



ahtrust
ascendas hospitality trust

Acquisition of Serviced Apartment Block in Melbourne

3 December 2015

SYDNEY • MELBOURNE • BRISBANE • BEIJING • TOKYO • OSAKA • SINGAPORE

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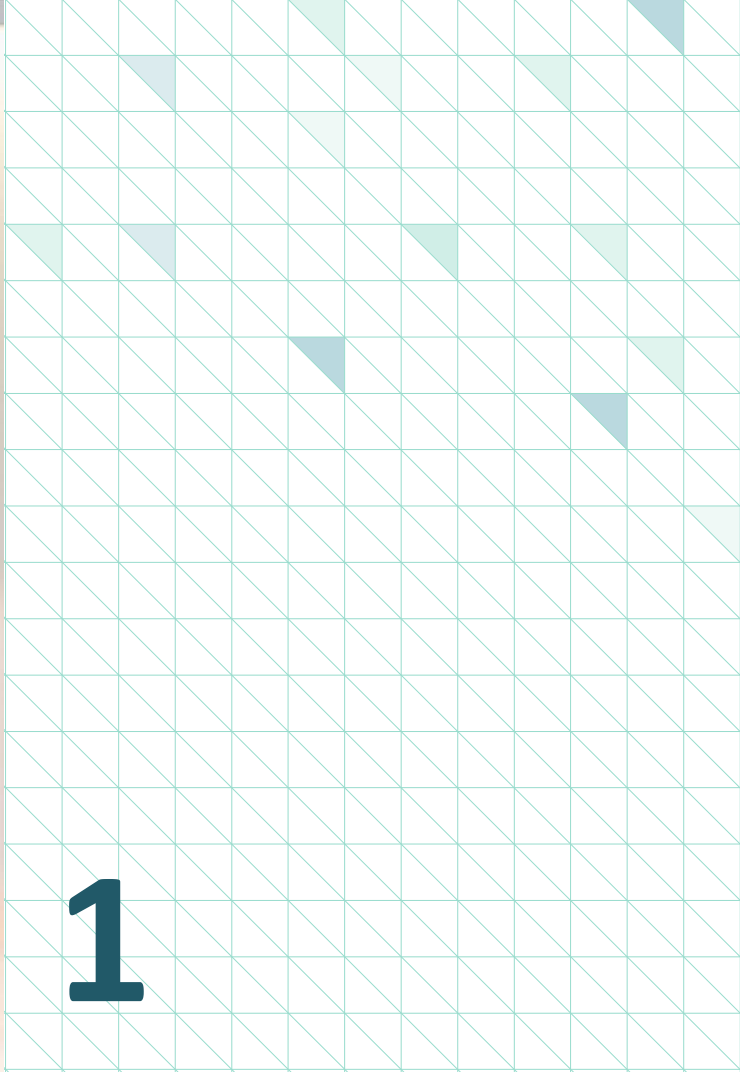
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Transaction Overview

Summary of the Acquisition

- ✦ Acquisition of the serviced apartments component (“**Property**”) of Aurora Melbourne Central, an iconic mixed-use development (“**Development**”) in Melbourne, Australia

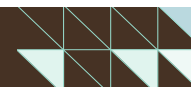
Parties	<ul style="list-style-type: none"> • Ascendas Australia Hotel Trust (“Purchaser”)¹ • UEM Sunrise (La Trobe Street) Pty Ltd (“Vendor”)
Purchase Consideration	<ul style="list-style-type: none"> • AUD120.0 million
Independent Valuation	<ul style="list-style-type: none"> • AUD128.0 million by CBRE Valuations Pty Ltd
Estimated Net Property Income (“NPI”) Yield	<ul style="list-style-type: none"> • Estimated to be 7.6% for first year of operation
Others	<ul style="list-style-type: none"> • Income support provided by Vendor to Purchaser for first two years of operation • During the construction period, the Vendor will pay regular coupons on the deposit of AUD5.0 million paid



Artist’s impression of Aurora Melbourne Central. Source: Vendor

Note:

1. The Purchaser is owned by Ascendas Hospitality Trust (99%) and Ascendas Hospitality Real Investment Trust (1%)



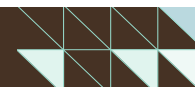
Details of the Property

✦ The Property is strategically situated in the heart of Melbourne Central Business District

Location	<ul style="list-style-type: none">• 224-252 La Trobe Street, Melbourne, Australia	Number of units	<ul style="list-style-type: none">• 252 units, comprising studio and one-bedroom apartments
Tenure	<ul style="list-style-type: none">• Freehold	Facilities	<ul style="list-style-type: none">• Restaurant, swimming pool, gymnasium, and executive lounge
Hotel Type	<ul style="list-style-type: none">• Upscale serviced apartments, located from Level 10 to 32 of the Development	Expected Completion of the Property	<ul style="list-style-type: none">• Second half of 2019



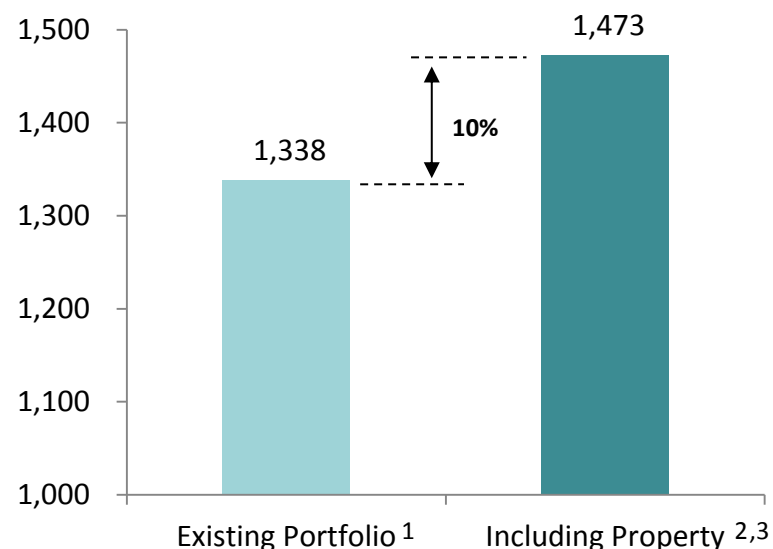
Artist's impression of Aurora Melbourne Central
Source: Vendor



Growing the Portfolio

- ✦ The acquisition is in line with A-HTRUST's growth plan to acquire quality assets in prime location in key cities

Portfolio Valuation (\$ million)



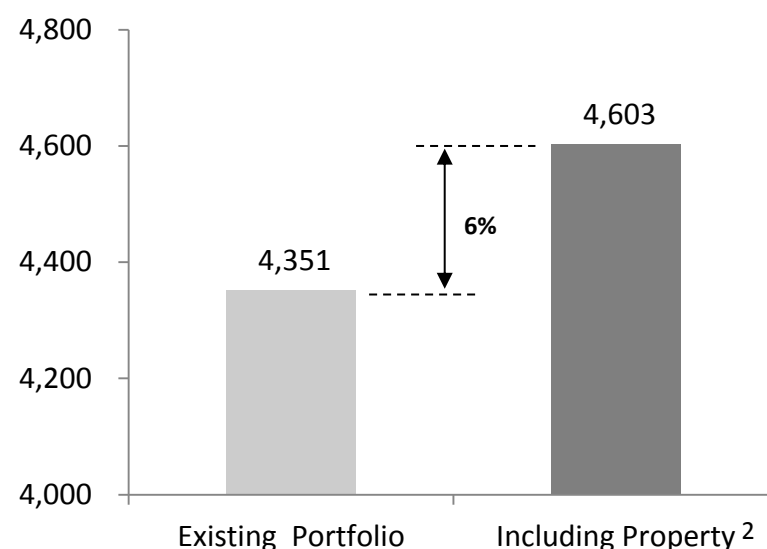
Notes:

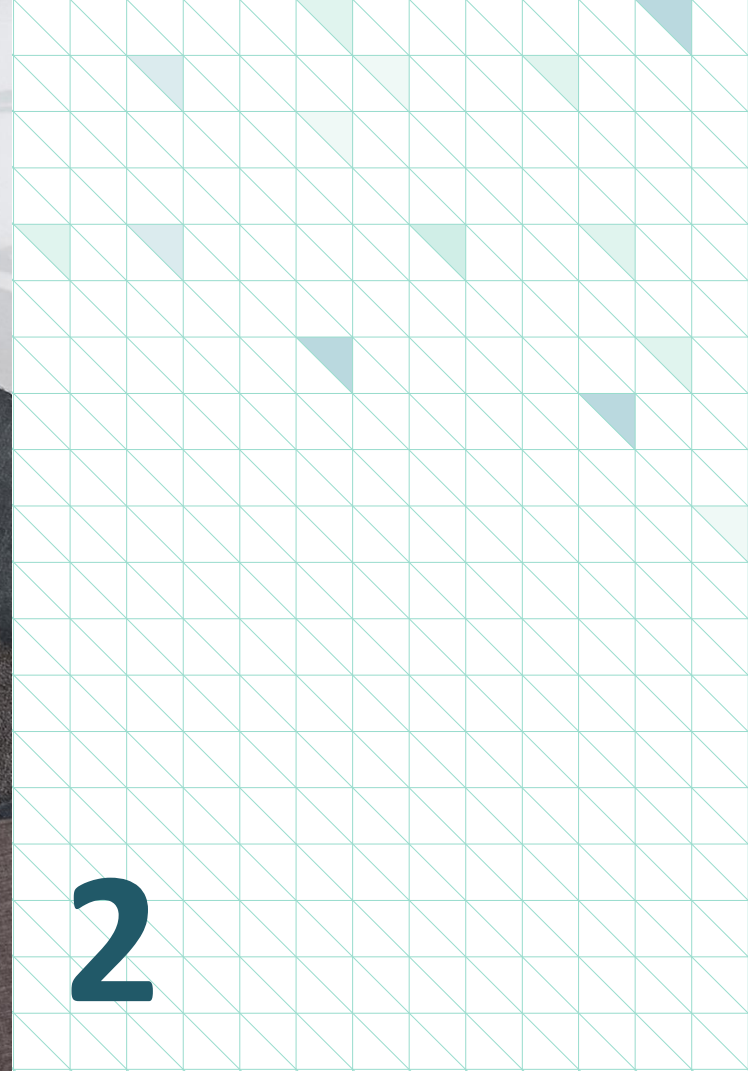
1. Based on valuation as at 31 March 2015

2. Assuming completion of Acquisition on 31 March 2015

3. Based on independent valuation of AUD128.0 million and exchange rate of AUD1.00 :S\$1.06 as at 31 March 2015

Number of Rooms





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Rationale for the Acquisition

Rationale for the Acquisition

1	Prime Location	<ul style="list-style-type: none">✓ Freehold asset strategically located in the heart of Melbourne CBD✓ Melbourne is a key corporate centre and major leisure destination✓ Growing hospitality sector
2	DPS Accretive Acquisition	<ul style="list-style-type: none">✓ Expected to be accretive to DPS✓ The Vendor to pay coupon on deposit up to date of practical completion
3	Brand New Asset at an Attractive Yield	<ul style="list-style-type: none">✓ Minimal capital expenditure in initial years of operation✓ Estimated NPI yield of 7.6% higher than that of existing portfolio
4	Downside Protection	<ul style="list-style-type: none">✓ Vendor to top up shortfall based on pre-determined GOP for two years✓ Vendor to bear owners corporation levy in excess of pre-determined amount for three years
5	No Development Risk	<ul style="list-style-type: none">✓ A-HTRUST will not undertake risks in the construction of the Property✓ No further payments apart from deposit of AUD5.0 million until completion
6	Broaden Earning Base	<ul style="list-style-type: none">✓ Reduce reliance on any single property within the portfolio



1 Prime Location – Key Corporate Centre and Major Leisure Destination

- ✦ The Property is situated in Melbourne, which is a major corporate centre
 - ✓ A leading financial centre, ranked 11th amongst financial centres in Asia Pacific¹
 - ✓ Headquarters to some of Australia's largest corporations
 - ✓ A key economy in Australia
- ✦ The city offers a number of attractions, and is also renowned for its extensive annual calendar of festivals, exhibitions and sporting events



Royal Exhibition Building



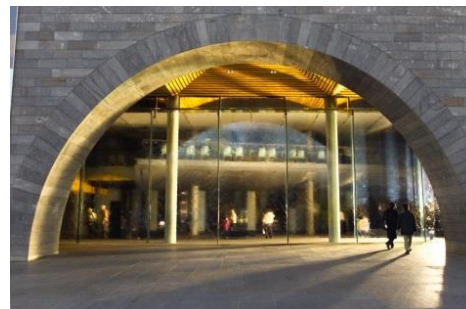
Queen Victoria Market



State Library of Victoria



Melbourne Convention and Exhibition Centre



National Gallery of Victoria

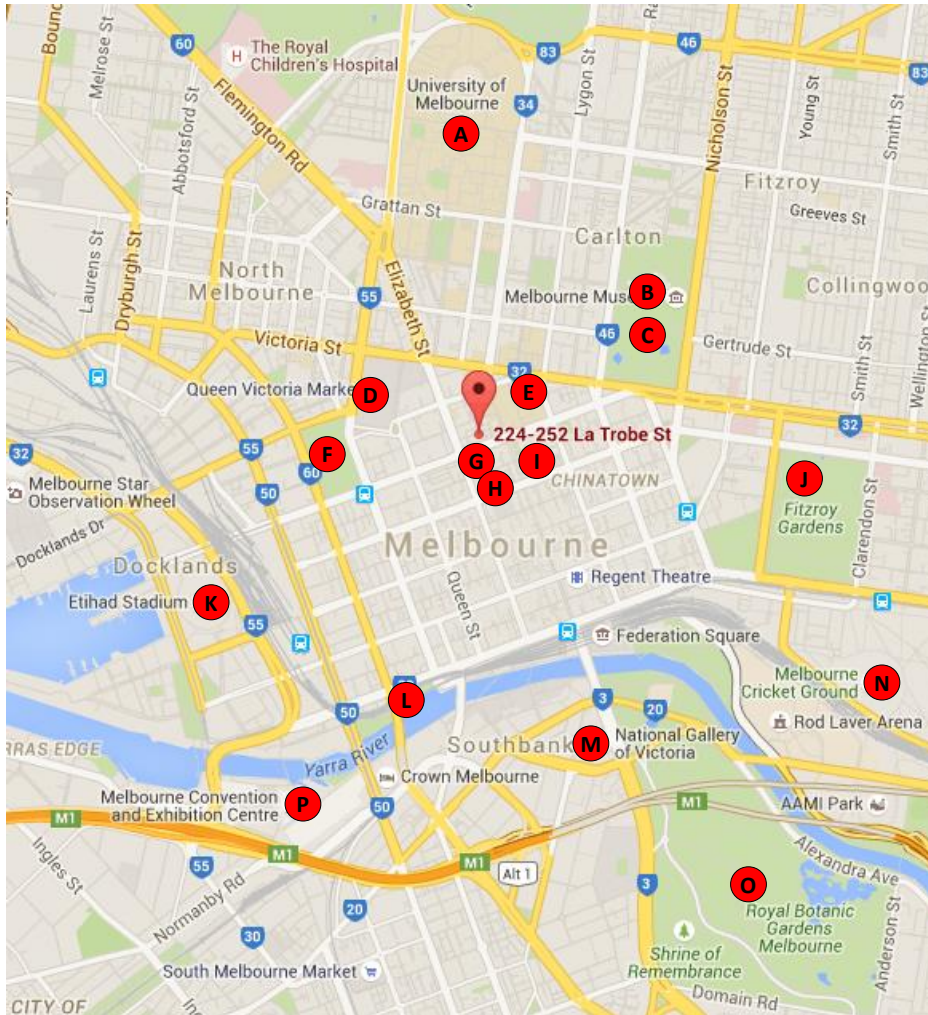


Royal Botanic Garden

1. Source: The Global Financial Centres Index 18 (September 2015)
Source of images: Websites of respective landmarks

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Prime Location – Located in Heart of CBD



Source: Google Map

✦ The Property is strategically located in the heart of city centre with direct access to the Melbourne Central Railway Station and in close proximity to various landmarks

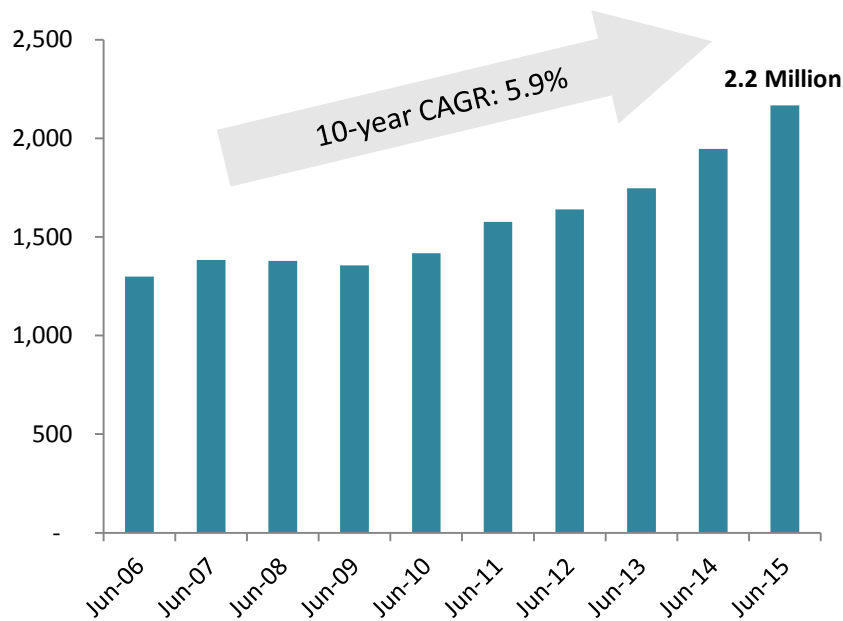
- A** University of Melbourne
- B** Melbourne Museum
- C** Royal Exhibition Building
- D** Queen Victoria Market
- E** RMIT University
- F** Flagstaff Gardens
- G** Melbourne Central Railway Station
- H** Melbourne Central Shopping Centre
- I** State Library of Victoria
- J** Fitzroy Garden
- K** Etihad Stadium
- L** Sea Life Melbourne Aquarium
- M** National Gallery of Victoria
- N** Melbourne Cricket Ground
- O** Royal Botanic Gardens Melbourne
- P** Melbourne Convention and Exhibition Centre

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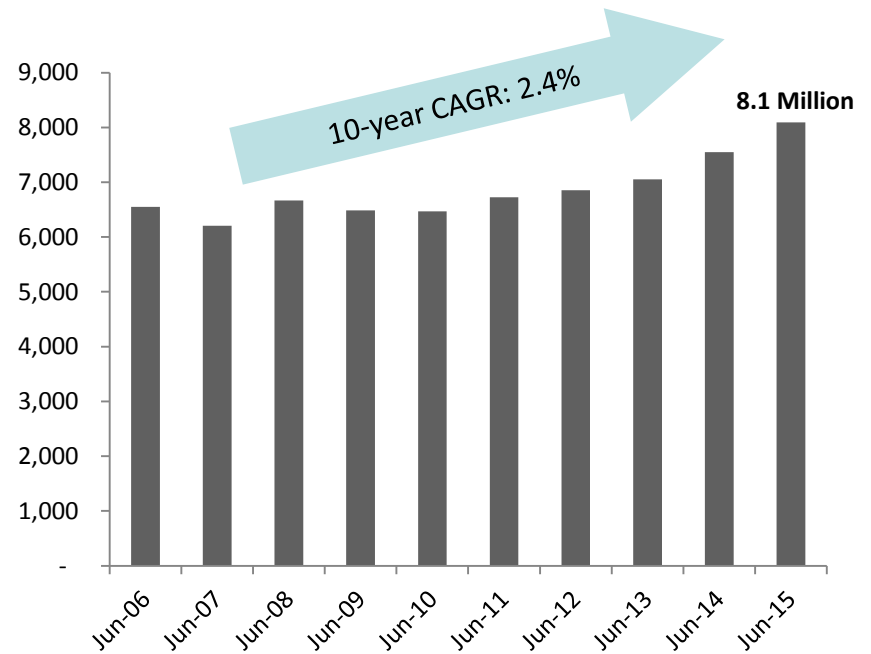
Prime Location – Growing Hospitality Sector

- ✦ Melbourne has a recorded growing trends in both international and domestic arrivals over the past decade
- ✦ For the year ended June 2015, Melbourne was the second most visited city in Australia by foreigners and also recorded the second highest domestic overnight trips in the country¹

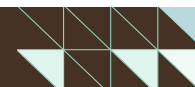
International Arrivals ('000)¹



Domestic Overnight Trips ('000)¹



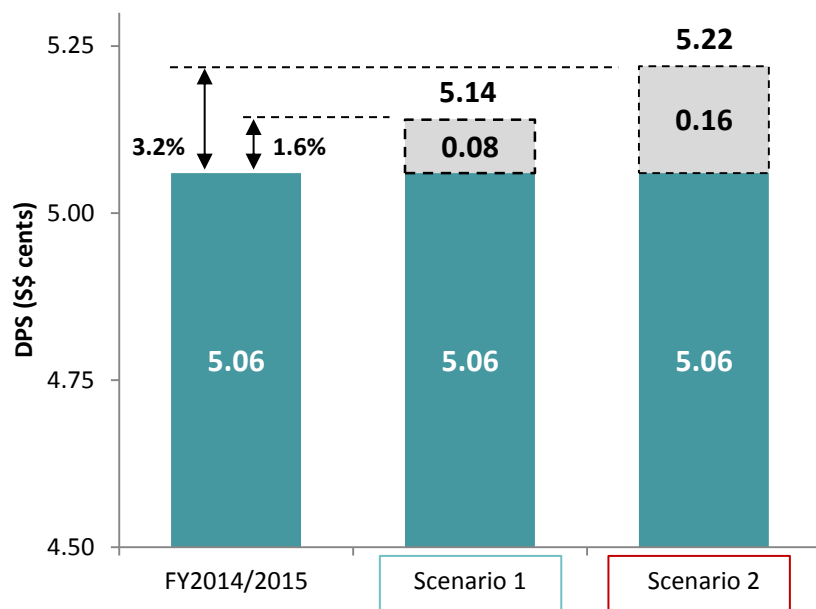
1. Source: Tourism Research Australia



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DPS Accretive Acquisition

- ✦ Based on the estimated income to be derived from the Property, the acquisition is expected to be DPS accretive



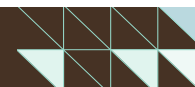
- The deposit of AUD5.0 million will be financed through internal cash resources
- The Acquisition is intended to be financed via a combination of equity, debt and/or hybrid securities
- During the period up to date of practical completion, the Vendor will make coupon payments to A-HTRUST on the deposit paid

Scenario 1:

Assuming the balance of the consideration and costs in relation to the Acquisition are funded by 25% equity and 75% debt

Scenario 2:

Assuming the balance of the consideration and costs in relation to the Acquisition are fully funded by debt

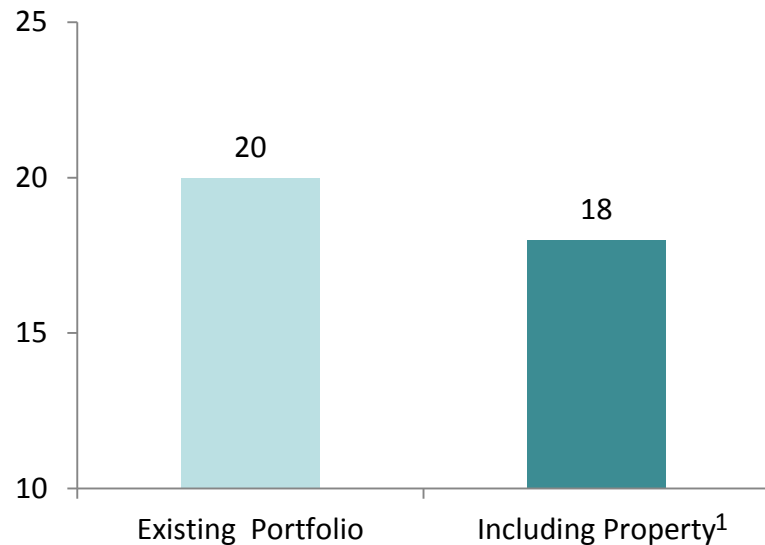


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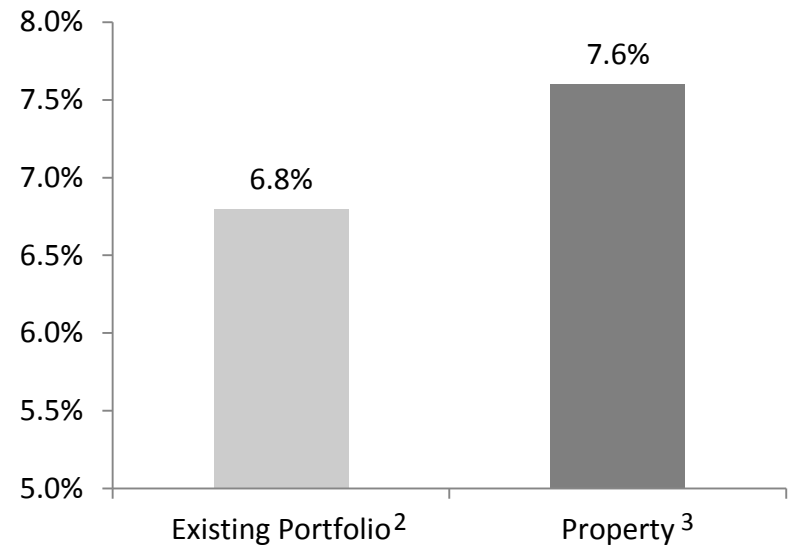
Opportunity to Acquire a Brand New Asset at an Attractive Yield

- ✘ A-HTRUST will acquire a brand new asset, reducing the average age of the portfolio
- ✘ Being a brand new asset, the operations of the Property can be carried out smoothly in the first few years with minimal capital expenditure
- ✘ The estimated NPI yield of the Property is higher than the NPI yield for the existing portfolio of A-HTRUST

Average Age (Years)

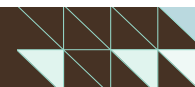


NPI Yield (%)



Notes:

1. Assuming Acquisition was completed on 1 January 2015
2. Based on the NPI of the portfolio of A-HTRUST for FY2014/2015 and valuation as at 31 March 2015
3. Based on estimated NPI in its first year of operation and the purchase consideration of AUD120.0 million



4

Downside Protection

- ✘ The Vendor shall top up any shortfall based on a pre-determined gross operating profit (“**GOP**”) for the first two years of operations
- ✘ This provides, to a certain extent, downside protection of A-HTRUST’s income stream during the first two years of operation, which is the estimated time required for operation of the Property to be stabilised
- ✘ The Vendor will also pay any amount in excess of a pre-determined amount of owners corporation levy payable by the Purchaser for a period of three years

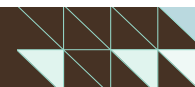
Income Support Deed

Gross Operating Profit

- The Vendor shall top up any shortfall if:
 - Year One GOP falls below AUD10,330,000
 - Year Two GOP falls below AUD10,900,000
- The top up amount for Year One shall be capped at AUD2,650,000
- The top up amount for Year Two shall be cap at AUD350,000 plus any unutilised portion of the top up amount for Year One

Owner Corporation Levy

- The Vendor shall pay any excess amount should the owners corporation levy exceed AUD350,000 per annum
- This shall be for a period of three years commencing on the date that the first payment of the owners corporation levy is due





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