



A Member of  
CapitaLand Investment

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

## ANNOUNCEMENT

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### Extraordinary General Meeting to be held on 6 July 2022 Responses to Substantial and Relevant Questions

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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 3.00 p.m. on Wednesday, 6 July 2022.

Please refer to the Manager’s 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 presentation slides 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 and on SGXNet as soon as practicable within one month from the date of the EGM.

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

Michelle Koh  
Company Secretary  
04 July 2022

## **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.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, 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.

Nothing in this announcement should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisers. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this announcement or its contents or otherwise arising in connection with this announcement.

## **ANNEX A**

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the circular issued by the Manager to unitholders of Ascendas Reit dated 14 June 2022 (the “Circular”). Some questions have also been edited for clarity.

1.	<p><b>At page A-9 of the Circular, regarding the New Singapore Property Management Agreement where there was a change of car park fees/income, it was mentioned that Ascendas Reit would now have to bear all capital expenditure (“CAPEX”) and operating expenses (“OPEX”) as compared to the Existing Singapore Property Management Agreement where the Property Manager was responsible.</b></p> <p><b>At paragraph 3.3 of the Circular, it was stated that the savings had not taken into account the cost of car park management site staff cost, OPEX and yearly CAPEX depreciation. On a net basis, the actual savings would have been much lesser. What is the Manager's estimate of such costs and are these costs likely to significantly increase in future due to electronic vehicle (“EV”) charging infrastructure and associated electricity costs which would erode any potential savings?</b></p>
	<p><b>Response:</b></p> <p>Under the Existing Singapore Property Management Agreement, Ascendas Reit currently pays the Singapore Property Manager a carpark management fee, which consists of a base fee of S\$2,160,000 and 40.0% of the hourly carpark income. The Singapore Property Manager is currently responsible for all car park management site staff cost, OPEX and CAPEX.</p> <p>Under the New Singapore Property Management Agreement, Ascendas Reit will be responsible for all car park management site staff cost, OPEX and CAPEX. However, Ascendas Reit will no longer be required to pay a separate carpark management fee and will now retain 100.0% of the hourly carpark income.</p> <p>Purely for illustrative purposes and assuming that the New Singapore Property Management Agreement is in place for the whole financial year ended 31 December 2021, under the proposed new arrangement, the cost which Ascendas Reit is estimated to bear for car park management site staff cost, OPEX and yearly CAPEX depreciation would be approximately S\$2,280,000 and this has been set out in note 2 of paragraph 3.3 of the Circular.</p> <p>By subsuming the carpark management services as part of property management services under the New Singapore Property Management Agreement, the estimated car park management fees of S\$3,845,000 as illustrated in paragraph 3.3 of the Circular is greater than the cost of S\$2,280,000 to be incurred by Ascendas Reit under this new arrangement as mentioned in the paragraph above, thereby resulting in overall net savings for Ascendas Reit.</p> <p>The illustrative table which is found in paragraph 3.3 of the Circular is reproduced below for ease of reference:</p>

	Actual Fees in FY21 S\$'000 <sup>(1)</sup>	New Fees S\$'000 <sup>(1)</sup>	Savings S\$'000 <sup>(1)</sup>
Property management fees	11,293	11,540	(247)
Lease management fee	6,872	6,996	(124)
Marketing and leasing fees	No change in fee structure		–
Project management fees	No change in fee structure		–
Third-party facilities fees	No change in fee structure		–
Car park management fees	4,216	–	4,216 <sup>(2)</sup>
	Total		3,845

**Notes:**

(1) The figures are rounded down to the nearest thousand.

(2) The savings in car park management fees have not taken into account the cost of car park management site staff cost, operating expenses and yearly capital expenditure depreciation which will now be borne by the Trustee directly under the New Singapore Property Management Agreement. The total amount payable by the Trustee is approximately S\$2,280,000.

Investments in car park systems are capitalised in the balance sheet and would vary annually depending on the type and number of car parks that need to be upgraded.

The cost of installing EV charging infrastructure and associated electricity costs are borne by Ascendas Reit's vendors, and not by Ascendas Reit directly. This arrangement protects Ascendas Reit from inflationary pressures on the CAPEX and utilities costs associated with EV charging infrastructure.

**2. At page 29 of the Circular, the illustrative table does not seem to show comparative financial effects for Australia, US and Europe. Is the Manager able to present those for completeness?**

**There should be some savings under the New US Master ALMAs and the New Europe Master ALMAs due to the change from the existing asset management fees of 0.4% to the proposed 0.3% per annum of the total value of the US Adjusted Deposited Property and Europe Adjusted Deposited Property?**

**Response:**

The asset management fee payable to Australia, US and Europe Asset Managers is part of the base management fee payable by Ascendas Reit to the Manager which remains unchanged at 0.5% per annum of the deposited property of Ascendas Reit in accordance with the Trust Deed.

As such, the change in the asset management fees of 0.4% to 0.3% as a result of the New US Master ALMAs and the New Europe Master ALMAs affects only the allocation of fees between the Manager and the US Property Manager and the Europe Property Manager.

There will be no financial impact to Ascendas Reit.

3.	<p><b>At page A-10 of Circular, it appears from Notes 1 and 2 that reinstatement works have been included as part of the services where the Singapore Project Manager will be paid project management fees. Is this usual / market practice since reinstatement costs are typically borne by tenants?</b></p> <p><b>Why should Ascendas Reit (and Unitholders indirectly) bear such additional fees for reinstatement works?</b></p>
	<p><b>Response:</b></p> <p>Reinstatement works and its associated costs are typically carried out and borne by tenants as part of their lease obligations. However, there are instances where tenants would request for, and would reimburse, Ascendas Reit for carrying out the reinstatement works on their behalf.</p>
4.	<p><b>At page A-6 of the Circular, it states:</b></p> <p><b>“If the Singapore Property Manager is engaged to conduct energy audit services on the Singapore Properties, the Trustee shall pay the Singapore Property Manager an energy audit fee of S\$4,000 for the first two chillers in a Singapore Property and S\$2,000 for each subsequent chiller in the same Singapore Property (being the base energy audit fee) plus 40.0% of the savings achieved during the first three years after the completion of the said works in such Singapore Property subject to a maximum fee of S\$40,000 per Property (such amount shall be inclusive of the base energy audit fee and the fees based on the savings achieved).”</b></p> <p><b>Is an energy audit mandated by the law?</b>  <b>How often is the energy audit conducted?</b>  <b>What is the purpose of conducting an energy audit?</b></p>
	<p><b>Response:</b></p> <p>Under the New Singapore Property Management Agreement, as disclosed in paragraph 1.5 of Appendix A at page A-6 of the Circular, the energy audit services of the Singapore Property Manager is no longer required as all the Singapore Properties have completed their relevant energy audits. As such, energy audit services are no longer required and the Singapore Property Manager will therefore no longer be entitled to any fee in relation to such services under the New Singapore Property Management Agreement</p>
5.	<p><b>Could you provide a presentation summarising the key differences between the New Management Agreements and the Existing Management Agreements?</b></p>
	<p><b>Response:</b></p> <p>Please see Appendix A of the Circular which provides a summary of key terms and key updates in the New Management Agreements, which include comparisons between the New Management Agreements and the Existing Management Agreements.</p>

6. Can I confirm that there are only management agreements for Singapore, Australia, USA and Europe?

Can I confirm that it is the current intention for Ascendas Reit to operate only in these four geographies? Are there plans for diversification out of these four geographical areas?

**Response:**

There are no other management agreements beyond Singapore, Australia, US and Europe.

Currently, the Manager remains focused on and plans to deepen Ascendas Reit's presence in the four existing developed markets in Singapore, US, Australia and UK/Europe. These four markets continue to offer different value propositions that fit the Manager's strategy of increasing Ascendas Reit's exposure to assets catering to growth sectors such as technology, life sciences, logistics and data centres. The Manager will continue to look out for opportunities that are yield accretive and will adopt a prudent and cautious approach when evaluating them.

7.

Comparable S-REITs	≤ S\$2.0 million	and ≤ S\$20.0 million	and ≤ S\$50.0 million	>S\$50.0 million
	Project management fees as a % of construction costs			
AIMS APAC REIT	3.00%	2.00%	1.50%	To be mutually agreed by the parties
ESR-LOGOS REIT	3.00%	2.00%	1.50%	To be mutually agreed by the parties
Mapletree Industrial Trust	3.00%	2.00%	1.50%	To be mutually agreed by the parties

	Amount of construction costs	Fee (% of construction costs)
	S\$2.0 million or less	3.0%
Ascendas Reit (under the New Singapore Property Management Agreement)	Exceed S\$2.0 million but do not exceed S\$12.0 million	2.15%
	Exceed S\$12.0 million but do not exceed S\$40.0 million	1.45%
	Exceed S\$40.0 million but do not exceed S\$70.0 million	1.40%
	Exceed S\$70.0 million but do not exceed S\$100.0 million	1.35%
	Exceed S\$100.0 million	To be mutually agreed by the parties, but not exceeding 1.35%

With reference to the table for project management fees in paragraph 3.3.3 of the IFA Letter, how is the cut off of S\$2 million, S\$12 million, S\$40 million etc. determined? Is the cut off of S\$2 million, S\$12 million, S\$40 million etc. determined arbitrarily?

Given that the difference in the percentage fee when the construction cost is S\$2 million (3.0%) and S\$12 million (1.45%) is more than double, would there then be an incentive to separate the construction costs into small sums rather than aggregating them into one lump large sum?

How would you address this concern/mitigate this problem?

**Response:**

The cut offs were determined based on the quantum that the Manager had considered to be reasonable. With reference to the table in paragraph 3.3.3 of the IFA Letter, the fee structure adopted by Ascendas Reit has a total of six tiers in contrast to other comparable S-REITs which only have a total of four tiers. This will generally result in greater fee savings for Ascendas Reit for projects above S\$12.0 million. For example, a project with a construction cost of S\$18.0 million will be subject to a fee of 1.45% for Ascendas Reit as compared to other comparable S-REITs with fewer but broader tiers which will be subject to a fee of 2.00%.

The total construction costs for a project at a Singapore Property will be aggregated for the purposes of computing the project management fees payable to the Singapore Project Manager. Accordingly, there will not be an issue of separating construction costs into smaller sums to derive a larger project management fee.

8.

	<b>Amount of Construction Costs</b>	<b>Fee</b>
(a)	£2 million or less	Three per cent (3.0%) of the construction costs
(b)	Exceed £2 million but do not exceed £12 million	Two point one five per cent (2.15%) of the construction costs
(c)	Exceed £12 million but do not exceed £40 million	One point four five per cent (1.45%) of the construction costs
(d)	Exceed £40 million but do not exceed £70 million	One point four per cent (1.4%) of the construction costs
(e)	Exceed £70 million but do not exceed £100 million	One point three five per cent (1.35%) of the construction costs
(f)	Exceed £100 million	To be mutually agreed by the parties, but not exceeding one point three five per cent (1.35%) of the construction costs

**With reference to the project management fees payable under the New Europe ALMAs at paragraph 2.4.1(iii) of the Circular, are the numbers denominated in Great Britain Pound Sterling? Can I confirm that the numbers are denominated in Pound Sterling and not in Euros?**

**For any construction work done for Europe Properties located in France, Netherlands and Switzerland, will the construction costs in Euro or Swiss Francs be converted to Pound Sterling and based on the table above, the fees are calculated accordingly? Is this interpretation correct? Please clarify.**

**Response:**

Yes, references to “£” in the Circular are references to the Pound Sterling, the lawful currency of the United Kingdom.

Yes, for any construction work done for Europe Properties located in France, Netherlands and Switzerland, the associated construction costs will be converted from the relevant currency to the Pound Sterling and the fees will be calculated according to the fee table disclosed at paragraph 2.4.1(iii) of the Circular.

9.	<b>The COVID-19 situation in Singapore has improved greatly and physical meetings can now be held. Hence, why did the company not hold a physical EGM or minimally, a semi-physical EGM?</b>
	<p><b>Response:</b></p> <p>The Manager decided to conduct the EGM virtually as a precautionary measure and to keep physical interactions and COVID-19 transmission risk to a minimum. Arrangements have been made for live engagement and live voting during the EGM in accordance with the prevailing guidelines and best practices.</p> <p>The Manager also noted that the level of COVID-19 infections has risen recently in Singapore (with 11,504 new COVID-19 cases reported as of noon on Tuesday 28 June 2023, the highest daily number of infections in more than 3 months) (source: CNA).</p>