



## 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)

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

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

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

### ANNOUNCEMENT

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#### DIVESTMENT OF 100% OWNED SUBSIDIARY IN CHINA

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#### 1. INTRODUCTION

Ascott Residence Trust Management Limited (the “**Reit Manager**”), as manager of Ascott Real Estate Investment Trust and Ascott Business Trust Management Pte Ltd, as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”), wish to announce that Ascott Real Estate Investment Trust (“**Ascott Reit**”) has through its wholly owned subsidiary, Glenwood Properties Pte. Ltd. (the “**Seller**”), entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with an unrelated third party (the “**Purchaser**”) to divest (the “**Sale**”), through the divestment of interests in Shanghai Xinwei Real Estate Development Co. Ltd (the “**Target Company**”), Somerset Xuhui Shanghai (the “**Property**”).

#### 2. SALE PRICE

The sale price (the “**Sale Price**”) under the Sale and Purchase Agreement for the Sale was agreed on a willing buyer willing seller basis taking into account, the agreed aggregate value of the Property of RMB 1,050 million (approximately S\$215.6 million<sup>1</sup>) (“**Property Value**”) adjusted for, among others, the net current asset value of the Target Company as at completion of the Sale (“**Completion**”).

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<sup>1</sup> Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of RMB / SGD = 0.2053

The Property Value of RMB 1,050 million is 171% above the book value of the Property.

### **3. PRINCIPAL TERMS OF THE SALE**

- 3.1 Approximately 3% of the Property Value has been received and another 27% of the Property Value will be received within 10 working days from signing of the Sale and Purchase Agreement, and the balance remaining of the Sale Price will be paid to the Seller upon Completion. The Sale Price will be paid in cash.
- 3.2 The existing management agreement with the manager of the Property, Ascott Property Management (Shanghai) Co. Ltd, a wholly owned subsidiary of The Ascott Limited, a controlling Staped Securityholder of Ascott Residence Trust (“**ART**”), will be terminated and termination compensation will be paid in accordance with the terms of the management agreement.
- 3.3 Completion is expected to take place in the second quarter of 2021 after all the conditions set out in the Sale and Purchase Agreement have been satisfied or waived (as applicable) or such other date as the Seller and the Purchaser may agree in writing.

### **4. RATIONALE FOR THE SALE**

Operational growth prospects and capital appreciation upside of the Property are limited due to the ongoing COVID-19 situation and strict government regulations to cool the property market in China. As such, the Sale presents an opportunity to unlock the underlying value of the Property and re-deploy the proceeds in higher yielding assets to enhance the returns of ART’s portfolio.

### **5. USE OF SALE PROCEEDS**

After providing for transaction related expenses and divestment fees of approximately RMB 5.3 million (approximately S\$1.1 million) to be paid to the Reit Manager, an estimated net gain of approximately RMB 536.6 million<sup>2</sup> (approximately S\$110.2 million) is expected from the Sale.

Net proceeds of approximately RMB 944.6 million (approximately S\$193.9 million) may be used to pare down the debts of ART or fund potential acquisitions and/or other general corporate purposes.

The estimated gain and sale proceeds are subject to movement in exchange rates and adjustment to final accounts.

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<sup>2</sup> Subject to tax finalisation

## 6. PRO FORMA FINANCIAL EFFECTS OF THE SALE

### 6.1 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 ART after Completion.

They have been prepared based on the unaudited consolidated financial statements of ART for the 12 months ended 31 December 2020 (“FY2020”, and the unaudited consolidated financial statements of ART for FY2020, the “2020 Unaudited Consolidated Financial Statements”), and taking into account the Sale Price.

### 6.2 Assumptions

In preparing the pro forma historical distribution per Stapled Security (“DPS”) and net asset value (“NAV”) per Stapled Security for FY2020, the exchange rates between RMB and SGD are assumed as follows:

	Average rate for FY2020	31 December 2020
RMB	0.19932	0.20402

### 6.3 Pro Forma Financial Effects

#### (A) Pro Forma DPS and Distribution Yield

The table below sets out the pro forma financial effects of the Sale on ART’s DPS and distribution yield for FY2020, as if the Sale was completed on 1 January 2020.

	FY2020	
	Before the Sale	After the Sale
Distributable Income (S\$’000)	94,226 <sup>(1)</sup>	91,309 <sup>(2)</sup>
No of Stapled Securities (’000)	3,108,048 <sup>(3)</sup>	3,107,939 <sup>(2)</sup>
DPS (cents)	3.03 <sup>(1)</sup>	2.94 <sup>(2)</sup>
Distribution yield (%)	2.8 <sup>(4)</sup>	2.7 <sup>(4)</sup>

#### Notes:

- (1) Based on the 2020 Unaudited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Sale, as if it was completed on 1 January 2020.
- (3) Number of Stapled Securities in issue as at 31 December 2020.
- (4) Based on the closing Stapled Security price of S\$1.08 on 31 December 2020.

## (B) Pro Forma Consolidated NAV

The table below sets out the pro forma financial effects of the Sale on the consolidated NAV as at 31 December 2020, as if the Sale was completed on 31 December 2020.

	As at 31 December 2020	
	Before the Sale	After the Sale
<b>NAV (S\$'000)</b>	3,567,251 <sup>(1)</sup>	3,676,720 <sup>(2)</sup>
<b>Stapled Securities in issue ('000)</b>	3,108,048 <sup>(3)</sup>	3,108,048 <sup>(3)</sup>
<b>NAV per Stapled Security (S\$)</b>	1.15	1.18

### Notes:

- (1) Based on the 2020 Unaudited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Sale, as if it was completed on 31 December 2020.
- (3) Number of Stapled Securities in issue as at 31 December 2020.

## 7. OTHER INFORMATION

### 7.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

The relative figures for the Sale computed on the applicable bases set out in Rule 1006 are set out in the table below:

Criteria	ART (S\$ million)	Sale (S\$ million)	Relative Percentage (%)
The net asset value of the assets to be disposed of, compared with ART's net asset value	3,567.3 <sup>(1)</sup>	36.0 <sup>(3)</sup>	1.0%
The net profits attributable to the assets acquired or disposed of, compared with ART's net profits	58.7 <sup>(1)</sup>	1.8 <sup>(4)</sup>	3.1%
The aggregate value of the consideration given, compared with ART's market capitalisation based on the total number of issued stapled securities	3,108.0 <sup>(2)</sup>	217.9	7.0%

### Notes:

- (1) Based on the 2020 Unaudited Consolidated Financial Statement of ART.
- (2) Based on total number of Stapled Securities of ART as at 8 February 2021 and Stapled Security price of S\$1.00.
- (3) Based on net asset value as at 31 December 2020
- (4) Based on net profits for the financial year ended 31 December 2020

The Sale is in the ordinary course of business of ART.

## 7.2 Interests of Directors and Controlling Unitholders

Save as disclosed in this announcement, none of the directors of the Managers or controlling Stapled Securityholders has any interest, direct or indirect, in the Sale.

## 7.3 Directors' Service Contracts

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

## 7.4 Documents for Inspection

A copy of the Sale and Purchase Agreement is available for inspection from 10.00 a.m. to 5.00 p.m.<sup>2</sup> at the registered office of the Managers 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.

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

9 February 2021

## **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

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<sup>2</sup> Prior appointment with the Manager is required. Please contact (Ms) Denise Wong, Investor Relations (Tel: +65 67132151).

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.