

Ascendas Reit buys Brisbane business park for A\$33.5m

By Lee Meixian, The Business Times THU, AUG 02, 2018

ASCENDAS Reit on Thursday announced the acquisition of a logistics property, Cargo Business Park, located at 56 Lavarack Avenue, in Brisbane, Australia, for A\$33.5 million (S\$33.9 million) from the vendor TS1 (Qld) Pty Ltd.

The building, located near the Brisbane Airport and CBD, caters to customers who require a combination of warehousing, showroom and office space within the same building.

The consideration of A\$33.5 million is in line with the market valuation of the property of A\$33.5 million as at end-July 2018. Ascendas Reit is expected to incur a total transaction cost of about A\$2.6 million which includes stamp duty, professional advisory fees, and acquisition fees payable to the manager in cash.

The property is 87.4 per cent occupied, and the vendor will provide a 12-month rental guarantee for the vacant spaces.

Some of the tenants in the property include Commonwealth of Australia (Bureau of Meteorology), Asics and Nike. The property has a "healthy" retention rate of about 78 per cent, the Reit said.

The leases have annual rental escalations of between 3 per cent and 4 per cent, and the weighted average lease expiry of the property is 2.6 years as at end-June 2018.

Net property income yield for the first year is about 7.4 per cent and 6.8 per cent pre-transaction costs and post-transaction costs respectively.

The acquisition is expected to be accretive to Ascendas Reit's distribution per unit. It will be funded through internal resources and existing debt facilities, and completion is expected to take place in the quarter ending September this year.

Following the acquisition, Ascendas Reit will own 99 properties in Singapore and 34 properties in Australia.