



# Acquisition of One@Changi City

## Extraordinary General Meeting

### 16 February 2016



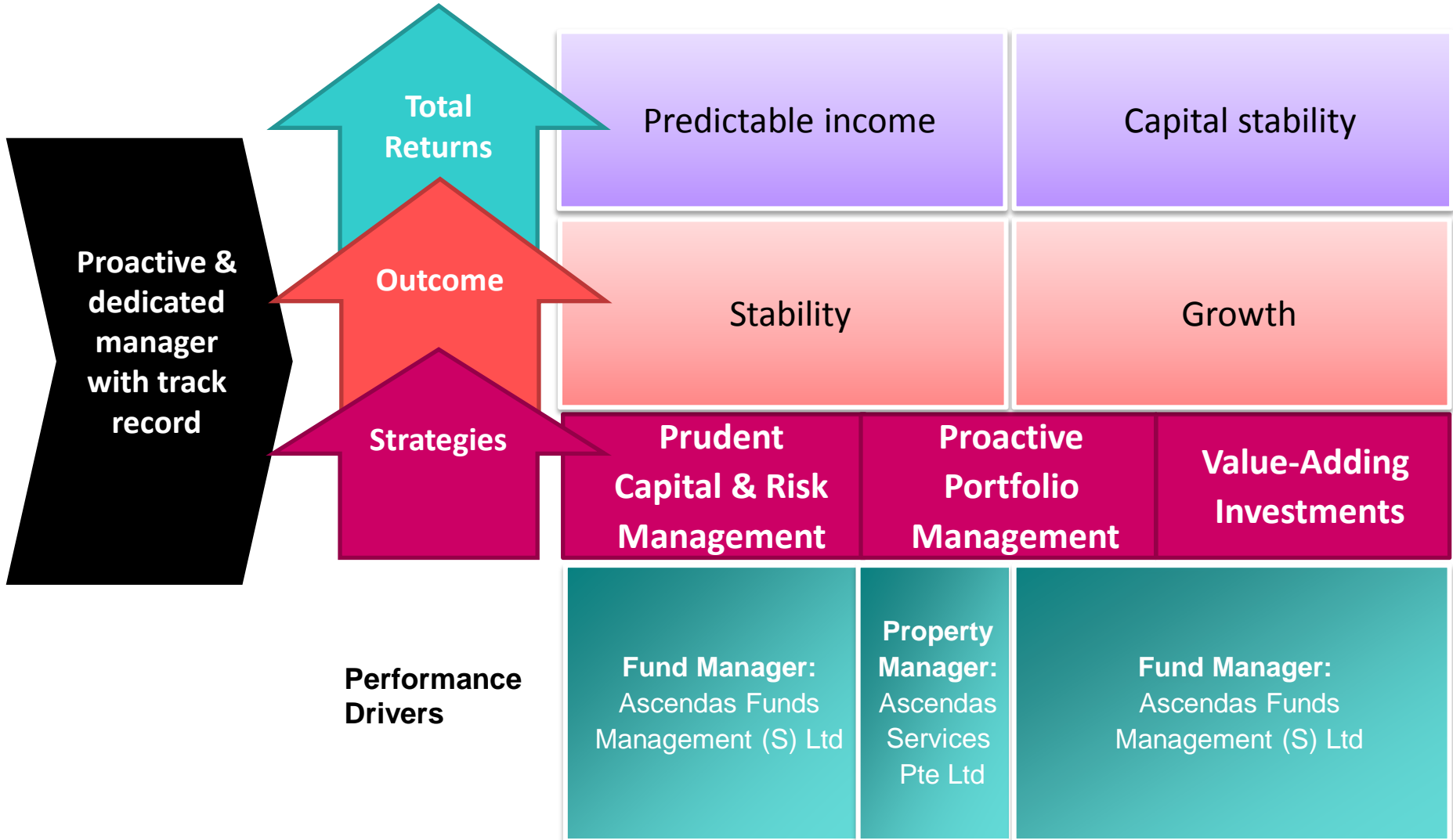
# Disclaimer

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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Manager’s current view of future events.

The value of units in A-REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that unitholders of A-REIT 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-REIT is not necessarily indicative of the future performance of A-REIT.

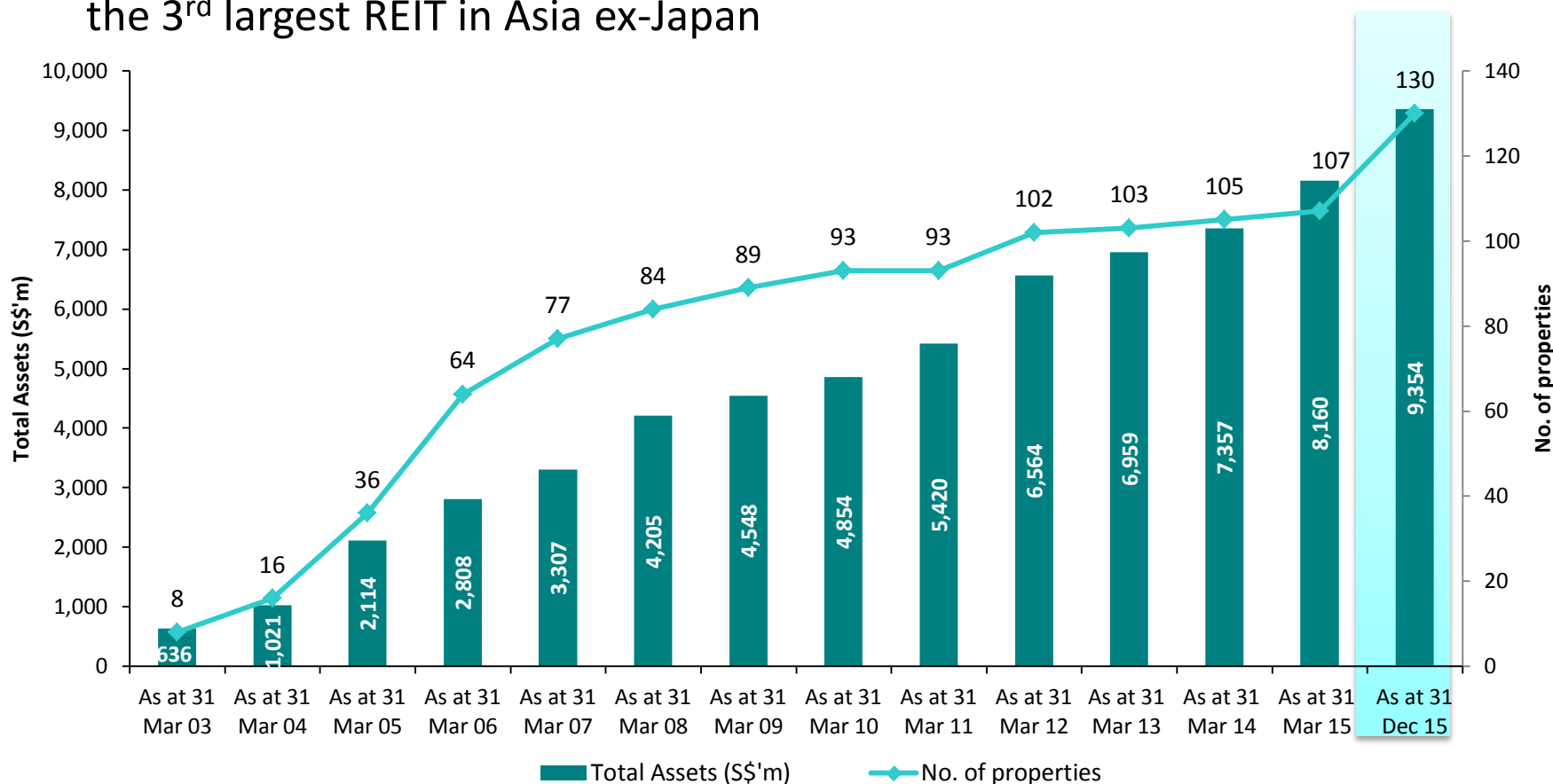
- **Introduction**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**

# A-REIT's Strategies



# A-REIT: Strong market leadership position

- Portfolio grew from 8 properties at IPO in Nov 2002 to **130** properties as at the end of Dec 2015. Total assets increased from \$0.6b to **\$9.4b**
- NAV per unit : S\$0.91 (2003) to S\$2.06 (Dec 2015)
- A-REIT is the largest and most diversified industrial S-REIT in Singapore and the 3<sup>rd</sup> largest REIT in Asia ex-Japan



# Maintain Strong Corporate Governance Culture

- Some of the organisations which have bestowed awards and accolades on A-REIT include:

## Corporate Governance & Investor Relations

- SIAS – Most transparent company (since 2007), corporate governance award (2013 & 2015)
- IR Magazine – Best IR (2013 & 2014)
- Asia Pacific Real Estate Association – Market disclosure, most improved adoption of best practices (2013)
- FinanceAsia – Best Managed Companies, Best Corporate Governance, Most committed to strong dividend policy (2009 & 2010)
- AsiaMoney – Best for responsibilities of Mgt & Board, for disclosure & transparency, IR, Shareholder’s Rights (2012)

## Corporate

- Singapore Corporate Awards – Best Annual Report (2011, 2012 & 2015)
- Brand Finance “Top 100 Singapore Brands” since 2012
- Constituent stock of FTSE-Straits Times Index since Jun 2014
- CEO Tan Ser Ping awarded:
  - SIAS / Brendan Woods TopGun CEO 2012
  - Institutional Investor All Asia Executive Team Best CEO for Property Sector (2013 - sell-side, 2011 - buy-side)

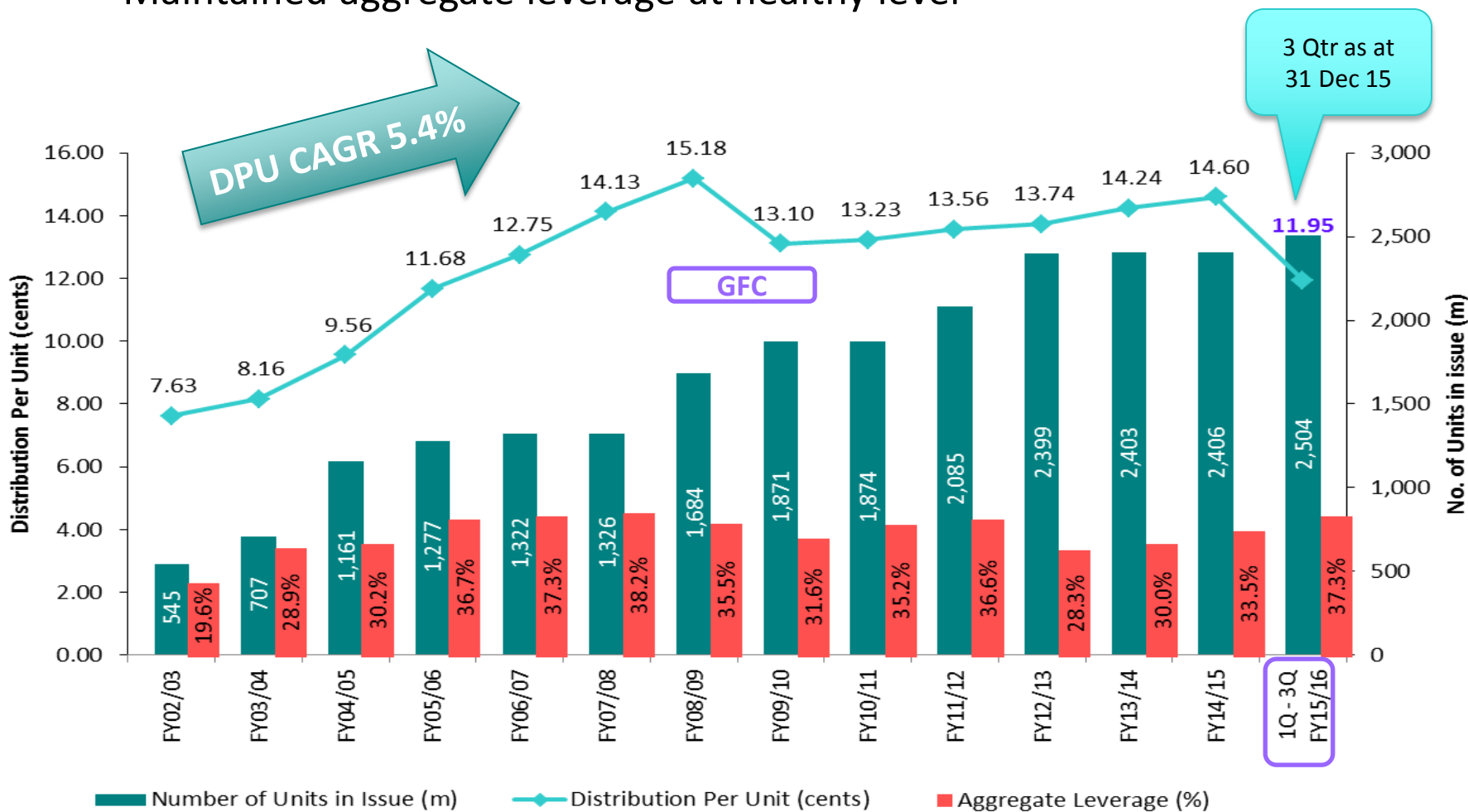
## Environment & Products

- Energy Efficiency National Partnership – Best Practices for chiller upgrading
- Building & Construction Authority – Green Mark Awards, Platinum and Gold awards for various properties
- Frost & Sullivan – Asia Pac Logistics Park Developer of the Year
- International Real Estate Federation (FIABCI) – Development of 1,3&5 Changi Business Park Crescent



# Stable and Sustainable Distributions

- Achieved 5.4% DPU CAGR since IPO despite a ~340% growth in the unit base
- Maintained aggregate leverage at healthy level



- Introduction
- **The Acquisition - *One@Changi City***
- Funding of Acquisition
- Benefits of Proposed Consideration Units
- Impact on A-REIT
- Benefits to Unitholders
- Corporate Actions in FY15/16



# One@Changi City

<b>Purchase Consideration</b>	<b>S\$420.0 million</b>
<b>Acquisition fee to Manager</b>	S\$4.2 million
<b>Stamp Duty and Other transaction costs</b>	Approximately S\$14.7 million (including stamp duty of about S\$12.6 m)
<b>Total Acquisition Cost</b>	<b>S\$438.9 million</b>
<b>Vendor</b>	Ascendas Frasers Pte Ltd
<b>Valuation</b>	<b>S\$437.8 million (ave)</b> <ul style="list-style-type: none"> <li>• S\$436.6 million by DTZ</li> <li>• S\$439.0 million by Knight Frank</li> </ul>
<b>TOP Date</b>	2 Nov 2012
<b>Land Area</b>	46,969 sqm
<b>Land Tenure</b>	<b>53 years remaining</b> (no annual land rent payable)
<b>GFA</b>	71,158 sqm
<b>NLA</b>	63,106 sqm
<b>Occupancy</b>	<b>97.9%</b>



1 Changi Business Park Central 1

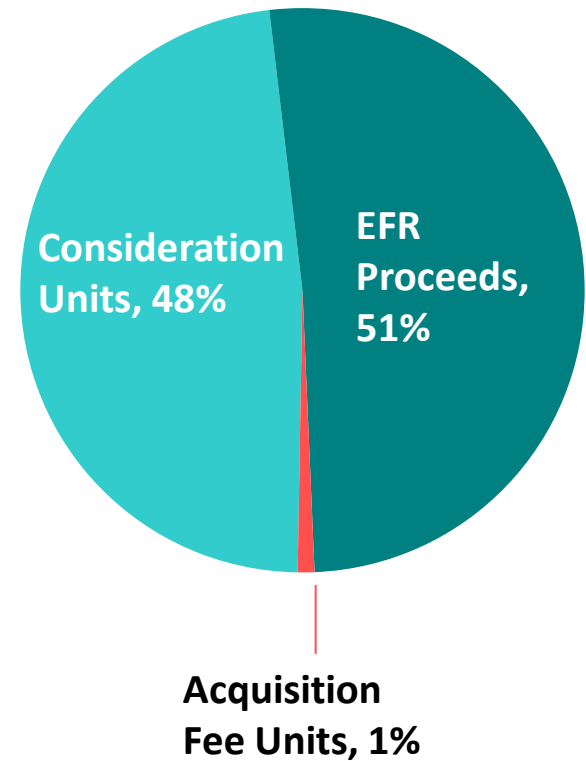
One@Changi City is a 9-storey, high quality multi-tenanted property located in Changi Business Park and next to the Expo MRT station.

The property has been certified Green Mark Gold Plus by the Building & Construction Authority (BCA).

- **Track Record & Strategy**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**

# Funding of Acquisition

- The total acquisition cost of S\$438.9m will be funded by:
  - a) **S\$210.0m through the proposed issuance of Consideration Units at S\$2.223 per Unit to the Vendor’s nominee, Ascendas Land (Singapore) Pte Ltd**
  - b) S\$224.7m from the proceeds of A-REIT’s equity fund raising exercise completed in Jan 2016
  - c) S\$4.2m in the issuance of Acquisition Fee Units



- **Track Record & Strategy**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**

# Benefits of Proposed Consideration Units

- Issue Price was market determined based on EFR and at an **8% premium** to NAV of S\$2.06
  
- Aggregate leverage improves to **36.5%**
  - Headroom for future growth
  - Able to tap on debt funding to react quickly to investment opportunities
  - Maintain Moody's A3 credit rating
  
- Further alignment of interest of Ascendas-Singbridge Group (ASB) and A-REIT and its Unitholders
  - ASB's stake will increase to 20% (from 17.1%)

- **Track Record & Strategy**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**

# Impact & Benefit to A-REIT



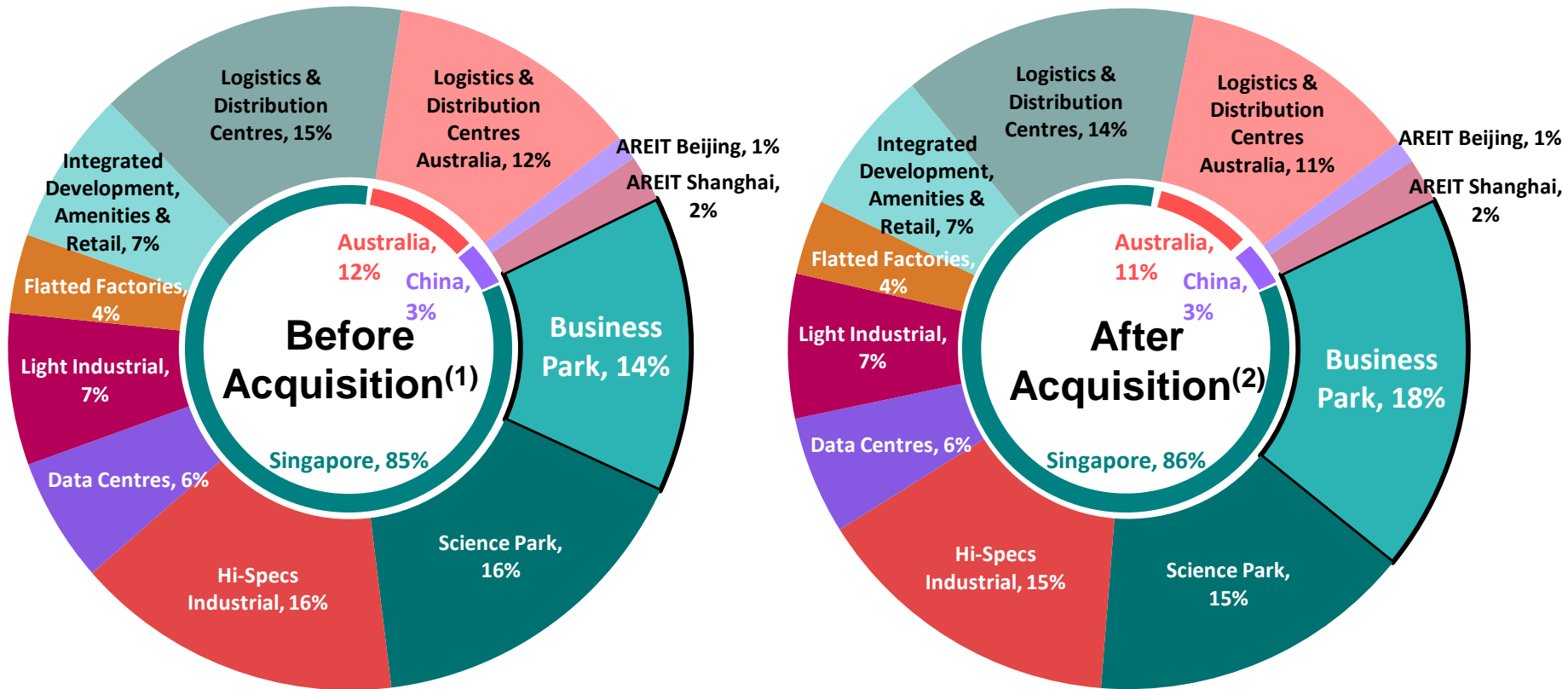
Subject Property

A-REIT properties

- Enhance A-REIT's market leadership position in the Business and Science Park segment
  - A-REIT's 7<sup>th</sup> property within Changi Business Park (CBP)
  - 50% market share in CBP (based on GFA)



# Building on strength of business park portfolio



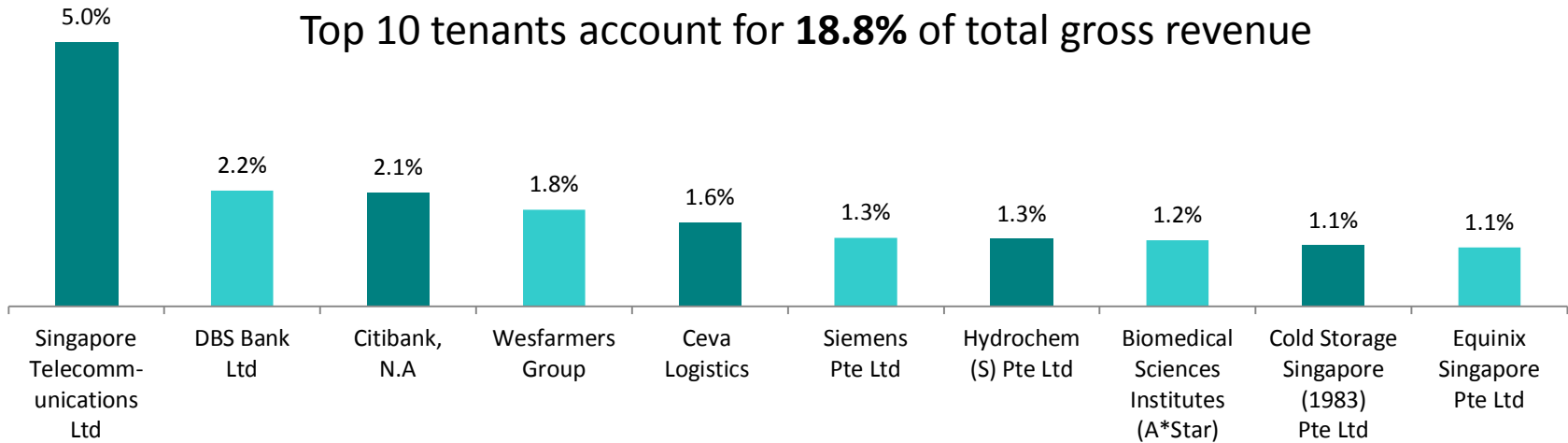
Notes:

- (1) Based on 130 properties as at 31 December 2015.
- (2) Assuming One@Changi City was acquired on 31 December 2015.

# Further diversifying tenant base

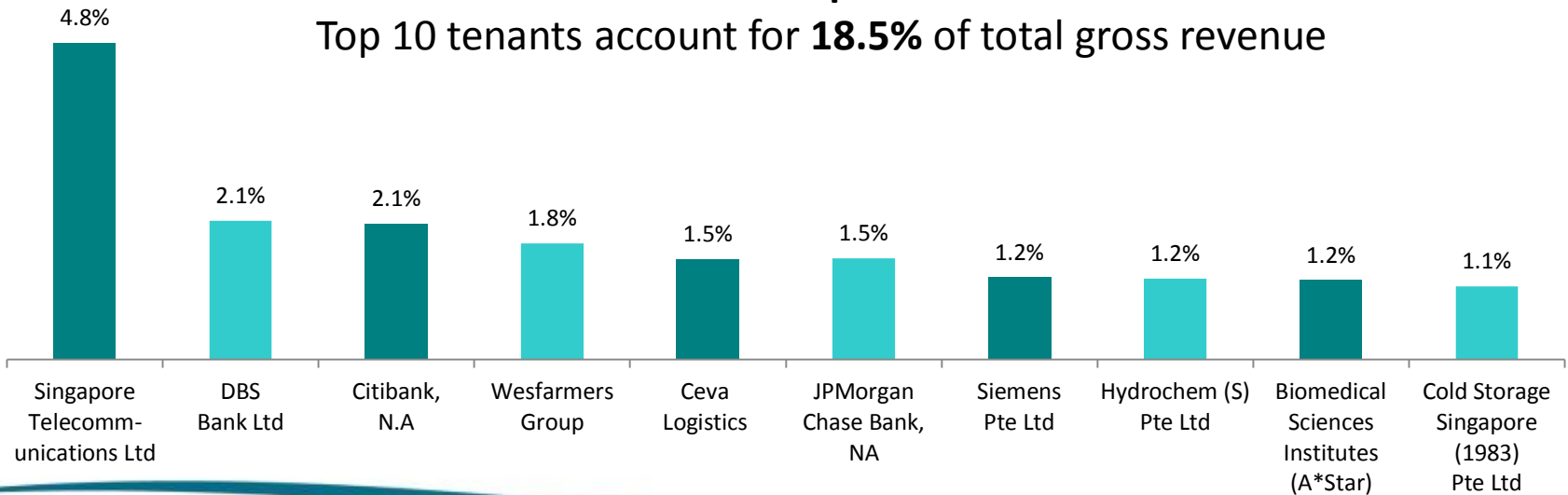
## Before Acquisition:

Top 10 tenants account for **18.8%** of total gross revenue



## After Acquisition

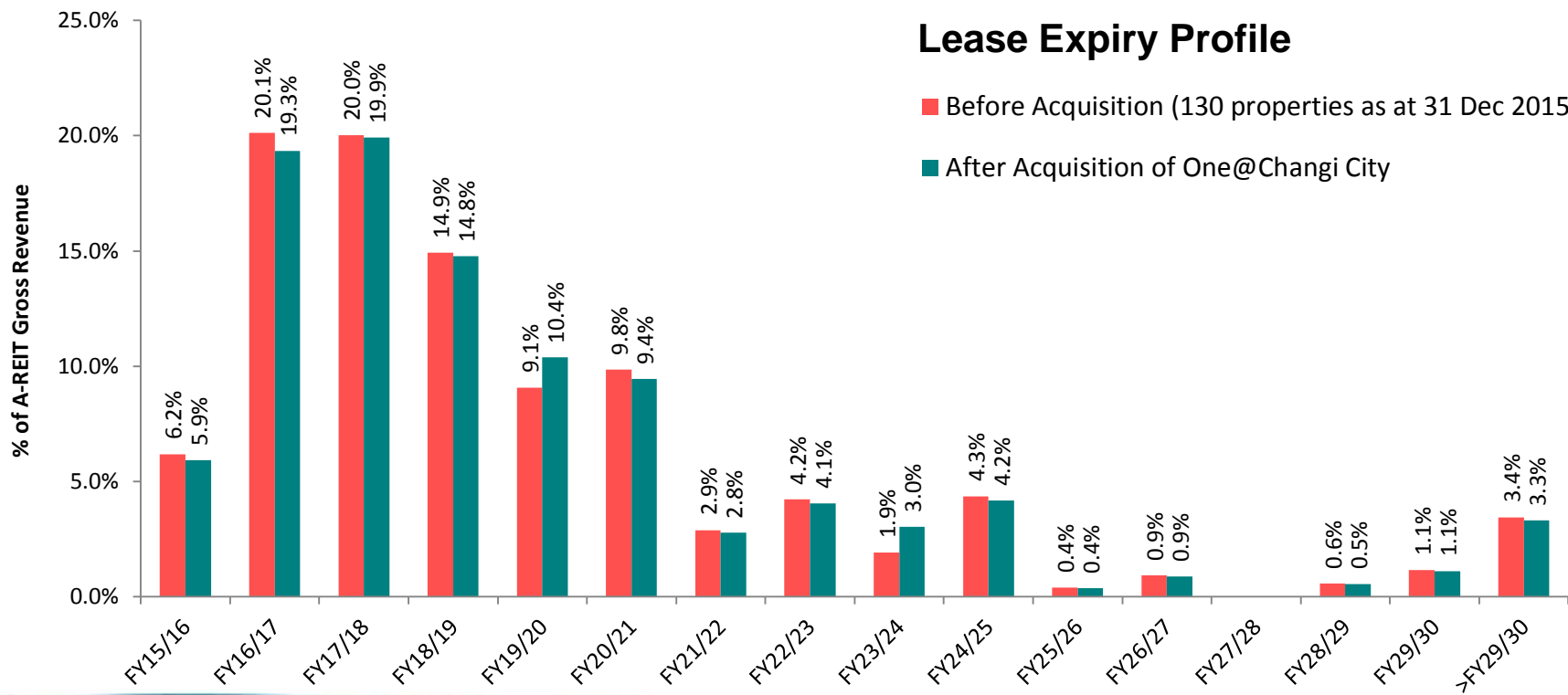
Top 10 tenants account for **18.5%** of total gross revenue



# Weighted Average Lease Expiry and Land Tenure

As at 31 December 2015	Before Acquisition	After Acquisition	
<b>Weighted Average Lease Term to Expiry</b>	<b>3.67 years</b>	<b>3.70 years</b>	↑
<b>Weighted Average Land Lease Tenure*</b>	<b>45.5 years</b>	<b>45.9 years</b>	↑

\* Excludes freehold properties



# Pro Forma Financial Impact

## The Acquisition

## Financial Impact

### DPU Impact

(pro forma annualised impact)

**0.067 cents\***

### Net Property Income Yield – 1<sup>st</sup> Year

(post acquisition cost)

**5.9%**

---

\* Assuming A-REIT had purchased, held and operated the Acquisition for the whole of the financial year ended 31 March 2015 and assuming the Acquisition was funded using 60% equity and 40% debt and that the Manager elects to receive its base fee 80% in cash and 20% in units.

- **Track Record & Strategy**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**

## ■ **Steady returns**

- One@Changi City is expected to achieve net property income yield of 5.9% (post acquisition cost) in the first year
- Good quality customers such as JP Morgan, Credit Suisse
- Longer WALE of 4.58 years (vs 3.67 years currently)

## ■ **Potential upside**

- About 92.0% of the property's net lettable area is approx 14% below current market rent

## ■ **Healthy gearing of 36.5%**

- Moody's A3 rating
- Lower funding cost

- **Track record & Strategy**
- **The Acquisition - *One@Changi City***
- **Funding of Acquisition**
- **Benefits of Proposed Consideration Units**
- **Impact on A-REIT**
- **Benefits to Unitholders**
- **Corporate Actions in FY15/16**



# Corporate Actions in FY15/16

- Announced acquisitions worth about S\$1.5b
  - 26 logistics properties in Australia for A\$1.013b
  - 6 – 20 Clunies Ross Street in Sydney, Australia for A\$76.6m<sup>(1)</sup>
  - One@Changi City for S\$420.0m<sup>(2)</sup>
  
- The above acquisitions were/will be funded via Perpetual securities (S\$300m) and New Unit issuances (S\$555m)

**Taking the series of actions as a whole, pro forma DPU accretion vs FY13/14 is expected to be around 1.2% to 2.6% in the first year through the fifth year assuming all investments were completed on 1 April 2015**

Notes:

- (1) Expected to be completed not later than 31 March 2016.
- (2) Subject to Unitholders' approval

# The End