



## ASCENDAS REIT

Acquisition of a Suburban Office at 254 Wellington Road, Melbourne, Australia

3 October 2019

# Disclaimers



- **This material shall be read in conjunction with the press release “Ascendas Reit acquires its fourth suburban office in Australia for A\$110.9 million” released to the SGX-ST on the same day.**
- This presentation 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.
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- Any discrepancies between the figures in the tables and charts and the listed amounts and totals thereof are due to rounding.

# Agenda

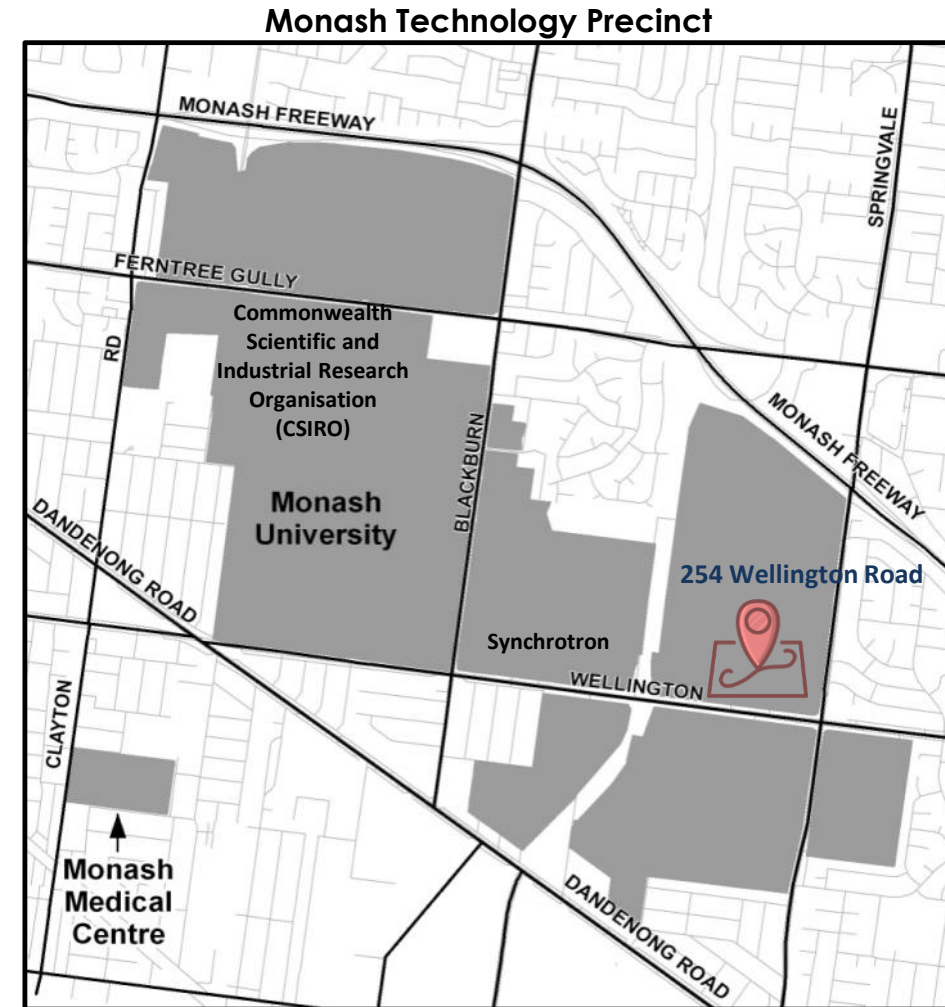
- Acquisition of 254 Wellington Road
- Pro Forma Financial & Portfolio Impact
- Benefits to Ascendas Reit and Unitholders

# Acquisition of 254 Wellington Road



# Acquisition of 254 Wellington Road

- **Well-located within Monash Technology Precinct in the eastern suburb of Mulgrave, Melbourne:**
  - Mulgrave is located 21km south east of the Melbourne CBD
  - The Monash Technology Precinct is one of the most important innovation precincts in Australia. The area houses some of the country's most prestigious research organisations (Monash University and Monash Medical and Research Centre) and high-technology industries e.g. Johnson & Johnson, Adidas, Toyota
- **A new suburban office property to be completed in 2Q 2020 :**
  - 17,507 sqm net lettable area spread over state-of-the-art office building comprising an 8-level corporate office, workshop, café, end-of-trip facilities and multi-level car parking for 911 vehicles.
  - Expected to achieve 5 star NABERS Energy Rating and 5 Star Green Star Design
- **Income stability from pre-committed lease by automotive company, Nissan:**
  - The property will serve as Nissan's new national head office and training centre with an emphasis on electric vehicles
  - Nissan will lease 65.2% of the space for 10 years upon completion of property, with 3.0% annual rental escalation



Source: Monash Development Guide and Monash Planning Scheme

# Acquisition of 254 Wellington Road

Land and Development Costs <sup>(1)(2)</sup>	A\$110.9 million (S\$104.4 million)
Stamp Duty, Acquisition Fee <sup>(3)</sup> & Other Transaction Costs	A\$1.3 million (S\$1.2 million)
Total Investment Costs	A\$112.2 million (S\$105.6 million)
Vendor	ESR FPA (Wellington Road) Pty Limited
“As if Complete” Valuation <sup>(4)</sup>	A\$110.9 million (S\$104.4 million)
Land Area	11,113 sqm
Land Tenure	Freehold
Net Lettable Area	17,507 sqm
Occupancy Rate (upon completion) <sup>(5)</sup>	100%
Estimated Practical Completion	2Q 2020

- (1) All S\$ amounts are based on exchange rate of A\$1.00000: S\$0.94121 as at 30 Sep 2019
- (2) Includes incentives to be reimbursed by the Vendor.
- (3) In accordance to Ascendas Reit's Trust Deed, the Manager is entitled to an acquisition fee of 1.0% of the purchase consideration (includes land and development cost) of the property.
- (4) The valuation dated 1 Aug 2019 was commissioned by the Manager and The Trust Company (Australia) Limited, in its capacity as trustee of Ascendas Business Park Trust No. 2, and was carried out by Urbis Valuations Pty Ltd , using the capitalisation method and discounted cashflow methods.
- (5) Physical occupancy is 65.2% (space pre-committed to Nissan). From practical completion date, the Vendor will provide a 3-year rental guarantee for any remaining vacant space.



Artist's Illustration of 254 Wellington Road

# Pro Forma Financial & Portfolio Impact



# Pro Forma Financial Impact

Financial Impact	
<b>DPU Impact <sup>(1)</sup></b> (pro forma annualised impact)	<b>+0.014</b> <b>Singapore cents</b>
<b>NPI Yield in Year 1 <sup>(2)</sup></b>	
Pre-transaction Cost	<b>5.8%</b>
Post-transaction Cost	<b>5.7%</b>

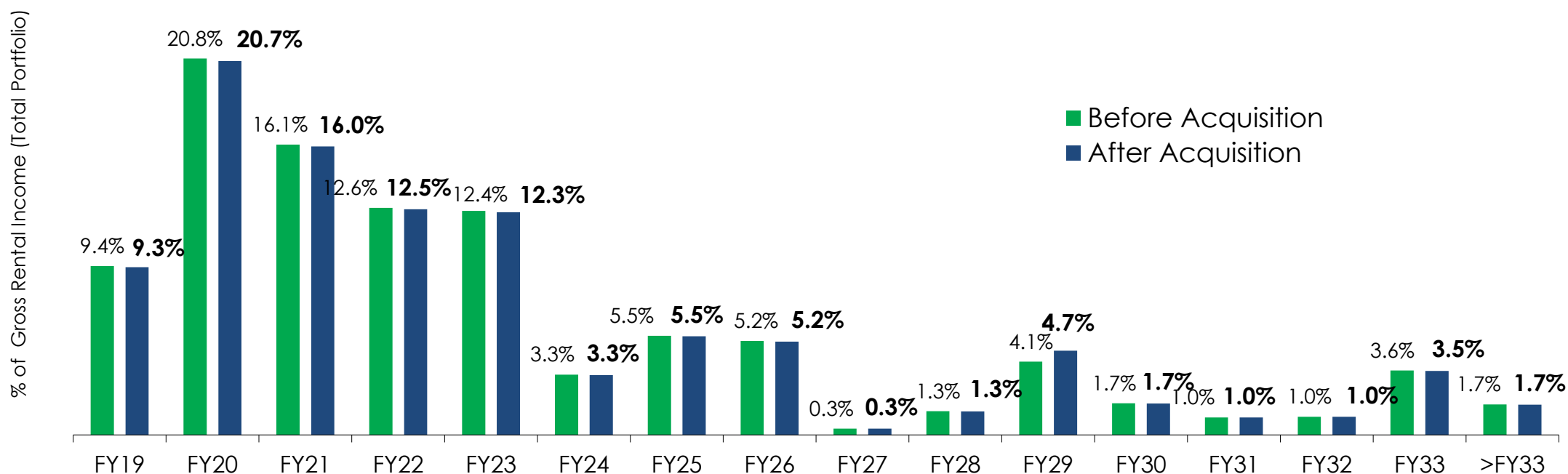
(1) The annualised pro forma DPU (for FY18/19) is calculated based on a) Ascendas Reit had completed the acquisition on 1 Apr 2018, held the property for the whole of the financial year ended 31 Mar 2019, b) the acquisition was funded based on a funding structure of 40% debt and 60% equity, and c) the Manager elects to receive its base fee 80% in cash and 20% in units.

(2) The initial NPI Yield is derived from the estimated NPI expected in the first year of acquisition (includes incentives for the first year to be reimbursed by the Vendor and one year of rental guarantee provided by the Vendor for the vacant space).



# Pro Forma Portfolio Impact

As at 30 Jun 2019	Before Acquisition	After Acquisition (1)
Weighted Average Lease to Expiry (Australia)	4.3 years	4.5 years
Weighted Average Lease to Expiry (Portfolio)	4.1 years	4.1 years

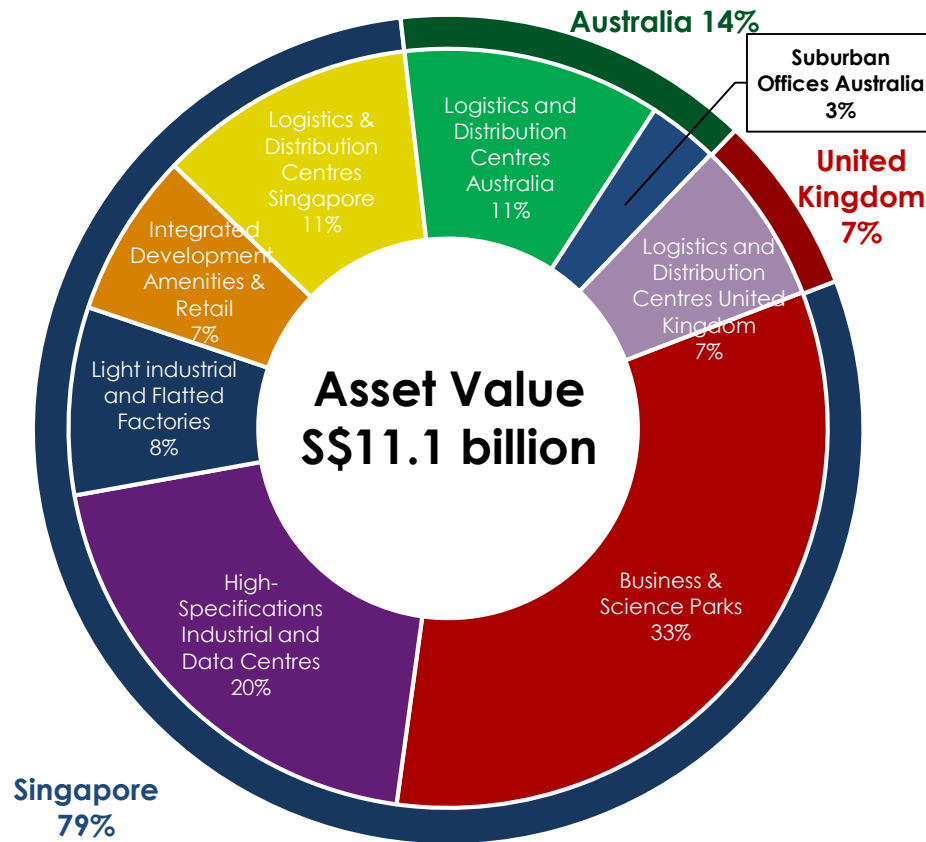


Note:

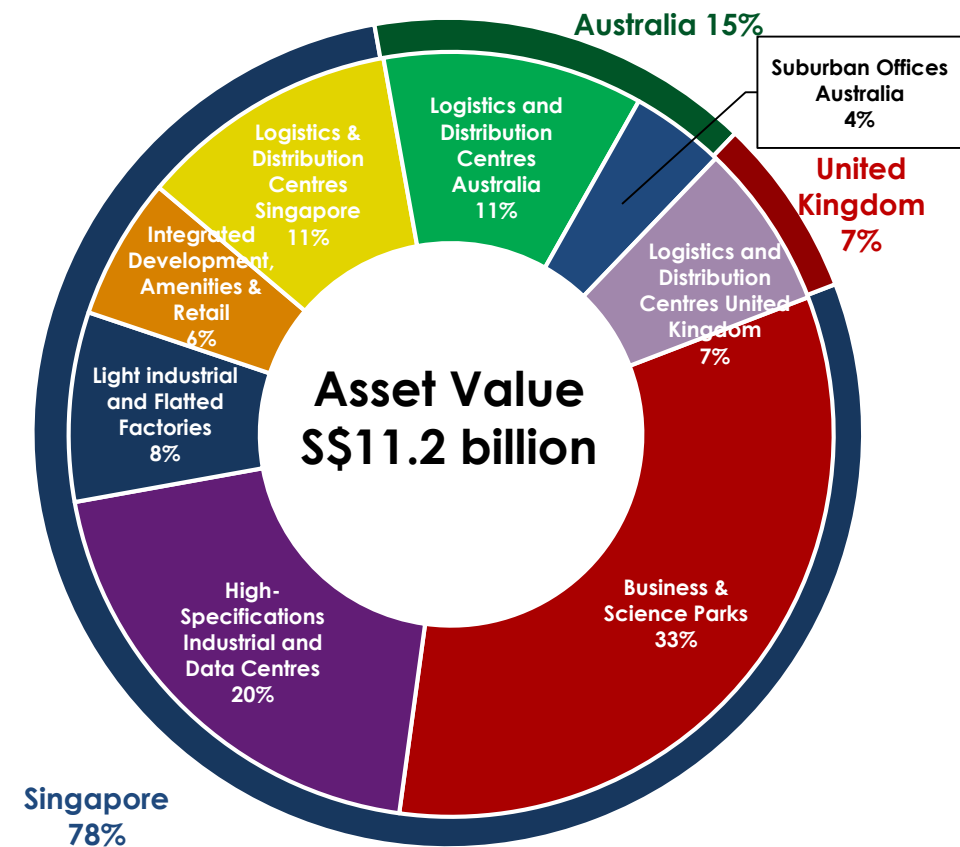
(1) Assuming the pre-committed lease commenced on 30 Jun 2019.

# Pro Forma Portfolio Impact (as at 30 Jun 2019)

## Before Acquisition



## After Acquisition (1)

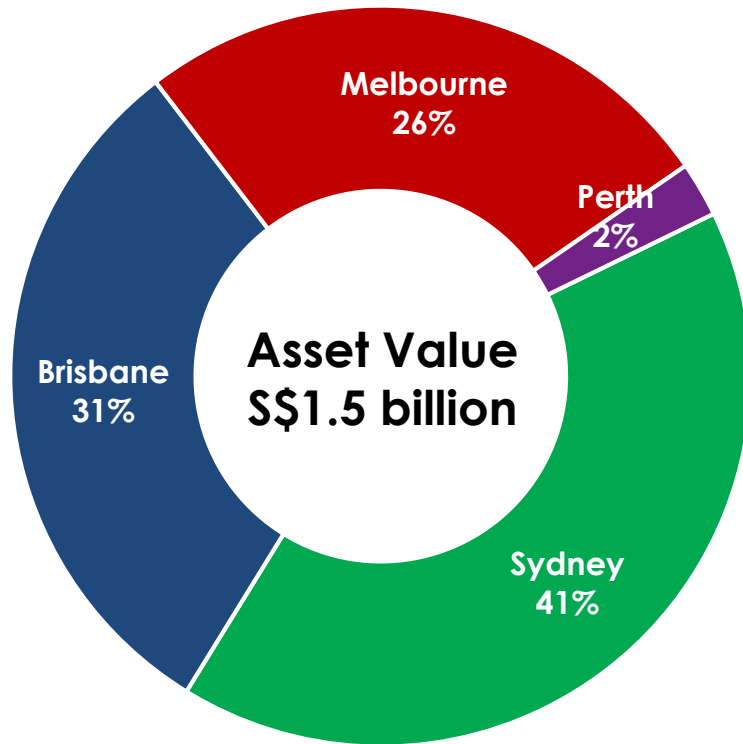


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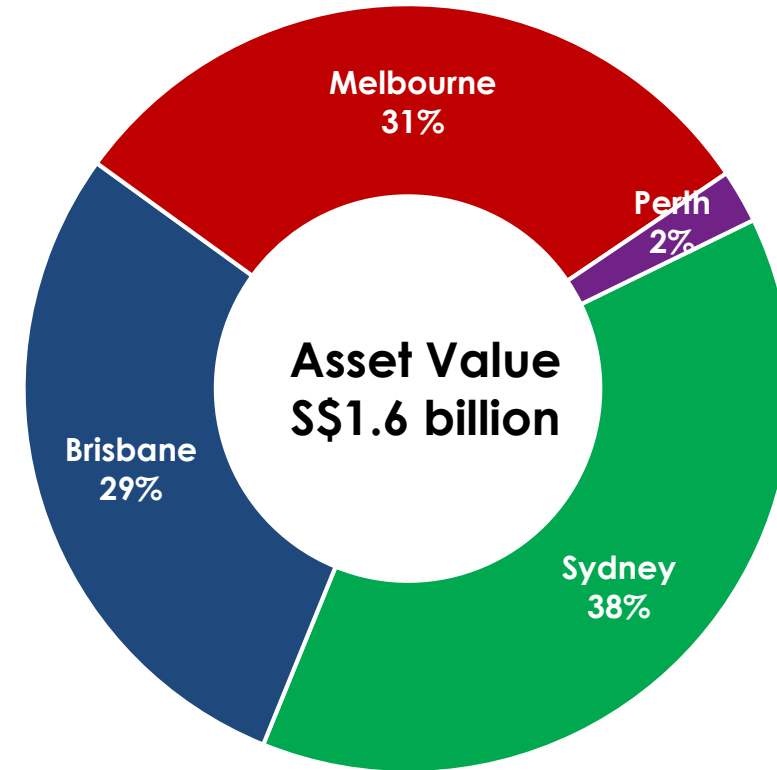
(1) Assuming the acquisition/property was completed on 30 Jun 2019.

# Pro Forma Portfolio Impact (as at 30 Jun 2019) - by Australian City

### Before Acquisition



### After Acquisition (1)



Notes:

(1) Assuming the acquisition/property was completed on 30 Jun 2019.

# Benefits to Ascendas Reit and Unitholders



# Benefits to Ascendas Reit & Unitholders

- DPU accretive investment
- Further diversification of Ascendas Reit's Australian portfolio
  - 254 Wellington Road will be Ascendas Reit's 4th suburban office property in Australia
  - Assets under management in Melbourne grows to S\$504 million (+27% from S\$398 million) and will make up 31% of the Australian portfolio (from 26%)
  - Net lettable area in Melbourne increases to 338,696 sqm (+5% from 321,189 sqm)
- Income stability anchored by Nissan's long lease tenure of 10 years with annual rental escalation
- Attractive location within Monash Technology Precinct, which houses some of the country's most prestigious research organisations (Monash University) and high-tech industries



Thank you

