



A Member of CapitaLand

## ASCOTT RESIDENCE TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 January 2006 (as amended))

### ANNOUNCEMENT

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#### DIVESTMENT OF ASCOTT RAFFLES PLACE SINGAPORE

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#### 1. INTRODUCTION

Ascott Residence Trust Management Limited (the “**Manager**”), as manager of Ascott Residence Trust (“**Ascott REIT**”, and the units in Ascott REIT, “**Units**”), wishes to announce that DBS Trustee Limited, in its capacity as trustee of Ascott REIT (the “**Trustee**”), has today entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with an unrelated third party (the “**Purchaser**”) to divest the whole of Lot 99211W of Town Subdivision 1, known as “Ascott Raffles Place Singapore” at 2 Finlayson Green, Singapore 049247, together with the building(s) erected thereon and the Plant and Equipment (as defined in the Sale and Purchase Agreement) (the “**Property**”, and the divestment of the Property, the “**Sale**”).

The aggregate purchase consideration under the Sale and Purchase Agreement for the Property is S\$353.3 million (the “**Sale Price**”).

#### 2. SALE PRICE

The Sale Price was arrived at after a marketing process conducted by an independent property consultant.

#### 3. PRINCIPAL TERMS OF THE SALE

Pursuant to the Sale and Purchase Agreement, Ascott REIT has agreed to sell the Property to the Purchaser. Completion of the Sale is subject to, among others, there being no material damage or compulsory acquisition of the Property prior to completion of the Sale. The Purchaser has paid an amount equivalent to 15.0% of the Sale Price as deposit and will pay the balance of the Sale Price on completion of the Sale, which is expected to take place on 9 May 2019 (or such other date as the parties may agree).

#### 4. RATIONALE FOR THE SALE

The Sale is in line with Ascott REIT's proactive strategy to reconstitute its portfolio and optimise returns for the benefit of its unitholders ("**Unitholders**"). This transaction will unlock value and enhance Ascott REIT's financial flexibility.

#### 5. VALUATION

The independent valuation of the Property, which is conducted by Colliers International ("**Colliers**"), is S\$215.0 million as at 31 December 2018, using the discounted cash flow method. This valuation was commissioned by the Trustee.

#### 6. USE OF SALE PROCEEDS

The Sale Price of S\$353.3 million is 64.3% above the valuation of the Property as at 31 December 2018. After providing for transaction related expenses such as professional fees, the estimated net gain from the Sale is approximately S\$134.0 million.

Net sale proceeds of the Sale may be used to pare down the debts of Ascott REIT, fund potential acquisitions and/or for other general corporate purposes.

Pending such deployment, the net sale proceeds of the Sale, subject to relevant laws and regulations, may be deposited with banks and/or financial institutions or used for any other purpose on a short-term basis as the Manager may, in its discretion, deem fit.

#### 7. PRO FORMA FINANCIAL EFFECTS OF THE SALE

##### 7.1 Certain Financial Information Relating to the Sale

The pro forma financial effects of the Sale presented below are strictly for illustration purposes only and do not reflect the actual position of Ascott REIT after completion of the Sale.

They have been prepared based on the audited consolidated financial statements of Ascott REIT for the year ended 31 December 2017 ("**FY2017**", and the audited consolidated financial statements of Ascott REIT for FY2017, the "**2017 Audited Consolidated Financial Statements**"), being the latest available full year financial statements of Ascott REIT, and taking into account the Sale Price.

##### 7.2 Pro Forma Financial Effects for FY2017

###### (A) Pro Forma DPU

The table below sets out the pro forma financial effects of the Sale on Ascott REIT's distributions per Unit ("**DPU**") for FY2017, as if the Sale was completed on 1 January 2017.

	FY2017	
	Before the Sale	After the Sale
<b>Distributable Income (S\$'000)</b>	152,188 <sup>(1)</sup>	148,609 <sup>(2)</sup>
<b>Units in issue ('000)</b>	2,149,688 <sup>(3)</sup>	2,149,271 <sup>(2)</sup>
<b>DPU (cents)</b>	7.09 <sup>(1)</sup>	6.92 <sup>(2)</sup>

**Notes:**

- (1) Based on the 2017 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Sale, as if it was completed on 1 January 2017 and assuming that the net sales proceeds were used to repay existing borrowings.
- (3) Number of Units in issue as at 31 December 2017.

**(B) Pro Forma Consolidated NAV**

The table below sets out the pro forma financial effects of the Sale on the consolidated net asset value (“NAV”) as at 31 December 2017, as if the Sale was completed on 31 December 2017.

	As at 31 December 2017	
	Before the Sale	After the Sale
<b>NAV (S\$'000)</b>	2,685,129 <sup>(1)</sup>	2,819,131 <sup>(2)</sup>
<b>Units in issue ('000)</b>	2,149,688 <sup>(3)</sup>	2,149,688
<b>NAV per Unit (\$)</b>	1.25 <sup>(1)</sup>	1.31 <sup>(2)</sup>

**Notes:**

- (1) Based on the 2017 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Sale, as if it was completed on 31 December 2017.
- (3) Number of Units in issue as at 31 December 2017.

**8. OTHER INFORMATION****8.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual**

A proposed disposal by Ascott REIT may fall into any of the categories set out in Rule 1004 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net asset value of the assets to be disposed of, compared with Ascott REIT’s net asset value;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with Ascott REIT’s net profits; and
- (iii) the aggregate value of the consideration given or received, compared with Ascott REIT’s market capitalisation based on the total number of issued Units.

The relative figures for the Sale using the aforesaid bases of comparison are set out in the table below:

Criteria	Ascott REIT (S\$ million)	Sale (S\$ million)	Relative Percentage (%)
The net asset value of the assets to be disposed of, compared with Ascott REIT’s net asset value	2,629.1 <sup>(1)</sup>	215.0 <sup>(2)</sup>	8.2

Criteria	Ascott REIT (S\$ million)	Sale (S\$ million)	Relative Percentage (%)
The net profits attributable to the assets acquired or disposed of, compared with Ascott REIT's net profits	116.4 <sup>(1)</sup>	5.7	4.9
The aggregate value of the consideration given, compared with Ascott REIT's market capitalisation based on the total number of issued Units	2,374.1 <sup>(3)</sup>	353.3 <sup>(4)</sup>	14.9

**Notes:**

- (1) Based on the unaudited consolidated financial statements of Ascott REIT for 30 September 2018.
- (2) Based on the valuation of the Property as at 31 December 2018.
- (3) Based on the market capitalisation of Ascott REIT as at 8 January 2019, the market day prior to the date of the Sale and Purchase Agreement.
- (4) Based on the Sale Price of S\$353.3 million.

## 8.2 Interests of Directors and Controlling Unitholders

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Sale.

## 8.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Sale or any other transactions contemplated in relation to the Sale.

## 9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m.<sup>1</sup> at the registered office of the Manager at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Sale and Purchase Agreement; and
- (ii) the valuation report of the Property issued by Colliers.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Ascott REIT continues to be in existence.

### BY ORDER OF THE BOARD

Ascott Residence Trust Management Limited  
(Registration Number: 200516209Z)  
As manager of Ascott Residence Trust

Karen Chan  
Company Secretary  
9 January 2019

<sup>1</sup> Prior appointment with the Manager is required. Please contact Ms Kang Wei Ling, Investor Relations (telephone: +65 6713 2888).

## **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 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 Manager to redeem their Units while the Units are listed. It is intended that Unitholders 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 Ascott REIT is not necessarily indicative of the future performance of Ascott REIT.

This announcement 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, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.