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20 Years

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Reit
A Member of
CapitaLand Investment

Extraordinary General Meeting

Proposed Entry Into New Management Agreements

06 July 2022

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FM Global Centre, Singapore

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nucleos

Extraordinary General Meeting



Ascendas Reit's Growth Journey

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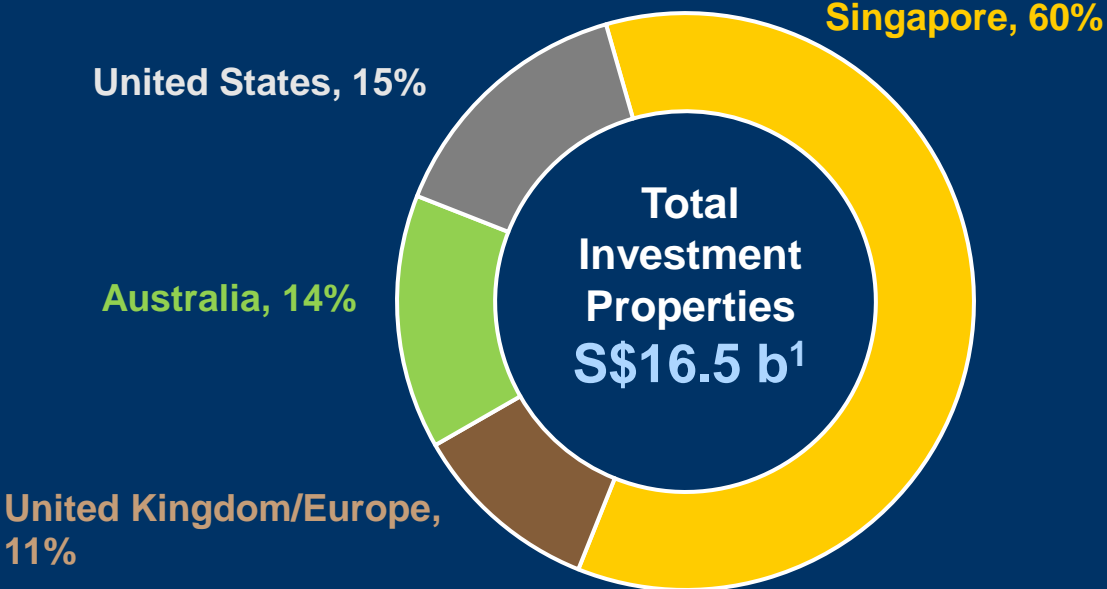
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Nucleos, Singapore

Our Growth Journey

- From a single-country portfolio worth S\$0.6 billion in 2002 to a **Multi-Asset Developed Markets Portfolio worth S\$16.5 billion¹** (*pro forma* as at 31 Mar 2022)
- Properties in Singapore account for 60% (S\$10.0 billion) of total investment properties and overseas assets make up the remaining 40% (S\$6.5 billion)

¹ Includes the 7 logistics properties located in Chicago, USA, acquired on 10 June 2022 and excludes one property in Singapore which is under redevelopment.



Single-Country Portfolio

Multi-Asset Portfolio in Developed Markets





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**Overview of New
Management Agreements**

254 Wellington Road, Melbourne, Australia

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Overview of the New Management Agreements

The New Management Agreements are proposed to be entered for a term of **10 years**, as the Existing Management Agreements are due to expire on **30 September 2022**.



Singapore

Property Management
(HSBC¹, AFM² and ASPL³)

Lease Management
(HSBC and AFM)

New **Project Management**
(HSBC, AFM and CLD⁴)



Australia

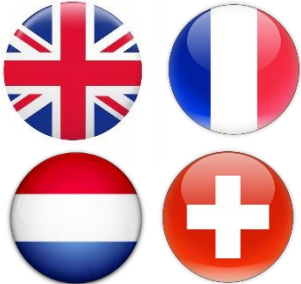
Strategic Management
(PCT⁵ and AFMA⁶)

Master Asset Management
(PCT and AFMA⁶)



United States

Master ALMA⁷
(HSBC, AFM and CLI USA⁸)



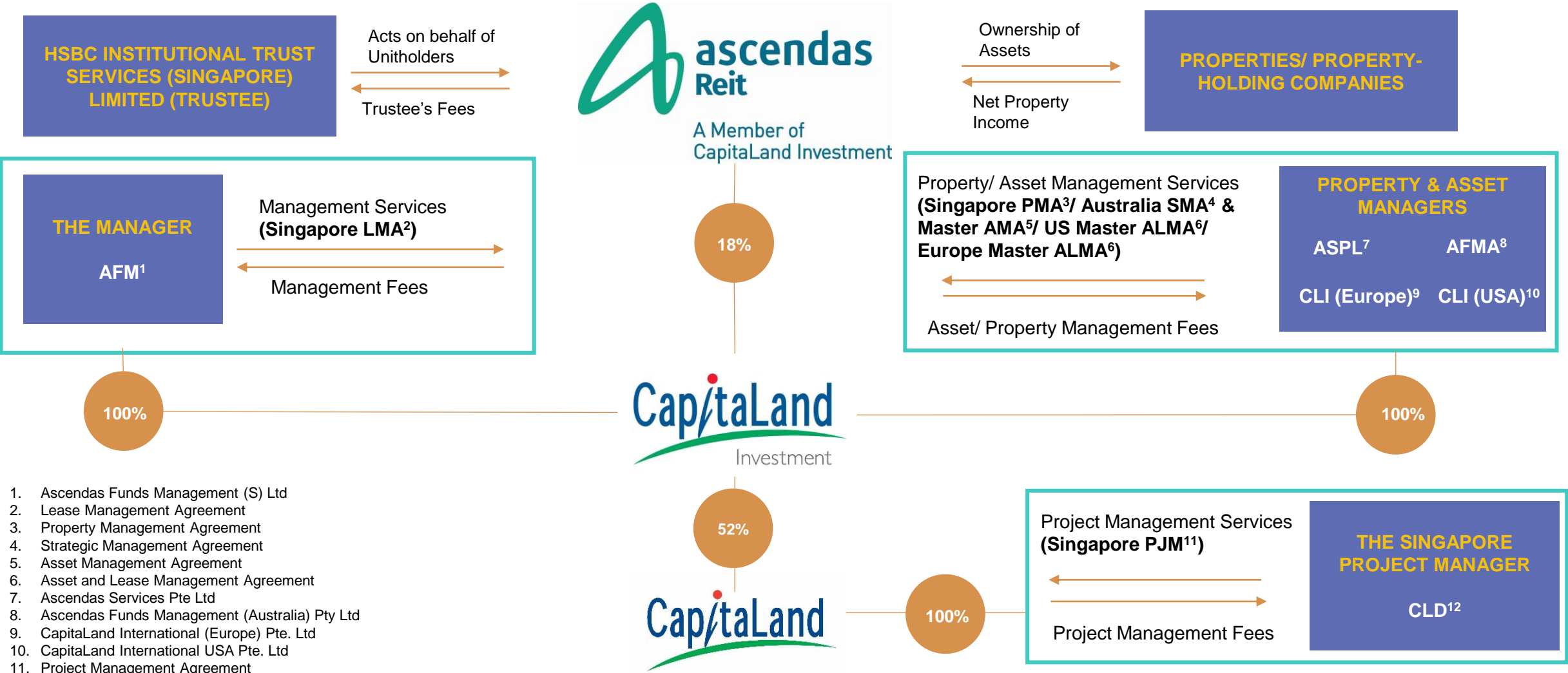
Europe

Master ALMA⁷
(HSBC, AFM and CLI Europe⁹)

1 HSBC Institutional Trust Services (Singapore) Limited as Trustee of Ascendas Reit
 2 Ascendas Funds Management (S) Ltd
 3 Ascendas Services Pte. Ltd
 4 CapitaLand Development Pte. Ltd
 5 Perpetual Corporate Trust Limited

6 Ascendas Funds Management (Australia) Pty Ltd
 7 Asset and Lease Management Agreement
 8 CapitaLand International USA Pte. Ltd
 9 CapitaLand International (Europe) Pte. Ltd

Organisation Structure



1. Ascendas Funds Management (S) Ltd
2. Lease Management Agreement
3. Property Management Agreement
4. Strategic Management Agreement
5. Asset Management Agreement
6. Asset and Lease Management Agreement
7. Ascendas Services Pte Ltd
8. Ascendas Funds Management (Australia) Pty Ltd
9. CapitaLand International (Europe) Pte. Ltd
10. CapitaLand International USA Pte. Ltd
11. Project Management Agreement
12. CapitaLand Development Pte. Ltd

Role of the Manager and the Property and Asset Managers



Manager

Overall management of the business

- ✓ Strategy and direction

Capital & Risk Management

- ✓ Equity & debt funding
- ✓ Interest rate risk management
- ✓ Optimise capital structure

Value adding investments

- ✓ Yield accretive investments
- ✓ Developments / Built-to-suit

Proactive Portfolio Management

- ✓ Portfolio positioning
- ✓ Supervise asset management

Sustainability

- ✓ Sustainability objectives and strategies
- ✓ Review progress and effectiveness



Property and Asset Managers

Revenue Management

- ✓ Occupancy & rental rates

Expense Management

- ✓ Cost management
- ✓ Contract management

Lease Management

- ✓ Lease administration
- ✓ Property tax management
- ✓ Customer acquisition / retention / satisfaction

Property Management

- ✓ Property maintenance
- ✓ Building regulation and safety
- ✓ Site staff management

Sustainability

- ✓ Facilitate the implementation and monitoring of the sustainability goals



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Rationale and Key Benefits

Grab HQ, Singapore

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Rationale and Key Benefits of the Proposed Entry into the New Management Agreements



✓ Proven track record and experience of the Property and Asset Managers

- Healthy occupancy rate with an average of **90.8%** over the past 10 years
- Positive rental renewal rate with an average of **6.6%** over the past 10 years



✓ Commitment towards sustainable growth and practices

- Incorporation of sustainable practices



✓ Refined fee structure and scope of services

- Includes additional property tax recovered and carpark income into the Adjusted Gross Revenue
- Subsumed carpark management as part of overall property management services
- Overall savings in management fees¹

¹ As illustrated in paragraph 3.3 of the Circular

Refined Fee Structure and Scope of Services

Potential Savings in Fees¹

	Actual Fees in FY21	New Fees	Savings
	S\$'000 ¹	S\$'000 ¹	S\$'000 ¹
Property management fees	11,293	11,540	(247) ↓
Lease management fee	6,872	6,996	(124) ↓
Marketing and leasing fees	No change in fee structure		-
Project management fees	No change in fee structure		-
Third-party facilities fees	No change in fee structure		-
Carpark management fees	4,216	-	4,216 ² ↑
Total			3,845³ ↑

1 Illustrated for Singapore properties only, as there will be no change in fees for overseas properties.

2 The figures are rounded down to the nearest thousand.

3 The savings in carpark management fees have not taken into account the cost of carpark management site staff cost, operating expenses and yearly capital expenditure depreciation which will now be borne by the Trustee directly under the New Singapore Property Management Agreement. The total amount payable by the Trustee is approximately S\$2,280,000.

Summary of Key Changes



Singapore

Property Management Agreement

	New	Existing	Rationale
Adjusted Gross Revenue	<ul style="list-style-type: none"> ✓ Includes carpark income and additional property tax 	<ul style="list-style-type: none"> ✓ Excludes carpark income and additional property tax 	<ul style="list-style-type: none"> ✓ Overall cost savings ✓ Incentivise additional property tax recovery
Marketing and Leasing	<ul style="list-style-type: none"> ✓ No 50% refund on the third-party agent's commission when the tenancy is prematurely terminated within 6 months 	<ul style="list-style-type: none"> ✓ Entitled to 50% refund 	<ul style="list-style-type: none"> ✓ Align with market practice
Project Management	<ul style="list-style-type: none"> ✓ Excludes development / redevelopment / AEI ✓ Fees cap at 1.35% of construction costs for projects exceeding S\$100 mil 	<ul style="list-style-type: none"> ✓ Includes development / redevelopment / AEI ✓ Fees based on mutual agreement for projects exceeding S\$100 mil 	<ul style="list-style-type: none"> ✓ New Project Management Agreement for these scope ✓ Consistent with current practice
Energy Audit Services	<ul style="list-style-type: none"> ✓ Excludes energy audit services 	<ul style="list-style-type: none"> ✓ Includes energy audit services 	<ul style="list-style-type: none"> ✓ All Singapore Properties have completed energy audit
Carpark Management	<ul style="list-style-type: none"> ✓ No carpark management fee ✓ Retain 100% of hourly carpark income ✓ Responsible for all capex and opex 	<ul style="list-style-type: none"> ✓ Pay carpark management fee which consist of 40% hourly carpark income ✓ Not responsible for capex and opex 	<ul style="list-style-type: none"> ✓ Overall cost savings

Summary of Key Changes



Singapore

Lease Management Agreement

	New	Existing	Rationale
Adjusted Gross Revenue	✓ Includes carpark income and additional property tax	✓ Excludes carpark income and additional property tax	✓ Overall cost savings ✓ Incentivise additional property tax recovery

Project Management Agreement

	New	Existing	Rationale
New Agreement	✓ New agreement to engage the Singapore Project Manager for development / redevelopment work / AEI	✓ Not Applicable	✓ Due to the transfer of resources relevant to development / redevelopment / AEI to CLD post-restructuring of CapitaLand

Summary of Key Changes



Australia

No material changes



United States

Master Asset and Lease Management (Master ALMA)

	New	Existing	Rationale
Asset Management Fee	<ul style="list-style-type: none">✓ 0.3% p.a. of the total value of the US Adjusted Deposited Property✓ Definition of US Adjusted Deposited Property has been updated to exclude right-of-use assets	<ul style="list-style-type: none">✓ 0.4% p.a. of the total value of the US Adjusted Deposited Property✓ Definition of US Adjusted Deposited Property includes right-of-use assets	<ul style="list-style-type: none">✓ Lower fee paid to the US Asset Manager

Summary of Key Changes



Europe

Master Asset and Lease Management (Master ALMA)

	New	Existing	Rationale
Asset Management Fee	<ul style="list-style-type: none"> ✓ Reduced to 0.3% p.a. of the total value of the Europe Adjusted Deposited Property ✓ Definition of Europe Adjusted Deposited Property has been updated to exclude right-of-use assets 	<ul style="list-style-type: none"> ✓ 0.4% p.a. of the total value of the Europe Adjusted Deposited Property ✓ Definition of Europe Adjusted Deposited Property includes right-of-use assets 	<ul style="list-style-type: none"> ✓ Lower fee paid to the Europe Asset Manager
Project Management Fees	<ul style="list-style-type: none"> ✓ Fees cap at 1.35% of the construction costs for projects exceeding £100 million 	<ul style="list-style-type: none"> ✓ Fees based on mutual agreement for projects exceeding £100 million 	<ul style="list-style-type: none"> ✓ Consistent with current practice

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Opinion of Independent Financial Advisor

Recommendation of The Independent Directors and Audit Risk Committee

510 Townsend Street, San Francisco, United States

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Opinion Of Independent Financial Advisor (IFA)

- Opinion Of Independent Financial Advisor (Deloitte & Touche Corporate Finance Pte Ltd):
 - Having considered the factors and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the date of the IFA Letter, the IFA is of the opinion that the New Management Agreements are based on normal commercial terms and are not prejudicial to the interests of Ascendas Reit and its minority Unitholders.
 - Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of Resolution 1 to be proposed at the EGM.

Recommendation Of The Independent Directors and Audit Risk Committee

- Having considered the relevant factors, including the terms of the New Management Agreements (as set out in paragraph 2 of the Circular), the rationale and key benefits of the New Management Agreements (as set out in paragraph 3 of the Circular) and the IFA Letter (as set out in the IFA Letter in **Appendix B** of the Circular), the Independent Directors and the Audit and Risk Committee believe that the proposed entry into the New Management Agreements is based on normal commercial terms and would not be prejudicial to the interests of Ascendas Reit and its minority Unitholders.
- **Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote in favour of the resolution to approve the proposed entry into the New Management Agreements.**

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Resolution

Unit 5 Wellesbourne Distribution Park, West Midlands, United Kingdom

Ordinary Resolution

- The proposed entry into the New Management Agreements is an Interested Person Transaction¹:
 - Ascendas Reit and its subsidiaries will be entering into the below management agreements with the Renewed Property and Asset Managers, which are subsidiaries of CapitaLand Group Pte. Ltd, and hence an interested persons of Ascendas Reit.
 - The aggregated fees under the New Management Agreements for the entire duration amount to an estimated aggregate sum of S\$746.7 million, representing 7.2% of the latest audited NTA of the Group of S\$10,277.2 million as at 31 December 2021.

¹ Under Chapter 9 of the SGX-ST Listing Manual

Ordinary Resolution



To seek Unitholders' approval by way of an **Ordinary Resolution**¹ for the proposed entry into the New Management Agreements, as an interested person transaction.



Singapore

Property Management

Lease Management

Project Management



Australia

Strategic Management

Master Asset Management



United States

Master ALMA



Europe

Master ALMA

¹ "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.



The End

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