

a-iTrust to acquire two buildings in India

by Lynette Khoo, The Business Times TUE, JUL 31, 2018

ASCENDAS Property Fund Trustee, the trustee-manager of Ascendas India Trust (a-iTrust), has agreed to acquire two office buildings in aVance Business Hub 2, a business park located in Hyderabad's Hi-Tec City.

The transaction comprises a two-stage process. a-iTrust will first subscribe for debentures issued by Phoenix Infracore India Private Limited (PIIPL 1) and Phoenix Infracore India Private Limited (PIIPL 2), the two entities developing the buildings, for 7.96 billion Indian rupees (S\$157.8 million).

The timings of the debenture subscriptions are tied to the property construction funding requirements. Once the required leasing criteria is met in the building, a-iTrust will complete the acquisition via a 100 per cent acquisition of the shares of these co-developer entities.

The purchase price will be determined in accordance with a pre-agreed formula, which takes into account key factors such as rent, occupancy and capitalisation rates.

The total purchase consideration, inclusive of the construction funding, is not expected to exceed 14 billion rupees (S\$277.5 million).

The two buildings aVance A1 & A2 have a combined leasable area of about 1.85 million sq ft. a-iTrust will provide construction funding to the co-developer entities of the two buildings as part of the agreement.

In the event that the actual completion date is delayed beyond June 2021, a-iTrust has the right to call for redemption of the debentures.

Upon acquiring aVance A1 & A2 in aVance Business Hub 2, a-iTrust's current portfolio will increase by 10.2 per cent to about 20 million sq ft.

"The proposed acquisition of aVance A1 & A2 will allow us to further strengthen our presence in Hyderabad, which is currently witnessing robust rental growth arising from healthy demand from global IT companies," said Sanjeev Dasgupta, CEO of the trustee-manager.

"The location within the city's prime IT Corridor in in Hi-Tec City is contiguous to aVance Business Hub where we own 1.501 million sq ft. This would help our tenants to gain economies of scale while offering their employees access to transportation and proximity to retail and residential hubs."