



## PROPOSED ACQUISITION OF AVANCE 5 & 6 AT AVANCE BUSINESS HUB, HYDERABAD

### 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**", wishes to announce that:

- (a) its wholly owned subsidiaries, Ascendas Property Fund (FDI) Pte Ltd ("**APFF**"), Deccan Real Ventures Private Limited ("**DRVPL**") and Avance Atlas Infratech Private Limited ("**AAIPL**"), have today entered into a subscription agreement (the "**Subscription Agreement**") with Phoenix Infocity Private Limited ("**PIPL**"), referred to as "**Developer**", to subscribe to non-convertible debentures ("**NCDs**") issued by Developer; and
- (b) its wholly owned subsidiaries, Ascendas IT Park (Chennai) Limited ("**AITPL**") and Information Technology Park Limited ("**ITPL**") have today entered into a loan agreement (the "**Loan Agreement**") with the Developer and its shareholders, Phoenix Infratech (India) Private Limited ("**PIIPL**") and Phoenix Urban Infrastructure Private Limited ("**PUIPL**"), to provide Inter Corporate Deposits ("**ICDs**") to repay the Developer's existing loans;
- (c) DRVPL, a wholly owned subsidiary of a-iTrust, has today entered into a conditional share purchase agreement (the "**SPA**") with PIPL and PUIPL, the existing shareholders of Developer, to acquire a 100% interest in the Developer (the "**Acquisition**").

The Developer is a master developer of aVance Business Hub ("**Project**"), an approved information technology ("**IT**")/information technology enabled services ("**ITES**") Special Economic Zone ("**SEZ**"). The Project is being developed on 25.68 acres of land and consists of 10 buildings with a total leasable area of 4.6 million square feet, of which nine buildings of 3.4 million square feet have been completed and leased to leading IT companies such as HCL, Cognizant, IBM and Amazon. To date, a-iTrust has acquired four buildings in the Project totalling 1.5 million square feet, and has entered into a forward purchase arrangement for the acquisition of aVance 5 & 6.

aVance 6 (0.64 million square feet) is completed and 98.0% leased to Amazon. aVance 5 (1.16 million square feet) is under construction and should be ready by the second half of 2019. Both buildings will be acquired together by paying a top-up consideration which is based on the leasing level at the time of acquisition.

Further, a-iTrust has also entered into an arrangement with the Developer to acquire an additional five buildings in aVance Business Hub 2, another SEZ adjacent to the Project. These five buildings will be acquired individually when completed, subject to required leasing levels being met amongst other conditions.

## **2. DETAILS OF THE TRANSACTION**

### **2.1 Construction Funding for aVance 5 & 6**

Pursuant to the Subscription Agreement, APFF, DRVPL and AAIPL, will be subscribing to NCDs to be issued by the Developer, based on the properties' construction funding requirements (the "**Subscription**").

The Subscription is subject to, and conditional upon, the satisfaction of certain conditions precedent that include the following:

- Developer having entered into all necessary agreements and obtained approvals in relation to the creation of security for the Subscription; and
- Developer having performed necessary amendments to its charter documents to enable the Subscription.

The key terms of the NCDs are as follows:

- a tenure of 30 years from the date of issue
- interest servicing on a quarterly basis;
- the NCDs are secured by a charge over the Property, land and pledge of shares;
- the NCDs shall be automatically redeemed in the event that the SPA is terminated
- the NCDs are backed by a corporate guarantee from PI IPL for interest and principal

Pursuant to the Loan Agreement, AITPL and ITPL will also provide additional ICDs for the redemption of the Developer's loans related to the construction of aVance 5 & 6.

Taken together, a-iTrust will provide construction funding amounting to INR 8,874 million/SGD 177.3 million<sup>1</sup> to the Developer.

### **2.2 Acquisition of aVance 5 & 6**

Pursuant to the terms of the SPA, a-iTrust, through DRVPL, shall purchase 100% of the shares in the Developer when the properties achieve a specified leasing threshold, based on a purchase price to be determined in accordance with an agreed formula ("**Formula**"), which takes into account the agreed capitalisation rates, rental, and leasing level. a-iTrust can call for NCD redemptions if the completion date is delayed beyond March 2020. The purchase price computed based on the Formula, is currently not expected to exceed INR 13,500 million/SGD 270 million<sup>2</sup>. An independent valuation will be conducted and announced after the Acquisition.

The Acquisition is subject to certain conditions precedent, which include the following:

- building completion and obtaining building completion certificate within defined timelines; and
- satisfactory completion of the final due diligence.

---

<sup>1</sup> Based on an exchange rate of S\$1 to INR 50.04

### 2.3 Acquisition of Five Future Buildings

Acquisition of the Developer's future buildings may involve a-iTrust subscribing to debentures and purchasing the shares of each of the Vendor's future buildings' holding entity.

## 3. RATIONALE FOR THE ACQUISITION

The Trustee-Manager believes that the Subscription and the Acquisition will bring the following benefits to unitholders of a-iTrust ("**Unitholders**"):

### 3.1 Established Location

HITEC city is an established IT cluster occupied by leading IT/ITES companies such as TCS, Capgemini, Cognizant and IBM.

### 3.2 Reduced Execution and Leasing Risks

Construction of aVance 6 has been completed and basement construction work for aVance 5 is in progress. aVance 6 is 98% leased to Amazon.

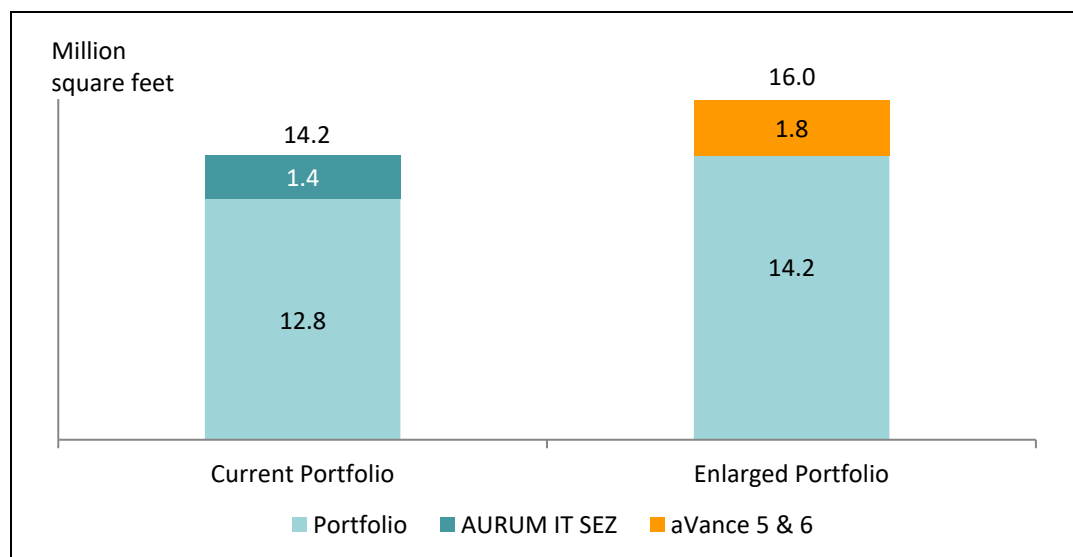
### 3.3 Robust micro-market trends

This Acquisition will enable a-iTrust to increase its presence in Hyderabad, which is currently witnessing robust rental growth arising from healthy demand from global IT companies. HITEC City and Gachibowli are key micro-markets accounting for the majority of office leasing transactions in Hyderabad. The rents in the micro-markets are expected to be on the uptrend till 2022. Vacancies are expected to be 5% till 2019.

### 3.4 The Acquisition Fits the Trustee-Manager's Investment Strategy

The Subscription and the Acquisition fit the Trustee-Manager's principal investment strategy to invest in quality income-producing assets which are primarily used for business space.

As a result of the Acquisition of the Property, a-iTrust's current portfolio<sup>2</sup> will grow by 13% from 14.2 million square feet to 16.0 million square feet.



<sup>2</sup> Includes the proposed acquisition of two buildings in AURUM IT SEZ as announced on 14 May 2018.

### 3.5 Improved Earnings and Distributions for Unitholders

The Trustee-Manager believes that the Subscription and the Acquisition will improve the earnings and distributions for Unitholders. From the date of Subscription up to the date of Acquisition, a-iTrust will receive a coupon on the NCDs that is higher than its borrowing costs.

## 4. METHOD OF FINANCING AND FINANCIAL EFFECTS

### 4.1 Method of Financing

The Trustee-Manager intends to finance part of the Subscription using existing cash resources in India and additional borrowings. 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<sup>3</sup>. They have been prepared based on the latest audited financial statements of a-iTrust for the financial year ended 31 March 2018 (“FY 2017/2018”).

#### 4.2.2 Pro Forma Net Profits

The FY 2017/2018 pro forma net profit attributable to the Acquisition is approximately SGD 17.25 million<sup>4</sup> assuming income generated from the Properties on a stabilised basis.

#### 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 in a-iTrust (“Unit”) as at 31 March 2018.

	Before the Acquisition	After the Acquisition
NAV per Unit (SGD)	0.91 <sup>5</sup>	0.92

<sup>3</sup> Assuming the transaction had been funded using 40% debt and 60% equity.

<sup>4</sup> Estimate based on the assumed revenue derived from the Property, net of operating, financing and trust expenses and withholding taxes.

<sup>5</sup> Includes the proposed acquisition of two buildings in AURUM IT SEZ as announced on 14 May 2018.

#### 4.2.4 Pro Forma Distribution per Unit<sup>6</sup> (“DPU”)

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table below sets out the pro forma financial effects of the Acquisition on a-iTrust’s DPU for FY 2017/2018, as if a-iTrust had completed the Acquisition on 1 April 2017 and held the interest in the Property through to 31 March 2018.

	Before the Acquisition	After the Acquisition
DPU <sup>7</sup> (SGD cents)	6.21 <sup>8</sup>	6.28

### 5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

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. Save as disclosed above and based on information available to the Trustee-Manager as at the date of this announcement, none of the Directors or the Substantial Unitholders<sup>9</sup> have an interest, direct or indirect, in the Subscription and the Acquisition.

### 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 Subscription and the Acquisition or any other transactions contemplated in relation to the Subscription and the Acquisition.

#### 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;
- (ii) the aggregate value of the consideration given, compared with a-iTrust’s market capitalisation; and

Based on a-iTrust’s consolidated financial statements for FY 2017/18, the relative figure for the basis of comparison set out in sub-paragraph (i) above in relation to the same period is not applicable as there are currently no profits attributable to the Property.

<sup>6</sup> Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the distribution per Unit is disclosed instead as it is a more appropriate measure for a real estate investment trust.

<sup>7</sup> Post retaining 10% of income available for distribution.

<sup>8</sup> Includes the proposed acquisition of two buildings in AURUM IT SEZ as announced on 14 May 2018.

<sup>9</sup> “Substantial Unitholders” refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the expected purchase consideration and a-iTrust's market capitalisation as at the date prior to the announcement of the Subscription and the Acquisition, the relative figure for the basis of comparison set out in sub-paragraph (ii) above is approximately 22.0%.

### **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.

## **7. DOCUMENTS FOR INSPECTION**

A copy of the Subscription Agreement and 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 J. de Souza  
Company Secretary  
21 May 2018

### **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.