



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

PROPOSED BUILD-TO-SUIT DEVELOPMENT OF GRAB'S NEW HEADQUARTERS

1. INTRODUCTION

1.1. BTS Transaction

Further to the agreement dated 30 January 2019 (the "**Agreement to Build and Lease**") entered into between HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"), as trustee of Ascendas Real Estate Investment Trust ("**Ascendas Reit**") with GrabTaxi Holdings Pte. Ltd. ("**Grab**") to build and lease Grab's new headquarters (the "**BTS Development**") to be located on the Development Land (as defined below), the board of directors of Ascendas Funds Management (S) Limited (the "**Manager**"), as manager of Ascendas Reit, is pleased to announce that Ascendas Reit, through the Trustee, has today accepted the letter of offer ("**Letter of Offer**") issued by JTC Corporation ("**JTC**") for a 30-year leasehold interest of the whole of the land provisionally known as PID 8201808006 forming part of Government Survey Lot Nos. 5418K-PT and 4398W-PT MK 03 at one-north, Singapore (the "**Development Land**"). The entry into the Agreement to Build and Lease and the acceptance of the Letter of Offer in respect of the Development Land shall be referred to in this announcement as the "**BTS Transaction**".

Please also refer to the press release titled "Ascendas Reit and Grab Announce S\$181.2 million Build-to-Suit Development for Grab's New Headquarters" dated 30 January 2019.

1.2. Disclosure requirements under the Listing Manual and the Property Funds Appendix

The Manager is a wholly-owned subsidiary of Ascendas Investment Pte Ltd, which in turn is a wholly-owned subsidiary of Ascendas Pte Ltd ("**APL**"). APL is a wholly-owned subsidiary of Ascendas Singbridge Pte. Ltd. ("**ASB**"). Temasek Holdings (Private) Limited and JTC hold an interest of 51.0% and 49.0%, respectively, in ASB.

As at the date of this announcement, ASB, through its 100% interests in APL, the Manager and the wholly-owned subsidiary of APL, Ascendas Land (Singapore) Pte Ltd ("**ALS**"), has an aggregate deemed interest in 589,162,404 units in Ascendas Reit (the "**Units**"), representing approximately 18.94% of the total number of Units currently in issue. As JTC holds a 49.0% interest in ASB, JTC is deemed to be interested in ASB's 18.94% interest in Ascendas Reit and consequently, JTC is regarded as a "controlling unitholder" of Ascendas Reit and a "controlling shareholder" of the Manager.

As a controlling unitholder of Ascendas Reit, JTC is regarded as an "interested person" of Ascendas Reit for the purposes of Chapter 9 under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and an "interested party" of Ascendas Reit for the purposes of Appendix 6 of the Code on Collective Investment Scheme (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore. A transaction between JTC and Ascendas Reit therefore constitutes an interested person transaction.

Under Chapter 9 of the Listing Manual of the SGX-ST, where Ascendas Reit proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) amounts to 3% or more of Ascendas Reit's latest audited net tangible assets ("**NTA**"), Ascendas Reit must make an immediate announcement. Ascendas Reit should also announce the transaction immediately under the Property Funds Appendix if the transaction (either in itself or when aggregated with the value of other transactions with the same interested person during the current financial year) is equal to or greater than 3% of Ascendas Reit's net asset value ("**NAV**").

As at the date of this announcement, the total value of interested person transactions (including the lease of the Development Land) between Ascendas Reit and JTC and/or its associates for the current financial year is approximately S\$84.5 million, which is approximately 1.3% of the latest audited NTA and NAV of Ascendas Reit as at 31 March 2018.

As at the date of this announcement, the current total value of all interested person transactions (including the lease of the Development Land), including between Ascendas Reit and Temasek Holdings (Private) Limited, JTC and/or its associates, for the current financial year is approximately S\$90.1 million, which is approximately 1.4% of the latest audited NTA and NAV of Ascendas Reit as at 31 March 2018.

Based on the aforesaid, the lease of the Development Land between Ascendas Reit and JTC is not a discloseable transaction under the Listing Manual and the Property Funds Appendix.

2. INFORMATION ON THE DEVELOPMENT LAND AND BTS DEVELOPMENT

2.1. The Development Land

The Development Land is situated on a land area of approximately 11,435 square metres (subject to survey). The BTS Development, to be developed on the Development Land, will be a build-to-suit facility for lease to Grab as Anchor Sublessee (as defined below). It is located within the one-north business park which has established itself as a hub for companies driving the growth of Singapore's knowledge economy sectors, such as biomedical sciences, infocomm technology and media, supported by capabilities in science and engineering. The location of the Development Land is a one-minute drive away from the Ayer Rajah Expressway and a 10 minutes' drive to the Central Business District.

The lease of the Development Land from JTC will be for a term of 30 years commencing 8 April 2019, upon the terms and conditions set out in the Letter of Offer.

Pursuant to paragraph 5.1(c) of the Property Fund Appendix, two independent valuations, with one of the valuers commissioned by the Trustee, were carried out. The market value of the Development Land was valued at S\$84.1 million by CBRE Pte. Ltd. as at 8 February 2019, and valued at S\$88.6 million by Savills Valuation and Professional Services (S) Pte Ltd as at 8 February 2019 using the capitalisation approach, discounted cash flow method, direct comparison approach, and residual value (as the case may be).

2.2. The BTS Development

The BTS Development will consist of two tower blocks with an estimated gross floor area of 42,310 square metres (subject to survey) and is expected to complete in the fourth quarter of 2020.

The BTS Development will be designed to provide Grab's employees with a green and sustainable workplace environment. It will incorporate lush greenery on ground and mid-level sky terraces that are integrated with communal spaces and public pedestrian thoroughfares to promote social interactions and exchange of ideas. In support of Singapore's car-lite vision and to reduce carbon footprint, bicycle parking, lockers and shower facilities will be provided to encourage Grab's employees to take up cycling as a mode of commuting.

Other green features will include the use of recycled building materials and energy efficient low emissive glass façade to reduce solar heat gain. The BTS Development is expected to achieve a Green Mark Gold^{Plus} certification from the Building and Construction Authority.

The total project cost (including the Land Premium (as defined below) and fees payable to the Manager) is expected to be approximately S\$181.2 million ("**Total Project Cost**").

3. CERTAIN PRINCIPAL TERMS OF THE BTS TRANSACTION

3.1. Letter of Offer

The principal terms of the Letter of Offer are as follows:

3.1.1. Terms and conditions: The lease of the Development Land is subject to the terms and conditions as set out in the Letter of Offer (including the Schedule of Building Terms, Special Terms and Conditions, and Standard Terms and Conditions).

3.1.2. Land Premium: The land premium, as prescribed by JTC, is approximately S\$84.0 million ("**Land Premium**"). As at the date of this announcement, Ascendas Reit has paid JTC the entire Land Premium amount.

3.1.3. Lease Term: A lease of the Development Land for a term of 30 years ("**Lease Term**") shall be granted by JTC to Ascendas Reit upon fulfilment of the confirmation of tenure and compliance with all the covenants, stipulations, terms and conditions of, among others, the Letter of Offer.

3.1.4. Confirmation of Tenure: The confirmation of tenure includes, among others, the fulfilment of investment on plant and machinery of certain amounts, and the development of land to a maximum gross plot ratio of 3.7.

3.1.5. Authorised Use: The authorised use of the Development Land during the Lease Term is for software development and fintech only, with supporting activities.

3.1.6. Anchor Sublessees: The anchor sublessees ("**Anchor Sublessees**") shall be Grab and certain other permitted entities within the Grab group of companies.

3.2. Agreement to Build and Lease

Pursuant to the Agreement to Build and Lease, Ascendas Reit shall, at its risk, cost and expense, among others, design, develop and prepare the detailed plans and specifications of the BTS Development.

Ascendas Reit is expected to obtain the temporary occupation permit of the BTS Development by the fourth quarter of 2020, subject to any extensions pursuant to the terms of the Agreement to Build and Lease.

Ascendas Reit will lease the BTS Development, upon completion, to Grab. The lease will be for a term of 11 years, commencing on (and including) the lease commencement date, with the

option to renew for an additional five years. Annual rental escalations will apply throughout the term of the lease.

4. RATIONALE AND BENEFITS OF THE BTS TRANSACTION

4.1. Enlarges Ascendas Reit's presence in one-north

The BTS Development will be Ascendas Reit's third business park property in one-north, a vibrant business park housing many companies in Singapore's knowledge economy sectors. Ascendas Reit's assets under management in one-north will grow to S\$512.0 million¹, an increase of approximately 55.0% from S\$331.0 million as at 31 December 2018.

4.2. Strengthens Ascendas Reit's portfolio

Grab has committed to lease 100% of the building gross floor area for 11 years with a renewal option of five years. The lease includes built in annual rent escalations. Including Grab's lease, the weighted average lease to expiry of Ascendas Reit's Singapore portfolio would have improved to 4.0 years from 3.9 years¹.

4.3. Increase distributable income to Unitholders

The BTS Development is expected to generate a net property yield of approximately 6.4%. The pro forma financial effects of the BTS Development on the distribution per Unit on an annualised basis for the financial year ended 31 March 2018 would be an additional 0.033 Singapore cents per Unit².

5. AUDIT AND RISK COMMITTEE STATEMENT

Having considered the rationale for and the terms of the BTS Transaction (including the lease of the Development Land), the Audit and Risk Committee of the Manager (which comprises four independent directors of the Manager) is of the view that the BTS Transaction (including the lease of the Development Land) is on normal commercial terms and is not prejudicial to the interests of Ascendas Reit and its minority Unitholders.

6. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

Based on the Register of Directors' Unitholdings maintained by the Manager, as at the date of this announcement, each of Mr. Daniel Cuthbert Ee Hock Huat, an Independent Director of the Manager, and Mr. William Tay Wee Leong, Executive Director, CEO of the Manager, has a direct interest in approximately 20,000 Units and 40,000 Units of Ascendas Reit, respectively.

As at the date of this announcement, none of the directors of the Manager is a director of JTC.

As at the date of this announcement, ALS held a direct interest in 517,001,996 Units, which is equivalent to approximately 16.62 % of the total number of Units in issue. The Manager held a direct interest in 72,160,408 Units, which is equivalent to approximately 2.32% of the total number of Units in issue. APL, ALS and the Manager are both wholly-owned subsidiaries of

¹ Assuming the BTS Transaction was completed on 31 December 2018.

² The annualised pro forma distribution per Unit for the financial year ended 31 March 2018 is calculated assuming (a) Ascendas Reit had completed the BTS Development on 1 April 2017, and held the BTS Development for the whole of the financial year ended 31 March 2018, (b) the Total Project Cost was funded through a combination of debt (amounting to 40.0%) and equity (amounting to 60.0%), and (c) the Manager elects to receive 20.0% of its base management fee in Units, and 80.0% in cash.

ASB. JTC, through its 49.0% interest in ASB, is deemed to be interested in the Units held by ALS and the Manager.

Save as disclosed in this announcement, and based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager or substantial Unitholders have an interest in the BTS Transaction.

7. OTHER INFORMATION

7.1. Development Management Fees

Pursuant to the Trust Deed of Ascendas Reit (the "**Trust Deed**"), the Manager is entitled to receive a development management fee ("**Development Management Fee**") not exceeding 3.0% of the total project costs incurred in a development project undertaken on behalf of Ascendas Reit. For the BTS Transaction, the Trustee and the Manager's independent directors have reviewed and approved the Development Management Fee of S\$1.80 million (being 1.0% of the Total Project Cost, less fees payable to the Manager).

In accordance with the Trust Deed and the Property Funds Appendix, when the Manager receives a percentage-based fee from Ascendas Reit when the latter acquires real estate assets from interested parties, such a fee should be paid in the form of Units issued by Ascendas Reit at the prevailing market price. These Units should not be sold within one year from their date of issuance.

As such, the Trustee and the Manager's independent directors have reviewed and approved a sum of S\$0.84 million (being 1.0% of the Land Premium), to be payable in the form of Units, as it relates to a transaction with an interested party. In accordance with established precedence, the portion of the Development Management Fee which is payable in Units is expected to be paid 30 days from the payment of the Land Premium. The remaining Development Management Fee shall be paid in cash.

7.2. Documents for Inspection

Copies of the following documents are available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Manager at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522, for a period of three months commencing from the date of this announcement:

- (a) the Letter of Offer;
- (b) the valuation report by CBRE Pte. Ltd. dated 8 February 2019; and
- (c) the valuation report by Savills Valuation and Professional Services (S) Pte Ltd dated 8 February 2019.

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

Mary Judith De Souza
Company Secretary
8 February 2019

Important Notice

The value of Units in Ascendas Reit 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 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.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The past performance of Ascendas Reit is not necessarily indicative of the future performance of Ascendas Reit.

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 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 future business. Investors are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager's current view of future events.