



A Member of CapitaLand

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

ANNOUNCEMENT

Extraordinary General Meeting to be held on 16 June 2021 Responses to Substantial and Relevant Questions

Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”, and the manager of Ascendas Reit, the “**Manager**”) would like to thank all Unitholders who submitted their questions in advance of Ascendas Reit’s Extraordinary General Meeting (“**EGM**”) to be held virtually via “live audio-visual webcast and live audio-only stream” at 4.00 p.m. on Wednesday, 16 June 2021.

Please refer to our responses to these substantial and relevant questions in **Annex A**.

The Manager’s Chief Executive Officer, Mr William Tay, will deliver a presentation to Unitholders at the EGM. Please refer to the EGM Presentation and all EGM-related documents at the URL <https://ir.ascendas-reit.com/agm.html>.

Following the conclusion of the EGM, the results of the EGM will be uploaded on SGXNet and made available on Ascendas Reit’s website. The minutes of the EGM will be published on Ascendas Reit’s website on or before 16 July 2021.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(Company Registration No. 200201987K)
As manager of Ascendas Real Estate Investment Trust

Mary Judith de Souza
Company Secretary
15 June 2021

Important Notice

The past performance of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is not indicative of future performance. The listing of the units in the Ascendas Reit (“**Units**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Ascendas Funds Management (S) Limited (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

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

ANNEX A

1.	Why didn't you buy 100% of Galaxis last year? Why 25% stake in 2020 and 75% in 2021?
	<p>Response:</p> <p>Galaxis was originally developed and owned by CapitaLand (75%) and MBK Real Estate Asia Pte Ltd (25%). The two owners are non-related parties and have their own decision making process. The earlier acquisition in March 2020 by Ascendas Reit was the 25% stake held by MBK Real Estate Asia Pte Ltd. Even though CapitaLand's 75% stake was not available to us at the same time, we decided that it was an opportune time to acquire the 25% stake in a Grade A business park property in one-north.</p> <p>The acquisition of the 25% stake from MBK in March 2020 as well as the current proposed acquisition of remaining 75% from CapitaLand are both accretive to Distribution per Unit (DPU).</p>
2.	It was mentioned in the circular that by converting the Target Company (Ascendas Fusion 5 Pte Ltd, the holding entity of Galaxis) into a Limited Liability Partnership (LLP), we would be able to enjoy tax transparency on the income from Galaxis. What is the impact to Unitholders?
	<p>Response:</p> <p>The target company is currently a Private Limited company subject to standard corporate income tax rate of 17% on its taxable income.</p> <p>With full ownership of Galaxis, 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.</p> <p>In our <i>pro forma</i> financial impact analysis, we have assumed that the LLP conversion will take 6 months and have incorporated 6 months of corporate tax payment in the 1st year of acquisition. The <i>pro forma</i> DPU accretion based on this scenario is 0.067 cents or 0.46%.</p> <p>If the LLP conversion is shorter than the 6 months assumption, the <i>pro forma</i> DPU accretion would be higher.</p>
3.	Can we expect Ascendas Reit to acquire more properties from the Sponsor this year?
	<p>Response:</p> <p>CapitaLand's pipeline of Business and Science Park properties are well-occupied, well-located and have long remaining land lease tenures. These properties will enhance our existing business park portfolio.</p> <p>We continue to be in discussion with the Sponsor and will evaluate all opportunities available to us before making any investment decisions.</p>

4.	<p>Why wasn't a Preferential Offering or Rights Issue offered to existing unitholders on top of just the private placement in May?</p>
	<p><i>Response:</i></p> <p>Taking into account the S\$420 million equity requirement and Ascendas Reit's market capitalisation of S\$12 billion, a private placement would be more efficient and cost effective.</p> <p>The discount was 3.5% to the adjusted volume weighted average price of S\$3.0499 (which is based on 4 May's volume weighted average price (VWAP) of S\$3.1062 and net of advanced distribution of S\$0.0563). This was an attractive pricing for a new issuance.</p> <p>Ascendas Reit will continue to expand and build a stronger and profitable portfolio for the longer term. To fund our investments, we will take a prudent approach and consider all factors such as the optimal capital structure, market condition, effectiveness of the various financing instruments, as well as the funding requirements for the target acquisitions.</p>
5.	<p>Why does Ascendas Reit raise equity so frequently? Why don't the company fund it fully with debt given the regulatory gearing limit of 50% and the current low interest rate environment?</p>
	<p><i>Response:</i></p> <p>Since inception 18 years ago, Ascendas Reit has steadily increased its assets under management from about S\$630 million in 2002 to S\$15 billion currently through acquisitions and development projects.</p> <p>To fund these acquisitions and development projects, we have to strike a balance between debt and equity in order to maintain a strong balance sheet and Moody's credit rating of A3.</p> <p>There are advantages in having a moderate and healthy gearing e.g. (1) lower interest expense; (2) ability to act quickly when the opportunity arises; (3) maintain our Moody's rating of A3; (4) stronger access to funding sources; and (5) secure borrowings at competitive rates.</p>