
Vendor	:	Ascendas Fusion 5 Holding Pte. Ltd. (UEN: 201212549D), the vendor of the Sale Shares and a wholly-owned subsidiary of CapitaLand.
VWAP	:	The volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST.

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore Time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF THE PROPERTY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. The Property

1.1 The Property (as at 31 March 2021)

The Target Company owns 100.0% of the Property.

The Property is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore's hub for 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 GFA of 68,835 sq m and a NLA of 60,935 sq m. It is sited on a land area of 19,283 sq m zoned for Business Park use with a 30% White Component¹. The remaining lease tenure of the land is around 51 years.

The Property has a BCA Green Mark Platinum rating. Its green features include a high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials. Other premium business park features include facial recognition access, contactless and destination control system for passenger lifts and self-registration kiosk for visitors. The Property also offers diverse work-live and retail options, with partially fitted work lofts, two levels of retail and F&B outlets, and a sky garden.

The Property comprises a 17-storey building with business park (NLA of 44,556 sq m) and office space (NLA of 10,305 sq m), a two-storey retail and F&B podium (NLA of 4,106 sq m), a five-storey building with partially fitted work lofts (NLA of 1,968 sq m) and a two-storey basement carpark.

Completed in 2015, the Property is 98.6% (as at 31 March 2021) occupied by renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others. As at 31 March 2021, the weighted average lease to expiry of the Property is 2.4 years.

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

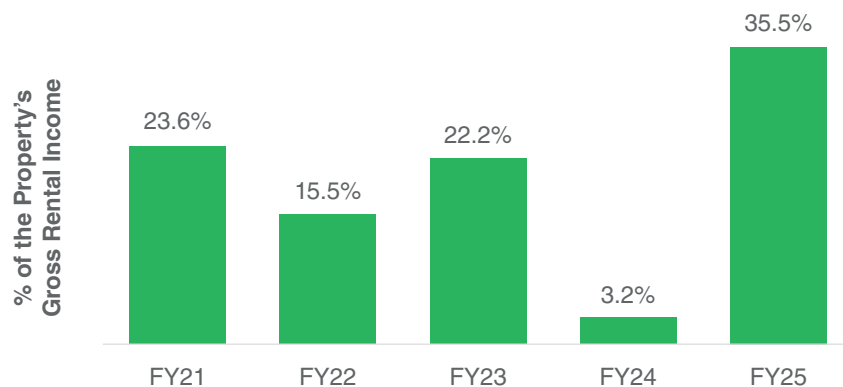
Address	1 Fusionopolis Place Singapore 138522 and 3 Fusionopolis Place Singapore 138523
Land Lots	Mukim 3 Lot 5012W, Mukim 3 Lot 5013V and Mukim 3 Lot 5019X
Site Area	19,283
GFA (sq m)	68,835
NLA (sq m)	60,935
Registered Proprietor	Ascendas Fusion 5 Pte. Ltd.
Land Tenure	Leasehold estate of 60 years commencing from 12 July 2012 held by the Target Company under the JTC Lease

¹ Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include offices, restaurants, shops etc. Source: Urban Redevelopment Authority of Singapore.

1.2 Lease Profile for the Property (as at 31 March 2021)

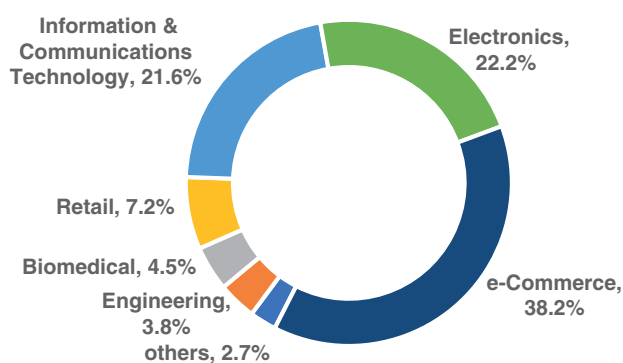
The chart below illustrates the committed lease profile of the Property by gross rental income as at 31 March 2021.

Lease Expiry Profile of the Property (by Rental Income)



1.3 Trade Sector Analysis for the Property (as at 31 March 2021)

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Property as at 31 March 2021.



2. EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

As at 31 March 2021, Ascendas Reit's existing portfolio comprised 212 properties located in Singapore, Australia, the United States and the United Kingdom/Europe. As at the Latest Practicable Date, Ascendas Reit has since divested 11 Changi North Way in Singapore on 16 April 2021 and Ascendas Reit's portfolio now comprises 211 properties located in Singapore, Australia, the United States and the United Kingdom/Europe.

2.1 Selected information on the Existing Portfolio and the Enlarged Portfolio (as at 31 March 2021)

The table below sets out selected information on the Existing Portfolio and Enlarged Portfolio as at 31 March 2021 (unless otherwise indicated).

	Existing Portfolio ⁽¹⁾	The Property (based on 100% interest)	Enlarged Portfolio
Investment Property Value (S\$ million)	15,057	729 (inclusive of transaction costs)	15,786 (15,771) ⁽²⁾
No. of Properties	212	1	213 (212) ⁽²⁾
GFA (sq m)	4,816,118	68,835	4,884,953 (4,874,846) ⁽²⁾
NLA (sq m)	4,258,171	60,935	4,319,106 (4,309,612) ⁽²⁾
Number of Tenants	1,460	57	1,517
Occupancy Rate (%)	90.6	98.6	90.7 (90.9) ⁽²⁾
Weighted Average Lease to Expiry by gross rental income (years)	4.1	2.4	4.0 (4.0) ⁽²⁾
Weighted Average Land Lease to Expiry ⁽³⁾ (years)	43.4	51.3	44.0 (44.0) ⁽²⁾

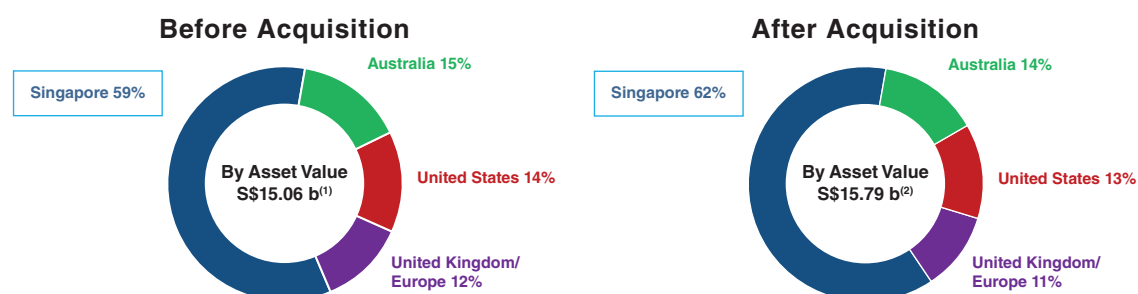
Notes:

- (1) Based on 212 properties as at 31 March 2021.
(2) Excludes 11 Changi North Way, in Singapore, which was divested on 16 April 2021.
(3) Excluding freehold properties.

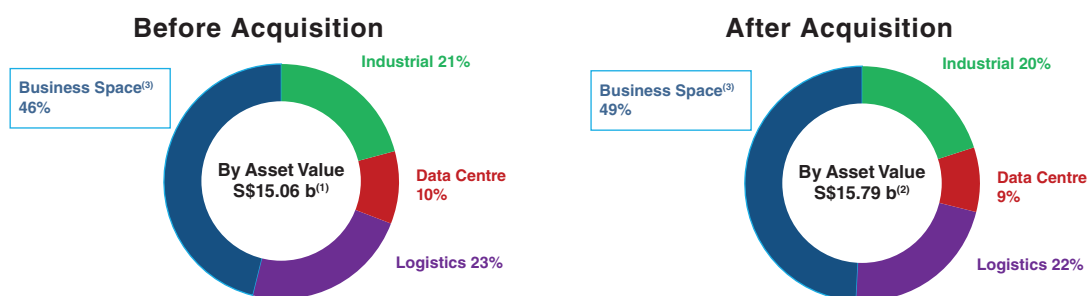
2.2 Property and Geographical Segment Analysis for Existing Portfolio and Enlarged Portfolio (as at 31 March 2021)

The charts below provide a breakdown (by asset value) of the different property segments and geographical locations represented in the Existing Portfolio and the Enlarged Portfolio.

Breakdown by geography



Breakdown by property segments

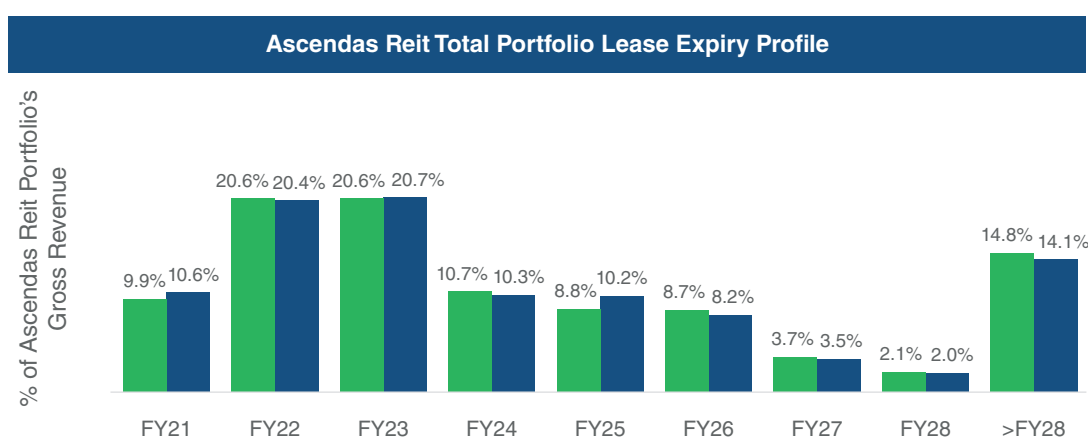
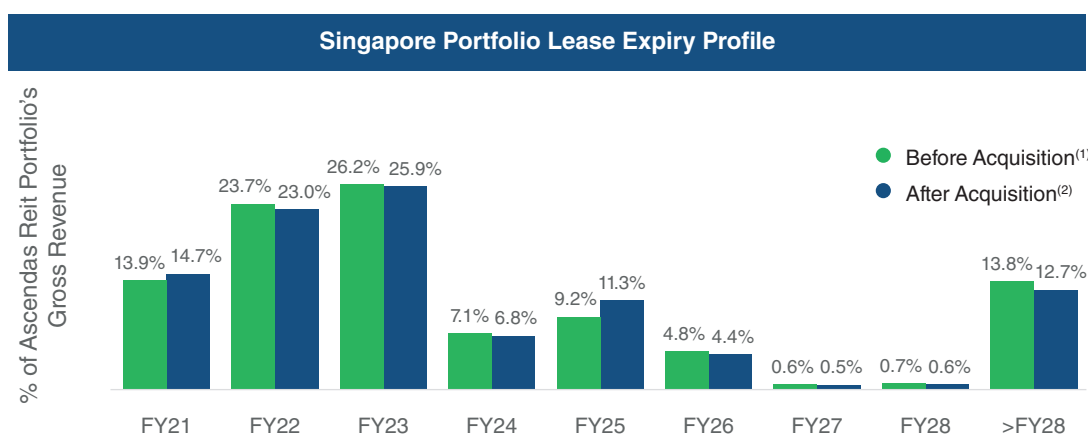


Notes:

- (1) As at 31 March 2021.
- (2) Assuming the Proposed Acquisition was completed on 31 March 2021 and includes the Property on a 100% basis.
- (3) Business space comprises business & science park properties, suburban offices and offices.

2.3 Lease Profile for the Existing Portfolio and Enlarged Portfolio (as at 31 March 2021)

The charts below illustrate the lease expiry profile of the Existing Portfolio and Enlarged Portfolio for Ascendas Reit's Singapore and total portfolio by gross rental income as at 31 March 2021. The Weighted Average Lease to Expiry for the Existing Portfolio and Enlarged Portfolio by gross rental income are approximately 4.1 years and 4.0 years respectively.

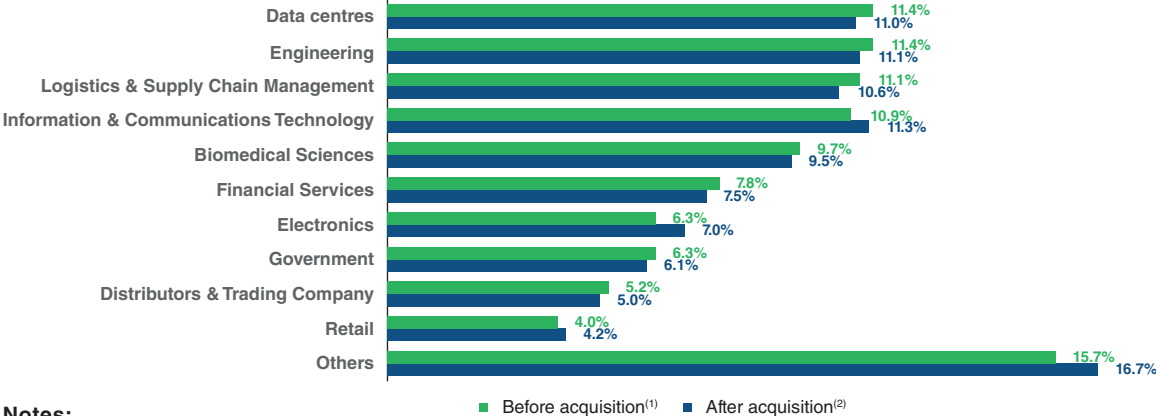


Notes:

- (1) As at 31 March 2021.
- (2) Assuming the Proposed Acquisition was completed on 31 March 2021 and includes the Property on a 100% basis.

2.4 Trade Sector Analysis for the Existing Portfolio and Enlarged Portfolio (as at 31 March 2021)

The charts below provide a breakdown by gross rental income of the different trade sectors represented in the Existing Portfolio and the Enlarged Portfolio as at 31 March 2021.

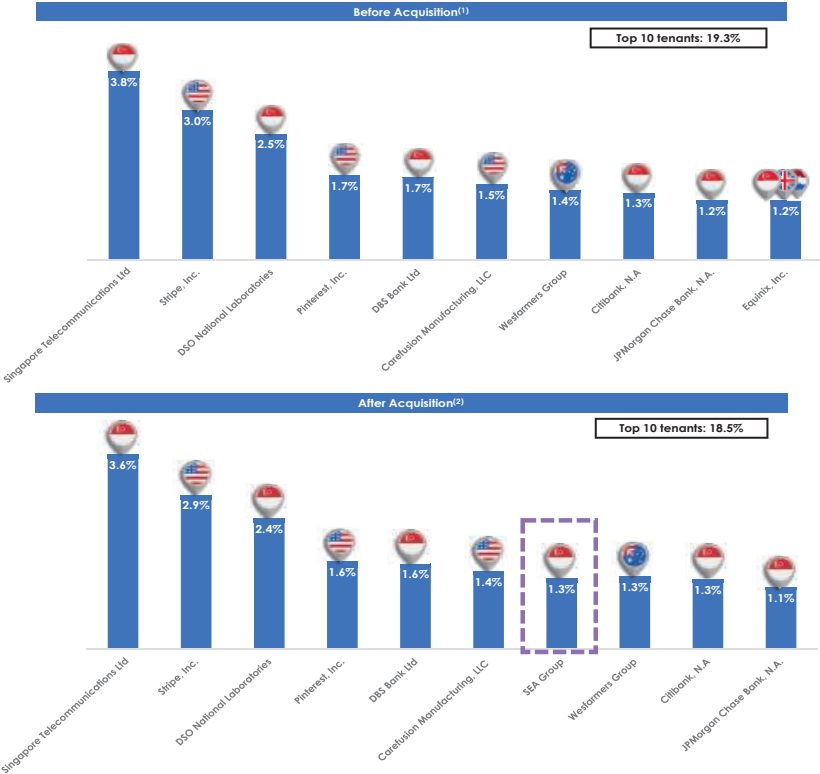


Notes:

- (1) As at 31 March 2021.
- (2) Assuming the Proposed Acquisition was completed on 31 March 2021 and includes the Property on a 100% basis.

2.5 Top 10 Tenants of the Existing Portfolio and Enlarged Portfolio (as at 31 March 2021)

The charts below set out the top 10 tenants by monthly gross revenue of the Existing Portfolio and Enlarged Portfolio (as at 31 March 2021). For the Existing Portfolio, the top 10 tenants account for about 19.3% of monthly portfolio gross revenue. With the Enlarged Portfolio, the contribution from the top 10 tenants to monthly portfolio gross revenue will fall to 18.5%.



Notes:

- (1) As at 31 March 2021.
- (2) Assuming the Proposed Acquisition was completed on 31 March 2021 and includes the Property on a 100% basis.

VALUATION CERTIFICATES



VALUATION CERTIFICATE

Date of Valuation	:	April 30, 2021.
Property	:	Galaxis 1 & 3 Fusionopolis Place Singapore 138522 & 138523 (the "Property")
Client	:	HSBC Institutional Trust Services (Singapore) Limited (as Trustee of A-REIT).
Purpose of Valuation	:	Market valuation for acquisition purposes and disclosure in the Circular to unitholders of A-REIT.
Legal Description	:	Lots 5012W, 5013V and 5019X Mukim 3.
Tenure	:	60 years commencing from July 12, 2012. Balance term of 51.2 years.
Permitted Use	:	The Property is to be used for the purpose of a multi-tenanted facility for Infocomm, Media, Electronics, Physical Science and Engineering Research and Development only.
Registered Lessee	:	Ascendas Fusion 5 Pte. Ltd.
Brief Description of Property	:	The Property is a purpose-built integrated business park / office building with retail space. It comprises a 17-storey business park building with 2-storey retail podium, 5-storey office block and 2 basement carparks with 298 lots in total. It is erected on an almost U-shaped plot of land at the access road level. The retail podium is directly connected to Connexis / Symbiosis and Innovis via a skybridge.

The Temporary Occupation Permit (TOP) were issued on December 8, 2014, January 21, 2015 and March 11, 2015 for the Business Park / Office Tower, Work Lofts and Retail space respectively. The Certificate of Statutory Completion (CSC) was issued on November 4, 2016.

Site Areas	:	<table border="1"> <thead> <tr> <th>Town Subdivision 3</th> <th>Site Area</th> </tr> </thead> <tbody> <tr> <td>Lot 5012W</td> <td>2,239.7 sq.m. (24,108 sq.ft.)</td> </tr> <tr> <td>Lot 5013V</td> <td>600.9 sq.m. (6,468 sq.ft.)</td> </tr> <tr> <td>Lot 5019X</td> <td>16,442.0 sq.m. (176,980 sq.ft.)</td> </tr> <tr> <td>Total</td> <td>19,282.6 sq.m. (207,556 sq.ft.)</td> </tr> </tbody> </table>	Town Subdivision 3	Site Area	Lot 5012W	2,239.7 sq.m. (24,108 sq.ft.)	Lot 5013V	600.9 sq.m. (6,468 sq.ft.)	Lot 5019X	16,442.0 sq.m. (176,980 sq.ft.)	Total	19,282.6 sq.m. (207,556 sq.ft.)
Town Subdivision 3	Site Area											
Lot 5012W	2,239.7 sq.m. (24,108 sq.ft.)											
Lot 5013V	600.9 sq.m. (6,468 sq.ft.)											
Lot 5019X	16,442.0 sq.m. (176,980 sq.ft.)											
Total	19,282.6 sq.m. (207,556 sq.ft.)											

Gross Floor Area (GFA) (as provided and subject to survey)	:	Approximately 68,834.88 sq.m. (740,932 sq.ft.).
Total Net Lettable Area (NLA) (as provided and subject to survey)	:	Approximately 60,935.80 sq.m. (655,907 sq.ft.) including ancillary areas.



VALUATION CERTIFICATE (CONT'D)

Tenancy Details : The building is multi-tenanted with lease terms predominantly of 1 to 6 years.

Based on the tenancy information provided to us, the Property has an approximate committed occupancy and gross passing rent on occupied space as follows:-

	Office / Work Loft	Business Park	Retail
Committed Occupancy	95.5%	100%	87.3%
Gross Passing Rent on Occupied Space	S\$78.33 psm (\$7.28 psf) per month	S\$73.21 psm (\$6.80 psf) per month	S\$76.25 psm (\$7.08 psf) per month

Annual Posted Land Rent : \$12 per annum. Lessee should pay an annual rent of \$12 during the remaining term of lease without demand and in advance on the 1st day of January of each year without deductions and in advance without demand at the office of the Lessor or at such other office as the Lessor may designate (the payment of the annual rent is temporarily waived until such time as the Lessor may in its absolute discretion determine). The Lessor shall notify the Lessee in writing should the Lessor decide to cease the waiver of annual rent.

Annual Value (2021) (as provided by the client) : S\$38,109,500/-.

Capitalisation Rate : Office / Work Loft – 4.25%.
Business Park – 5.00%.
Retail – 5.00%.

Terminal Yield : Office / Work Loft – 4.50%.
Business Park – 5.25%.
Retail – 5.25%.

Discount Rate : Office / Work Loft – 7.00%.
Business Park – 7.00%.
Retail – 7.00%.



EXECUTIVE SUMMARY (CONT'D)

Master Plan Zoning (2019 Edition) : Business Park – White 30 with a plot ratio of 3.5. The total quantum of permissible White use shall not exceed 30% of the total floor area of the development. Within its 30% white component, retail quantum must not exceed 5,500 sq.m. (not less than 4,000 sq.m.).

Methods of Valuation : Capitalisation Approach and Discounted Cash Flow Approach.

Market Value as at April 30, 2021 : S\$736,000,000/- (Singapore Dollars Seven Hundred And Thirty-Six Million)

Value psm on GFA : S\$10,692 psm.

Value psm on NLA : S\$12,078 psm.

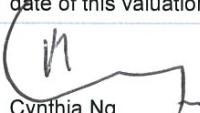

Chia Hui Hoon
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006555E
Senior Director
JONES LANG LASALLE

James Crawford
B App Sc (Prop Econ), MRICS, AAPI
Head of Valuations – Southeast Asia
JONES LANG LASALLE

Note: This valuation report was prepared by Chia Hui Hoon, Senior Director, with oversight from James Crawford, Head of Valuation and Advisory Services, Southeast Asia.



VALUATION CERTIFICATE

Property Address	1 And 3 Fusionopolis Place, Galaxis Singapore 138522/23
Prepared For	Ascendas Funds Management (S) Limited (Manager of Ascendas REIT)
Purpose of Valuation	Acquisition purpose and for disclosure in the Circular to unitholders of Ascendas REIT
Legal Description	Lots 5012W, 5013V and 5019X Mukim 3
Tenure	Leasehold for 60 years commencing from 12 July 2012 (balance un-expired interest of about 51.2 years)
Registered Lessee	Ascendas Fusion 5 Pte. Ltd.
Brief Description	The subject property is bounded by Fusionopolis Place, Portsdown Road and Fusionopolis Way, off North Buona Vista Road and Ayer Rajah Avenue. It is linked to One North MRT Station. It comprises a 17-storey business park/office building with a 2-storey retail podium and two basement car parks; and a 5-storey block (Work Loft). The property appeared to be in good condition. The Temporary Occupation Permits were issued on 8 December 2014, 21 January 2015 and 11 March 2015.
Site Area	19,282.6 sm or thereabouts, subject to government's re-survey
Gross Floor Area	68,834.9 sm, as provided and subject to final survey
Lettable Floor Area	60,935.8 sm including common area, as provided and subject to final survey
Tenancy Brief	The property is multi-tenanted. Based on the tenancy information provided by the Client, the property is about 98.2% let and has a monthly gross rent of about \$6.91 psf. The monthly service charge is about \$1.19 psf.
Annual Value (AV)	\$38,109,500. Property tax is payable at 10.00% per annum of the assessed AV.
Master Plan (2019)	Business Park – White with a plot ratio of 3.5 and the total quantum of permissible White use shall not exceed 30% of the total floor area of the development. The retail quantum must not exceed 5,500 sm (not less than 4,000 sm).
Basis of Valuation	As-Is basis and subject to existing tenancies
Valuation Approaches	Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
Date of Valuation	30 April 2021
Capitalisation Rate	Business Park/Work Loft at 5.25%; Office at 4.50% and Retail at 5.00%
Terminal Capitalisation Rate	Business Park/Work Loft at 5.50%; Office at 4.75% and Retail at 5.25%
Discount Rate	7.50%
Rate of Lettable Floor Area	\$12,047/sm
Recommended Market Value	\$734,100,000 (Singapore Dollars Seven Hundred Thirty-Four Million And One Hundred Thousand Only)
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein. With the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, it is difficult to predict the future impact that COVID-19 might have on the real estate market. In view of the foregoing, our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report.
Prepared by	 Cynthia Ng  Cynthia Soo
	Licensed Appraiser No. AD041-2003388A Licensed Appraiser No. AD041-2006556K
	Savills Valuation And Professional Services (S) Pte Ltd

This valuation is exclusive of Goods and Services Tax.

To any party relying on this report, we advise that this certificate must be read in conjunction with the full valuation report. This valuation certificate should not be relied upon in isolation for any other purposes.

CS/CN/pt

LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	<p>The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report.</p> <p>The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.</p>
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	<p>The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted.</p> <p>Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).</p>
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme (s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

This page has been intentionally left blank.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401542N)

31 May 2021

**The Independent Directors and Audit and Risk Committee of
Ascendas Funds Management (S) Limited
(in its capacity as the manager of Ascendas Real Estate Investment Trust)**

168 Robinson Road,
#30-01 Capital Tower,
Singapore 068912

**HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as the trustee of Ascendas Real Estate Investment Trust)**

10 Marina Boulevard,
Marina Bay Financial Centre Tower 2,
#45-01
Singapore 018983

Dear Sirs/Madam,

- (1) THE PROPOSED ACQUISITION OF 75% OF THE TOTAL ISSUED SHARE CAPITAL OF ASCENDAS FUSION 5 PTE. LTD. AS AN INTERESTED PERSON TRANSACTION**
- (2) THE PROPOSED ISSUANCE OF CONSIDERATION UNITS**

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to Unitholders of Ascendas Real Estate Investment Trust dated 31 May 2021 (the “Circular”) shall have the same meanings herein.

1. INTRODUCTION

Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is Singapore’s first and largest business space and industrial real estate investment trust established with the investment strategy of owning and operating a diversified portfolio that will provide investors with a stable and predictable income stream and long-term growth prospects.

As at 31 March 2021, Ascendas Reit has a market capitalisation of approximately S\$12.3 billion and investment properties under management of approximately S\$15.1 billion.

As at 31 March 2021, Ascendas Reit’s portfolio comprised 212 properties located in Singapore, Australia, the United States and the United Kingdom/Europe. As at the Latest Practicable Date, Ascendas Reit has since divested 11 Changi North Way in Singapore on 16 April 2021 and Ascendas Reit’s portfolio now comprises 211 properties located in Singapore, Australia, the United States and the United Kingdom/Europe.

Ascendas Reit is managed by Ascendas Funds Management (S) Limited (the “**Manager**”), an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”).

1.1 The Proposed Acquisition

HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit (the “**Trustee**”), currently holds 25.0% of the issued share capital of Ascendas Fusion 5 Pte. Ltd. (the “**Target Company**”). In turn, the Target Company 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**”).

On 4 May 2021, the Trustee and PLC 8 Holdings Pte. Ltd. (the “**Ascendas Reit HoldCo**”) a wholly-owned subsidiary of the Trustee, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Ascendas Fusion 5 Holding Pte. Ltd. (the “**Vendor**”), an indirect wholly-owned subsidiary of CapitaLand Limited (“**CapitaLand**”), to acquire 102,150,000 ordinary shares of the Target Company representing the balance 75.0% of the total issued share capital of the Target Company not held by the Trustee (the “**Sale Shares**” and the acquisition of the Sale Shares, the “**Proposed Acquisition**”) for approximately S\$372.8 million (subject to post-Completion adjustments)(the “**Sale Shares Consideration**”).

The agreed property value of the Property on a 100.0% basis (“**Agreed Property Value**”), which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers (the “**Independent Valuations**”), is S\$720.0 million (and is an approximately 2% discount to the average of the two Independent Valuations).

The Sale Shares Consideration is estimated to be approximately S\$372.8 million (subject to post-Completion adjustments) based on 75% of the adjusted net asset value (“**NAV**”) of the Target Company which is attributable to the Sale Shares as at Completion, taking into account 75% of the Agreed Property Value.

In connection with the Proposed Acquisition, under the Share Purchase Agreement, the Trustee will, on the date of completion of the Proposed Acquisition (the “**Completion**”), provide a shareholder’s loan to the Target Company (the “**Shareholder’s Loan**”) equivalent to the existing bank loans previously provided to the Target Company to fund the development of the Property. The proceeds from the Shareholder’s Loan will then be utilised by the Target Company to repay and discharge in full the Bank Loans on Completion. As the Shareholder’s Loan is provided in connection with the Proposed Acquisition, unless otherwise provided herein, all references to “**Proposed Acquisition**” shall include the Shareholder’s Loan.

Following Completion, the Target Company will become a wholly-owned subsidiary of the Trustee, with the Trustee directly holding 136,186,380 ordinary shares of the Target Company representing 99.99% of the issued share capital of the Target Company, with the balance 13,620 shares of the Target Company representing 0.01% of the issued share capital of the Target Company held by the Ascendas Reit HoldCo.

1.2 Proposed Issue of Consideration Units

The Manager proposes to issue new Units to the Vendor (and/or nominee(s) of the Vendor) of up to S\$83.0 million (the “**Maximum Limit**”) in part payment of the Sale Shares Consideration payable for the Proposed Acquisition on Completion (the “**Consideration Units**” and the issue of the Consideration Units to the Vendor (and/or nominee(s) of the Vendor), the “**Proposed Issuance of Consideration Units**”).

The number of Consideration Units to be issued shall be calculated based on (i) the dollar value amount of the Sale Shares Consideration (subject to the Maximum Limit) as determined by the Manager in its sole discretion to be paid in the form of Consideration Units divided by (ii) the issue price of each Consideration Unit (the “**Issue Price**”). Any fraction of a Consideration Unit resulting shall be disregarded for the purposes of calculating the number of Consideration Units to be issued and the Sale Shares Consideration less the dollar value of the Consideration Units to be issued, shall be payable in cash.

Pursuant to the Sale and Purchase Agreement, the Issue Price shall be determined as follows:

- (a) where the Equity Fund Raising is carried out prior to the date of issue of the Consideration Units (which will be the date of Completion), the Issue Price of each Consideration Unit will be the same as the issue price of each Unit issued under the Equity Fund Raising; and
- (b) if the Equity Fund Raising is not carried out prior to the date of issue of the Consideration Units, pursuant to the Sale and Purchase Agreement, the Issue Price of each Consideration Unit will be the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the date of issuance of the Consideration Units which will be the date of Completion.

The Consideration Units, when issued, will be fully paid. The Consideration Units shall be issued on the date of Completion and the number of Consideration Units issued shall be rounded downwards to the nearest board lot of 100 Units.

Issue Price of Consideration Units is equal to the Issue Price for Private Placement

In connection with the Proposed Acquisition, the Equity Fund Raising was carried out by way of a private placement as announced on 4 May 2021 (the “**Private Placement**”) and the issue price for each Unit issued under the Private Placement was S\$2.9440. As such, the Issue Price is S\$2.9440, being the same as the issue price per Unit issued pursuant to the Private Placement and the Issue Price represents a discount of 5.2% to the volume weighted average price of S\$3.1062 per Unit for trades in the Units done on the SGX-ST for the Market Day on 4 May 2021 (being the Market Day on which the placement agreement in connection with the Private Placement was signed). “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

Subject to Unitholders’ approval being obtained for the Proposed Issuance of Consideration Units, the Manager has determined that S\$79,997,312 of the Sale Shares Consideration is to be paid in the form of Consideration Units. Accordingly, based on the Issue Price of S\$2.9440, the total number of Consideration Units to be issued will be 27,173,000 and will represent approximately 0.7% of the total number of Units in issue as at the Latest Practicable Date.

The Consideration Units shall be issued on the date of Completion under a temporary stock counter from the existing Ascendas Reit stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for the existing Units, in respect of the distribution period ending 30 June 2021 (or such other period as the Manager may determine). After the last day of “cum-distribution” trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing Ascendas Reit stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in Ascendas Reit’s distribution for the period immediately preceding the date of issue of the Consideration Units.

1.3 Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, CapitaLand holds, through Ascendas Land International (Investments) Pte. Ltd. and the Manager, an aggregate interest in 723,109,762 Units, which is equivalent to approximately 17.37% of the total number of Units in issue.

The Manager and the Vendor are indirect wholly-owned subsidiaries of CapitaLand and the Target Company is also a subsidiary of CapitaLand, with CapitaLand holding an indirect 75.0% interest in the Target Company through the Vendor.

CapitaLand is therefore regarded as a “controlling unitholder” of Ascendas Reit under both the listing manual of the SGX-ST (the ‘**Listing Manual**’) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the ‘**Property Funds Appendix**’). In addition, as the Manager is an indirectly wholly-owned subsidiary of CapitaLand, CapitaLand is regarded as a “controlling shareholder” of the Manager under the Listing Manual and the Property Funds Appendix.

As the Vendor is an “associate” of CapitaLand, 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 respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

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% of Ascendas Reit group’s (the “**Group**”) latest audited NTA, Unitholders’ approval is required in respect of the transaction.

Based on the audited financial statements of Ascendas Reit for the last financial year ended 31 December 2020 (the “**Ascendas Reit FY2020 Audited Financial Statements**”), the latest audited NTA of the Group was S\$9,190.6 million as at 31 December 2020. 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\$459.5 million, such a transaction would be subject to Unitholders’ approval. The Sale Shares Consideration payable by the Trustee and the Ascendas Reit HoldCo to the Vendor, an associate of CapitaLand, and the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition amount to an aggregate sum of S\$588.3 million, representing 6.4% of the latest audited NTA of the Group of S\$9,190.6 million as at 31 December 2020. Hence the Proposed Acquisition is subject to the approval of Unitholders pursuant to Rule 906(1)(a) of the Listing Manual.

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% of the Group’s latest audited NAV. Based on the Ascendas Reit FY2020 Audited Financial Statements, the latest audited NAV of the Group was S\$9,190.6 million as 31 December 2020. 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\$459.5 million, such a transaction would be subject to Unitholders’ approval. The Sale Shares Consideration payable by the Trustee and the Ascendas Reit HoldCo to the Vendor and the Shareholder’s Loan to be provided by the Trustee to the Target Company in connection with the Proposed Acquisition amount to an aggregate sum of S\$588.3 million, representing 6.4% of the latest audited NAV of the Group of S\$9,190.6 million as at 31 December 2020. Hence, the value of the Proposed Acquisition exceeds the said threshold.

Under Rules 812(1) and 812(2) of the Listing Manual, any issue of Units must not be placed to a person which is a Substantial Unitholder, its related company or its associated company unless specific Unitholders' approval is obtained. The placee and its associates must abstain from voting on the resolution approving the placement. As the Vendor is an indirect wholly-owned subsidiary of CapitaLand, the Proposed Issuance of Consideration Units to the Vendor (and/or nominee(s) of the Vendor) will constitute a placement to a related company of a Substantial Unitholder. Further, as the Vendor is an "associate" of CapitaLand, 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 respectively, the Vendor is (for the purposes of the Listing Manual) an interested person and (for the purposes of the Property Funds Appendix) an interested party of Ascendas Reit.

Therefore, the Proposed Acquisition and the Proposed Issuance of Consideration Units (collectively, the "**Proposed IPTs**") will constitute "interested person transactions" under Chapter 9 of the Listing Manual, and "interested party transactions" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. We understand that the Manager is convening an extraordinary general meeting of Ascendas Reit to seek approval from the Unitholders for the Proposed IPTs.

This letter, which sets out our evaluation has been prepared for the use of the Independent Directors, the ARC, and the Trustee in connection with their consideration of the Proposed IPTs and the Independent Directors and the ARC's recommendation to the Unitholders arising therefrom.

2. TERMS OF REFERENCE

We, SAC Capital Private Limited ("**SAC Capital**"), have been appointed as the independent financial adviser ("**IFA**") as required under Listing Rule 921(4)(a), as well as to advise the independent Directors (the "**Independent Directors**") and the Audit and Risk Committee (the "**ARC**") of the Manager and the Trustee as to whether the Proposed IPTs are on normal commercial terms and not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

Our opinion is prepared as required under Listing Rule 921(4)(a) as well as delivered for the use and benefit of the Independent Directors, the ARC, and the Trustee in their deliberations on the Proposed IPTs, before arriving at a decision on the merits and demerits thereof, and where relevant, in making any recommendations to the independent Unitholders. We are not and were not involved in any aspect of the negotiations entered into by the Manager as well as the Trustee in connection with the Proposed IPTs or in the deliberations leading up to the decision of the Directors to undertake the Proposed IPTs. Accordingly, we do not, by this letter, warrant the merits of the Proposed IPTs, other than to express an opinion on whether the Proposed IPTs are on normal commercial terms and are not prejudicial to Ascendas Reit and its minority Unitholders.

We have not conducted a comprehensive review of the business, operations or financial conditions of Ascendas Reit and the Target Company. We have not evaluated the strategic, legal or commercial merits or risks of the Proposed IPTs or the earnings potential of Ascendas Reit after the completion of the Proposed IPTs. It is also not within our terms of reference to compare the merits of the Proposed IPTs to any alternative transactions that were made or may have been available to Ascendas Reit. Such comparison and consideration remain the sole responsibility of the Independent Directors, the ARC, the Management (as defined below) and their advisors although we may draw upon their views or make comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. Accordingly, we do not express any view as to the prices at which the Units may trade upon completion of the Proposed IPTs or on the future growth prospects, financial position and earnings potential of the Ascendas Reit.

In the course of our evaluation, we have held discussions with the Directors and the management of the Manager (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed, after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts in relation to the Proposed IPTs and Ascendas Reit, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made reasonable enquiries and exercised our judgement (as deemed necessary) in assessing the reasonable use of such information and representations, and have found no reason to doubt the accuracy or reliability of such information or representations. We are not, and do not hold ourselves to be legal, regulatory or tax experts. We are the independent financial advisor only and have relied on, without independent verification, the assessment made by advisors to Ascendas Reit with respect to such issues.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of Ascendas Reit or the Target Company. However, we have been furnished with the valuation reports for the Property (the “**Valuation Reports**”) prepared by the independent property valuers, namely, Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”) and Savills Valuation And Professional Services (S) Pte Ltd (“**Savills**”, and together with JLL, the “**Independent Valuers**”). We are not experts and do not regard ourselves to be experts in the valuation of properties. Accordingly, we have taken into consideration the Valuation Reports, and have not made any independent verification of the contents thereof. The respective summary valuation certificates prepared by the Independent Valuers are set out in Appendix A of the Circular.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of Ascendas Reit. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of Ascendas Reit and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of Ascendas Reit.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry, monetary and other applicable conditions prevailing on, and the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any individual Unitholder or any specific group of Unitholders. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors and the ARC to recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their Units should consult his or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion and advice in relation to the Proposed IPTs should be considered in the context of the entirety of this letter and the Circular.

The Manager as well as the Trustee has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

3. DETAILS OF THE PROPOSED ACQUISITION

3.1 Information on the Property

The Target Company owns 100.0% of the Property.

The Property is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore's hub for information and communications 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 ("GFA") of 68,835 square metres ("sq m") and a net lettable area ("NLA") of 60,935 sq m. It is sited on a land area of 19,283 sq m zoned for Business Park use with a 30% White Component¹. As at 31 March 2021, the remaining lease tenure of the Land is around 51 years.

The Property comprises a 17-storey building with business park (NLA of 44,556 sq m) and office space (NLA of 10,305 sq m), a two-storey retail and F&B podium (NLA of 4,106 sq m), a five-storey building with work lofts (NLA of 1,968 sq m) and a two-storey basement carpark. It has a BCA Green Mark Platinum rating.

Completed in 2015, as at 31 March 2021, the Property is 98.6% occupied by renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others, and the weighted average lease to expiry of the Property is 2.4 years.

Please refer to section 2.2 of the Circular for further details on the Property.

3.2 Structure of the Proposed Acquisition

The Trustee has commissioned an independent valuer, JLL, and the Manager has commissioned an independent valuer, Savills, to respectively value the Property as at 30 April 2021.

JLL has valued the Property at S\$736.0 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

Savills has valued the Property at S\$734.1 million as at 30 April 2021 using the discounted cash flow analysis and the income capitalisation method.

Copies of the Valuation Certificates issued by JLL and Savills are appended to the Circular as Appendix A.

¹ Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include offices, restaurants, shops etc. Source: Urban Redevelopment Authority of Singapore.

The Agreed Property Value of the Property on a 100.0% basis, which was negotiated on a willing-buyer and willing-seller basis with reference to the Independent Valuations, is S\$720.0 million and is an approximately 2% discount to the average of the two Independent Valuations.

The Sale Shares Consideration is estimated to be approximately S\$372.8 million (subject to post-Completion adjustments) based on 75% of the adjusted NAV of the Target Company which is attributable to the Sale Shares as at Completion, taking into account the Agreed Property Value.

In connection with the completion of the Proposed Acquisition and separate from the Sale Shares Consideration, the Trustee will, on the date of Completion, provide the Shareholder's Loan, equivalent to the Bank Loans of S\$215.5 million, to the Target Company comprising:

- (i) S\$161.6 million being the 75% share of the Bank Loans which the Vendor otherwise had to contribute to the Target Company as a 75% shareholder for the repayment of the Bank Loans by the Target Company on Completion (the "**Bank Loans Consideration**") and together with the Sale Shares Consideration, the "**Purchase Consideration**"); and
- (ii) S\$53.9 million, being the balance 25% share of the Bank Loans which the Trustee will contribute to the Target Company as a 25% shareholder.

The proceeds from the Shareholder's Loan will then be utilised to repay and discharge in full the Bank Loans on Completion.

Further details of the structure of the Proposed Acquisition are set out in sections 2.3 to 2.6 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

3.3 Total Cost of the Proposed Acquisition

The total cost of the Proposed Acquisition (the "**Total Acquisition Cost**") is estimated to be approximately S\$543.8 million, comprising:

- (i) S\$534.4 million, being the estimated Purchase Consideration comprising:
 - (a) the estimated Sale Shares Consideration of S\$372.8 million, subject to post-Completion adjustments; and
 - (b) the Bank Loans Consideration of S\$161.6 million;
- (ii) the acquisition fee payable to the Manager pursuant to the trust deed dated 9 October 2002 constituting Ascendas Reit (as amended, restated and/or supplemented) (the "**Trust Deed**") for the Proposed Acquisition (the "**Acquisition Fee**") of approximately S\$5.4 million (representing an Acquisition Fee at the rate of 1.0% of the proportion of the Agreed Property Value which is attributable to the Sale Shares (being 75% of the Agreed Property Value)); and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$4.0 million incurred or to be incurred by Ascendas Reit in connection with the Proposed Acquisition.

3.4 Method of Financing the Proposed Acquisition

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of the Acquisition Fee Units) estimated to be approximately S\$538.4 million through a combination of:

- (i) debt financing;
- (ii) (if the Proposed Issuance of Consideration Units is approved by Unitholders at an extraordinary general meeting of Unitholders, in respect of the part payment of up to S\$83.0 million of the Sale Shares Consideration, the exact amount is to be determined by the Manager) the issue of Consideration Units to the Vendor and/or its nominee(s); and
- (iii) the proceeds from the equity fund raising *via* a private placement of new Units to institutional and other investors as announced on SGXNET on 4 May 2021.

The Manager also intends to finance the 25% share of the Bank Loans through a combination of debt financing and the proceeds from the Equity Fund Raising.

The final decision regarding the proportion of debt and equity (taking into account the Consideration Units) to be employed to fund the Total Acquisition Cost (less the Acquisition Fee) and the 25% share of the Bank Loans will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions and interest rate environment to provide overall distribution per Unit (“DPU”) and NAV accretion to Unitholders while maintaining an optimum level of Aggregate Leverage.

4. EVALUATION OF THE PROPOSED ACQUISITION

In the course of our evaluation of the Proposed Acquisition, we have given due consideration to, *inter alia*, the following factors:

- (i) the rationale for and key benefits of the Proposed Acquisition;
- (ii) the assessment of the Property;
 - a. valuations of the Property prepared by the Independent Valuers;
 - b. comparison of the Property with similar properties held by Real Estate Investment Trusts (“REITs”) listed on the SGX-ST;
 - c. comparison of the Property with comparable business park transactions;
 - d. comparison against Ascendas Reit’s current portfolio; and
 - e. comparison with past valuations performed for the Property;
- (iii) the *pro forma* financial effects of the Proposed Acquisition; and
- (iv) other relevant considerations such as:
 - a. an increased exposure to a high-quality property;
 - b. the Proposed Issuance of Consideration Units as partial consideration for the Proposed Acquisition; and
 - c. abstention from voting.

The factors above are discussed in more details in the following sections.

4.1 Rationale for and the Key Benefits of the Proposed Acquisition

The Manager's rationale for the Proposed Acquisition is set out in section 4 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We have reproduced below excerpts from sections 4.1 to 4.6 of the Circular in respect of the Proposed Acquisition and its key benefits to Unitholders:

- **Enlarges Ascendas Reit's business park exposure in one-north, Singapore**

Total asset value of Ascendas Reit's Singapore business and science park segment will increase by 17.6% from S\$4,141.7 million to S\$4,871.1 million. Total NLA will increase by 8.8% from 689,980 sq m to 750,915 sq m.

Including the Property, Ascendas Reit is expected to own five properties with a total NLA of 188,225 sq m within one-north by the end of 2021.

- **Strategic Location**

The Property is strategically located right in the heart of one-north, a vibrant business park in Singapore. one-north houses key growth sectors such as biomedical sciences, ICT, media, science and research institutes, as well as start-ups. The area has a plethora of food & beverage options and amenities such as hotels, supermarkets, clinics, gyms and childcare facilities.

The Property sits directly above 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.

- **Rare opportunity to acquire and achieve full control of a Singapore property with long remaining land lease tenure**

The Property has a remaining long land lease tenure of about 51 years, which is rare given JTC Corporation's current practice of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales Programme.

The Proposed Acquisition gives Ascendas Reit full control over the Property allowing for better operational and tax efficiency.

- **A high quality and green certified business park property with high White Component**

Completed in 2015, the Property is zoned for Business Park usage with a 30% White Component, which is higher than the typical 15% White Component, allowing for higher flexibility in the use of space such as having more office or retail space within the development. It currently offers a range of business spaces and amenities across its NLA of 60,935 sq m. This comprises 44,556 sq m (73%) of business park space, 10,305 sq m (17%) of office space, 4,106 sq m (7%) of retail and F&B space, 1,968 sq m (3%) of work lofts, and a two-storey basement carpark.

The Property has achieved the highest BCA Green Mark accolade of Platinum. Its green features include high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials which is expected to attract high quality tenants.

- **High occupancy rate underpinned by renowned tenants**

Ascendas Reit will benefit from the increased exposure to renowned tenants in the Property such as Sea (formerly Garena), Canon and Oracle, amongst others. This will result in higher rental contributions from ICT and electronics customers.

As at 31 March 2021, the Property enjoys a high occupancy rate of 98.6%.

- **DPU and NAV accretive to Unitholders**

The initial NPI yield of the Proposed Acquisition is approximately 5.4% and 5.3% pre-transaction costs and post-transaction costs respectively. The Proposed Acquisition is expected to be DPU and NAV per Unit accretive on a pro forma basis assuming the Proposed Acquisition was completed on 1 January 2020. Please refer to paragraph 5 of the Letter to Unitholders of this Circular for the pro forma financial effects of the Proposed Acquisition.

4.2 Assessment of the Property

4.2.1 Valuations of the Property prepared by the Independent Valuers

The Manager has commissioned Savills and the Trustee has commissioned JLL to assess the market value of the Property. The market value of the Property has been appraised to be S\$734.1 million and S\$736.0 million by Savills and JLL respectively.

We have reviewed the Valuation Reports and our key observations to be highlighted in respect of the Independent Valuations are as follows:

- (i) the value for 100% of the Property of S\$720.0 million, based on the purchase consideration of S\$540.0 million, represents a discount of approximately 1.9% and 2.2% to the aggregate appraised market values of S\$734.1 million and S\$736.0 million by Savills and JLL respectively;
- (ii) the valuations have been carried out in accordance with the guidelines from Singapore Institute of Surveyors and Valuers (“**SISV**”);
- (iii) the basis of valuation in the Valuation Reports is market value, which is defined as “*the estimated amount for which an asset/property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”, the definitions of which are broadly consistent between Savills and JLL and consistent with the definition set by SISV;
- (iv) both Savills and JLL have adopted 30 April 2021 as the relevant date of valuation;
- (v) both Savills and JLL used the income capitalisation approach and discounted cash flow (“**DCF**”) analysis in arriving at the market value of the Property. Savills and JLL have applied the sales comparison approach only as a check on their valuations as there have been very few recent sales of business park properties;

- (vi) both Savills and JLL have valued the business park, office/work loft, and retail components of the Property separately based on the capitalisation approach and the DCF analysis. The adopted values based on these two methods are as follows:

Valuer	Adopted Value based on Income Capitalisation Approach (S\$ million)			Adopted Value based on DCF Analysis (S\$ million)		
	Office/Work Loft	Business Park	Retail	Office/Work Loft	Business Park	Retail
Savills	164.5 ⁽¹⁾	529.2	51.9	155.3 ⁽²⁾	516.2	51.1
JLL	158.0	528.0	58.0	148.0	522.0	58.0

Sources: Valuation Reports

Notes:

- (1) The adopted values based on the income capitalisation approach for the office component and the work loft component are S\$146.8 million and S\$17.7 million respectively.
- (2) The adopted values based on the DCF analysis for the office component and the work loft component are S\$138.4 and S\$16.9 million respectively.

- (vii) the methods used by Savills and JLL for the Valuation Reports are widely accepted methods for the purpose of valuing income-producing properties.

The valuation certificates issued by the Independent Valuers are set out in Appendix A of the Circular.

4.2.2 Comparison of the Property with similar properties held by REITs listed on the SGX-ST

We note that the Property is classified as a business park property and have extracted information from selected business park and science park properties held by REITs listed on the SGX-ST, which are considered to be broadly comparable to the Property (the “**Selected Comparable Properties**”). We have included science park properties in our analysis as they are classified as “Business Parks” or “Business Park – White” under the Urban Redevelopment Authority’s Master Plan Zoning (“**URA Master Plan**”).

Property name	Owner	URA Master Plan Zone ⁽¹⁾	Valuation date	Valuation (\$ million)	NLA (sq ft)	Valuation per NLA (\$\$ psf)	Remaining lease term (years – as at valuation date)	Gross yield ⁽²⁾ (%)
Changi Business Park								
Honeywell Building	Ascendas Reit	Business Park	31-Dec-20	68.2	154,989	440	38	8.1
1 Changi Business Park Avenue 1	Ascendas Reit	Business Park	31-Dec-20	57.0	99,114	575	40	9.8
Hansapoint	Ascendas Reit	Business Park	31-Dec-20	111.7	178,369	626	46	8.7
1, 3 & 5 Changi Business Park Crescent	Ascendas Reit	Business Park	31-Dec-20	340.7	684,498	498	47	7.7
DBS Asia Hub	Ascendas Reit	Business Park	31-Dec-20	199.1	412,214	483	47	7.4
AkzoNobel House (3 Changi Business Park Vista)	Ascendas Reit	Business Park	31-Dec-20	71.3	162,481	439	40	9.3
ONE @ Changi City ⁽³⁾	Ascendas Reit	Business Park – White [40]	31-Dec-20	502.0	678,502	740	48	6.6
ESR BizPark @ Changi (2/4, 6/8 Changi Business Park Avenue 1) ⁽⁴⁾	ESR REIT ⁽⁵⁾	Business Park – White [40]	31-Dec-20	538.0	653,508	823	47	4.7
The Signature	Mapletree Industrial Trust	Business Park	31-Mar-21	147.5	343,434	429	47	9.3 ⁽⁶⁾
Eighthrium @ Changi Business Park	Soilbuild Business Space REIT	Business Park	31-Dec-20	89.7	177,742	505	45	6.7 ⁽⁷⁾
International Business Park⁽⁸⁾								
1A International Business Park	AIMS APAC REIT	Business Park	30-Sep-20	78.0	173,428	450	39	8.8 ⁽⁶⁾
Techquest	Ascendas Reit	Business Park	31-Dec-20	24.1	97,725	247	34	7.1
Acer Building	Ascendas Reit	Business Park	31-Dec-20	79.1	244,104	324	35	5.3
31 International Business Park	Ascendas Reit	Business Park – White [40]	31-Dec-20	204.6	527,679	388	34	5.2
Nordic European Centre	Ascendas Reit	Business Park	31-Dec-20	120.7	238,324	506	36	7.6

Property name	Owner	URA Master Plan Zone ⁽¹⁾	Valuation date	Valuation (\$ million)	NLA (sq ft)	Valuation per NLA (\$ psf)	Remaining lease term (years – as at valuation date)	Gross yield ⁽²⁾ (%)
16 International Business Park	ESR REIT ⁽⁵⁾	Business Park	31-Dec-20	32.0	69,258	462	36	6.6
The Strategy	Mapletree Industrial Trust	Business Park – White [40]	31-Mar-21	294.3	573,864	513	47	7.3 ⁽⁶⁾
The Synergy	Mapletree Industrial Trust	Business Park	31-Mar-21	133.3	282,612	472	47	8.2 ⁽⁶⁾
one-north								
Neuros & Immunos	Ascendas Reit	Business Park	31-Dec-20	143.0	280,238	510	44	14.8
Nexus @ one-north	Ascendas Reit	Business Park – White [40]	31-Dec-20	197.0	222,479	885	50	8.2
Nucleos	Ascendas Reit	Business Park	31-Dec-20	318.0	411,999	772	50	9.5
Solaris	Soilbuild Business Space REIT	Business Park	31-Dec-20	365.8	442,755	826	47	7.6 ⁽⁷⁾
Mapletree Business City								
Mapletree Business City I ⁽⁶⁾	Mapletree Commercial Trust	Business Park	31-Mar-21	2,226.0	1,707,202	1,304	76	6.0 ⁽⁶⁾
Mapletree Business City II	Mapletree Commercial Trust	Business Park	31-Mar-21	1,535.0	1,184,704	1,296	76	5.8 ⁽¹⁰⁾
Science Park 1								
TÜV SÜD PSB Building	Ascendas Reit	Business Park	31-Dec-20	90.0	229,734	392	60	4.7%
The Rutherford & Oasis	Ascendas Reit	Business Park	31-Dec-20	100.0	202,523	494	47	5.6%
Cintech I	Ascendas Reit	Business Park	31-Dec-20	58.6	113,333	517	47	7.8%
Cintech II	Ascendas Reit	Business Park	31-Dec-20	49.0	109,307	448	47	3.9%
Cintech III & IV	Ascendas Reit	Business Park	31-Dec-20	125.0	199,046	628	47	7.5%
12, 14 & 16 Science Park Drive	Ascendas Reit	Business Park	31-Dec-20	464.0	848,960	547	60	7.1%

Property name	Owner	URA Master Plan Zone ⁽¹⁾	Valuation date	Valuation (\$ million)	NLA (sq ft)	Valuation per NLA (\$\$ psf)	Remaining lease term (years – as at valuation date)	Gross yield ⁽²⁾ (%)
Science Park 2								
The Alpha	Ascendas Reit	Business Park	31-Dec-20	102.0	230,057	443	42	6.6%
The Aries, Sparkle & Gemini	Ascendas Reit	Business Park	31-Dec-20	206.2	394,701	522	42	8.0%
The Capricorn	Ascendas Reit	Business Park	31-Dec-20	123.0	221,123	556	42	7.1%
The Galen	Ascendas Reit	Business Park	31-Dec-20	150.0	234,567	639	58	6.4%
The Kendall	Ascendas Reit	Business Park	31-Dec-20	134.0	182,825	733	58	9.3%
FM Global Centre	Ascendas Reit	Business Park	31-Dec-20	98.3	125,001	786	71	5.6%

Entire Data Set

High	1,304	76	14.8
Mean	589	48	7.4
Median	512	47	7.3
Low	247	34	3.9

one-north Cluster

High	885	50	14.8
Mean	748	48	10.0
Median	799	49	8.8
Low	510	44	7.6

The Property

Business Park – White [30]	30-Apr-21	720.0⁽¹¹⁾	655,907	1,098	51	7.1⁽¹²⁾
-----------------------------------	------------------	-----------------------------	----------------	--------------	-----------	---------------------------

Source: Circular, Valuation Reports, the Manager's input, the annual reports of Ascendas Reit, AIMS APAC REIT, ESR REIT, Mapletree Industrial Trust, Mapletree Commercial Trust and Soilbuild Business Space REIT and the scheme document of Soilbuild Business Space REIT.

Notes:

- (1) Properties under "Business Park" zoning are permitted up to only 15% allocation for the White Component whereas properties under "Business Park – White [X]" zoning are permitted up to X% allocation for the White Component.
- (2) The gross yields are computed based on the gross revenue for each property divided by the valuation of the respective property as extracted from the annual reports of Ascendas Reit, AIMS APAC REIT, ESR REIT, Mapletree Industrial Trust, Mapletree Commercial Trust and Soilbuild Business Space REIT, and the scheme document of Soilbuild Business Space REIT dated 17 February 2021.
- (3) ONE @ Changi City is the business park component of the mixed-use integrated development known as Changi City, comprising a business park component, a hotel residence component (Capri by Fraser, Changi City) and a retail component (Changi City Point).
- (4) ESR BizPark @ Changi is a mixed-use integrated business park development comprising of a business park component and a hotel component.
- (5) ESR BizPark @ Chai Chee has been excluded from the selection of the Selected Comparable Properties as we understand from the Manager that it may not be comparable to the Property due to the low remaining lease term of 10 years as at the relevant valuation date performed by ESR REIT.
- (6) The gross yields of 1 A International Business Park, The Signature, The Strategy, The Synergy and Mapletree Business City I are computed based on FY2020 gross revenue and valuation data from 31 March 2020.
- (7) The gross yields of Eigthrium @ Changi Business Park and Solaris are computed based on FY2019 gross revenue and valuation data from 31 December 2019.
- (8) iQuest @ IBP has been decommissioned for redevelopment and hence excluded from our analysis.
- (9) Mapletree Business City I is an integrated office and business park development comprising one 18-storey office tower (MBC 10) and three business park blocks (MBC 20E, MBC 20W and MBC 30).
- (10) The gross yield and gross revenue of Mapletree Business City II are computed based on gross revenue of the five-month period from 1 November 2019 to 31 March 2020, annualised to a full year, and the valuation data from 31 March 2020.
- (11) Based on the implied purchase consideration of S\$720.0 million for 100% of the Property.
- (12) The gross yield for the Property is computed based on the expected gross revenue divided by the implied purchase consideration for 100% of the Property.

Based on the above analysis, we note the following:

- (i) the valuation per NLA of S\$1,098 psf for the Property is within the range of between S\$247 psf and S\$1,304 psf, but above the mean and median valuation per NLA of S\$589 psf and S\$512 psf respectively, for the Selected Comparable Properties classified under “Entire Data Set”; and
- (ii) the gross yield of 7.1% for the Property is within the range of between 3.9% and 14.8%, but below the mean and median of 7.4% and 7.3% respectively, for the Selected Comparable Properties classified under “Entire Data Set”.

We note that the Property is geographically located at one-north where there are a number of surrounding business park properties for comparison (the “**one-north Cluster**”). Against a comparison with the one-north Cluster, we note the following:

- (i) the valuation per NLA of S\$1,098 psf for the Property is above the range of between S\$510 psf and S\$885 psf for the Selected Comparable Properties classified under the “one-north Cluster”; and
- (ii) the gross yield of 7.1% for the Property is below the range of between 7.6% and 14.8% for the Selected Comparable Properties classified under the “one-north Cluster”.

Based on our discussions with Savills, JLL and the Manager, we understand that this could be potentially attributable to, *inter alia*, the following factors:

- (i) the Property has much higher monthly gross rental rates charged to its tenants. Based on the JLL Valuation Report, the monthly gross passing rents for the Property’s office/work loft, business park, and retail components are S\$7.28 psf, S\$6.80 psf and S\$7.08 psf respectively. Whereas in the Savills Valuation Report, the Property is estimated to have an average monthly gross rent of S\$6.91 psf. We note that these monthly gross rents for the Property are:
 - (a) significantly higher than the industry average monthly gross rental rates for business parks. According to EDMUND TIE Research, Singapore business park properties in 4Q2020 commanded average monthly gross rents of S\$3.66 psf and S\$5.00 psf for the suburban and central regions of Singapore respectively¹; and
 - (b) above the range of S\$2.00 psf to S\$5.91 psf for the monthly gross rents of the other business park properties in Ascendas Reit’s portfolio. Please refer to section 4.2.4 of this letter for more information on the Property’s monthly average gross rent, as compared to the Ascendas Business Park and Science Park Properties (as defined herein);

¹ Source: EDMUND TIE Research. SINGAPORE 4Q 2020: Commercial activity picking up with economic recovery. Accessed on 24 May 2021 at <https://www.etcsea.com/wp-content/uploads/2021/04/EDMUND-TIE-Singapore-4Q-2020-Real-Estate-Times.pdf>

- (ii) as prescribed by the URA Master Plan, the Property has a “Business Park – White” zoning, under which the total quantum of White Component shall not exceed 30% of the total floor area of the development. Comparatively, the majority of business park properties fall under the “Business Park” zoning, which only permits up to 15% allocation for the White Component. The White Component permits ancillary use, which includes retail and office space, and allows properties to have increased flexibility and diversity in tenant mix. By integrating business park, office and retail spaces, the utilisation of the White Component may command a premium in rental rates. We understand from the Manager that a differential premium was paid to the JTC in 2015 to increase the Property’s White Component allocation from 15% to 30%, and have sighted the corresponding tax invoice.

Based on our observations, the majority of the Selected Comparable Properties have a “Business Park” zoning, with the exception of ONE @ Changi City, ESR BizPark @ Changi, 31 International Business Park, The Strategy and Nexus @ one-north (the “**BP – W Properties**”), which have “Business Park – White” zoning. For illustrative purposes, we have highlighted below the valuation per NLA of these BP – W Properties against the range of valuation per NLA for the Selected Comparable Properties in their respective location clusters.

BP – W Properties	Location Cluster	Valuation per NLA (S\$ psf)	Range of Valuation per NLA for the relevant cluster (S\$ psf)
ONE @ Changi City	Changi Business Park	740	429 – 823
ESR BizPark @ Changi	Changi Business Park	823	429 – 823
31 International Business Park	International Business Park	388	247 – 513
The Strategy	International Business Park	513	247 – 513
Nexus @ one-north	one-north	885	510 – 885

We noted that other than 31 International Business Park, the BP – W Properties have a higher valuation per NLA than the other Selected Comparable Properties within their respective location clusters. ONE @ Changi City has a valuation per NLA of S\$740 psf which is the second highest amongst the Selected Comparable Properties within the Changi Business Park location cluster. Although ONE @ Changi City and 31 International Business Park both have “Business Park – White” zonings under the URA Master Plan, we understand from the Manager that:

- (a) ONE @ Changi City is part of Changi City, which is a mixed-use integrated development with a “Business Park – White” zoning, comprising of ONE @ Changi City (business park component), Changi City Point (retail component) and Capri by Fraser, Changi City (hotel residence component). The development site’s White Component allocation is substantially being utilised by Changi City Point and Capri by Fraser, Changi City. As ONE @ Changi City is the business park component of the mixed-use development, the valuation performed on ONE @ Changi City only assumes the standard “Business Park” zoning; and

- (b) the White Component usage of 31 International Business Park has been limited to below 15% and the valuation performed for this property only assumes the standard “Business Park” zoning; and
- (iii) the Property is located directly above and has direct sheltered access to the one-north MRT station, which may result in higher rental rates as compared to neighbouring properties.

Approximately 73.1%, 6.7% and 20.1% of the Property’s NLA have been allocated towards business park, retail, and office/work loft uses respectively. In evaluating the Property, we have not presented comparables to the Property’s retail and office components having taken into consideration the following:

- (i) the Property still falls under a business park zoning and its NLA is substantially allocated towards business park use;
- (ii) the Independent Valuers have only highlighted industrial and business park properties in their sales comparison approach. There were no comparable retail or office/work loft properties identified in the sales comparison approach; and
- (iii) based on our discussions with the Manager and the Independent Valuers and our review of the Singapore properties held by REITs listed on the SGX-ST, we understand that there is insufficient publicly available information on retail or office properties that are comparable to the retail or office/work loft components of the Property in terms of location and nature (i.e. publicly available valuation information on office, work loft or retail space in an integrated business park complex). While we note that Mapletree Business City I is an integrated business park complex with an office component and Mapletree Business City II is a business park with a retail component, a comparison for each of the Property’s office and retail components to only one other property will not be meaningful.

Due to and not limited to the reasons stated above, the Property may differ from the Selected Comparable Properties in respect of title, building specifications, NLA, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure, and other relevant factors. In addition, we note that the valuations of the Selected Comparable Properties were undertaken at different points in time under different market and economic conditions, and the list of Selected Comparable Properties is by no means exhaustive and have been compiled from relevant public sources where available. Accordingly, the Independent Directors, the ARC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

4.2.3 Comparison of the Proposed Acquisition with comparable business park transactions

We have considered transactions of other similar business park properties in Singapore from 1 January 2018 up to the Latest Practicable Date in order to compare the valuation per NLA and net property income (“NPI”) yield implied by the Proposed Acquisition with those of the selected business park transactions (the “Comparable Business Park Transactions”).

Property name	URA Master Plan Zone	Transaction date	Buyer	Purchase price (\$ million)	NLA (sq ft)	Valuation per NLA (\$ psf)	Remaining lease term (years – as at Transaction Date)	Transaction NPI yield (%)
ESR BizPark @ Changi (2/4, 6/8 Changi Business Park Avenue 1) ⁽¹⁾	Business Park – White [40]	15 Oct 2018	ESR REIT ⁽²⁾	510.0 ⁽³⁾	654,353	779	49	– ⁽⁴⁾
Mapletree Business City II	Business Park	1 Nov 2019	Mapletree Commercial Trust	1,550.0	1,184,704	1,308	77	5.0
Nucleos	Business Park	11 Dec 2019	Ascendas Reit	289.0	410,632	704	52	7.0
FM Global Centre	Business Park	11 Dec 2019	Ascendas Reit	91.0	125,001	728	73	5.7
GSK Asia House ⁽⁵⁾	Business Park – White [40]	3 Mar 2021	Boustead Industrial Fund	144.8	136,341	1,062	24	– ⁽⁴⁾
The Sandcrawler	Business Park	21 Apr 2021	Blackstone Group	175.8	158,960	1,106	49	– ⁽⁴⁾

High	1,308	77	7.0
Mean	948	54	5.9
Median	921	51	5.7
Low	704	24	5.0

The Property	Business Park – White [30]	720.0⁽⁶⁾	655,907	1,098⁽⁶⁾	51	5.4⁽⁷⁾
---------------------	-----------------------------------	----------------------------	----------------	----------------------------	-----------	--------------------------

Sources: Valuation Reports, REIT filings, REIT websites, media releases and the Manager’s input.

Notes:

- (1) ESR REIT completed its merger with Viva Industrial Trust on 15 October 2018 and 2/4, 6/8 Changi Business Park Avenue 1 (ESR BizPark @ Changi) were added to the portfolio of ESR REIT with effect from 15 October 2018. ESR BizPark @ Changi is a mixed-use integrated business park development comprising of a business park component and a hotel component.
- (2) ESR BizPark @ Chai Chee has been excluded from the selection of Comparable Business Park Transactions as we understand from the Manager that it may not be comparable to the Property due to the low remaining lease term of 10 years as at the relevant valuation date performed by ESR REIT.
- (3) Based on the valuation performed on both the business park and hotel components of ESR BizPark @ Changi in ESR REIT’s circular to unitholders dated 7 August 2018 for its merger with Viva Industrial Trust.
- (4) Information is not publicly available.
- (5) GSK Asia House is part of the portfolio of properties divested by Boustead Projects Limited to the Boustead Industrial Fund.
- (6) Based on the implied purchase consideration of S\$720.0 million for 100% of the Property.
- (7) The NPI yield for the Property is computed based on the expected NPI divided by the implied purchase consideration for 100% of the Property.

Based on the above analysis, we note the following:

- (i) the valuation per NLA of S\$1,098 psf for the Property is within the range of between S\$704 psf to S\$1,308 psf, but above the mean and median valuation per NLA of S\$948 psf and S\$921 psf respectively for the Comparable Business Park Transactions;
- (ii) the NPI yield of 5.4% for the Property is within the range of between 5.0% to 7.0%, but below the mean and median NPI yield of 5.9% and 5.7% respectively for the Comparable Business Park Transactions;
- (iii) the valuation per NLA of S\$1,098 psf for the Property is at a slight premium of 3.4% to that of GSK Asia House at S\$1,062 psf, which was a recently completed transaction located in the one-north cluster. We further note that GSK Asia House has a “Business Park – White” zoning which is similar to the Property, but had a shorter remaining lease term of 24 years as at its transaction date, in contrast to 51 years for the Property; and
- (iv) the valuation per NLA of S\$1,098 psf for the Property is at a slight discount of 0.7% to that of The Sandcrawler at S\$1,106 psf, which was a recently completed transaction located in the one-north cluster.

As discussed under section 4.2.2 of this letter, there are specific characteristics of the Property leading it to have a higher valuation per NLA and lower NPI yield, in particular, the higher monthly gross rental rates, the Property’s “Business Park – White” zoning and its close proximity to the one-north MRT station.

The target properties relating to the Comparable Business Park Transactions may differ from the Property in terms of title, building specifications, NLA, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure, market risks, track record, future prospects and other relevant criteria. In addition, the list of Comparable Business Park Transactions is by no means exhaustive. We note that certain circumstances and terms relating to the Comparable Business Park Transactions are distinct and might not be identical to the Proposed Acquisition and are largely dependent on the market sentiments prevailing at the time of such Comparable Business Park Transactions. Accordingly, the Independent Directors, the ARC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

4.2.4 Comparison against Ascendas Reit’s current portfolio of business parks and science parks

We have compared the capitalisation rates, discount rates and terminal yields used by the Independent Valuers with those used in the latest independent valuation of the business park and science park properties owned by Ascendas Reit (the “**Ascendas Business Park and Science Park Properties**”) as set out below. For illustrative purposes, we have highlighted below the average monthly gross rent for these properties:

Property	Valuer	Component	Income Capitalisation Approach	DCF Analysis		Average Monthly Gross Rent (\$\$ psf)
			Capitalisation Rate (%)	Discount Rate (%)	Terminal Yield (%)	
The Property ⁽¹⁾	Savills	Retail	5.00	7.50	5.25	6.91
		Office	4.50	7.50	4.75	
		Work Loft	5.25	7.50	5.50	
		Business Park	5.25	7.50	5.50	
	JLL	Retail	5.00	7.00	5.25	6.80 – 7.28 ⁽²⁾
		Office / Work Loft	4.25	7.00	4.50	
Business Park		5.00	7.00	5.25		
Ascendas Business Park and Science Park Properties⁽³⁾	–	–	5.25 – 6.00	7.25 – 7.50	5.50 – 6.25	2.00 – 5.91

Sources: Valuation Reports and the Manager.

Notes:

- (1) Rates used by Savills and JLL are disclosed in their respective independent Valuation Reports as at 30 April 2021.
- (2) Based on monthly gross passing rents in the JLL Valuation Report for the office / work loft, business park and retail components of the Property, which are S\$7.28 psf, S\$6.80 psf and S\$7.08 psf respectively.
- (3) Only the business park and science park properties within the Ascendas Reit’s portfolio are selected. As such, the capitalisation rates, discount rates and terminal yields are not representative of the entire portfolio of properties for Ascendas Reit. The date of valuation of the properties is 31 December 2020. Please refer to section 4.2.2 of this letter for a list of the business park and science park properties held by Ascendas Reit.

We noted that Ascendas Reit does not have comparable business park properties with office, work loft or retail components which are separately valued, to benchmark against with regard to the capitalisation rates, discount rates and terminal yields used in valuing the office, work loft and retail components by the Independent Valuers.

Based on the table above, we note the following:

- (i) the capitalisation rates and terminal yields used by Savills and JLL in their valuation of the office, business park and retail components of the Property are approximately consistent with each other;
- (ii) Savills has adopted the same capitalisation rate, discount rate and terminal yield for the work loft and business park components, whereas JLL has adopted the same capitalisation rate, discount rate and terminal yield for the office and work loft components;

- (iii) the capitalisation rate of 5.25% and terminal yield of 5.50% used by Savills for the valuation of the business park component of the Property is at the bottom of the range of capitalisation rates and terminal yields used in the latest independent valuation for the Ascendas Business Park and Science Park Properties. Based on our discussions with Savills and the Manager, this could potentially be attributable to the factors discussed under section 4.2.2 of this letter;
- (iv) the capitalisation rate of 5.00% and terminal yield of 5.25% used by JLL for the valuation of the business park component of the Property is below the range of capitalisation rates and terminal yields used in the latest independent valuation for the Ascendas Business Park and Science Park Properties. Based on our discussions with JLL and the Manager, this could potentially be attributable to the factors discussed under section 4.2.2 of this letter;
- (v) the discount rate of 7.50% used by Savills for the valuation of the business park component of the Property is within the range of discount rates used in the latest independent valuation for the Ascendas Business Park and Science Park Properties;
- (vi) the discount rate of 7.00% used by JLL for the valuation of the business park component of the Property is below the range of discount rates used in the latest independent valuation for the Ascendas Business Park and Science Park Properties. Based on our discussions with JLL and the Manager, this could potentially be attributable to the factors discussed under section 4.2.2 of this letter; and
- (vii) the average monthly gross rent of S\$6.91 psf and the monthly gross passing rent of between S\$6.80 to S\$7.28 psf stated in the Valuation Reports are above the range of average monthly gross monthly rents for the Ascendas Business Park and Science Park Properties.

The above analysis serves as one of the factors considered by us in our evaluation and may not on its own be meaningful to a satisfactory extent as the Property may differ from the Ascendas Business Park and Science Park Properties in many aspects (such as building specifications, NLA, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure and other relevant factors). Accordingly, the Independent Directors, the ARC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

4.2.5 Comparison with past valuations performed for the Property

Based on publicly available information, we note that there were historical valuations performed for the Property. These historical valuations are as follows:

- (i) As disclosed in CapitaLand's circular to shareholders dated 22 March 2019, a valuation of the Property was performed as at 31 January 2019 in relation to CapitaLand's acquisition of Ascendas-Singbridge Pte. Ltd..
- (ii) Valuations were performed as at 30 June 2019 and 31 December 2019 for CapitaLand's corporate reporting purposes, the latter of which was undertaken by Suntec Real Estate Consultants Pte Ltd ("**Suntec REC**").

- (iii) Ascendas Reit acquired the initial 25.0% interest in the Target Company on 31 March 2020 from MBK Real Estate Asia Pte. Ltd., an independent third party. The transaction was based upon an agreed property value of S\$630.0 million, arrived at on a willing-buyer and willing-seller basis taking into account an independent valuation of \$650.0 million for the Property as at 26 March 2020.
- (iv) SRE Global Pte. Ltd. (“**SRE Global**”) performed a valuation for the Property as at 31 December 2020 for the Target Company’s corporate reporting purposes. Ascendas Reit received a copy of the valuation report from the Target Company as the Trustee holds a 25% interest in the Target Company.

Valuation Date	Purpose of Valuation	Valuer	Valuation (S\$ million)	Component	Income Capitalisation Approach	DCF Analysis	
					Capitalisation Rate (%)	Discount Rate (%)	Terminal Yield (%)
31 Jan 2019	Acquisition of Ascendas-Singbridge Pte. Ltd. by CapitaLand	JLL	544.0	N/A	Undisclosed	Undisclosed	Undisclosed
30 Jun 2019	Corporate Reporting	Undisclosed	550.0	N/A	Undisclosed	Undisclosed	Undisclosed
31 Dec 2019	Corporate Reporting	Suntec REC	640.0	N/A	5.50	7.25	5.75
26 Mar 2020	Acquisition of 25% of the Property	CBRE Pte Ltd	650.0	Office/Work Loft	4.50	7.00	5.35
				Business Park	5.25		
				Retail	5.25		
31 Dec 2020	Corporate reporting	SRE Global	645.0	N/A	5.50	7.00	5.75
30 Apr 2021	The Proposed Acquisition	Savills	734.1	Office	4.50	7.50	4.75
				Work Loft	5.25		5.50
				Business Park	5.25		5.50
				Retail	5.00		5.25
30 Apr 2021	The Proposed Acquisition	JLL	736.0	Office/Work Loft	4.25	7.00	4.50
				Business Park	5.00		5.25
				Retail	5.00		5.25

Sources: CapitaLand filings, Valuation Reports and the Manager

We observed that:

- (i) the appraised valuation of the Property by Savills and JLL of S\$734.1 million and S\$736.0 million respectively, are higher than the historical valuations performed on 31 January 2019, 30 June 2019, 31 December 2019, 26 March 2020 and 31 December 2020; and

(ii) there has been a general increase in the Property's valuation over time.

Based on our discussions with the Manager, we understand that this could potentially be attributable to, *inter alia*, differences in approaches between the different independent valuers, the valuations being performed for different purposes resulting in different independent assessments of the Property, and the valuations being carried out at different valuation dates. Hence, any comparisons here are likely to be limited and only serve as an illustrative guide. We further note that there are two independent valuers, namely, Savills and JLL, engaged for the purpose of the Proposed Acquisition, and they have provided fairly similar appraised market valuations for the Property.

4.3 *Pro forma* financial effects of the Proposed Acquisition

The *pro forma* financial effects (and the relevant assumptions thereof) of the Proposed Acquisition are provided in section 5 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We set out below the following *pro forma* financial analysis of the Proposed Acquisition for illustrative purposes:

For the financial year ended 31 December 2020	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition	% Change
Number of Units in issue at the end of the year ('000)	4,020,843 ⁽²⁾	4,131,471 ⁽³⁾	2.75%
Applicable number of Units for the year ('000)	3,665,768	3,776,396	3.02%
DPU (S\$ Cents) ⁽⁴⁾	14.688	14.755 ⁽⁵⁾	0.46%
NAV per Unit (S\$) ⁽⁶⁾	2.21	2.23	0.90%

Source: Section 5 of the Circular

Notes:

- (1) Based on the audited financial statements for the financial year ended 31 December 2020.
- (2) Number of Units in issue as at 31 December 2020.
- (3) Includes new Units issuable as payment of the Acquisition Fee and 20% base management fee payable to the Manager at an illustrative price of S\$3.1066 per Unit and additional Units (including the Consideration Units) issued at an issue price of S\$2.9440 per new Unit.
- (4) DPU is calculated based on the applicable number of Units for the year.
- (5) Should no Consideration Units be issued, S\$240.1 million of the Total Acquisition Cost would be funded by the net proceeds from the Equity Fund Raising, with the new Units issued under the Equity Fund Raising at the price of S\$2.9440 per Unit and the remaining amount of S\$298.4 million funded by debt. In such instance, the *pro forma* DPU would be S\$14.816 Singapore cents.
- (6) Based on Ascendas Reit's NAV as at 31 December 2020.

We note that the *pro forma* financial effects of the Proposed Acquisition (including the Proposed Issuance of Consideration Units) are DPU and NAV accretive. The DPU is expected to increase from 14.688 cents per Unit to 14.755 cents per Unit while NAV per Unit is expected to increase from S\$2.21 per Unit to S\$2.23 per Unit.

4.4 Other Relevant Considerations

We have also considered the following in our evaluation of the Proposed Acquisition:

4.4.1 An increased exposure to a high-quality property

The Proposed Acquisition would give Ascendas Reit full ownership of the Property, which we understand from the Manager is a high-quality property for the following reasons:

- (i) the Property is strategically located right in the heart of the one-north business park, and directly above the one-north MRT station;
- (ii) the Property is zoned for Business Park use with a 30% White Component, which is higher than the typical 15% White Component, allowing for higher flexibility in the use of space such as having more office or retail space within the development;
- (iii) The Property has achieved the highest BCA Green Mark accolade of Platinum. Its green features include high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials which is expected to attract high quality tenants; and
- (iv) the Property currently has renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others. As at 31 March 2021, the occupancy rate of the Property is 98.6%, which is higher than the average occupancy rate of Ascendas Reit's Existing Portfolio at 90.6%.

Further to above, the Proposed Acquisition also grants Ascendas Reit full control over the Property, allowing for better operational and tax efficiency.

4.4.2 The Proposed Issuance of Consideration Units as partial consideration for the Proposed Acquisition

We note that the Proposed Acquisition may be partially funded by the Proposed Issuance of Consideration Units to the Vendor, which is an indirect wholly-owned subsidiary of CapitaLand, which in turn is the Sponsor and a controlling Unitholder of Ascendas Reit. This demonstrates the Sponsor's support for Ascendas Reit's long term growth and serves to align the interests of the Sponsor with that of Ascendas Reit and its Unitholders.

Unitholders should note that Resolution 2 (the Proposed Issuance of Consideration Units) is conditional upon the passing of Resolution 1 (the Proposed Acquisition). Resolution 1 (the Proposed Acquisition) is not conditional upon the passing of Resolution 2 (the Proposed Issuance of Consideration Units).

Please refer to section 5 below for our evaluation on the Proposed Issuance of Consideration Units.

4.4.3 Abstention from voting

We further note that CapitaLand and its associates will abstain from voting (either in person or by proxy) on the Proposed Acquisition. Each of CapitaLand or its associates shall also decline to accept appointments as proxies in respect of voting on the Proposed Acquisition. The Manager will also disregard any votes cast by persons required to abstain from voting.

Please refer to section 11 of the Letter to Unitholders of the Circular for details on the abstentions from voting.

5. EVALUATION OF THE PROPOSED ISSUANCE OF CONSIDERATION UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION

In the course of our evaluation of the Proposed Issuance of Consideration Units, we have given due consideration to, *inter alia*, the following factors:

- (i) the rationale for the Proposed Issuance of Consideration Units as partial consideration for the Proposed Acquisition;
- (ii) issue price for the Consideration Units;
- (iii) other relevant considerations such as:
 - a. partial funding for the Proposed Acquisition; and
 - b. abstention from voting.

5.1 Rationale for the Proposed Issuance of Consideration Units

The Manager's rationale for the Proposed Issuance of Consideration Units is set out in section 4 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We have reproduced below an excerpt from section 4.7 of the Circular in respect of the Proposed Issuance of Consideration Units and its key benefits to Unitholders:

- ***Further aligns the Sponsor, CapitaLand's interest with that of Ascendas Reit and its Unitholders***

The Vendor, is an indirect wholly-owned subsidiary of CapitaLand, which is a controlling unitholder of Ascendas Reit. Accordingly, in the event that the Manager proceeds with the proposed issuance of Consideration Units to the Vendor, this will further align the interests of the Vendor with that of Ascendas Reit and its minority Unitholders. Consideration Units (if issued) allow Ascendas Reit to better manage its capital structure and create more debt headroom for future growth.

The Manager expects to proceed with the Proposed Acquisition and may issue the Consideration Units to the Vendor and/or its nominee(s) if approvals for both Resolutions are obtained from Unitholders. In the event that Unitholders' approval for the Proposed Acquisition is obtained but Unitholders' approval for the Proposed Issuance of Consideration Units is not obtained, the Manager will proceed with the Proposed Acquisition without the issuance of Consideration Units to the Vendor and/or its nominee(s).

5.2 Issue Price for the Consideration Units

Based on the Sale and Purchase Agreement, the Issue Price for the Consideration Units shall be determined as follows:

- (i) where the Equity Fund Raising is carried out prior to the date of issue of the Consideration Units (which will be the date of Completion), the Issue Price of each Consideration Unit will be the same as the issue price of each Unit issued under the Equity Fund Raising; and
- (ii) if the Equity Fund Raising is not carried out prior to the date of issue of the Consideration Units, pursuant to the Sale and Purchase Agreement, the Issue Price of each Consideration Unit will be the volume weighted average price (“**VWAP**”) for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the date of issuance of the Consideration Units (the “**10-Day VWAP**”), which will be the date of Completion.

Under section 5.2(i) above and further to the Equity Fund Raising completed on 5 May 2021, the issue price of the Consideration Units will be the same as the issue price for the Equity Fund Raising, being S\$2.9440 per Unit. With regards to this, we have considered the details of other completed placements undertaken by REITs or business trusts listed on the SGX-ST, where there was a placement of units or stapled securities to an interested person (the “**Precedent Placements**”).

We set out below, for illustrative purposes only, examples of Precedent Placements for the period commencing 1 January 2019 up to the Latest Practicable Date. In our analysis of similar offerings of units or stapled securities, we have not included fund raising exercises by way of rights issues.

REITs	Date of placement announcement	Unitholding of interested person prior to placement (%)	Total proceeds raised from placement (millions)	Issue/ Subscription price	Discount to VWAP for trades done on the SGX-ST for the full market day on date of signing (%)
Keppel Infrastructure Trust	14 May 2019	18.20	S\$300.0	S\$0.441	9.8
Dasin Retail Trust	3 Sep 2019	59.99	S\$68.8	S\$0.836	2.4
Keppel Pacific Oak US Reit	17 Oct 2019	6.89	US\$75.6	US\$0.725	4.8
Dasin Retail Trust	26 Jun 2020	53.89	S\$94.0	S\$0.780	6.0
Frasers Centrepoint Trust	28 Sep 2020	36.57	S\$575.0	S\$2.350	6.6
Mapletree Logistics Trust ⁽¹⁾	20 Oct 2020	30.59	S\$500.0	S\$2.027	2.5

Sources: SGX announcements and the relevant circulars to unitholders

Note:

- (1) Based on the consideration units issued by Mapletree Logistics Trust as partial consideration for its acquisitions. The issue price of the consideration units was the same as the issue price of the private placement announced on 20 October 2020 to fund the acquisitions.

Based on our review, we noted that:

- (i) the discount to VWAP for the Equity Fund Raising and the Proposed Issuance of Consideration Units of 5.2% falls within the range of discounts to VWAP for the Precedent Placements of between 2.4% and 9.8%;
- (ii) the Precedent Placements listed above had placement issue prices of no more than 10% discount to the VWAP for trades done on the SGX-ST for the full market day on which the placement agreements were signed;
- (iii) the issue price of the Consideration Units is determined in accordance with the provisions of the Trust Deed and the Listing Manual as follows, taking into account, *inter alia*, market conditions and the Equity Fund Raising:
 - a. pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Equity Fund Raising meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the Issue Price is to be the same as the issue price for the Units issued under the Equity Fund Raising.

We noted that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost (less the Acquisition Fee, which will be paid through the issue of the Acquisition Fee Units). Having the Issue Price of the Consideration Units match the issue price of each Unit under the Equity Fund Raising allows the Vendor to have certainty with respect to the issue price of the Consideration Units and will put the Vendor in a position that is on par with the incoming investors under the Equity Fund Raising; and

- b. under Listing Rule 811(1) and Listing Rule 811(5) of the Listing Manual, the issue price cannot be at more than 10.0% discount to the VWAP for trades done on the SGX-ST for the full market day on which a placement agreement is signed or, if trading of the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Equity Fund Raising are not entitled to the declared distributions. The Equity Fund Raising was conducted at a discount to VWAP of 5.2%; and
- (iv) the process and pricing adopted by Ascendas Reit for the Equity Fund Raising was similar to that of the Precedent Placements, the pricings of which were determined by the issue managers and underwriters, working with the respective REIT managers having regard to the then prevailing market conditions. The Manager has worked with the joint lead managers and underwriters to determine the structure of the Equity Fund Raising, the issue price of the units, and the time schedule for the Equity Fund Raising taking into account the prevailing market conditions.

Based on the above, we note that the issue price of the Consideration Units will be matched to the issue price of the Equity Fund Raising, which was in turn determined *via* price discovery through a book building process involving independent investors.

5.3 Other Relevant Considerations

5.3.1 Partial funding for the Proposed Acquisition

We note that the Proposed Issuance of Consideration Units is for the partial funding of the Proposed Acquisition. This demonstrates the Sponsor's support for Ascendas Reit's long term growth and serves to align the interests of the Sponsor with that of Ascendas Reit and its Unitholders.

Please refer to section 4 above for our evaluation of the Proposed Acquisition.

5.3.2 Abstention from voting

We further note that CapitaLand and its associates will abstain from voting (either in person or by proxy) on the Proposed Issuance of Consideration Units. Each of CapitaLand or its associates shall also decline to accept appointments as proxies in respect of voting on the Proposed Issuance of Consideration Units. The Manager will also disregard any votes cast by persons required to abstain from voting.

Please refer to section 11 of the Letter to Unitholders of this Circular for details on the abstentions from voting.

5.4 Conclusion

Based on the above, the Proposed Issuance of Consideration Units is on normal commercial terms and not prejudicial to the interest of Ascendas Reit and its minority Unitholders.

6. OUR OPINION

The Proposed Acquisition

In arriving at our opinion in respect of the Proposed Acquisition as an interested person transaction, we have considered, *inter alia*, the following factors summarised below which we considered to be pertinent in our assessment:

- (i) the rationale for and the key benefits of the Proposed Acquisition, as set out in section 4.1 of this letter;
- (ii) our assessment of the Property, as set out in section 4.2 of this letter;
- (iii) the *pro forma* financial effects of the Proposed Acquisition, as set out in section 4.3 of this letter; and
- (iv) other relevant considerations as follows:
 - a. an increased exposure to a high-quality property, as set out in section 4.4.1 of this letter;
 - b. the Proposed Issuance of Consideration Units as partial consideration for the Proposed Acquisition, as set out in section 4.4.2 and section 5 of this letter; and
 - c. abstention from voting, as set out in section 4.4.3 of this letter.

Having considered the above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that, on balance, the Proposed Acquisition (including the Proposed Issuance of Consideration Units when considered in the context of the Proposed Acquisition) as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders. Accordingly, we advise the Independent Directors and the ARC to recommend independent Unitholders to vote in favour of the Proposed Acquisition.

The Proposed Issuance of Consideration Units

In arriving at our opinion in respect of the Proposed Issuance of Consideration Units as an interested person transaction, we have considered, *inter alia*, the following factors summarised below which we considered to be pertinent in our assessment:

- (i) the rationale for the Proposed Issuance of Consideration Units as partial consideration for the Proposed Acquisition, as set out in section 5.1 of this letter;
- (ii) the issue price for the Consideration Units, as set out in section 5.2 of this letter; and
- (iii) other relevant considerations as follows:
 - a. partial funding for the Proposed Acquisition, as set out in section 5.3.1 of this letter; and
 - b. abstention from voting, as set out in section 5.3.2 of this letter.

Having considered the above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that the Proposed Issuance of Consideration Units as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders. Accordingly, we advise the Independent Directors and the ARC to recommend independent Unitholders to vote in favour of the Proposed Issuance of Consideration Units.

Our opinion as disclosed in this letter is based on the market, economic, industry, monetary and other applicable conditions prevailing on, and the information made available to us as at the Latest Practicable Date.

This letter has been prepared as required under Rule 921(4)(a) of the Listing Manual for inclusion in the Circular as well as delivered for the use of the Independent Directors, the ARC, and the Trustee, in connection with and for the purposes of their consideration of the Proposed IPTs. The recommendation to be made by the Independent Directors or the ARC to the independent Unitholders shall remain their responsibility.

Whilst a copy of this letter may be reproduced in the Circular, neither the Manager, the Trustee nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the Proposed IPTs.

Our opinion is governed by, and construed in accordance with, the laws of Singapore. Our opinion is strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim Aik Kwang
Executive Director

Foo Siang Sheng
Partner



A Member of CapitaLand

Ascendas Real Estate Investment Trust

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **Extraordinary General Meeting** (“EGM”) of the holders of units of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”, and the holders of units of Ascendas Reit “**Unitholders**”) will be convened and held by way of electronic means on Wednesday, 16 June 2021 at 4.00 p.m. (Singapore Time), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 31 May 2021 to Unitholders (the “**Circular**”)):

(1) TO APPROVE THE PROPOSED ACQUISITION OF 75% OF THE TOTAL ISSUED SHARE OF ASCENDAS FUSION 5 PTE. LTD. AS AN INTERESTED PERSON TRANSACTION (ORDINARY RESOLUTION)

That:

- (a) approval be and is hereby given for the proposed acquisition of 102,150,000 ordinary shares in the share capital of Ascendas Fusion 5 Pte. Ltd. by HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit (the “**Trustee**”), and PLC 8 Holdings Pte. Ltd., a wholly-owned subsidiary of the Trustee from Ascendas Fusion 5 Holding Pte. Ltd., a wholly-owned subsidiary of CapitaLand Limited (the “**Proposed Acquisition**”) on the terms and conditions set out in the Share Purchase Agreement, and that the entry into the Share Purchase Agreement be and is hereby approved, confirmed and/or ratified;
- (b) approval be and is hereby given for the provision of a shareholder’s loan of S\$215.5 million to Ascendas Fusion 5 Pte. Ltd. for the repayment and discharge of the existing bank loans provided to Ascendas Fusion 5 Pte. Ltd. in connection with the Proposed Acquisition;
- (c) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and
- (d) Ascendas Funds Management (S) Limited, as the manager of Ascendas Reit (the “**Manager**”), any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Ascendas Reit to give effect to the Proposed Acquisition and all transactions in connection therewith (including, but not limited to all transactions contemplated under the Share Purchase Agreement).

Details of the Proposed Acquisition and other related matters are set out in the Circular.

(2) TO APPROVE THE PROPOSED ISSUANCE OF CONSIDERATION UNITS (ORDINARY RESOLUTION)

That, subject to and contingent on the passing of Resolution 1:

- (a) approval be and is hereby given for the allotment and issue by the Manager of the Consideration Units in the manner described in the Circular (the “**Proposed Issuance of Consideration Units**”); and
- (b) (i) the Manager, (ii) any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Ascendas Reit to give effect to the Proposed Issuance of Consideration Units and all transactions in connection therewith.

Details of the Proposed Issuance of Consideration Units are set out in the Circular.

BY ORDER OF THE BOARD

Ascendas Funds Management (S) Limited

(Company Registration Number: 200201987K)

as manager of **Ascendas Real Estate Investment Trust**

Mary Judith de Souza

Company Secretary

Singapore

31 May 2021

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of EGM will not be sent to Unitholders. Instead, this Notice of EGM is sent to Unitholders by electronic means via publication on the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> and is also made available on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>.
2. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person.** Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via a live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions prior to or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out below. Any reference to a time of day is made by reference to Singapore Time.
3. Unitholders and CPF and SRS investors will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, Unitholders and CPF and SRS investors must pre-register at Ascendas Reit's pre-registration website at the URL <https://ir.ascendas-reit.com/agm.html> from now till 4.00 p.m. (Singapore Time) on 13 June 2021 to enable the Manager to verify their status as Unitholders.

Following the verification, authenticated Unitholders and CPF and SRS investors will receive an email, which will contain user ID and password details as well as instructions on how to access the live audio-visual webcast and live audio-only stream of the EGM proceedings, by 4.00 p.m. (Singapore Time) on 15 June 2021. Unitholders and CPF and SRS investors who do not receive an email by 4.00 p.m. (Singapore Time) on 15 June 2021 but have registered by the 13 June 2021 deadline should contact Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at areit-egm2021@boardroomlimited.com, or alternatively, at (65) 6536 5355 (during office hours).

4. Unitholders may also submit questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM. In order to do so, their questions must be submitted in the following manner by 4.00 p.m. (Singapore Time) on 13 June 2021.
 - (a) if submitted electronically, via Ascendas Reit's pre-registration website at the URL <https://ir.ascendas-reit.com/agm.html>; or
 - (b) if submitted by post, be deposited at the office of Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Unitholders who submit questions by post to Ascendas Reit's Unit Registrar must provide the following information:

- (1) the Unitholder's full name;
- (2) the Unitholder's address; and
- (3) the manner in which the Unitholder holds Units in Ascendas Reit (e.g. via CDP, CPF or SRS).

The Chairman of the Manager, Dr Beh Swan Gin, and Chief Executive Officer of the Manager, Mr William Tay Wee Leong, will conduct the proceedings of the EGM. The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM from the Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on the website of Ascendas Reit and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on the website of Ascendas Reit and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

Unitholders will not be able to ask questions at the EGM during the live audio-visual webcast or live audio only stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the EGM in the manner set out above in this paragraph 4.

5. Unitholders will not be able to vote online on the resolutions to be tabled for approval at the EGM. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The Proxy Form is available on the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> and on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>, respectively. Printed copies of the Proxy Form will not be sent to Unitholders.

In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

6. The Proxy Form appointing the Chairman of the EGM as proxy must be submitted to the Manager c/o Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
- (a) if submitted by post, be lodged at the office of Ascendas Reit's Unit Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to Ascendas Reit's Unit Registrar at areit-egm2021@boardroomlimited.com,

in either case, by 4.00 p.m. (Singapore Time) on Sunday, 13 June 2021, being 72 hours before the time fixed for the EGM.

A Unitholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the COVID-19 situation, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. Persons who hold Units through relevant intermediaries (as defined below) and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should contact the relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

In addition, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. (Singapore Time) on Friday, 4 June 2021, being seven (7) working days before the date of the EGM.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
8. The Chairman of the EGM, as proxy, need not be a Unitholder of Ascendas Reit.
9. The Circular may be accessed at the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> and on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>.
10. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> for the latest updates on the status of the EGM.

Personal Data Privacy:

By submitting an instrument to appoint the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof as well as for purposes of the authentication of a Unitholder's presence at the EGM via electronic means, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof), the authentication of a Unitholder's presence at the EGM via electronic means and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM
Extraordinary General Meeting



A Member of CapitaLand

ASCENDAS REAL ESTATE INVESTMENT TRUST

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

NOTE

This Proxy Form may be accessed at the website of Ascendas Real Estate Investment Trust's ("Ascendas Reit") at the URL <https://ir.ascendas-reit.com/agm.html> and will be made available on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the EGM as proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 31 May 2021.

IMPORTANT

1. The EGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of EGM will not be sent to the unitholders. Instead, the Notice of EGM and this Proxy Form are available on the website of Ascendas Real Estate Investment Trust at the URL <https://ir.ascendas-reit.com/agm.html> and on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions prior to or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM.
3. **Due to the current COVID-19 situation, a unitholder will not be able to attend the EGM in person. If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.**
4. If a CPF or SRS investor wishes to appoint the Chairman of the Meeting as proxy, he/she should approach his/her respective CPF Agent Banks or SRS Operators to submit his/her votes by 5.00 p.m. (Singapore Time) on Friday, 4 June 2021, being seven (7) working days before the date of the EGM.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

I/We, _____ (Name), _____ (NRIC/Passport/Company Registration Number) of _____ (Address) being a unitholder/unitholders of Ascendas Reit, hereby appoint the Chairman of the Extraordinary General Meeting of Ascendas Reit ("EGM") as my/our proxy to attend, speak and vote for me/us on my/our behalf at the EGM to be convened and held by way of electronic means on **Wednesday, 16 June 2021 at 4.00 p.m.** (Singapore Time), and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder.

No.	Resolution	For*	Against*	Abstain*
ORDINARY RESOLUTIONS				
1.	To approve the Proposed Acquisition of 75% of the total issued share capital of Ascendas Fusion 5 Pte. Ltd. as an Interested Person Transaction			
2.	To approve the Proposed Issuance of Consideration Units (conditional on the passing of Ordinary Resolution 1)			

* Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the EGM as your proxy to abstain from voting on a resolution, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of units that the Chairman of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Total Number of Units Held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE



1st fold here

Postage will
be paid by
addressee.

For posting in
Singapore only.

**BUSINESS REPLY SERVICE
PERMIT NO. 08450**



Ascendas Funds Management (S) Limited
(as Manager of Ascendas Real Estate Investment Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

NOTES TO PROXY FORM:

1. **Due to the current COVID-19 situation, a unitholder will not be able to attend the EGM in person.** If a unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. This Proxy Form is available on the website of Ascendas Reit at the URL <https://ir.ascendas-reit.com/agm.html> and on the website of the SGX at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the EGM as proxy, a unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
2. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. (Singapore Time) on Friday, 4 June 2021, being seven (7) working days before the date of the EGM.
3. The Chairman of the EGM, as proxy, need not be a unitholder of Ascendas Reit.
4. A unitholder should insert the total number of units held. If the unitholder has units entered against the unitholder's name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), the unitholder should insert that number of units. If the unitholder has units registered in the unitholder's name in the Register of Unitholders of Ascendas Reit, the unitholder should insert that number of units. If the unitholder has units entered against the unitholder's name in the said Depository Register and registered in the unitholder's name in the Register of Unitholders of Ascendas Reit, the unitholder should insert the aggregate number of units. If no number is inserted, this Proxy Form will be deemed to relate to all the units held by the unitholder.
5. The Proxy Form must be submitted to the Manager c/o Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:
 - (a) if submitted by post, be lodged at the office of Ascendas Reit's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to Ascendas Reit's Unit Registrar at areit-egm2021@boardroomlimited.com, in either case, by **4.00 p.m.** (Singapore Time) on **Sunday, 13 June 2021**, being 72 hours before the time fixed for the EGM.A unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
In view of the COVID-19 situation, unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.
6. The Proxy Form appointing the Chairman of the EGM as proxy must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form appointing the Chairman of the EGM as proxy is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority must (failing previous registration with the Manager), if the Proxy Form is submitted by post, be lodged with the Proxy Form, or, if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. Any reference to a time of day is made by reference to Singapore Time.
9. The Manager shall be entitled to reject any Proxy Form appointing the Chairman of the EGM as proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form if the unitholder, being the appointor, is not shown to have units entered against his/her name in the Depository Register not less than 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.

3rd fold here



A Member of CapitaLand