

Proposed acquisition of operating
warehouses at Arshiya FTWZ

23 November 2017

This presentation on the proposed acquisition of the property known as Arshiya Free Trade Warehousing Zone (“FTWZ”) should be read in conjunction with a-iTrust’s announcement, a copy of which is available on www.sgx.com or www.a-iTrust.com.

This presentation 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, property expenses), 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.

All measurements of floor area are defined herein as “Super Built-up Area” or “SBA”, which is the sum of the floor area enclosed within the walls, the area occupied by the walls, and the common areas such as the lobbies, lift shafts, toilets and staircases of that property, and in respect of which rent is payable.

The Indian Rupee and Singapore Dollar are defined herein as “INR/₹” and “SGD/S\$” respectively.

Any discrepancy between individual amounts and total shown in this presentation is due to rounding.

Content

- Introduction
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Arshiya Free Trade Warehousing Zone

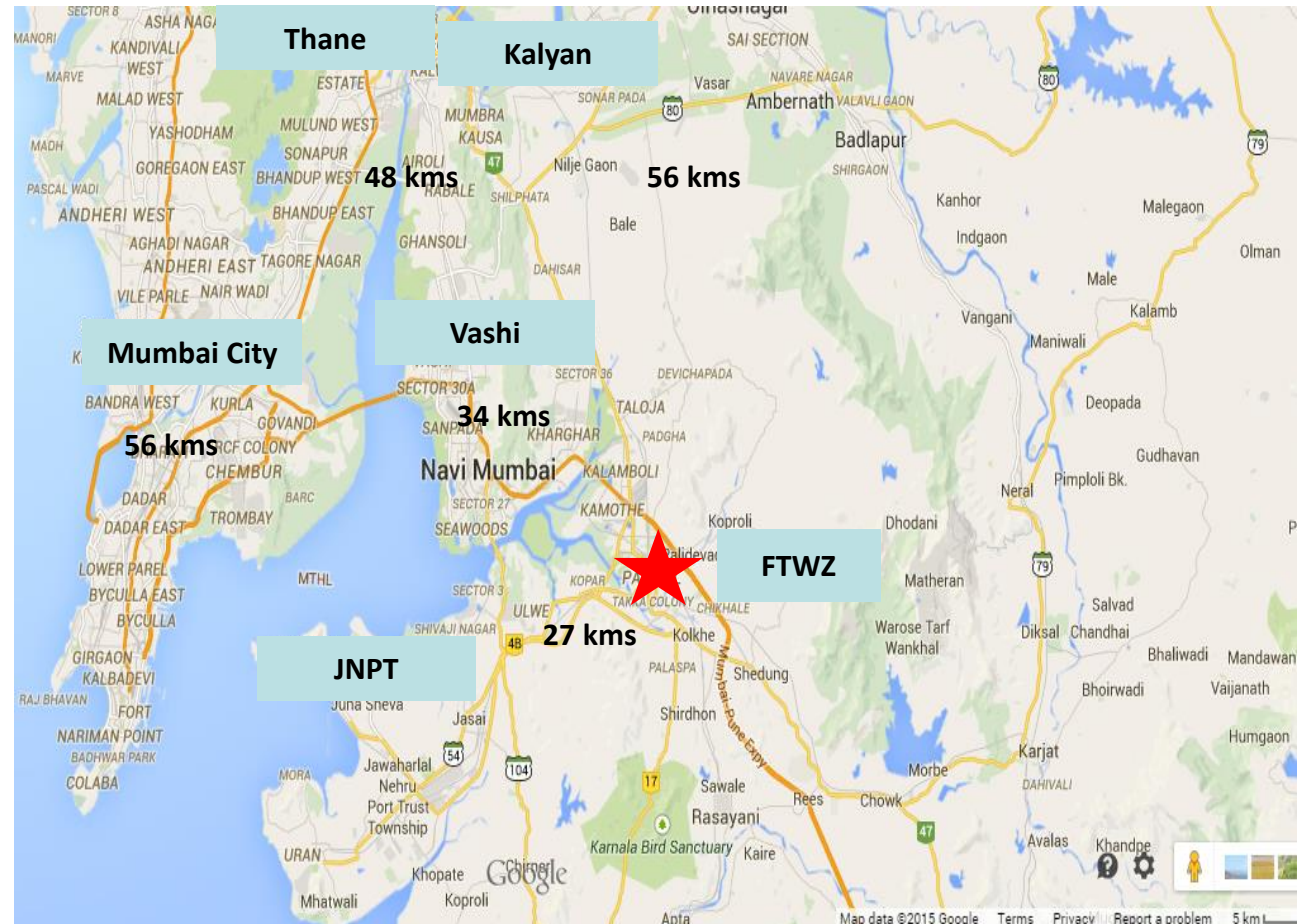
Key statistics

Location	Panvel, Navi Mumbai, India
Land area and title	146 acres of land for the entire FTWZ facility; (24.5 acres occupied by operational warehouses)
Land tenure	Freehold
No. of buildings	6 modern Grade-A warehouses
Total leasable area	832,000 sq ft
Future development potential	Approximately 2.8 million sq ft
Key customers	DHL Logistics, Huawei and Cisco
Services provided	Storage and value added services (includes packing, labelling, and tagging etc.)
Average utilisation rate	Close to full occupancy as at 30 September 2017

Strategic location

Location

- Panvel has emerged as an important warehousing hub.
- Close proximity to Jawaharlal Nehru Port Trust (“JNPT”), which handles ~56% of India’s container traffic.
- Easy access to the prominent markets of Mumbai city, Thane, Kalyan and Vashi.



Note: Map provides indicative location; not drawn to scale

Grade-A specifications

Details

Infrastructure	State of the art technology
Structures	Up to G+6 racked structure
Ceiling height	13 metres from plinth level
Flooring	M35 grade super flat floor
Fire fighting system	Edwards fire detection system, smoke and beam detectors, sprinklers and hydrants
Roads	8-lane entry and exit area for customs checking
Security	24x7 security services with CCTV cameras, guards and dog squads
Others	Cold storage, sewage treatment plant, insulation, diesel generators, and drainage systems

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- Acquisition details
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Acquisition structure

- A subsidiary of a-iTrust will acquire ARSIL¹, the SPV, which will then acquire the long-term leasehold rights of the properties from the Vendor².
- The acquisition is subject to fulfilment of conditions precedent.

Consideration

- **Upfront:** Total consideration of INR 4.34 billion (S\$91.4 million³). Net consideration is INR 4.04 billion (S\$85.1 million³) after deducting security deposit.
- **Deferred:** Up to INR 1.0 billion (S\$21.1 million³) of consideration to be paid over the next four years, subject to achievement of performance milestones.

Master lease structure

- After completing the acquisition, ARSIL shall enter into an operating lease arrangement with ALL⁴ to lease back the warehouses to ALL for a period of six years.

1. Arshiya Rail Siding and Infrastructure Limited.
2. Arshiya Limited.
3. Based on exchange rate of S\$1 to INR 47.5.
4. Arshiya Lifestyle Limited, a wholly owned subsidiary of Arshiya Limited.

Forward purchase agreement

- The Transaction also covers the construction funding and forward purchase of future warehouses (estimated future development potential of at least 2.8 million sq ft) to be developed in the FTWZ by the Vendors.
- a-iTrust has the right to co-finance the construction of the future warehouses.
- a-iTrust has the exclusive right (and in certain cases, the obligation) to acquire all future warehouses.
- The acquisition is based on a pre-agreed cap rate framework and is subject to due diligence and completion of conditions precedents.

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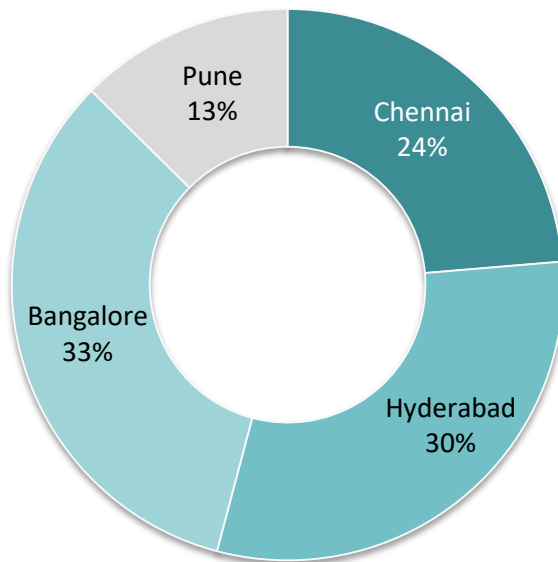
- Transaction rationale



Portfolio Diversification & Growth

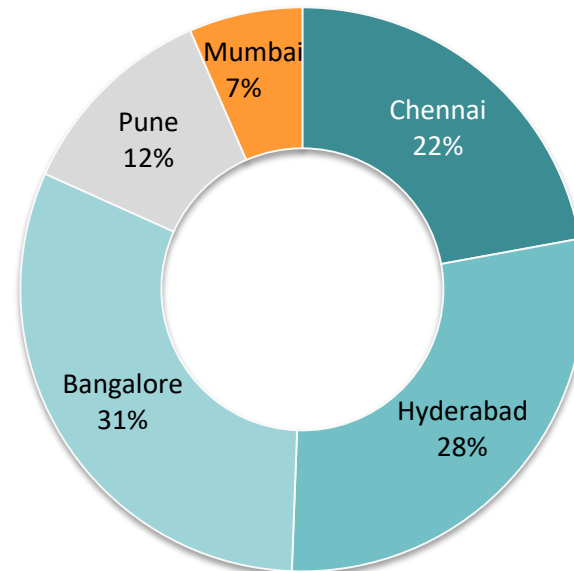
Current Portfolio (by floor area)

11.9 million sq ft



Enlarged Portfolio (by floor area)

12.8 million sq ft



Entry into fast-growing logistics sector

Diversification into warehousing space

- The transaction allows a-iTrust to enter the fast-growing modern warehousing real estate space.
- Demand for modern warehouses is forecast to grow annually at 20-25% over the next five years⁵.

Scalable and high-quality portfolio

- The transaction provides a-iTrust immediate access to a sizeable portfolio of high quality modern warehouses, as well as scalability through the forward purchase agreement.

Unique value proposition of FTWZ

- The Arshiya FTWZ is one of the very few institutional grade FTWZs operating in India.
- FTWZs are deemed foreign territories which offer duty deferment and tax exemptions.

5. Source: KPMG study

Expected accretive acquisition

Pro forma FY16/17 net profits⁶

The FY16/17 pro forma net profit attributable to the acquisition is approximately S\$5.5 million.

Pro forma NAV as at 31 March 2017⁶

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

Pro forma FY16/17 DPU⁶

	Before the acquisition	After the acquisition
DPU ⁷ (S\$ cents)	5.69	5.89

6. The pro forma financial effects of the acquisition presented are strictly for illustration purposes only, and do not reflect the actual financial position of a-iTrust following the completion of the acquisition. Calculations assume that the transaction had been funded using 40% debt and 60% equity

7. Post retaining 10% of income available for distribution

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- Appendix



Comparison of different warehouse categories

	Services						Benefits		Indicative warehousing charge (INR/sq ft/month)
	Transport to and from port	Customs clearance	Container storage	Stuffing and de-stuffing	Value added services	Warehousing	Duty deferment	Service tax benefits	
FTWZ Warehouse	✓	✓	✓	✓	✓	✓	✓	✓	50 - 70
CFS/ICD Warehouse ¹	✓	✓	✓						30 – 35
Customs Bonded Warehouse	✓	✓		✓		✓	✓		30 – 35
Modern Warehouse					✓	✓			20 – 25
Conventional Warehouse						✓			10 - 15

Source: PWC & Ascendas-Singbridge research

1. Refers to Container Freight Station and Inland Container Depot respectively.

Comparison between Customs bonded warehouses and FTWZ

Benefits	Customs bonded warehouse	FTWZ
Period for which goods are allowed to be stored without payment of duty	90 days	2 years
Permissibility of ancillary activities such as packing and repacking of goods stored	Low	High
Upfront service tax exemption on services used for authorised operations	X	✓
Exemption from customs duty on import of goods for re-export	X	✓
Exemption from payment of stamp duty on import of goods for re-export	X	✓
Compliance burden and administrative costs	High	Low

Source: PWC

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