



Securities Investors Association (Singapore)

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Issuer: Ascendas Property Fund Trustee Pte. Ltd.

Security: Ascendas India Trust

Meeting details:

Date: 27 June 2018

Time: 2.30 p.m.

Venue: M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Rd, Singapore 079908

Company Description

Ascendas India Trust (“a-iTrust” or the “Trust”) was listed in August 2007 as the first Indian property trust in Asia. Its principal objective is to own income-producing real estate used primarily as business space in India. a-iTrust may also develop and acquire land or uncompleted developments primarily to be used as business space, with the objective of holding the properties upon completion. The portfolio comprises seven world-class IT business parks in India, namely the International Tech Park Bangalore, International Tech Park Chennai and CyberVale in Chennai, CyberPearl, The V and aVance Business Hub in Hyderabad, and BlueRidge 2 in Pune and Arshiya warehouses near Mumbai. a-iTrust is structured as a business trust, offering stable income distributions similar to a Real Estate Investment Trust. The Trust focuses on enhancing shareholder value by actively managing existing properties, developing vacant land in its portfolio, and acquiring new properties. a-iTrust is managed by Ascendas Property Fund Trustee Pte. Ltd., a subsidiary of Ascendas-Singbridge Group.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=CY6U)

1. In the financial year ended 31 March 2018, the trust's portfolio grew to 12.8 million square feet, from 11.1 million square feet a year ago. The portfolio's total development potential also increased significantly from 3.0 million square feet to 5.4 million square feet.

The group's acquisition strategy is explained in detail on page 29 of the annual report.

- (i) **Sponsor pipeline: Would the trust update unitholders on the status of the Right of First Refusal (ROFR) properties?** For instance, one of the ROFR properties from the sponsor's pipeline is the International Tech Park Pune, an IT SEZ in Pune, with 1.9 million sq ft of completed space and land with development potential of 0.4 million sq ft. **Has the trust been actively evaluating the ROFR properties?**
- (ii) **How does the trustee-manager decide on the timing of the acquisition of the ROFR properties?**
- (iii) **In addition, how does the trust source for third-party properties, especially in cities where the trust have yet to establish a foothold (such as the National Capital Region, and Mumbai before the acquisition of the Arshiya warehouses)?**
- (iv) **Redevelopment of The V: As disclosed in the annual report, Phase One of the redevelopment entails the demolition of Auditorium and Auriga buildings to build a new 1.2 million square feet building. When would the trust begin the Phase One redevelopment of The V? How long would Phase One take? What is the expected impact, if any, on the trust's net property income and distribution per unit during the redevelopment period?**

2. Under the trust's funding strategy, it is stated that, as at 31st March 2018, 65% of the trust's borrowings were denominated in Indian Rupee with the remaining 35% in Singapore Dollar. The percentage of borrowings denominated in Singapore Dollar increased from 27% a year ago.

- (i) **As it is the trust's policy is to hedge at least 50% of its borrowings to Indian Rupee, is the trustee-manager likely to increase the Singapore Dollar exposure in the near term to a level nearer to the 50% limit?**
- (ii) **What is the level of oversight provided by the board and by the Audit and Risk committee on the group's capital management framework and activities, including currency risks and hedging policies?**

In addition, while the trust's overall weighted average cost of debt was 6.3% as at 31st March 2018, the weighted average interest cost of Singapore Dollar and Indian Rupee borrowings were 3.0% and 8.1% respectively as at 31st March 2018.

- (iii) **Can the trustee-manager help unitholders understand how costly it is to hedge the Singapore Dollar borrowings to the Indian Rupee?**

3. On 5 February 2018, the trust announced the proposed private placement of at least 73,029,000 new units at an issue price of between S\$1.027 and S\$1.083 per New Unit.

As noted in the announcement, the rationale for the proposed private placement was to strengthen the trust's balance sheet and to potentially increase the trading liquidity of units.

- (i) Would the trustee-manager/board help unitholders understand if there are certain internal targets for the trading liquidity of the units in the trust?**
- (ii) As the trust is positioned to participate in the long term growth of India, why would the trading liquidity be an important consideration for the trust/trustee-manager?**

More importantly, the final issuance of 97,371,000 New Units at an issue price of S\$1.027 per New Unit was at the low end of the indication range and represented a discount of 9.0% to the volume weighted average price of S\$1.1285 per Unit for all trades in the Units done on the SGX-ST for the Market Day on 5 February 2018.

- (iii) Would the board help unitholders understand why it chose to carry out a private placement at a discount to the volume weighted average price instead of a renounceable rights issue so that unitholders are given the opportunity to participate in the fund raising?**