

## NEWS RELEASE

### **ASCOTT AND ASCOTT RESIDENCE TRUST JOINTLY INVEST AND DEVELOP STUDENT ACCOMMODATION PROPERTY IN SOUTH CAROLINA, USA FOR US\$109.9 MILLION**

*The first of a pipeline of student accommodation assets under Ascott's partnership with a leading student housing developer to accelerate growth in the USA*

**Singapore, 16 June 2021** – CapitaLand's wholly owned lodging business unit, The Ascott Limited (Ascott) and its hospitality trust, Ascott Residence Trust (ART), will jointly invest and develop a freehold student accommodation asset located in South Carolina, USA for an expected total amount of US\$109.9 million<sup>1</sup> (S\$146.2 million<sup>2</sup>). The 678-bed student accommodation will serve over 35,000 undergraduate and graduate students from the nearby University of South Carolina (USC). Construction of the student accommodation asset is scheduled to start in 3Q 2021 and complete in 2Q 2023.

At the initial stage, Ascott and ART will jointly invest in the asset to own 45% stake each. A third-party partner, which is a joint venture between one of the largest student housing developers in the USA and a large national real estate developer and contractor based in the USA, will own the remaining 10% stake for alignment of interest. When the property's performance stabilises, Ascott and ART will acquire the remaining share from the third-party partner. Ascott has separately formed a partnership with the student housing developer to invest and develop more student accommodation properties in the USA. These properties could become a potential pipeline for ART from its sponsor.

The accretive investment in this maiden asset in South Carolina, is expected to increase ART's pro forma FY 2020 Distribution per Stapled Security (DPS) by about 2.1%<sup>3</sup>. Upon stabilisation, the EBITDA yield is expected to be approximately 6.2%<sup>3</sup>. ART will also have the priority to fully acquire the student accommodation asset from Ascott to generate greater stable returns for ART's Stapled Securityholders.

Mr Kevin Goh, CapitaLand's Chief Executive Officer for Lodging and Ascott's Chief Executive Officer, said: "This transaction demonstrates Ascott's ability to seek out and seize good investment opportunities to support our sponsored Ascott Residence Trust (ART) in creating sustainable value. Through our partnership with the leading local student housing developer, Ascott will gain immediate access to prime student accommodation assets in the USA. It allows us to combine our own global expertise in lodging and our partner's expertise on the ground.

<sup>1</sup> Comprises Ascott's and ART's investment in the initial 90% stake, estimated costs of the additional 10% which Ascott and ART will acquire at fair market valuation and other deal-related expenses

<sup>2</sup> Based on exchange rate of US\$1 to S\$1.33

<sup>3</sup> Based on ART's total investment

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Ascott will continue to work with reputable partners to enlarge our student accommodation and rental housing portfolios in our target markets.”

“Ascott’s focus on the long-stay segment has enabled us to remain resilient amid COVID-19 and outperform our peers. As one of the world’s leading international serviced residence owner-operators with an established rental housing portfolio, we are able to leverage our competitive edge to expand our suite of long-stay lodging products to now include student accommodation. This is in line with Ascott’s commitment to build a pipeline of stabilised long-stay assets for potential divestment to ART. We are seeking like-minded capital partners who look for good risk-adjusted returns through Ascott’s investment management expertise to further accelerate investments in the student accommodation asset class,” he added.

Ms Beh Siew Kim, Chief Executive Officer of Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (the Managers of ART), said: “The acquisition of our second student accommodation asset is in line with ART’s strategy to grow our longer-stay portfolio to further enhance income stability and create greater value for our Stapled Securityholders. Student accommodation have leases that typically last for a year and its countercyclical nature further strengthens the resilience of ART’s portfolio against any short-term volatility. This latest acquisition follows ART’s agreement to purchase three rental housing properties in Sapporo, Japan as well as our first student accommodation asset Paloma West Midtown<sup>4</sup> in Georgia, USA. It will expand our student accommodation and rental housing portfolios to about 9% of our total property value<sup>5</sup>. We aim to increase it to about 15-20% in the medium term. Partnering with our sponsor, Ascott allows ART to tap on their expertise and experience, while generating a higher yield when the property turns operational by participating in the development of the asset. With this investment, ART will remain within the 10% regulatory limit on property development for REITs.”

“The student accommodation asset has a prime location in downtown Columbia, the capital of South Carolina and the fourth fastest growing state in the USA<sup>6</sup>. The property caters to the over 35,000 students from the flagship campus of the University of South Carolina (USC), the largest university in the state<sup>7</sup>. USC’s athletics programme competes in the Southeastern Conference, one of the “Power 5” athletics conferences in the National Collegiate Athletic Association. The University’s student population has been increasing steadily even amid COVID-19 as about 96% of its students are domestic and we expect continued strong demand in the long term,” added Ms Beh.

<sup>4</sup> Formerly Signature West Midtown

<sup>5</sup> Comprises ART’s investment properties (based on valuations as at 31 December 2020), total property development expenditure of properties under development, and total acquisition costs of Paloma West Midtown and the three rental housing properties in Japan

<sup>6</sup> US Census Bureau - Annual Estimates of Resident Population for Nation and States 2020

<sup>7</sup> University of South Carolina - Institutional Research, Assessment and Analytics Enrolment Data 2020

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### Premium student living steps away from campus

The freehold purpose-built student accommodation asset will offer 678 beds across 247 units and is close to a plethora of food and entertainment options. It will provide fully furnished studios as well as one- to five-bedroom apartment units. Each unit comes with a fully equipped shared kitchen, as well as appliances such as a washer and dryer. Community amenities include a fitness centre, study lounges, a coffee bar, and jumbotron TV on an elevated amenity deck with swimming pool and cabanas. The property will be managed by an affiliate of one of the members of the third-party partner.

For more information on the student accommodation asset, please see the Annex.

### Expanding Ascott Residence Trust's longer-stay portfolio

In January 2021, ART expanded its investment mandate to include student accommodation to enhance the stability of its portfolio and diversify its portfolio beyond traditional hospitality assets.

In February 2021, ART acquired Paloma West Midtown for US\$95 million (S\$126.3 million) at an expected EBITDA yield of about 5%. Paloma West Midtown enjoys high occupancy rate of approximately 97%. It is less than a five-minute walk to the Georgia Institute of Technology (Georgia Tech). The 525-bed accommodation serves close to 40,000 undergraduate and graduate students of Georgia Tech. The asset is within walking distance to Georgia Tech's upcoming Technology Enterprise Park, a 2.2 million square feet research and commercial hub which will drive up economic activities and general rent levels around the district.

ART also recently entered into agreements to acquire three freehold rental housing properties in Sapporo, Japan for a total of JPY 6.78 billion (S\$85.2 million<sup>8</sup>). The average EBITDA yield of the three acquisitions is approximately 4%. On a FY 2020 pro forma basis, ART's DPS is also expected to increase by 2.6%. The transactions are expected to complete by end June 2021. The three rental housing properties are the 126-unit City Court Kita 1 jo, 158-unit Big Palace Minami 5 jo, and 127-unit Alpha Square Kita 15 jo.

### Ascott and Ascott Residence Trust's presence in the USA

In addition to the two student accommodation assets, Ascott and ART own five other hotels with over 1,200 units in the USA.

Ascott also owns a majority stake in Synergy Global Housing (Synergy), a leading accommodation provider in the market, which offers apartments for corporate lease. Synergy has over 1,800 units in the USA, with a strong presence in the West Coast, including Los Angeles, Orange County, San Diego, Seattle as well as New York.

<sup>8</sup> Based on exchange rate of JPY 1 to S\$0.01256

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## **About The Ascott Limited**

The Ascott Limited (Ascott) is a Singapore company that has grown to be one of the leading international lodging owner-operators. Ascott's portfolio spans more than 190 cities across over 30 countries in Asia Pacific, Central Asia, Europe, the Middle East, Africa and the USA.

Ascott has more than 70,000 operating units and over 50,000 units under development, making a total of more than 120,000 units in about 770 properties.

The company's serviced apartment, coliving and hotel brands include Ascott The Residence, The Crest Collection, Somerset, Quest, Citadines, lyf, Préférence, Vertu, Harris, Citadines Connect, Fox, Yello, Fox Lite and POP!

Ascott's loyalty programme, Ascott Star Rewards, offers exclusive benefits to its members when they book directly with Ascott for their stays at its participating properties.

Ascott, a wholly owned subsidiary of CapitaLand Limited, pioneered Asia Pacific's first international-class serviced apartment with the opening of The Ascott Singapore in 1984. Today, the company boasts over 30 years of industry track record and award-winning brands that enjoy recognition worldwide.

For more information, please visit [www.the-ascott.com](http://www.the-ascott.com).

## **About Ascott Residence Trust**

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.2 billion as at 31 December 2020. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 86 properties with more than 16,000 units in 38 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 March 2021.

ART's properties are mostly operated under the Ascott The Residence, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin,

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Brussels, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Seoul, Singapore, Sydney and Tokyo.

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT). ART is managed by Ascott Residence Trust Management Limited (as manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott BT), both of which are wholly owned subsidiaries of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

Visit [www.ascottresidencetrust.com](http://www.ascottresidencetrust.com) for more information.

### **About CapitaLand Limited**

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$137.7 billion as at 31 March 2021. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 240 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

Visit [www.capitaland.com](http://www.capitaland.com) for more information.

### **Important Notice**

This release may contain forward-looking statements. 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, availability of real estate properties, competition from other

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developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), 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 current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this release. Neither Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (“**Managers**”) nor any of their affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this release or its contents or otherwise arising in connection with this release.

The past performance of Ascott Residence Trust (“ART”) is not indicative of future performance. The listing of the stapled securities in ART (“**Stapled Securities**”) on the Singapore Exchange Securities Trading Limited (“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, the Managers or any of their 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 release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

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**Annex – About the student accommodation asset<sup>9</sup>**

<b>Location</b>	Situated in the heart of downtown Columbia 0.8 km from University of South Carolina
<b>Construction Period</b>	3Q 2021- 2Q 2023
<b>Land Tenure</b>	Freehold
<b>Net Rentable Area</b>	232,748 square feet
<b>Units / Beds</b>	247 units / 678 beds
<b>Unit Mix</b>	<p>Fully furnished studio, one- to five-bedroom units</p> <ul style="list-style-type: none"> <li>• Studio: 36 beds</li> <li>• 1-Bedroom: 36 beds</li> <li>• 2-Bedroom: 70 beds</li> <li>• 3-Bedroom: 141 beds</li> <li>• 4-Bedroom: 280 beds</li> <li>• 5-Bedroom: 115 beds</li> </ul> <p>All units come with ensuite bathrooms</p>
<b>Common Area Amenities</b>	Fitness centre, coffee bar, study lounges, jumbotron TV on elevated amenity deck with swimming pool and cabanas.

<sup>9</sup> Details are subject to change  
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