

Ascendas Reit to acquire seven logistics properties in Chicago, United States, for S\$133.2 million

10 May 2022, Singapore – Ascendas Funds Management (S) Limited (the “**Manager**”), in its capacity as the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce the proposed acquisition of a portfolio of seven logistics properties located across six infill industrial submarkets across Chicago, Illinois, United States (“**USA**”) (the “**Target Portfolio**” or “**Target Properties**”), for S\$133.2 million (US\$99.0 million¹) (the “**Total Purchase Consideration**”) (the “**Proposed Acquisition**”) from BREIT Industrial HS Property Owner LLC, BREIT Industrial Canyon IL1M03 LLC, BCORE Jupiter NEMW 1 LLC and Icon Pac Owner Pool 4 Northeast/Midwest, LLC, third-party vendors (collectively, the “**Vendors**”).

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “Following our successful entry into the USA logistics market in November 2021, we are pleased to acquire another portfolio comprising seven logistics properties in Chicago, the largest industrial market in the country based on existing space. This portfolio comes with a long weighted average lease expiry of 5 years and is 100% occupied by 12 tenants from a diverse range of industries including logistics service providers, engineering companies and a food distributor.”

Key Merits of the Proposed Acquisition

1. Chicago is a major logistics hub in USA supported by a superior combination of transportation modes and infrastructure

Chicago has the largest logistics property market in USA based on existing inventory size (approximately 116.5 million sq m)². It is also the third largest metropolitan statistical area by population in the USA with over 9.5 million people³ and boasts the country’s third largest economic gross domestic product⁴.

The strength of the logistics market in Chicago is underpinned by a strong labour force and its unmatched transportation network. According to CBRE Labor Analytics, Chicago has a logistics labour force of 203,000, the third largest in the country.

¹ An illustrative exchange rate of US\$1.000: S\$1.3457 is used for all conversions from US Dollar into Singapore Dollar amounts in this press release.

² Source: JLL Research, 4Q 2021 Industrial Outlook.

³ Source: U.S. Census Bureau, Population Division (Population Estimate (as of July 1, 2021)).

⁴ Source: U.S. Bureau of Economic Analysis.

Chicago also serves as the leading rail hub of USA and a critical interchange point for freight traffic between major railroads and Amtrak's hub. With its strategic location in Midwestern USA, six out of seven Class 1 railroads operate major terminals out of the region.

The O'Hare International Airport is one of the largest air cargo airports in USA, processing almost 2 million metric tonnes of cargo per annum worth more than US\$200 billion⁵. The airport was also ranked the world's fourth busiest airport for passenger traffic in 2021⁶.

The two longest interstate routes, I-90 and I-80, run through the region, providing drivers with east coast to west coast access. Together with access to other interstate routes such as I-55, I-65, I-57, I-70 and I-94, a driver can reach almost every population centre in the country by using one interchange in Chicago⁷.

2. Strong logistics market fundamentals

In 2021, Chicago ranked first in terms of net absorption (4.3 million sq m) in USA surpassing its 2019 and 2020 combined tally⁸.

Vacancy rate continued to tighten in Chicago. As at 1Q 2022, overall vacancy rate stood at 3.1%, which was 230 basis points lower compared to a year ago. Vacancy rate is expected to fall to the high two percent range in the later part of 2022.⁹

Strong tenant demand and the low availability of space have led to rental growth across the Chicago region. Over the last five years, average asking rent has increased by approximately 3.7% per annum.¹⁰

3. Attractive property characteristics and good locations across established infill submarkets

The seven Target Properties are located on freehold land and have highly functional designs. The portfolio has a total net lettable area ("**NLA**") of 132,344 sq m.

The Target Properties are located in infill locations across six growing industrial submarkets, namely, O'Hare, Central DuPage, South Cook County, I-88 Corridor, Southwest Cook County and I-39 Corridor.

⁵ Source: CBRE, 2022 North America Industrial Big Box.

⁶ Source: Airports Council International.

⁷ Source: CBRE, 2022 North America Industrial Big Box.

⁸ Source: JLL Research, 4Q 2021 Industrial Outlook.

⁹ Source: JLL Research, 1Q 2022 Industrial Outlook.

¹⁰ Source: CBRE, Chicago Industrial MarketView Q4 2021.

On average, the existing customers have occupied their current space for 10.6 years. The long average tenant tenure attests to the attractive infill locations of the Target Portfolio.

4. Resilient income stream

The Target Portfolio is 100% occupied by 12 customers with a weighted average lease to expiry (“**WALE**”) of 5.0 years as at 31 March 2022. These customers come from a diverse range of industries such as logistics and supply chain management, distributors, engineering and food & beverage.

No single customer contributes to more than 20% of the total rental income of the Target Portfolio (as at 31 March 2022), thus minimising tenant concentration risk.

The current leases have built-in annual rent escalations ranging between 2.0% and 3.0% per annum.

5. Diversifies Ascendas Reit’s logistics exposure

The Proposed Acquisition is expected to increase and diversify Ascendas Reit’s exposure to logistics properties in USA and across its portfolio.

On a *pro forma* basis¹¹, the proportion of Ascendas Reit’s logistics properties in USA will increase to 14.6% (S\$0.3 billion) from 9.4% (S\$0.2 billion) and on a total portfolio basis, the proportion of Ascendas Reit’s logistics properties will rise to 25% (S\$4.2 billion) of total investment properties of S\$16.5 billion (from S\$4.0 billion or 24% of total investment properties of S\$16.4 billion).

6. Distribution per Unit (“DPU”) accretive acquisition

The estimated net property income (“**NPI**”) yield¹² for the first year post acquisition is approximately 5.3% and 5.1% pre-transaction costs and post-transaction costs respectively.

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

The estimated *pro forma* impact on the DPU for the financial year commencing on 1 January 2021 and ended 31 December 2021 is expected to be an improvement of 0.001 Singapore cents or a DPU accretion of 0.01% assuming the Proposed Acquisition was completed on 1 January 2021¹³.

¹¹ As at 31 March 2022.

¹² The NPI yield is derived using the estimated NPI in the first year after acquisition.

¹³ The estimated *pro forma* DPU impact is calculated based on the following assumptions: a) Ascendas Reit had completed the Proposed Acquisition on 1 January 2021, and held and operated the Target Properties through 31 December 2021,

Valuation of Target Portfolio

In connection with the Proposed Acquisition, an independent valuation on the Target Portfolio was commissioned by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Reit)¹⁴. The independent valuation concluded an aggregate market value of S\$140.5 million (US\$104.4 million) for the Target Portfolio as of 29 March 2022¹⁵.

Transaction Costs

Ascendas Reit, through its indirect wholly owned subsidiary, Ascendas REIT Chicago 1 LLC, entered into a purchase and sale agreement with the Vendors to acquire the Target Portfolio.

The Total Purchase Consideration of S\$133.2 million (US\$99.0 million) was negotiated on a willing-buyer and willing-seller basis.

The completion of the Proposed Acquisition is subject to closing conditions and is expected to take place in 2Q 2022. On completion, the Total Purchase Consideration (less the deposit which has been previously paid to the Vendors) will be payable to the Vendors in cash.

Ascendas Reit is expected to incur an estimated transaction cost of S\$3.5 million (US\$2.6 million), which includes stamp duty, professional advisory fees, and acquisition fees payable to the Manager in cash (being 1% of the Total Purchase Consideration which amounts to approximately S\$1.3 million (US\$1.0 million)).

Ascendas Reit will, upon completion of the Proposed Acquisition, own 228 properties. Its total investment properties are expected to be worth approximately S\$16.5 billion¹⁶ comprising 95 properties (S\$10.0 billion¹⁷) in Singapore, 48 properties in the USA (S\$2.4 billion), 36 properties (S\$2.3 billion) in Australia and 49 properties (S\$1.8 billion) in the United Kingdom/Europe.

Please refer to the Annex for more details.

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b) the Proposed Acquisition was funded based on a funding structure of 40% debt and 60% equity, and c) the Manager elects to receive its base fee 80% in cash and 20% in units.

¹⁴ This is in accordance with the requirements of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

¹⁵ The independent valuer, CBRE Valuation & Advisory Services, has valued the Target Portfolio based on the direct capitalisation and discounted cash flow approaches.

¹⁶ *Pro forma* as at 31 March 2022, excluding one property in Singapore under redevelopment.

¹⁷ The asset value excludes one property in Singapore under redevelopment.

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 31 March 2022, Ascendas Reit's investment properties under management stood at S\$16.4 billion. It owns a total of 221 properties across three segments, namely Business Space and Life Sciences; Logistics; and Industrial and Data Centres. These properties are located in the developed markets of Singapore, Australia, the United States and the United Kingdom/Europe.

These properties house a tenant base of more than 1,600 international and local companies from a wide range of industries and activities, including data centres, information technology, engineering, logistics & supply chain management, biomedical sciences, financial services (back room office support), electronics, government and other manufacturing and services industries. Major tenants include Singtel, DSO National Laboratories, SEA Group, Stripe, DBS, Citibank, Pinterest, CareFusion, Equinix and J.P. Morgan.

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 CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

About CapitaLand Investment (www.capitalandinvest.com)

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real estate investment manager (REIM) with a strong Asia foothold. As at 31 December 2021, CLI had about S\$122.9 billion of real estate assets under management, and about S\$86.2 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and 29 private funds across the Asia-Pacific, Europe and USA. Its diversified real estate asset classes cover integrated developments, retail, office, lodging, business parks, industrial, logistics and data centres.

CLI aims to scale its FUM and fee-related earnings through its full stack of investment management and operating capabilities. As the listed investment management business arm of the CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm. Being a part of the well-established CapitaLand ecosystem differentiates CLI from other REIMs.

As part of the CapitaLand Group, CLI places sustainability at the core of what it does. As a responsible real estate company, CLI contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

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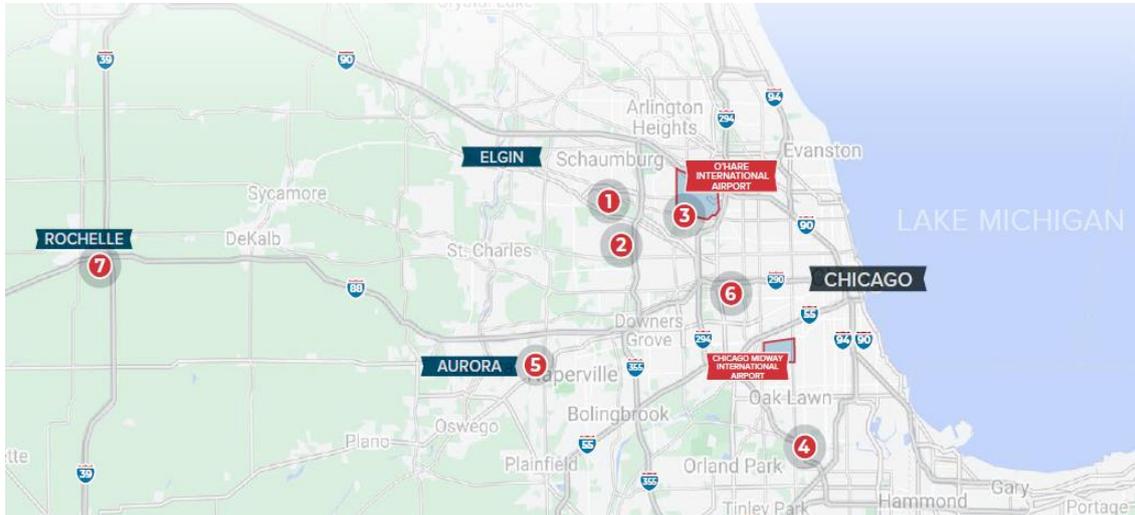
Annex

A. Summary of Proposed Acquisition

Total Purchase Consideration	S\$133.2 m (US\$99.0 m)
Acquisition Fee, Stamp Duty and Other Transaction Costs	S\$3.5 m (US\$2.6 m)
Total Acquisition Cost	S\$136.7 m (US\$101.6 m)

B. Locations of the Target Properties

The seven logistics properties are located on freehold land across the submarkets of O'Hare, Central DuPage, South Cook County, I-88 Corridor, Southwest Cook County and I-39 Corridor across the Chicago Metropolitan Statistics Area.



Target Properties

1. 540-570 Congress Circle South
2. 490 Windy Point Drive
3. 472-482 Thomas Drive
4. 13144 South Pulaski Road
5. 3950 Sussex Avenue
6. 2500 South 25th Avenue
7. 501 South Steward Road

C. Summary of Target Portfolio (as at 31 March 2022)

Number of Properties & Asset Type	7 logistics properties
Land Area	266,283 sqm
Land Tenure	Freehold
Total NLA	132,344 sqm
WALE (by rental income)	5.0 years
Occupancy Rate	100%
Total Number of Unique Customers	12
Lease Structure	Majority Triple-net

D. Details of Target Properties (as at 31 March 2022)

	Property name	Address	Land Area (sq m)	NLA (sq m)	Occupancy
1	540-570 Congress Circle South	540-570 Congress Circle South, Roselle, IL	23,067	9,385	100%
2	490 Windy Point Drive	490 Windy Point Drive, Glendale Heights, IL	8,498	4,115	100%
3	472-482 Thomas Drive	472 Thomas Drive, Bensenville, IL	19,830	10,966	100%
4	13144 South Pulaski Road	13144 South Pulaski Road, Alsip, IL	58,679	34,398	100%
5	3950 Sussex Avenue	3950 Sussex Avenue, Aurora, IL	12,545	4,020	100%
6	2500 South 25th Avenue	2500 South 25th Avenue, Broadview, IL	26,305	15,616	100%
7	501 South Steward Road	501 South Steward Road, Rochelle, IL	117,359	53,844	100%
	Total		266,283	132,344	100%

Important Notice

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) Limited ("**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.