

Ascendas Reit expands footprint in Sydney’s Macquarie Park with S\$284.0 million acquisition

11 December 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 property, located at 1 – 5 Thomas Holt Drive, Macquarie Park, in Sydney, Australia (1-5 THD), for S\$284.0 million¹ (A\$288.9 million)² (Purchase Consideration) (Proposed Acquisition) from AMP Capital (Vendor).

Mr William Tay, Executive Director and Chief Executive Officer of the Manager said, “We are continuing to expand our suburban office portfolio in Australia as affordable satellite hubs such as Macquarie Park remain attractive for companies seeking to decentralise from the central business district (CBD). 1-5 Thomas Holt Drive is our fifth suburban office property investment in Australia. With this acquisition, Sydney accounts for 48% of our Australian portfolio.”

Key Merits of the Proposed Acquisition

1. Well located in Macquarie Park with excellent connectivity via rail and road

1-5 THD is located in Macquarie Park, the largest metropolitan market in Australia and a well-established business precinct occupied by national and international corporate headquarters across the pharmaceutical, technology, electronics and telecommunications industries.

The property is located 250 metres from MQX4, another suburban office property (currently under development) that Ascendas Reit is acquiring³.

¹ An illustrative exchange rate of A\$1.000: S\$0.983 is used for all conversions from Australian Dollar amounts into Singapore Dollar amounts in this press release.

² Includes two-year rental guarantee, provided by the Vendor, for current vacant space in 1-5 THD.

³ Please refer to the press release “Ascendas Reit to acquire a suburban office in Sydney’s Macquarie Park for A\$167.2 million” dated 18 September 2020.

1-5 THD is located just 100 metres away from the Macquarie Park Metro station. With the opening of the Sydney Metro City Line in 2024, travel time to the CBD will be further reduced to 20 minutes⁴. The property is also 750 metres away from the arterial M2 motorway.

2. Comprises three good quality adjacent office blocks on freehold land

The modern campus style property comprises three suburban office blocks with a net lettable area (NLA) of 39,188 square metres, located on freehold land.

1-5 THD has one of the highest car parking ratios of 1 space per 35 square metres of NLA (total of 1,107 spaces) for a suburban office property within Macquarie Park.

The office blocks underwent substantial refurbishments between 2015 to 2016. Two of the office blocks, 1 and 3 Thomas Holt Drive, have each achieved a 5.0 Star NABERS energy rating. The on-site amenities include a café, two tennis courts, a swimming pool and barbeque areas.

3. High occupancy rate underpinned by strong tenant base

1-5 THD is 100% occupied⁵ (93% physical occupancy rate) with a long weighted average lease to expiry (WALE) of 4.5 years⁶. This will lengthen the Australian portfolio's WALE from 4.3 years to 4.4 years⁷.

The leases are double net and have built in annual rental escalations of 3.25% to 3.75% providing stable organic growth for Ascendas Reit.

The key tenants, amongst others, are Australian companies Metcash and Foxtel. Metcash is Australia's leading wholesale distribution and marketing company with sales of over A\$13 billion in FY2020. Foxtel is an innovative and dynamic media company owned by Nasdaq-listed media company News Corporation Ltd (65%) and ASX listed telecommunications company Telstra Corporation Ltd (35%). These tenants will strengthen and diversify Ascendas Reit's Australian customer base.

⁴ More information on the Sydney Metro Line here: <https://www.sydneymetro.info/citysouthwest/project-overview>

⁵ Takes into account the two-year rental guarantee provided by the Vendor for vacant space.

⁶ By rental income.

⁷ On a pro forma basis assuming the Proposed Acquisition was completed on 30 September 2020.

Details of the Proposed Acquisition

For the purpose of this Proposed Acquisition, Ascendas Business Park Trust No. 4, an indirectly wholly-owned Australian Trust of Ascendas REIT Australia, was established. The Trust Company (Australia) Limited, as trustee of Business Park Trust No. 4, has today entered into a sale and purchase agreement with the Vendor for the purchase of 1-5 THD.

The Purchase Consideration of A\$288.9 million, is in line with the independent market valuation of A\$288.9 million as at 1 December 2020⁸.

Ascendas Reit is expected to incur an estimated total transaction cost of S\$19.3 million (A\$19.6 million) which includes stamp duty, professional advisory fees, and acquisition fees payable to the Manager in cash (being 1% of the purchase consideration of S\$284.0 million (A\$288.9 million), which amounts to approximately S\$2.840 million (A\$2.889 million)).

Net property income (NPI) yield⁹ for the first year is approximately 5.9% and 5.6% pre-transaction costs and post-transaction costs respectively.

The annualised pro forma impact on FY2019 distribution per Unit (DPU) is expected to be an improvement of 0.059 Singapore cents¹⁰ assuming the Proposed Acquisition was completed on 1 April 2019.

The Proposed Acquisition will be funded by Ascendas Reit with proceeds from the Equity Fund Raising¹¹, debt facilities and/or internal resources.

Subject to the approval from the Australian Foreign Investment Review Board, the completion of the Proposed Acquisition is expected to be in 1Q 2021. Taking into account 1-5 THD, Ascendas Reit will own 96 properties (S\$9.0 billion) in Singapore, 37 properties (S\$2.1 billion) in Australia, 30 properties (S\$2.1 billion) in the United States and 38 properties (S\$0.8 billion) in the United Kingdom.

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⁸ The valuation was commissioned by the Manager and Perpetual Corporate Trust Limited (in its capacity as trustee of Ascendas REIT Australia) and was carried out by Jones Lang LaSalle Advisory Services Pty Limited using the capitalisation and discounted cash flow methods.

⁹ The NPI yield is derived from the estimated NPI expected in the first year of acquisition (including the rental guarantee provided by the Vendor for the vacant space).

¹⁰ The annualised pro forma DPU impact on FY2019 DPU is calculated based on the following assumptions (a) Ascendas Reit had completed the Proposed Acquisition on 1 April 2019, held and operated 1-5 THD from 1 April 2019 to 31 December 2019, (b) the Proposed Acquisition is 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.

¹¹ Please refer to the "Launch of Equity Fund Raising to Raise Gross Proceeds of Approximately S\$1,200 million" announcement dated 10 November 2020.

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 30 September 2020, investment properties under management stands at S\$12.95 billion, comprising 198 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 1,450 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. Ascendas REIT Australia and its sub-trusts, are managed by Ascendas Funds Management (Australia) Pty Ltd, which is a wholly-owned subsidiary of Ascendas Funds Management (S) Limited.

About CapitaLand Limited (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\$133.3 billion as at 30 September 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 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 Retail 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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Important Notice

This press release is for information only and does not constitute an invitation, offer or solicitation of any offer to acquire, purchase or subscribe for units in Ascendas Reit ("Units").

This press release has been prepared by Ascendas Funds Management (S) Limited, in its capacity as the manager of Ascendas Reit (the "Manager") and includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, none of the Manager or any of its officers, representatives, affiliates or advisers has independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

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This press release may contain forward-looking statements that involve assumptions, 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 Ascendas Reit's future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The Manager expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this press release to reflect any change in the Manager's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

The value of Units and the income derived from them, if any, 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that unitholders of Ascendas Reit 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. The past performance of Ascendas Reit is not necessarily indicative of the future performance of Ascendas Reit.

Any discrepancies between the figures in the tables and charts and the listed amounts and totals thereof are due to rounding.

The securities of Ascendas Reit have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or jurisdiction of the United States of America ("US"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any state securities laws. The Manager does not intend to conduct a public offering of any securities of Ascendas Reit in the US.