

**Ascendas Reit's proposed acquisition
of 30 business park properties in
the United States and Singapore for S\$1.66 billion**

- *Complementary and provides diversification to Ascendas Reit's existing portfolio*
- *Maiden US investment in tech-cities of San Diego, Raleigh and Portland*
- *Quality tenants in technology and healthcare sectors*
- *A DPU and DPU yield accretive transaction*

1 November 2019, Singapore – Ascendas Funds Management (S) Limited (the “Manager”), the manager of Ascendas Real Estate Investment Trust (“Ascendas Reit”) is pleased to announce the proposed acquisitions of a portfolio of 28 business park properties located in the United States (“US”) (the “US Properties”) (the “US Acquisition”) and two business park properties located in Singapore (the “Singapore Properties”) (together the “Proposed Acquisitions”) for S\$1.66 billion (“Total Purchase Consideration”). The vendors of the Proposed Acquisitions are indirect wholly-owned entities of CapitaLand Limited, who is a controlling unitholder of Ascendas Reit and a controlling shareholder of the Manager.

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “We are really excited to acquire these properties in the US and Singapore. Their strategic locations and strong tenant base will allow us to tap into the growing information technology, financial, and medical and healthcare sectors. They are already DPU and DPU yield accretive, and we know that they will contribute positively and augment the sustainability of Ascendas Reit's earnings.”

Summary of the Proposed Acquisitions

| As at 30 September 2019 | US Properties | Singapore Properties | Total |
|--|---|--|--------------|
| Purchase Consideration¹ (S\$ m) | 1,285.3 ² (US\$937.6) | 380.0 | 1,665.3 |
| Total Acquisition Cost³ (S\$ m) | 1,308.6 (US\$954.6) | 397.1 | 1,705.7 |
| Number of Properties | 28 | 2 | 30 |
| Net Lettable Area (sq m) | 310,102 | 49,762 | 359,864 |
| Net Property Income Yield (pre-transaction cost) (%) | 6.4 | 6.7 | 6.5 |
| Valuations⁴ (S\$ m) | JLL Valuation & Advisory Services, LLC (“JLL”): 1,291.7(US\$942.3) Newmark Knight Frank Valuation & Advisory, LLC (“Newmark Knight Frank”) : 1,318.0 (US\$961.5) | CBRE Pte Ltd (“CBRE”): 397.1 Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”): 392.0 | n.a. |
| Occupancy Rate (%) | 93.7 | 94.6 | 93.8 |
| Weighted Average Lease to Expiry by Gross Rental Income (years) | 4.2 | 6.9 | 4.9 |
| Weighted Average Land Lease to Expiry (“WALE”) (years) | Freehold | 56.7 | n.a. |

Investment Merits

The Proposed Acquisitions will complement and strengthen the quality of Ascendas Reit’s existing business and science park portfolio. With the acquisitions, Ascendas Reit’s investment in the business and science park segment will be boosted by 46% to S\$5,407 million and will constitute 42% of total asset value of S\$12.8 billion.

¹ The purchase consideration of the US Properties takes into account the US Agreed Portfolio Value as defined in the announcement titled “Proposed acquisitions of a portfolio of United States properties and two Singapore properties”, dated 1 November 2019.

² All conversions from United States Dollar amounts to Singapore Dollar amounts in this press release are based on the exchange rate of US\$1.0000:S\$1.3708.

³ Includes acquisition fee and other transaction costs (excluding costs of the Rights Issue (as defined herein)). In accordance with Ascendas Reit’s trust deed, the Manager is entitled to receive an acquisition fee of 1% of the US Agreed Portfolio Value and the purchase consideration of the Singapore Properties. The acquisition fee is payable in Units (“Acquisition Fee Units”).

⁴ Valuations are as at 1 September 2019 and are commissioned by HSBC Institutional Trust Services (Singapore) Limited (Trustee of Ascendas Reit) and the Manger, respectively. JLL and Newmark Knight Frank carried out the valuations using the capitalisation approach, discounted cashflow analysis and direct comparison method. CBRE used the capitalisation approach and discounted cashflow method. Colliers used the capitalisation approach, discounted cashflow analysis and direct comparison method.

- **The US Properties**

The US Properties comprises 28 business park properties located in the US tech-cities of Raleigh, Portland and San Diego. These cities are ranked among the top ten US cities by technology sector contribution in 2018, placing fifth, seventh and ninth, for Raleigh, Portland and San Diego respectively⁵. All three cities house a critical mass of established, growth and start-up companies as well as top research universities and institutions, contributing to the vibrant innovation ecosystems. Net absorption has been robust and asking rents have risen between 30% to 40% since 2010 in these cities⁶.

The US Properties will provide further geographical diversification to Ascendas Reit's portfolio. The proportion of overseas investment (by asset value) is expected to increase to 28% of total asset value of S\$12.8 billion. The US Properties will constitute about 10% of total asset value.

As all the US properties are sited on freehold land, Ascendas Reit's enlarged portfolio's proportion of freehold properties (by asset value) will be boosted from 21.9% to 29.0%⁷.

Investment grade tenants within the US Properties include CareFusion Manufacturing, TD Ameritrade, Oracle and Nike.

- **The Singapore Properties**

The two Singapore business park properties are Nucleos and FM Global Centre. Nucleos is located at Biopolis, the biomedical research and development hub at one-north which hosts a cluster of world-class research facilities. FM Global Centre is located at the gateway of Singapore Science Park 2, Singapore's technology corridor for R&D and technology development.

These properties have a long average remaining land lease to expiry of 56.7 years, which will lengthen Ascendas Reit's portfolio weighted average land lease to expiry

⁵ Source: CompTIA Cyberstates 2019

⁶ Source: Cushman & Wakefield

⁷ Takes into account the US Properties and the Singapore Properties.

(excluding freehold properties) from 44.1 years to 44.6 years as at 30 September 2019.

In addition, the properties have a high average occupancy rate of 94.6% and a long WALE of 6.9 years. Income stability from these properties are underpinned by the high-quality tenants such as DuPont, Takeda and FM Global.

Funding and Pro Forma Impact

The Manager intends to fund the Total Acquisition Cost of S\$1,705.7 million using the net proceeds from the proposed rights issue⁸ (the “Rights Issue”), a drawdown of loan facilities, and the issuance of the Acquisition Fee Units.

The pro forma financial effect of the Proposed Acquisitions on FY18/19 distribution per Unit (“DPU”) would be an improvement of 0.101 Singapore cents⁹, providing a DPU yield accretion of approximately 3.0%¹⁰.

Aggregate leverage is expected to improve from 36.2% as at 30 September 2019 to 34.6%.

The Proposed Acquisitions are expected to generate a first year net property income yield of approximately 6.5% pre-transaction costs (6.3% post-transaction costs).

For the US Acquisition, the Manager plans to eventually achieve a natural hedge by funding 100% of the US assets with US debt liabilities. The expected net income cash flow will be hedged via appropriate hedging instruments. The Manager will continue to manage Ascendas Reit’s interest rates exposure at the portfolio level, and will be guided by the existing policy of maintaining 50% to 90% of borrowings on fixed interest rates.

Ascendas Reit intends to appoint the existing third party property managers in the US to manage the daily operational requirements of the US Properties to maintain continuity. A

⁸ Please refer to the announcement on 1 November 2019, titled “Launch of S\$1,300 million Rights Issue” for further details.

⁹ The pro forma DPU (for FY18/19) is calculated based on the following assumptions 1) Ascendas Reit had completed the Proposed Acquisitions on 1 April 2018, held and operated all the properties for the whole of the financial year ended 31 March 2019, 2) the Proposed Acquisition was funded by proceeds from the proposed issuance of Rights Units, drawdown of loan facilities and the issuance of Acquisition Fee Units, 3) the Manager elects to receive its base fee 80% in cash and 20% in units.

¹⁰ Pre-acquisition DPU yield is computed based on closing price per Unit of S\$3.17 on 31 October 2019 and post-acquisition DPU yield is computed based on the theoretical ex-right price per Unit of S\$3.0955.

subsidiary of CapitaLand Limited will be appointed as the asset manager to provide certain asset management and other related services.

The Manager will continue to take a proactive approach to customer service, leasing and property management to mitigate operational risks.

With the Proposed Acquisitions, Ascendas Reit will own a total of 99 properties in Singapore, 35 properties in Australia, 38 properties in the United Kingdom and 28 properties in the United States.

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About Ascendas Real Estate Investment Trust (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 the Singapore Exchange Securities Trading Limited (SGX-ST) in November 2002. As at 30 September 2019, investment properties under management stands at S\$11.1 billion, comprising 97 properties in Singapore, 35 properties in Australia and 38 properties in the United Kingdom. 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 1,340 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, 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 (EPR/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 CapitaLand Limited, one of Asia's largest diversified real estate groups.

About CapitaLand Limited (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\$129.1 billion as at 30 June 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 eight 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 Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust (a stapled group comprising Ascendas Hospitality REIT and Ascendas Hospitality Business Trust).

For media and investor queries, please contact:

Ms Yeow Kit Peng
Head, Capital Markets & Investor Relations
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Email: yeow.kitpeng@capitaland.com

Ms Wyllyn Liu
Senior Manager, Investor Relations
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8840
Email: wyllyn.liu@capitaland.com

Annex – Details of Proposed Acquisitions

About the US Properties

The US Properties comprises 28 well-located business park properties with a total net lettable area of 310,102 sqm. The properties are sited on freehold land within six business park campuses across San Diego, Raleigh and Portland. The occupancy rate of the US properties is 93.7% with a WALE of 4.2 years

- **San Diego, California:**

The San Diego portfolio consists of eight properties with a total net lettable area (NLA) of 97,700 sq m in three business park campuses, namely The Campus at Sorrento Gateway and the CareFusion Campus, both in Sorrento Valley, and the Innovation Corporate Center in Rancho Bernardo, which provide a campus environment and a strategic hub to several corporate users spanning multiple industries. Both campuses in Sorrento Valley are located near Interstate 805 highway and are within a 10-minute drive to the University City area. The

Innovation Corporate Center is located near the Carmel Mountain Ranch Town Center and near Interstate 15, providing easy access to the University City area and Downtown San Diego.

- **Raleigh, North Carolina:**

The Raleigh portfolio is located in a business park campus known as Perimeter Park, and consists of five properties with 107,117 sq m (NLA) of office space located in a master-planned, campus like environment. It is located at the heart of the Research Triangle, a region in North Carolina anchored by the three major research universities: Duke University, University of North Carolina at Chapel Hill and North Carolina State University, and comprising the cities of Raleigh and Durham and the town of Chapel Hill. Perimeter Park is conveniently located at the intersection of Interstate 40 and Interstate 540 highways, providing both north-south and east-west connectivity and it is within a five-minute drive to the Raleigh-Durham International Airport.

- **Portland, Oregon:**

The Portland portfolio comprises 15 properties across two business park campuses, being Cornell Oaks Corporate Center and Creekside Corporate Park, with 105,285 sq m (NLA) of quality office space in one of the fastest growing technology-centric metropolitan areas in the nation. Located approximately 15 minutes from Downtown Portland, the business park campuses boast corporate campus environments and the tenants include renowned corporate users in the athletic apparel, financial technology, biotechnology and medical sectors.

About the Singapore Properties

- Nucleos is a seven-storey twin-tower biomedical research facility, with a NLA of 38,149 sq m. Located at Biopolis, within the one-north business park, it is about 10 minutes walking distance to one-north MRT station and Buona Vista MRT station, and is a few minutes' drive to Ayer Rajah Expressway. The property has a remaining land lease to expiry of 52 years and is 92.9% occupied.
- FM Global Centre is a six-storey built-to-suit business park development with a NLA of 11,613 sq m. The property is strategically located along Pasir Panjang Road, at the

gateway of Singapore Science Park 2, and enjoys excellent road frontage. It is within three minutes walking distance to Haw Par Villa MRT station, which serves the Circle line. Accessibility to other parts of Singapore is also facilitated by its close proximity off West Coast Highway and a 15-minute drive to Ayer Rajah Expressway. It has a remaining land lease to expiry of 73 years and is 100% occupied.

For more details about the individual properties, please refer to the presentation slides titled “Proposed acquisitions of 30 business park properties in the US and Singapore for S\$1.66 billion”, dated 1 November 2019.

Important Notice

The value of Ascendas Reit’s Units (“**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 of Ascendas Reit 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 release may contain forward-looking statements that involve assumptions, 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 and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support Ascendas Reit’s future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view on future events.

Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.