



NEWS RELEASE

For immediate release

CapitaLand Ascendas REIT completes acquisition of fifth data centre in the UK for S\$200 million, uplifting its investments in Europe’s largest colocation data centre market by 54%

Singapore, 17 August 2023 – CapitaLand Ascendas REIT Management Limited, as the manager (the “**Manager**”) of CapitaLand Ascendas REIT (“**CLAR**”), is pleased to announce the completion of the acquisition of a high-specification Tier III colocation data centre facility (the “**Property**”) from an unrelated global data centre operator (the “**Vendor**”) (the “**Acquisition**”). The Property is situated in Watford in North-West London in the United Kingdom (the “**UK**”). The purchase consideration¹ for the Acquisition after taking into account the agreed value of the Property of £119.4 million (approximately S\$199.9 million²) (the “**Agreed Value**”) is £125.1 million (approximately S\$209.4 million) (the “**Purchase Consideration**”).

Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: “As the demand for cloud and digital services continues to rise, we are capitalising on favourable market dynamics to significantly scale up our presence in the data centre sector. London ranks among the top three global data centre markets and is also Europe’s largest colocation data centre market. This Acquisition complements our data centres around London, deepening and boosting our data centre investments in the UK by 54% to S\$569.8 million, as well as increasing our exposure in London to 96% of our investments in the UK. Given its strategic location and Tier III specifications, along with its robust tenancy, the Property will serve as a strong catalyst in delivering additional value to the REIT.

We expect our enlarged data centre portfolio valued at S\$1.5 billion to contribute a continuous income stream towards our overall DPU growth.”

¹ The Purchase Consideration was arrived on a debt-free basis and included an 18-month rental top-up provided by the Vendor (the “**Rental Top-Up**”), subject to post-completion adjustments as set out in the Share Sale and Purchase Agreement.

² An illustrative exchange rate of £1.00:S\$1.67399 is used in this news release.

Rationale and Merits of the Acquisition

1. Strategic FLAPD³ location in London, UK to capture growing demand for cloud and digital services

According to CBRE Research, UK is Europe's largest colocation data centre market by total operational capacity. Nearly 80% of data centre supply is concentrated around London, where major data centre providers are located.

London stands out as the most interconnected gateway city in the European market. It boasts the highest number of fibre connectivity options in both the UK and Europe, making it an ideal location for peering traffic worldwide, low latencies, and network redundancies. As such, London is highly sought-after by customers, particularly in the telecommunications, financial services and cloud services industries, for their cloud deployment.

As demand continues to grow, capacity is becoming increasingly scarce in Europe's largest colocation data centre market. As a result, CBRE has projected that the vacancy rate (by megawatt power) in London will continue to decline to 15.9% in 2023 (from 16.8% in 2022).

The Property is located in Watford, a large town situated in the North-West of London. The Property enjoys excellent connectivity to major transport hubs and is highly accessible from London. North-West London is a hotspot for data centre developers, providing an attractive option to the power-constrained and relatively high-cost central London region. The Acquisition presents a compelling opportunity to acquire a sought-after data centre in Watford with available power and strong connectivity to meet the colocation requirements of enterprises and end-users in the area.

2. Significantly expands CLAR's data centre footprint in Europe

With the latest Acquisition, CLAR's data centre footprint in the UK will increase from four to five data centres. By value of CLAR's assets under management (AUM), this represents an increase of approximately 54% to S\$569.8 million, with 96% of the investments in the UK located in London.

CLAR's enlarged footprint in London further enhances its strategic presence in Europe's FLAPD markets. Within Europe, approximately 93% of our data centres by AUM (approximately S\$875.2 million) are located in the FLAPD markets.

In total, CLAR's data centre portfolio will be uplifted by about 15% to S\$1.5 billion in terms of AUM, comprising 63% in Europe (approximately S\$940.6 million) and 37% in Singapore (approximately S\$557.6 million).

³ FLAPD refers to the five largest data centre markets in Europe, namely, Frankfurt, London, Amsterdam, Paris and Dublin.

On a *pro forma* basis⁴, assuming that the Acquisition was completed on 30 June 2023, the proportion of data centre properties will increase from about 7% to approximately 9% of CLAR's total investment properties valued at S\$17.2 billion.

3. Resilient income stream with investment-grade tenants

The Property is 80.0%⁵ occupied by five investment-grade tenants. These tenants operate in various industries, including information and communications technology, retail, energy and financial services. Three of the existing tenants have each been utilising the Property for more than 10 years.

4. Distribution per Unit (“DPU”) accretive acquisition

The *pro forma* impact on the DPU for the financial year commencing on 1 January 2022 and ended 31 December 2022 (FY2022) is expected to be an improvement of approximately 0.110 Singapore cents or a DPU accretion of 0.7%, assuming the Acquisition was completed on 1 January 2022⁶.

Details of the Acquisition

CLAR, through its wholly-owned subsidiary Ascendas Reit (Europe Sub 3) Ltd, has entered into a Share Sale and Purchase Agreement with the Vendor today and completed the acquisition of the total issued share capital of the Vendor's wholly-owned subsidiary which owns the Property.

The Purchase Consideration of £125.1 million (approximately S\$209.4 million) after taking into account the Agreed Value of the Property of £119.4 million (approximately S\$199.9 million), was negotiated on a willing-buyer and willing-seller basis. The Agreed Value is at a discount to the independent market valuation of the Property.

The total cost of the Acquisition is estimated to be £128.1 million (approximately S\$214.4 million) (the “**Total Acquisition Cost**”) comprising (i) the Purchase Consideration of £125.1 million (approximately S\$209.4 million); (ii) the acquisition fee payable to the Manager of £1.2 million (approximately S\$2.0 million) (being 1% of the Agreed Value); and (iii) stamp duty, professional and other fees and expenses of £1.8 million (approximately S\$3.0 million).

The Total Acquisition Cost of £128.1 million (approximately S\$214.4 million) will be financed with a combination of the proceeds from the equity fund raising⁷ announced on 16 May 2023 and debt financing.

⁴ CLAR's investment properties are valued at S\$17.0 billion as at 30 June 2023.

⁵ As at 30 June 2023.

⁶ The estimated *pro forma* DPU impact is calculated based on the following assumptions: (a) CLAR had completed the Acquisition on 1 January 2022 and held and operated the Property through 31 December 2022; (b) the Acquisition was funded based on a funding structure of 40% debt and 60% equity; (c) the distribution includes the Rental Top-Up provided by the Vendor; and (d) the Manager elects to receive its base fee 80% in cash and 20% in units in CLAR.

⁷ Please refer to the announcement dated 16 May 2023 titled “Launch of Private Placement to Raise Gross Proceeds of No Less Than Approximately S\$450.0 Million” and the announcement dated 17 May 2023 titled “Close of Private Placement of 183,352,000 New Units (“New Units”) in CapitaLand Ascendas REIT (“CLAR”) at an Issue Price of S\$2.727 per New Unit” (the “**Close of Placement Announcement**”). Further to the Close of Placement Announcement, it is intended that approximately S\$129.9 million of the gross proceeds of approximately S\$500.0 million from the private placement will be used to partially fund the Acquisition, referred therein as the “Potential Europe Acquisition”.

Annex

Summary of the Property (as at 30 June 2023)

Location	Watford, North-West London, United Kingdom
Description	A two-storey, high-specification Tier III data centre facility
Land Area	25,000 sq m
Total Lettable Area	8,412 sq m
Lease Type	100% colocation
WALE (by gross revenue)	3.3 years
Occupancy Rate	80.0%
Number of Tenants	5
Remaining Land Lease Tenure	85 years



Location of the Property:



About CapitaLand Ascendas REIT (www.capitaland-ascendasreit.com)

CapitaLand Ascendas REIT (CLAR), formerly known as Ascendas Real Estate Investment Trust (Ascendas Reit), is Singapore's first and largest listed business space and industrial real estate investment trust. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in November 2002.

CLAR has since grown to be a global REIT anchored in Singapore, with a strong focus on tech and logistics properties in developed markets. As at 30 June 2023, its investment properties under management stood at S\$17.0 billion and owned a total of 230 properties across three segments, namely Business Space and Life Sciences; Logistics; and Industrial and Data Centres. These properties are in the developed markets of Singapore, the United States, Australia, and the United Kingdom/Europe.

These properties house a tenant base of more than 1,750 international and local companies from a wide range of industries and activities, including data centres, information technology, engineering, logistics & supply chain management, biomedical sciences, financial services (backroom office support), electronics, government and other manufacturing and services industries. Major tenants include Singtel, SEA Group, DSO National Laboratories, Stripe, DBS, Seagate, Citibank, Pinterest, Equinix, and J.P. Morgan.

CLAR is listed in several indices. These include the FTSE Straits Times Index, the Morgan Stanley Capital International, Inc (MSCI) Index, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index and Global Property Research (GPR) Asia 250. CLAR has an issuer rating of 'A3' by Moody's Investors Service.

CLAR is managed by CapitaLand Ascendas REIT Management Limited, formerly known as Ascendas Funds Management (S) Limited, a wholly owned subsidiary of CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

About CapitaLand Investment Limited (www.capitalandinvest.com)

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real estate investment manager (REIM) with a strong Asia foothold. As at 30 June 2023, CLI had S\$134 billion of real estate assets under management, and S\$89 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and more than 30 private vehicles across Asia Pacific, Europe and USA. Its diversified real estate asset classes cover retail, office, lodging, business parks, industrial, logistics and data centres.

CLI aims to scale its FUM and fee-related earnings through fund management, lodging management and its full stack of operating capabilities, and maintain effective capital management. As the investment management arm of CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm.

As a responsible company, CLI places sustainability at the core of what it does and has committed to achieve Net Zero emissions for scope 1 and 2 by 2050. CLI contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

Issued by: CapitaLand Ascendas REIT Management Limited (Co. Regn.: 200201987K)

For investor and media queries, please contact:

Ms Yeow Kit Peng
Head, Capital Markets & Investor Relations
CapitaLand Ascendas REIT Management Limited
Tel: +65 6713 1153
Email: yeow.kitpeng@capitaland.com

Mr Terence Lim
AVP, Investor Relations
CapitaLand Ascendas REIT Management Limited
Tel: +65 6713 1150
Email: terence.lim@capitaland.com

Important Notice

This press release may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements because of several risks, uncertainties, and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this press release. Neither CapitaLand Ascendas REIT Management Limited (formerly known as Ascendas Funds Management (S) Limited) ("**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 of, reliance on or distribution of this press release or its contents or otherwise arising in connection with this press release.

The past performance of CapitaLand Ascendas REIT (formerly known as Ascendas Real Estate Investment Trust) ("**CLAR**") is not indicative of future performance. The listing of the units in CLAR ("**Units**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager. 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 press release is for information only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the Units.