



## ASCENDAS INDIA TRUST

(Registration Number: 2007004)

(a business trust registered under the Business Trusts Act, Chapter 31A of Singapore)

### ANNOUNCEMENT: PROPOSED ACQUISITION OF WAREHOUSES IN THE ARSHIYA FREE TRADE WAREHOUSING ZONE AT PANVEL, NAVI MUMBAI, INDIA

#### 1. INTRODUCTION

Ascendas Property Fund Trustee Pte. Ltd., as trustee-manager of Ascendas India Trust (“**a-iTrust**”, and the trustee-manager of a-iTrust, the “**Trustee-Manager**”), is pleased to announce that following the earlier announcement “Signing of a Term Sheet for the Proposed Acquisition of Operating Warehouses at the Arshiya Free Trade Warehousing Zone near Mumbai, India” dated 12 April 2017, a-iTrust has proceeded with the acquisition of operating warehouses (the “**Acquisition**”) at the Arshiya Free Trade Warehousing Zone (“**FTWZ**”) located at Panvel, near Mumbai, India (the “**Property**”) as follows:

- (i) Ascendas Property Fund (India) Pte. Ltd. (“**APFI**”), a wholly owned subsidiary of a-iTrust, has on 23 November 2017, entered into a conditional share purchase agreement (the “**SPA**”) with the existing shareholders<sup>1</sup> (the “**Sellers**”) of Arshiya Rail Siding and Infrastructure Limited (“**ARSIL**”) to acquire 100% interest in ARSIL, subject to the fulfilment of certain conditions precedent (“**CPs**”). ARSIL is the legal entity that will own the Property subsequent to the completion of the Acquisition.

Presently, ARSIL is a co-developer<sup>2</sup> and an indirect subsidiary of Arshiya Limited (“**AL**” or the “**Vendor**”), the current owner of the Property. On transaction closing, ARSIL will acquire long-term leasehold rights<sup>3</sup> in the Property from AL. The Property will be leased back by ARSIL to the Arshiya Group on an operating lease for a period of six years (“**Master Lease**”).

The consideration for the Acquisition comprises an upfront payment of INR 4.34 billion/S\$91.4 million<sup>4</sup> and an additional deferred consideration of up to INR 1.0 billion/S\$21.1 million to be paid over the next four years, contingent on the achievement of certain performance milestones (the “**Purchase Consideration**”).

The Property comprises six Grade-A warehouses<sup>5</sup> (the “**Warehouses**”) with a total leasable area of 832,249 square feet (“**sq. ft.**”). The Warehouses are part of a FTWZ facility that is spread over 146 acres of freehold land and has state of the art infrastructure and facilities (the “**Panvel FTWZ facility**”). The Panvel FTWZ facility has an estimated future development potential of at least 2.8 million sq. ft.<sup>6</sup>

- (ii) Apart from the Acquisition, the transaction also provides a-iTrust the right to extend construction funding and acquire future development within the FTWZ, subject to fulfilment of certain terms and conditions by the Vendor (the “**Forward Purchase**”).

(the Acquisition and the Forward Purchase are collectively referred to as the “**Transaction**”).

<sup>1</sup> Arshiya Rail Infrastructure Ltd. (an Arshiya group company) with 98.8% shares and certain individuals with 1.2% shares

<sup>2</sup> Under Indian Special Economic Zone (SEZ) laws

<sup>3</sup> Initial lease term of 30 years renewable at ARSIL's option for further periods of 30 years on each expiry.

<sup>4</sup> Net consideration is INR 4.04 billion/S\$ 85.1 million after deduction of security deposit of INR 300 million/S\$ 6.3 million. Based on an exchange rate of S\$1 to INR 47.50.

<sup>5</sup> Includes assets within the warehouse such as racks, material handling equipment etc.

<sup>6</sup> Dependent on whether the future warehouses are single-storied or multi-storied.

## 2. DETAILS OF THE TRANSACTION

### 2.1 The Acquisition

#### 2.1.1 Property Overview

<b>Name of the Facility</b>	<ul style="list-style-type: none"><li>• Arshiya Free Trade Warehousing Zone</li></ul>
<b>Location</b>	<ul style="list-style-type: none"><li>• Panvel, Navi Mumbai, India</li></ul>
<b>Development Type</b>	<ul style="list-style-type: none"><li>• Free Trade Warehousing Zone<sup>7</sup></li></ul>
<b>Land Area and Title</b>	<ul style="list-style-type: none"><li>• 146 acres land area for the Panvel FTWZ facility</li><li>• 24.5 acres land underlying the operating warehouses</li><li>• Freehold Land title</li></ul>
<b>Warehouses</b>	<ul style="list-style-type: none"><li>• 6 (six) modern Grade-A warehouses with a total leasable area of 832,249 sq. ft.</li><li>• Services provided: storage and value added services such as packing, labelling, tagging etc.</li><li>• Key customers: DHL Logistics, Huawei, Cisco Systems and others</li></ul>

#### 2.1.2 Details of the Acquisition

The Acquisition will be structured in the form of acquisition of ARSIL, the SPV<sup>8</sup> that will acquire the long-term leasehold rights in the Property from the Vendor. On the closing date, the following actions shall take place:

(i) Share Acquisition

Pursuant to the terms of the SPA, a-iTrust shall purchase 100% of the shares in ARSIL.

(ii) Acquisition of the Property by Long lease

ARSIL shall acquire long-term leasehold rights in the Property<sup>9</sup> (30-year lease terms renewable at ARSIL's option) for an upfront lease premium payment of INR 4.34 billion/\$\$91.4 million and an additional deferred consideration of up to INR 1.0 billion/\$\$21.1 million to be paid over the next four years, contingent on the Vendor meeting certain business plan targets in relation to the operating lease<sup>10</sup>.

(iii) Master Lease arrangement

After completing the Acquisition, ARSIL shall enter into a Master Lease arrangement with ALL<sup>11</sup> to lease back the Warehouses to ALL for a period of six years. ALL shall operate and manage the Warehouses and shall pay pre-agreed rentals to ARSIL.

To secure the rental payments, the Vendor will provide a bank guarantee and security deposit to ARSIL. Additionally, rent due to ARSIL will be paid in priority from an escrow account in which all cash flows from the Property are collected.

This lease back arrangement will help benefit from the Vendor's expertise in management of FTWZs.

(iv) Conditions Precedent

The Acquisition is subject to fulfilment by the Vendor of certain CPs, including:

- The Vendor obtaining consents from its lenders; and
- Satisfactory completion of closing diligence.

<sup>7</sup> Category of SEZ

<sup>8</sup> Special Purpose Vehicle (in this case ARSIL)

<sup>9</sup> The leasehold rights would cover the Warehouses and the underlying land (24.5 acres), identified assets and infrastructure and rights to use the access roads and common infrastructure

<sup>10</sup> Storage revenue targets as per business plan agreed with the Vendor

<sup>11</sup> Arshiya Lifestyle Limited, a wholly owned subsidiary of Arshiya Limited

The transaction closing is contingent on the completion of CPs by the long-stop date<sup>12</sup>.

## 2.2 The Forward Purchase

The Transaction also covers the construction funding and forward purchase of future warehouses to be developed in the FTWZ by the Vendor (the “**Future Warehouses**”). This Forward Purchase covers the entire future development potential at the FTWZ.

### (i) Right to finance

- a-iTrust has the right to co-finance (along with the current lenders of the Vendor) the construction of the Future Warehouses.

### (ii) Right to acquire

- a-iTrust has the exclusive right (and in certain cases, the obligation) to acquire all Future Warehouses (including cases where no construction funding has been provided by a-iTrust).
- in certain cases, a-iTrust has the obligation to acquire Future Warehouses on the earlier of either 100% leasing or the expiry of 18 months from the date of completion.
- any acquisition of Future Warehouses is based on a pre-agreed cap rate framework and is subject to due diligence and fulfilment of CPs.

## 3. RATIONALE FOR THE TRANSACTION

The Trustee-Manager believes that the Transaction will bring the following benefits to unitholders of a-iTrust (“**Unitholders**”):

### 3.1 Diversification into Warehousing Space

The Transaction offers a diversification opportunity for a-iTrust into the fast growing modern warehousing real estate space, which is expected to grow annually at 20-25% over the next five years<sup>13</sup>.

### 3.2 Established Location

The Warehouses are strategically located in Panvel which has emerged as a hub for warehousing activities near Mumbai, primarily due to proximity to Jawaharlal Nehru Port Trust (“**JNPT**”) which is India’s largest container port. Further, JNPT is expected to double its capacity by the year 2021 and the upcoming dedicated freight corridor project will also boost traffic growth at the port<sup>14</sup>, all of which will drive demand at the Panvel FTWZ facility.

### 3.3 Scalable and High Quality Portfolio

The Transaction provides a-iTrust immediate access to a sizeable portfolio of high-quality modern warehouses, located in a FTWZ that has state of the art infrastructure and excellent facilities. In addition to the upfront Acquisition, the Forward Purchase provides scalability as a-iTrust has the right to co-finance and acquire the future development in the FTWZ.

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<sup>12</sup> Being 90 days from the date of execution of the SPA, unless mutually extended

<sup>13</sup> Source: KPMG study

<sup>14</sup> Source: PwC

### 3.4 FTWZs – Unique Value Proposition

FTWZs are a category of SEZs that provide quality integrated infrastructure and are designated as deemed foreign territories within India having many incentives including duty deferment and tax exemptions. The Panvel FTWZ facility is one of the very few institutional grade FTWZs operating in India and hence represents a unique value proposition.

### 3.5 Vendor's Track Record

The Vendor has deep experience in the logistics business and is one of the pioneers in the FTWZ space in India. The Vendor operates as a unified infrastructure services provider with presence across FTWZ's, internal container depots, rail infrastructure and supply chain solutions. The Vendor has scaled up the Panvel FTWZ facility over the last three years on the back of its execution capability and client relations.

### 3.6 Master Lease Structure

The master lease structure enables a-iTrust to diversify into a new sector whilst earning steady income streams and strengthening expertise to run the business on an independent basis ultimately.

### 3.7 Expected Accretive Acquisition

The Acquisition is expected to be accretive at the distribution level. The financial impact of the Acquisition on the Distribution per unit (the "DPU") is expected to be approximately 0.20 Singapore cents per unit<sup>15</sup> in a-iTrust (the "Unit").

## 4. METHOD OF FINANCING AND FINANCIAL EFFECTS

### 4.1 Method of Financing

The Trustee-Manager intends to finance the Acquisition using existing cash resources in India and other financing options. Details of the mode of financing the Acquisition will be determined near the point of closing.

### 4.2 Financial Effects

#### 4.2.1 Assumptions

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes only and do not reflect the actual financial position of a-iTrust following the completion of the Acquisition. They have been prepared based on the latest audited financial statements of a-iTrust for the financial year ended 31 March 2017 ("FY2016/2017"). The indicators below would change with each acquisition under the Forward Purchase.

#### 4.2.2 Pro Forma Net Profits

The FY2016/2017 pro forma net profit attributable to the Acquisition is approximately S\$5.5 million<sup>16</sup>.

#### 4.2.3 Pro Forma Net Asset Value ("NAV")

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table below sets out the pro forma financial effects of the Acquisition on the NAV per Unit as at 31 March 2017, as if the Acquisition was completed on 31 March 2017.

	Before the Acquisition	After the Acquisition
NAV per Unit (S\$)	0.81	0.82

<sup>15</sup> Assuming the transaction had been funded using 40% debt and 60% equity. Calculated based on pro forma results for the 12 months ended 31 March 2017 and after retaining 10% of income available for distribution

<sup>16</sup> Estimate based on the assumed revenue derived from the Property, net of operating, financing, tax and trust expenses

#### 4.2.4 Pro Forma DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table below sets out the pro forma financial effects of the Acquisition on a-iTrust's DPU for FY2016/2017, as if a-iTrust had completed the Acquisition on 1 April 2016 and held the interest in the Property through to 31 March 2017.

	Before the Acquisition	After the Acquisition
DPU (S\$ cents)	5.69	5.89

### 5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Trustee-Manager as at the date of this announcement, certain Directors of the Trustee-Manager collectively hold an aggregate direct and indirect interest in 727,000 Units.

Mr Manohar Khiatani, who is the Deputy Chairman and a Non-Executive Director of the Trustee-Manager, is the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte. Ltd. ("**ASB**"). Mr Jonathan Yap, who is a Non-Executive Director of the Trustee-Manager, is the Group Chief Financial Officer of ASB. Mr Manohar Khiatani and Mr Jonathan Yap are also Directors of Ascendas Land International Pte Ltd (the "**Sponsor**"). The Sponsor and the Trustee-Manager are indirect, wholly-owned subsidiaries of ASB.

As at the date of this announcement and based on information available to the Trustee-Manager as at the date of this announcement, the Sponsor and the Trustee-Manager hold an aggregate direct and indirect interest in 228,103,885 Units, which is equivalent to 24.41% of the total number of Units in issue<sup>17</sup>.

Save as disclosed above and based on information available to the Trustee-Manager as at the date of this announcement, none of the Directors of the Trustee-Manager or the Controlling Unitholders have an interest, direct or indirect, in the Transaction.

### 6. OTHER INFORMATION

#### 6.1 Director's Service Contracts

No person is proposed to be appointed as a Director of the Trustee-Manager in connection with the Transaction.

#### 6.2 Relative Figures Computed on the Bases set out in Rule 1006

The relative figures computed on the following bases set out in Rule 1006(b) and 1006(c) of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are set out below:

- (i) the net profits attributable to the assets acquired, compared with a-iTrust's net profits; and
- (ii) the aggregate value of the consideration given, compared with a-iTrust's market capitalisation.

<sup>17</sup> The percentage is based on 934,634,859 Units in issue as at the date of this announcement. The figures are rounded down to the nearest 0.01%.

Comparison of:	ARSIL	a-iTrust	Relative Figure
Net Profits <sup>18</sup> (S\$'000)	5,489	148,245	3.7%
Purchase Consideration against a-iTrust's Market Capitalisation <sup>19</sup> (S\$'000)	112,421	1,084,176	10.4%

### 6.3 Voluntary Disclosure

The Transaction is in the ordinary course of a-iTrust's business and does not fall under Chapter 10 of the SGX-ST Listing Manual. Notwithstanding that, the Trustee-Manager is voluntarily announcing the Transaction in consonance with Rule 1010 of the SGX-ST Listing Manual as a matter of good corporate governance.

The Trustee-Manager will make further announcement(s) as appropriate when there are material developments with regard to the Transaction.

## 7. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Trustee-Manager at 1 Fusionopolis Place, #10-10, Galaxis, Singapore 138522 for a period of three months commencing from the date of this announcement.

By Order of the Board

Mary Judith de Souza  
Company Secretary  
Ascendas Property Fund Trustee Pte. Ltd.  
(Company Registration No. 200412730D)  
as Trustee-Manager of a-iTrust

23 November 2017

### Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders of a-iTrust may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of a-iTrust is not necessarily indicative of the future performance of a-iTrust.

This release may contain forward-looking statements that involve 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 other developments or companies, shifts in expected levels of property rental income and occupancy rate, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view on future events.

<sup>18</sup> Based on a-iTrust's consolidated financial statements for FY 2016/2017

<sup>19</sup> Based on the expected Purchase Consideration and a-iTrust's market capitalisation as at the date prior to the announcement of the Acquisition