Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

BT: Ascendas India Trust
(Trustee-manager: Ascendas Property Fund Trustee Pte. Ltd.)

Stock code: CY6U

Meeting details:
Date: 14 April 2022
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The CEO stated the following in the annual report:

Our strategic focus is to expand our business parks portfolio to attractive micro-markets and to accelerate our diversification in new economy asset classes to strengthen portfolio resilience. We continue to forge enduring relationship with our tenants, providing them with customised real estate solutions....

(i) **Can the trustee-manager elaborate further on how it identifies attractive micro-markets? Will this lead to significant concentration risks for the trust in the micro-markets?**

(ii) **Does the trustee-manager see evidence of firms shrinking their footprint of their offices as a result of the pandemic (i.e. work-from-home arrangement)?**

(iii) **Is the trust seeing an increase in demand for flexible office space? If so, how is the trust adapting to this new trend?**

It is also noted that "*about 11% of the park population has returned by end of December 2021*" (page 7 – Chairman's message). The trust's existing overall committed portfolio occupancy declined during the year to 87% mainly due to the decrease in occupancy of ITPC and CyberVale (page 11 – In conversation with CEO; page 52 – Operational review).

The decrease in occupancy is partly attributable to non-renewals planned by some tenants before the COVID-19 pandemic started, as well as some terminations due to the impact of COVID-19 on businesses.

At the portfolio level, the occupancy of the trust has declined in the past 3 years. The committed occupancy, as at 31 December, is as follows:
2019: 99%
2020: 94%
2021: 87%

In addition, approximately 23% of leases will expire in 2022, with the majority of the expiring leases concentrated in Hyderabad, Bangalore and Chennai.

(iv) **Would the trustee-manager help unitholders understand the current sentiment on the ground given the latest Omicron outbreak? Does the low park population (of just 11%) impair the trust's ability to negotiate during lease renewal?**

(v) **What is the strategy of the trustee-manager to stabilise the portfolio/income in view of the strong headwinds?**

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(vi) **In particular, can the trustee-manager update unitholders on its plans for ITPC and Building Q1 in Aurum Q Parc?** The committed occupancy rates as at 31 December 2021 were 65% and 54% respectively.

Q2. In 2018, the trust acquired its first logistics asset against the backdrop of the e-commerce boom, GST implementation and the "Make in India" campaign. In this financial year, the trust made its foray into the industrial asset class through a proposed acquisition of an Industrial Facility at Mahindra World City, Chennai via a forward purchase. In October 2021, it completed the acquisition of the site for the development of a data centre campus in Navi Mumbai, India, its first foray into data centres. The trustee-manager believes that data centre is an attractive, scalable and resilient new economy asset class.

Currently, the trust holds 7 IT parks, 1 logistics park and 1 data centre development spread across 5 key Indian cities.

(i) **What is the board's long-term capital allocation target for logistics, industrial and data centre asset classes?**

(ii) **Would the projected returns from the logistics, industrial and data centres assets be similar to the returns from IT parks?**

(iii) **What is the experience and track-record of the trustee-manager in managing and creating value from logistics, industrial and data centre assets?**

Q3. Despite the lower operational performance, the trust's portfolio valuation increased by 17.9% and 18.4% in Rupees and SGD terms respectively. The individual valuation and the cap rate can be seen in the FY2021 results presentation (reproduced below).

Properties	31 December 2021[1]		31 December 2020[2]		Variance
	Valuation (INR million)	Cap Rate (%)	Valuation (INR million)	Cap Rate (%)	
International Tech Park Bangalore	44,489	Office: 8.50 Retail: 9.00	40,892	Office: 8.75 Retail: 9.75	8.8%
International Tech Park Chennai	20,430	8.50	21,127	8.75	-3.3%
CyberVale, Chennai	4,240	8.50	4,052	8.75	4.6%
aVance Hyderabad	16,718	8.50	10,650	8.75	57.0%
CyberPearl, Hyderabad	3,701	8.50	3,279	8.75	12.9%
International Tech Park Hyderabad	22,309	8.50	18,544	8.75	20.3%
aVance Pune	10,148	8.50	9,490	8.75	6.9%
Arshiya Panvel warehouses, Mumbai	7,319	8.25	6,150	8.75	19.0%
Building Q1, Aurum Q Parc, Mumbai	3,989	8.50	-	-	N.A.
CapitaLand DC Navi Mumbai 1, Mumbai	1,315	N.A.	-	-	N.A.
Portfolio (in INR mil)	134,658	-	114,183	-	17.9%
Portfolio (in SGD mil)	2,444[3]	-	2,064[4]	-	18.4%
Portfolio (in INR mil) – exc. 2021 acquisition[5]	123,714	-	114,183	-	8.3%
Portfolio (in SGD mil) – exc. 2021 acquisition[5]	2,245[3]	-	2,064[4]	-	8.8%

1. The independent market valuations for 31 December 2021 was conducted by CBRE South Asia Pvt. Ltd..
2. The independent market valuations for 31 December 2020 was conducted by Savills Property Services (India) Pvt. Ltd..
3. Based on the exchange rate of S$1 : INR 55.1.
4. Based on the exchange rate of S$1 : INR 55.3.
5. Properties excluded are aVance 6 in aVance Hyderabad; Building Q1, Aurum Q Parc; and CapitaLand DC Navi Mumbai 1.

N.A. – Not applicable

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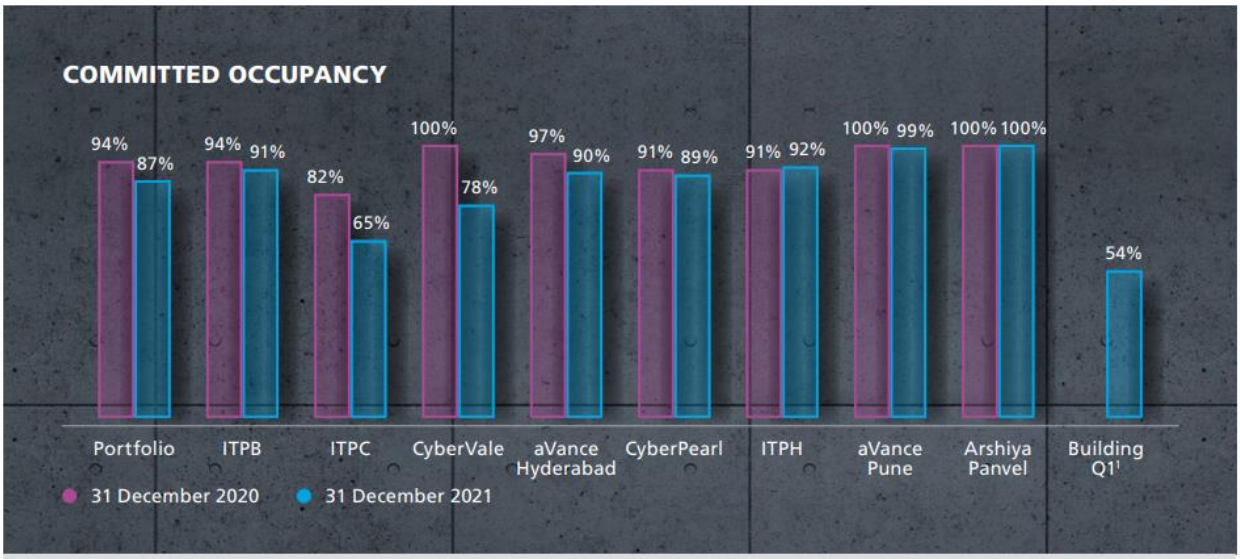
Without considering Building Q1 and CapitaLand DC Navi Mumbai 1, the portfolio would have increased by 13.3% to 129,354 ₹ million.

It is noted that only ITPC saw its valuation decline by 3.3%. aVance Hyderabad, ITPH and Arshiya Panvel saw the greatest increases in valuation of 57.0%, 20.3% and 19.0% respectively.

(i) **Can the board, especially the audit & risk committee (ARC), help unitholders understand how the capitalisation rate was determined? What are the reasons that the capitalisation rate decreased across the board?**

(ii) **Are there any changes in the valuation methodology used by the independent valuers, namely Savills Property Services (India) Pvt. Ltd. in FY2020 and CBRE South Asia Pvt. Ltd in 2021?**

All but two of the trust's assets reported lower committed occupancy rate as at 31 December 2021. CyberVale's occupancy rate dropped from 100% to 78%, ITPC occupancy decreased from 82% to 65% while aVance Hyderabad saw its occupancy rate drop from 97% to 90%.



1 Building Q1 in Aurum Q Parc was acquired in November 2021

(iii) **Is there a divergence between the operational performance and valuation?** Despite the strong headwinds and lower occupancy rates, the trust has revalued up all but one of the properties from FY2020. **Is the trust valuing its assets less conservatively?**

(iv) **In addition, can the trustee-manager elaborate further on its view of the interest rate trends and its approach to managing interest rate risks?** As at 31 December 2021, 75% of the trust's borrowings carry fixed-rate interest.

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)