



ASCOTT RESIDENCE TRUST

A stapled group comprising:

Ascott Real Estate Investment Trust

(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Ascott Business Trust

(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by

Ascott Residence Trust Management Limited
(Company Registration No. 200516209Z)

Managed by

Ascott Business Trust Management Pte. Ltd.
(Company Registration No. 201925299R)

ANNOUNCEMENT

S\$250,000,000 FIXED RATE PERPETUAL SECURITIES ISSUED IN 2015

Ascott Residence Trust Management Limited (the “**Reit Manager**”), as manager of Ascott Real Estate Investment Trust (“**Ascott Reit**”), and Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”), refer to the announcements dated 23 June 2015 and 30 June 2015 relating to the issue of S\$250,000,000 fixed rate perpetual securities (the “**Securities**”) by DBS Trustee Limited (in its capacity as trustee of Ascott Reit) and its offering circular dated 23 June 2015 (the “**Offering Circular**”) issued in connection with the offering of the Securities.

As the Securities are perpetual securities, they have no fixed final redemption date. DBS Trustee Limited, in its capacity as trustee of Ascott Reit, and as issuer of the Securities (the “**Issuer**”) may, at its option, redeem the Securities in whole, but not in part, on 30 June 2020, being the “**First Call Date**”, or on any distribution payment date thereafter. Distributions on the Securities are payable semi-annually in arrear on 30 June and 30 December of each year. Since the issuance of the Securities in 2015, distribution payments on the Securities have been made at each distribution payment date at a distribution rate of 4.68% p.a.. The next distribution payment will be made on 30 June 2020.

The distribution rate applicable to the Securities shall be reset on 30 June 2020 as the Securities would not be redeemed on 30 June 2020. As stated in the Offering Circular, the reset distribution rate in respect of the period from (and including) the First Call Date, (being 30 June 2020) to (but excluding) the next reset date (being 30 June 2025) shall be determined

based on the Swap-Offer Rate¹ plus the Fixed Spread per annum². The Reit Manager and the Issuer will release another announcement when the reset distribution rate is determined and remain committed to paying distributions on the Securities.

As part of active capital management, the Managers seek to diversify the sources of funding to optimise Ascott Residence Trust's ("ART") capital structure. In arriving at the decision to allow the distribution rate for the Securities to be reset and not redeem the Securities on 30 June 2020, the longer term interests of ART and the current macroeconomic environment were taken into account. The following factors were also considered:

- The COVID-19 pandemic has led to softer demand for accommodation, resulting in lower occupancies and room rates across ART's properties. As ART's financial performance is expected to be adversely impacted, the Managers are adopting a prudent stance to preserve cashflow and liquidity.
- Drawing down on debt to redeem the Securities will increase ART's leverage and reduce the debt headroom available for acquisition opportunities during a market recovery. Furthermore, ART's property valuations could come under pressure on the back of the softer operating performance, potentially increasing ART's leverage further.
- Current market conditions are not favourable for the issuance of perpetual securities. The Issuer continues to maintain flexibility with the option to exercise its right to redeem the Securities on any distribution payment date when market conditions normalise.

By Order of the Board

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

(Company Registration No. 200516209Z)

As manager of Ascott Real Estate Investment Trust

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company Registration No. 201925299R)

As trustee-manager of Ascott Business Trust

Karen Chan

Company Secretary

29 May 2020

1 "Swap-Offer Rate" means the rate per annum (expressed as a percentage) notified by the calculation agent to the Issuer equal to the rate appearing under the column headed "Ask" for a maturity of 5 years which appears on the Bloomberg Screen TPIS Page under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the day that is two business days preceding 30 June 2020, provided that, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.

2 The Fixed Spread as disclosed in the Offering Circular is 2.5%.

IMPORTANT NOTICE

The past performance of Ascott Residence Trust (“**ART**”) is not indicative of future performance. The listing of the stapled securities in ART (the “**Stapled Securities**”) on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) does not guarantee a liquid market for the Stapled Securities. The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, Ascott Residence Trust Management Limited as manager of Ascott Real Estate Investment Trust or Ascott Business Trust Management Pte. Ltd. as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”) or any of their respective affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.