



## Ascendas Reit to acquire remaining 75% interest in Galaxis for S\$534.4 million

4 May, 2021, Singapore – Ascendas Funds Management (S) Limited, as the manager (the “**Manager**”) of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce Ascendas Reit’s proposed acquisition of the remaining 75% equity stake in Ascendas Fusion 5 Pte Ltd (“**AF5PL**”), the holding entity for Galaxis (the “**Property**” and the proposed acquisition of the remaining 75% equity stake in AF5PL, the “**Proposed Acquisition**”) from Ascendas Fusion 5 Holding Pte. Ltd. (the “**Vendor**”). The purchase consideration for the Proposed Acquisition is estimated to be S\$534.4 million<sup>1</sup> (the “**Purchase Consideration**”).

Dr Beh Swan Gin, Chairman and non-executive independent director of the Manager said, “We are excited to add Galaxis to our portfolio. It is a top-notch, high-end business park property that is strategically located with excellent connectivity in one-north.

Galaxis is a prime example of the type of assets that Ascendas Reit looks to acquire to achieve a stable, long-term revenue stream.”

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “Following the acquisition of our initial 25% interest in Galaxis in March 2020, this proposed acquisition will allow Ascendas Reit to have full ownership of the property. It will enlarge the business and science park portfolio in Singapore by 18% to S\$4.9 billion and increase the number of properties we have in the vibrant one-north business park to five<sup>2</sup>.”

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<sup>1</sup> The Purchase Consideration comprises a) the estimated consideration for the 75% equity stake in AF5PL of S\$372.8 million (subject to post-completion adjustments), which is based on 75% of the adjusted net asset value (“**NAV**”) of AF5PL, the holding entity for Galaxis, taking into account the agreed value of the Property (on a 100% basis) of S\$720.0 million, and b) the 75% share of the existing bank loans of AF5PL of S\$161.6 million which the Vendor would otherwise would have to contribute to AF5PL for the repayment of such existing bank loans. For more details, please refer to the announcement “Proposed Acquisition of 75% of the Total Issued Share Capital of Ascendas Fusion 5 Pte. Ltd.” dated 4 May 2021.

<sup>2</sup> Includes Grab’s Headquarters which is under development and expected to complete in 2021.

## **Key Merits of the Proposed Acquisition**

### **1. Enlarges Ascendas Reit's business park exposure in one-north, Singapore**

Total asset value of Ascendas Reit's Singapore business and science park segment will increase by 17.6% from S\$4,141.7 million to S\$4,871.1 million. Total net lettable area ("NLA") will increase by 8.8% from 689,980 sq m to 750,915 sq m.<sup>3</sup>

Including the Property, Ascendas Reit is expected to own five properties<sup>4</sup> with a total NLA of 188,225 sq m within one-north by the end of 2021.

### **2. Strategic Location**

The Property is strategically located right in the heart of one-north, a vibrant business park in Singapore. one-north houses key growth sectors such as biomedical sciences, information and communications technologies and media, science and research institutes, as well as start-ups. The area has a plethora of food & beverage options and amenities such as hotels, supermarkets, clinics, gyms and childcare facilities.

The Property sits directly above the one-north MRT station and is a 5-minute drive to Ayer Rajah Expressway and a 15-minute drive to the Central Business District.

### **3. Rare opportunity to acquire and achieve full control of a Singapore property with long land lease tenure**

The Property has a remaining long land lease tenure of about 51 years, which is rare given JTC Corporation's current practice of releasing shorter tenure land plots of between 20 to 30 years under the Industrial Government Land Sales Programme.

The Proposed Acquisition gives Ascendas Reit full control over the Property allowing for better operational and tax efficiency.

### **4. A high quality and green certified business park property with high White Component**

Completed in 2015, the Property is zoned for Business Park usage with a 30% White Component<sup>5</sup>, which is higher than the typical 15% White Component, allowing for higher flexibility in the use of space such as having more office and retail space within

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<sup>3</sup> *Pro Forma* as at 31 March 2021.

<sup>4</sup> Includes Grab's Headquarters which is under development and expected to complete in 2021.

<sup>5</sup> Allowable uses within the White component under the Urban Redevelopment Authority of Singapore's development control guidelines include office, restaurant, shop etc. Source: Urban Redevelopment Authority of Singapore.

the development. It currently offers a range of business spaces and amenities across its NLA of 60,935 sq m. This comprises 44,556 sq m (73%) of business park space, 10,305 sq m (17%) of office space, 4,106 sq m (7%) of retail and F&B space, 1,968 sq m (3%) of work lofts, and a two-storey basement carpark.

The Property has achieved the highest BCA Green Mark accolade of Platinum. Its green features include high efficiency multi-tiered chiller plant and air-conditioning system, intelligent lighting control and eco-friendly interior fittings and materials which are expected to attract high quality tenants.

#### **5. High occupancy rate underpinned by renowned tenants**

Ascendas Reit will benefit from the addition of renowned tenants such as Sea (formerly Garena), Canon and Oracle, amongst others. This will result in higher rental contributions from information and communications technologies and electronics customers.

As at 31 March 2021, the Property enjoys a high occupancy rate of 98.6%.

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

Based on the Proposed Acquisition (75% interest), net property income (“NPI”) yield<sup>6</sup> for the first year is approximately 5.4% and 5.3% pre-transaction costs and post-transaction costs respectively.

The *pro forma* impact on the DPU for the financial year commencing on 1 January 2020 and ended 31 December 2020 is expected to be an improvement of 0.059 Singapore cents (0.4% DPU accretion) assuming the Proposed Acquisition was completed on 1 January 2020<sup>7</sup>.

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

HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Ascendas Reit (the “Trustee”), and PLC 8 Holdings Pte. Ltd., a wholly-owned subsidiary of the Trustee, has today entered into a Share Purchase Agreement with the Vendor, to

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<sup>6</sup> The NPI yield is derived using the estimated NPI expected in the first year of acquisition.

<sup>7</sup> The annualised *pro forma* DPU impact is calculated based on the following assumptions a) Ascendas Reit had completed the Proposed Acquisition on 1 January 2020, held and operated the Property from 1 January 2020 to 31 December 2020, b) the Proposed Acquisition is funded by 40% debt and 60% equity, and c) the Manager elects to receive its base fee 80% in cash and 20% in units.

collectively acquire the balance 75% of the total issued share capital of AF5PL not held by the Trustee.

The agreed property value of the Property on a 100% basis of S\$720.0 million (the “**Agreed Property Value**”) is about 2% lower than the average of two independent market valuations of the Property of S\$735.0 million as at 30 April 2021<sup>8</sup>.

The total cost of the Proposed Acquisition is estimated to be approximately S\$543.8 million comprising (i) the Purchase Consideration of S\$534.4 million, (ii) the acquisition fee payable to the Manager of approximately S\$5.4 million (being 1% of 75% of the Agreed Property Value) (the “**Acquisition Fee**”), and (iii) stamp duty, professional and other fees and expenses of S\$4.0 million.

The Proposed Acquisition constitutes an “interested person transaction” under the listing manual of the SGX-ST and an “interested party transaction” under the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”). As the Purchase Consideration exceeds 5% of the latest audited net tangible assets of the Ascendas Reit group (the “**Group**”) as at 31 December 2020, the Proposed Acquisition will be subject to the approval of unitholders of Ascendas Reit (“**Unitholders**”). Further, as the Proposed Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee will be paid in the form of new units in Ascendas Reit (the “**Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance.

The Manager intends to finance the Total Acquisition Cost, less the Acquisition Fee (which will be paid through the issue of the Acquisition Fee Units) through a combination of (i) debt financing (ii) the issue of Consideration Units to the Vendor and/or nominee(s) of the Vendor (the “**Proposed Issuance of Consideration Units**”) in respect of the part payment of up to S\$83.0 million of the Sale Shares Consideration (if the Proposed Issuance of Consideration Units is approved by Unitholders), and (iii) the proceeds of an equity fund raising. The final decision regarding the proportion of debt and equity (taking into account the Consideration Units) to be employed will be made by the Manager at the appropriate time.

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<sup>8</sup> The independent valuers, Jones Lang LaSalle Property Consultants Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd were commissioned by the Trustee and the Manager respectively. Both valuers' valuations (S\$736.0 million and S\$734.1 million respectively) were carried out using the discounted cash flow approach and the income capitalisation method.

A circular will be issued to Unitholders in due course, together with a notice of extraordinary general meeting, for the purpose of seeking the approval of Unitholders for the Proposed Acquisition and the Proposed Issuance of Consideration Units.

Following the completion of the Proposed Acquisition, Ascendas Reit will own 212 properties comprising 96 properties<sup>9</sup> in Singapore, 37 properties in Australia, 30 properties in the United States and 49 properties in the United Kingdom/Europe.

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<sup>9</sup> Excludes 11 Changi North Way in Singapore, which was divested on 16 April 2021.

### **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 31 March 2021, Ascendas Reit's investment properties under management stood at S\$15.1 billion. The portfolio comprises 212 properties across the developed markets of Singapore, Australia, the United States and the United Kingdom/Europe. 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, Stripe, DSO National Laboratories, Pinterest, DBS, CareFusion, Wesfarmers, Citibank and JPMorgan.

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\$132.5 billion as at 31 December 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 230 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 six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand 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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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.

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