

Ascendas Reit acquires 12 logistics properties in UK

By Nisha Ramchandani, The Business Times FRI, JUL 27, 2018 - 5:50 AM

ASCENDAS Real Estate Investment Trust (Reit) is making its maiden foray into Europe with the acquisition of 12 logistics properties in the United Kingdom.

The Reit has entered into a share purchase agreement with two third-party vendors, Oxenwood Catalina Midco Limited and Oxenwood Catalina II Midco, to acquire 10 companies for £207.27 million (\$373.15 million).

The companies own the 12 logistics properties which have a total land area of about 549,201 square metres and are sited on freehold and 999-year leasehold land.

A valuation report by Colliers International Valuation UK put the value of the properties as a whole at £207.32 million as at June 4.

The deal is expected to be completed in the third quarter of this year.

Meanwhile, Ascendas Management (UK), a UK subsidiary of the sponsor of Ascendas Reit, AscendasSingbridge, will provide Ascendas Reit with certain asset management services and other related services relating to the properties.

With this, the Reit's contribution of overseas investment (by asset value) is expected to increase from 15 per cent to 17 per cent.

William Tay, chief executive of manager Ascendas Funds Management, said: "The investment presents an attractive and meaningful entry into the UK market. The portfolio has a long weighted average lease expiry (WALE) of 14.6 years and is largely comprised of freehold land. These are appealing attributes that will strengthen our existing portfolio. We are optimistic about this acquisition, which will be DPU accretive."

The target portfolio's WALE will extend Ascendas Reit's portfolio WALE of 4.2 years (as at March 31, 2018) to 4.4 years. In the first year, the properties are expected to generate a net property income yield of about 5.22 per cent (after taking into account the transaction costs).

The proposed acquisition will be funded through pound sterling-denominated loans, it added, as a natural hedge against foreign exchange risk.