

**PRESS RELEASE**

*For immediate release*

## **Ascendas Reit scales up UK portfolio with £257.5 million acquisition of logistics properties**

- Ascendas Reit will acquire another 26 logistics properties located in the United Kingdom (“**UK**”) for £257.5 million (S\$459.2 million)
- This acquisition will strengthen Ascendas Reit’s geographical presence in the West Midlands, which is the largest distribution and warehousing hub in the UK
- The long weighted average lease expiry (“**WALE**”) of 9.1 years and high quality tenants will improve Ascendas Reit’s overall portfolio
- Ascendas Reit’s investment in UK will be boosted by 2.3x to £475.2 million (S\$847.6 million)

**Singapore, 29 September 2018** – Ascendas Funds Management (S) Limited (the “**Manager**”), as manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce that Ascendas Reit is scaling up its portfolio in the UK with the proposed acquisition (“**Proposed Acquisition**”) of a portfolio of 26 logistics properties (the “**Target Portfolio**” or “**Properties**”) for £257.5 million<sup>1</sup> (S\$459.2 million)<sup>2</sup> (“**Agreed Portfolio Value**”).

Mr William Tay, Executive Director and Chief Executive Officer of Ascendas Funds Management (S) Limited, the manager of Ascendas Reit said, “Overall, this acquisition fits strategically with our current UK portfolio. The additional 26 logistics properties will increase our presence in the West Midlands, which is an important logistics hub supported by large population nodes such as Birmingham, Coventry and Leicester. It will also broaden our customer base to include renowned companies such as Aston Martin Lagonda, Royal Mail Group and Sainsbury’s Supermarkets, and improve the resilience and sustainability of our income.”

### **Details of the Proposed Acquisition**

In connection with the Proposed Acquisition, Ascendas REIT (Europe) Pte Ltd (the “**Purchaser**”), a direct wholly-owned entity of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit, has on 28 September 2018 entered into a sale and purchase agreement with Griffen Group UK Holding Limited (the “**Vendor**”) to acquire all the issued share capital of Griffen UK Logistics Fund Limited and its nine wholly-owned subsidiaries which own the Target Portfolio.

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<sup>1</sup> Includes rental guarantees and incentives provided by the Vendor.

<sup>2</sup> An illustrative exchange rate of £1.00: S\$1.7835 is used for all conversions from Pound Sterling amounts into Singapore Dollar amounts in this press release.

Ascendas Reit is expected to incur an estimated transaction cost of about £6.8 million (S\$12.12 million). This includes the acquisition fee of approximately £2.57 million (S\$4.58 million) payable to the Manager (being 1% of the Agreed Portfolio Value of £257.5 million) and professional fees, insurance premiums, and other fees and expenses of approximately £4.23 million (approximately S\$7.54 million) incurred by Ascendas Reit in connection with the Proposed Acquisition.

The Properties are well-located in key logistics locations with about 70% of the portfolio's gross internal area situated within the West Midlands, an important logistics hub located at the centre of UK's motorway network.

The Target Portfolio is 100% occupied<sup>3</sup>. Its long WALE of 9.1 years will extend Ascendas Reit's portfolio WALE of 4.3 years to 4.5 years.

The Proposed Acquisition is expected to generate a net property income yield<sup>4</sup> of approximately 5.54% pre-transaction costs in the first year (5.39% post-transaction costs). Annualised pro forma financial effect of the Proposed Acquisition on FY17/18 distribution per Unit would be an improvement of 0.0223<sup>5</sup> Singapore cents.

Completion is expected to take place in the fourth quarter of 2018. Including the Proposed Acquisition, Ascendas Reit will own a total of 98 properties in Singapore, 35 properties in Australia and 38 properties in the UK. The UK properties will make up 8% of Ascendas Reit's total portfolio asset value (from 4%).

### **About the Target Portfolio**

The 26 well-located logistics properties has a total gross internal area of 266,184 sqm. The Properties are sited on freehold land (with the exception of one property on 965-year leasehold land) in established industrial areas within the West Midlands, North West England, South East England and Yorkshire and the Humber.

The Properties are well accessible to the major motorways and junctions such as the M5, M6 and M40, providing good connections to a large catchment of UK's population.

For more details about the Proposed Acquisition and the individual Properties, please refer to the accompanying (i) announcement, and (ii) investor presentation titled "Proposed Acquisition of 26 Logistics Properties in the United Kingdom" dated 29 September 2018.

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<sup>3</sup> Physical occupancy rate is 92.4% if the rental guarantees are excluded.

<sup>4</sup> The net property income (NPI) yield is derived from the estimated NPI expected in the first year of acquisition and includes rental guarantees and incentives provided by the Vendor.

<sup>5</sup> The annualised pro forma DPU (for FY17/18) is calculated based on the following assumptions and bases: (a) the Proposed Acquisition had been completed on 1 April 2017 and Ascendas Reit held and operated the Target Portfolio for the financial year ended 31 March 2018, (b) the Proposed Acquisition is funded by 52.5% equity and 47.5% pound sterling debt (c) the distribution includes rental guarantees and incentives provided by the Vendor, and (d) the Manager elects to receive its base fee 80% in cash and 20% in units for the financial year ended 31 March 2018.

<b>Portfolio Statistics</b>	
Location & Number of Properties	<b>26 logistics properties</b> West Midlands – 21 properties North West England – 3 properties South East England – 1 property Yorkshire and the Humber – 1 property
Estimated Land Area	586,850 sqm
Land Tenure	Freehold (25 properties) and 965 year leasehold (1 property)
Gross Internal Area	266,184 sqm
WALE	9.1 years
Occupancy Rate	100% <sup>6</sup>
Total Number of Leases	22 (with 19 customers)
Lease Structure	Tenant pays all statutory outgoings, operating and maintenance expenses (triple-net lease)

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<sup>6</sup> Physical occupancy rate is 92.4% if the rental guarantees are excluded.



### **About Ascendas Reit**

Ascendas Reit is Singapore's first and largest listed business space and industrial real estate investment trust. As at 30 June 2018, total assets were about S\$10.4 billion, comprising 99 properties in Singapore and 33 properties in Australia. The portfolio includes business and science park/suburban office properties, high-specifications industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties. These properties house a tenant base of around 1,310 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, DBS, Citibank, Wesfarmers, JPMorgan, Ceva Logistics and Biomedical Sciences Institutes, to name a few.

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 the Singapore-based Ascendas-Singbridge Group. Ascendas REIT Australia and its sub-trusts, are managed by Ascendas Funds Management (Australia) Pty Ltd, which is a wholly-owned subsidiary of Ascendas Funds Management (S) Limited. [www.ascendas-reit.com](http://www.ascendas-reit.com)

### **About Ascendas-Singbridge Group**

Ascendas-Singbridge Group is Asia's leading sustainable urban development and business space solutions provider with Assets Under Management exceeding S\$20 billion.

Jointly owned by Temasek Holdings and JTC Corporation through a 51:49 partnership, the Group undertakes urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 28 cities across 9 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge holds commercial, hospitality and industrial assets across Asia Pacific. It has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas, namely Ascendas Reit (a Straits Times Index component stock), Ascendas India Trust and Ascendas Hospitality Trust. Besides these listed funds, it also manages a series of private real estate funds. [www.ascendas-singbridge.com](http://www.ascendas-singbridge.com)

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### **Important Notice**

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.

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