

## Ascendas Reit acquires 25% stake in Galaxis for S\$102.91 million

31 March 2020, Singapore – Ascendas Funds Management (S) Limited, as the manager (the “**Manager**”) of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce that Ascendas Reit has acquired a 25% equity stake in the holding entity for Galaxis (the “**Property**”) for S\$102.91 million (the “**Purchase Consideration**”), from MBK Real Estate Asia Pte Ltd (the “**Vendor**”), a wholly-owned subsidiary of Mitsui & Co, Ltd. (the “**Acquisition**”). Galaxis is a business park property located at 1 & 3 Fusionopolis Place, in Singapore’s one-north precinct.

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “Galaxis is strategically located in the heart of the bustling Fusionopolis cluster in one-north and has direct access to the MRT station. The acquisition of the 25% stake in Galaxis is accretive to Ascendas Reit’s distribution per Unit and is transacted at an attractive net property income yield of 6.2% considering the allowable 30% White Component for the site. Galaxis, which also hosts highly reputed tenants, fits well with our strategy to invest in well-located and high-quality business park properties in Singapore and will strengthen Ascendas Reit’s overall portfolio.”

### **Details of the Acquisition**

HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit, has today entered into a Share Purchase Agreement with the Vendor for the purchase of 25% of the issued share capital of Ascendas Fusion 5 Pte Ltd (“**AF5PL**”), the holding entity for Galaxis. The remaining 75% equity stake in AF5PL is held by a wholly-owned subsidiary of CapitaLand Limited, Ascendas Reit’s Sponsor.

The Purchase Consideration is estimated to be S\$102.91 million<sup>1</sup>, and is based on 25% of the adjusted net asset value<sup>2</sup> (“**Adjusted Net Asset Value**”) of AF5PL as at the date of

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<sup>1</sup> Purchase Consideration is subject to post-completion adjustments provided for in the Share Purchase Agreement.

<sup>2</sup> Adjusted for net liabilities.

completion, being 31 March 2020. The Adjusted Net Asset Value takes into consideration the agreed value of the Property of S\$630.0 million ("**Agreed Property Value**"), which is about 3.1% lower than the independent market valuation of the Property of S\$650.0 million as at 26 March 2020<sup>3</sup>.

Ascendas Reit is expected to incur an estimated total transaction cost of approximately S\$2.99 million which includes stamp duty, professional advisory fees, and acquisition fees payable to the Manager in cash (being 1.0% of the 25% of Agreed Property Value, which amounts to approximately S\$1.575 million).

In the first year of the Acquisition, the Property is expected to generate a net property income yield of approximately 6.2% and 6.1% pre-transaction costs and post-transaction costs respectively<sup>4</sup>.

Ascendas Reit has funded the Acquisition with a combination of debt and internal resources. The pro forma impact on distribution per Unit ("**DPU**") for the 12 months ended 31 December 2019 would be an estimated improvement of between 0.013 to 0.110<sup>5</sup> Singapore cents assuming the Acquisition was completed on 1 January 2019.

### **About The Property**

Galaxis is a premium business park property, situated at the heart of Fusionopolis, one-north, Singapore's hub for infocomm 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 of 68,835 sqm and a net lettable area ("**NLA**") of 60,752 sqm. It is sited on a land area of 19,283 sqm zoned for Business Park use with a 30% White Component<sup>6</sup>. The remaining lease tenure of the land is around 52 years.

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<sup>3</sup> The valuation was commissioned by HSBC Institutional Trust Services (Singapore) Limited (as trustee of Ascendas Reit) and was carried out by CBRE Pte Ltd using the Income Capitalisation and Discounted Cash Flow approaches.

<sup>4</sup> Ascendas Reit's share of net profits after tax in AF5PL will be part of the amount available for distribution to the Unitholders. Net property income yield is computed based on the estimated first year net property income of Galaxis after the Acquisition over the Agreed Property Value.

<sup>5</sup> Based on illustrative loan-to-value range of 40% to 100%.

<sup>6</sup> Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include office, restaurant, shop etc. Source: Urban Redevelopment Authority of Singapore.

Galaxis comprises a 17-storey building with business park (NLA of 44,319 sqm) and office space (NLA of 10,305 sqm), a two-storey retail and F&B podium (NLA of 4,106 sqm), a five-storey building with work lofts (NLA of 2,022 sqm) and a two-storey basement carpark. It has a BCA Green Mark Platinum rating.

Completed in 2015, the Property is 99.6% occupied by reputable tenants such as Canon, Oracle, and Sea (formerly Garena). As at 26 March 2020, the weighted average lease to expiry of the Property is 2.5 years.

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**About Ascendas Real Estate Investment Trust ([www.ascendas-reit.com](http://www.ascendas-reit.com))**

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 Singapore Exchange Securities Trading Limited (SGX-ST) in November 2002.

As at 31 December 2019, investment properties under management stands at S\$12.8 billion, comprising 200 properties across the developed markets of Singapore, Australia, the United Kingdom and the United States. Ascendas Reit's portfolio includes business and science parks, suburban office properties, high-specifications industrial properties, light industrial properties, logistics and distribution centres, and integrated developments, amenities and retail properties.

These properties house a tenant base of around 1,490 international and local companies from a wide range of industries and activities, including research and development, life sciences, information technology, engineering, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries. Major tenants include Singtel, DSO National Laboratories, Citibank, DBS, Wesfarmers, CareFusion, Ceva Logistics, JPMorgan and A\*STAR Research Entities.

Ascendas Reit 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. Ascendas Reit has an issuer rating of 'A3' by Moody's Investors Service.

Ascendas Reit is managed by Ascendas Funds Management (S) Limited, a wholly owned subsidiary of Singapore-listed CapitalLand Limited, one of Asia's largest diversified real estate groups.

## About CapitaLand Limited ([www.capitaland.com](http://www.capitaland.com))

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth over S\$131.9 billion as at 31 December 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages seven listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Real Estate Investment Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

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