

## **Ascendas Reit to acquire a suburban office in Sydney’s Macquarie Park for A\$167.2 million**

18 September 2020, Singapore – Ascendas Funds Management (S) Limited (the “Manager”), the Manager of Ascendas Real Estate Investment Trust (“Ascendas Reit”), is pleased to announce the proposed acquisition of a suburban office building, to be developed at 1 Giffnock Avenue, Macquarie Park, in Sydney, Australia (“MQX4”), for A\$167.2 million (S\$161.0 million<sup>1</sup>) (the “Base Purchase Consideration”<sup>2</sup>) (the “Proposed Acquisition”) from Frasers Property Industrial and Winten Property Group (together the “Developers”). The Developers will design and build MQX4.

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “We are delighted to secure our first suburban office property in Macquarie Park, Sydney’s premier innovation location, and Ascendas Reit’s fifth suburban office asset in Australia. We believe that decentralisation trends will continue to benefit Macquarie Park which has already attracted many leading companies who have set up their headquarters in the precinct. This DPU accretive investment will enhance the quality and resilience of Ascendas Reit’s Australian portfolio further given its excellent location and sustainable building design.”

### **Key Attributes of MQX4**

#### **1. High quality and sustainable building design**

MQX4 sits on freehold land of 3,308 square metres and on completion will comprise a total net lettable area of 19,384 square metres made up of office (17,753 square metres) and retail (1,631 square metres) space. Designed as a nine-storey building comprising eight levels of office space, ground floor retail and 204 car spaces, it is

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<sup>1</sup> All conversions from Australian Dollar amounts into Singapore Dollar amounts in this press release are based on the 31 July 2020 exchange rate of A\$1.00000: S\$0.9628

<sup>2</sup> The Base Purchase Consideration of A\$167.2 million includes the rental guarantee provided by the Developers for the vacant spaces. The purchase consideration is subject to adjustments to be made depending on the final building specifications (e.g. green specifications, net lettable area etc.) as well as actual rental and term of the leases entered into for the vacant spaces during the rental guarantee period.

targeted to achieve a 6 Star Green Star Design & As Built rating and 5.5 Star NABERS Energy rating.

## **2. Well-connected and accessible**

MQX4 is well-located in the heart of Macquarie Park, with direct access to the Macquarie Park Metro station, within 100 metres. The opening of the Sydney Metro City Line in 2024, will further reduce travel time to the CBD to 20 minutes<sup>3</sup>.

## **3. Located in a well-established business precinct that is home to corporate headquarters across resilient industries**

MQX4 is located in Macquarie Park, the largest metropolitan market in Australia with a c.860,000 square metres of commercial office accommodation<sup>4</sup>. It is a well-established business precinct occupied by national and international corporate headquarters across the pharmaceutical, technology, electronics and telecommunications industries. It houses the Macquarie University and the Macquarie University Hospital, a digitally integrated hospital undertaking ground-breaking medical research. Other amenities within the vicinity include Macquarie Centre, the largest suburban shopping centre in New South Wales, which comprises of 360 Australian and international retailers plus a multiplex cinema.

## **Details of the Proposed Acquisition**

The Trust Company (Australia) Limited as trustee of Ascendas Business Park Trust No. 3 has today entered into agreements<sup>5</sup> with Australand Industrial No. 122 Pty Limited (wholly-owned by Frasers Property) and Winten (No 35) Pty Limited (wholly-owned by Winten Property Group) for the purchase of MQX4.

The Base Purchase Consideration of A\$167.2 million, which is subject to adjustments, is in line with the “as if complete” market valuation of MQX4 (A\$167.2 million as at 1 July 2020<sup>6</sup>).

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<sup>3</sup> More information on the Sydney Metro Line here: <https://www.sydneymetro.info/citysouthwest/project-overview>

<sup>4</sup> More information on Macquarie Park here: <https://macquariepark.com.au/>

<sup>5</sup> Includes a contract of sale for the land and development agreement for MQX4, as well as an income support and leasing deed in respect of *inter alia* the rental guarantee for a period of three years following practical completion and adjustments to be made to the purchase price.

<sup>6</sup> The valuation was commissioned by the Manager and The Trust Company (Australia) Limited (in its capacity as trustee of Ascendas Business Park Trust No. 3) and was carried out by Jones Lang LaSalle Advisory Services Pty Limited using the capitalisation and discounted cash flow methods.

The total investment cost is expected to be A\$166.0 million (S\$159.8 million) after taking into account coupon received<sup>7</sup> from the Developers, stamp duty, professional advisory fees, and acquisition fee payable to the Manager in cash (being 1% of the Purchase Consideration, which amounts to approximately A\$1.672 million<sup>8</sup> (S\$1.610 million)).

Net property income (“NPI”) yield<sup>9</sup> for the first year is approximately 6.1% post-transaction costs. The pro forma impact on distribution per Unit (“DPU”) for the 12 months ended 31 December 2019 would be an estimated improvement of 0.046 Singapore cents<sup>10</sup> assuming MQX4 was acquired and completed on 1 January 2019.

The completion of the land sale is expected to occur in 4Q 2020, and MQX4 is expected to be completed around mid-2022. The Developers will provide a three-year rental guarantee from completion of the Property for any vacant spaces.

The Proposed Acquisition will be funded by Ascendas Reit through internal resources and/or existing debt facilities.

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<sup>7</sup> Ascendas Reit will fund the construction cost and is entitled to receive monthly coupons from the Developer at a rate of 5.75% per annum on the progressive payments made over the construction period.

<sup>8</sup> The acquisition fee of A\$1.672 million is currently estimated based on the Base Purchase Consideration, which is subject to adjustment upwards or downwards, if applicable, to take into account the various adjustments to the purchase price as well as exchange rates. The Manager will revise the acquisition fee upon the practical completion and reflect any adjustment to the acquisition fee received or rebated by it in Ascendas Reit’s annual report.

<sup>9</sup> The NPI yield is derived from the estimated NPI expected in the first year of acquisition (equivalent to one year of rental guarantee provided by the Developers for the vacant space).

<sup>10</sup> The pro forma DPU for the 12 months ended 31 December 2019 is calculated based on following assumptions (a) Ascendas Reit had acquired the completed MQX4 on 1 January 2019, held and operated MQX4 for the whole of the financial year ended 31 December 2019, (b) the acquisition was funded based on a funding structure of 40% debt and 60% equity, (c) the distribution includes the rental guarantee for the first year provided by the Developers, and (d) the Manager elects to receive its base fee 80% in cash and 20% in units.

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

As at 30 June 2020, investment properties under management stands at S\$12.75 billion, comprising 197 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 more than 1,460 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, CareFusion, Wesfarmers, 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 CapitaLand 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 about S\$134.7 billion as at 30 June 2020. 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 220 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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**Important Notice**

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This press release may contain forward-looking statements. 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, 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 Ascendas Funds Management (S) Ltd ("**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 Ascendas Real Estate Investment Trust ("**Ascendas Reit**") is not indicative of future performance. The listing of the units in the Ascendas Reit ("**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.