



PROPOSED COMBINATION OF ASCOTT RESIDENCE TRUST AND ASCENDAS HOSPITALITY TRUST BY WAY OF A TRUST SCHEME OF ARRANGEMENT

Notice of Intention to Sell

1. INTRODUCTION

Citigroup Global Markets Singapore Pte. Ltd. ("**CGMS**") refers to the announcement made by Ascott Residence Trust Management Limited ("**Ascott Reit Manager**"), as manager of Ascott Residence Trust ("**Ascott Reit**") dated 3 July 2019 (the "**Joint Announcement**") in relation to the proposed combination of Ascott Reit and Ascendas Hospitality Trust ("**A-HTRUST**") (the "**Combination**"). CGMS is the sole financial advisor to the Ascott Reit Manager.

All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Joint Announcement.

2. BACKGROUND

CGMS, as the sole financial adviser to Ascott Reit in respect of the Combination, is regarded as an associate of Ascott Reit under the Singapore Code on Take-overs and Mergers ("**Code**").

Prior to the release of the Joint Announcement, certain affiliates of CGMS ("**Citi Affiliates**") have entered into Delta one equity swap contracts with certain clients in relation to A-HTRUST Stapled Securities. Such clients are not, and are not deemed to be, acting in concert with the Ascott Reit Trustee and the Ascott Reit Manager in connection with the Combination pursuant to the Code. The Delta one equity swap contracts are a type of financial derivative instrument that allows clients of Citi Affiliates to have exposure to A-HTRUST without the need for the client to have a physical position in A-HTRUST Stapled Securities.

When Citi Affiliates enter into such equity swap contracts with their clients, they will hedge the trade on a one-for-one basis by buying or selling a corresponding number of underlying securities, depending on whether the clients are taking a long or short position respectively. When the clients close their equity swap positions with Citi Affiliates, the hedging trades entered into by Citi Affiliates will be closed out as well (i.e. underlying securities purchased to hedge long equity swap positions will be sold, or underlying securities sold to hedge short equity swap positions will be purchased).

Citi Affiliates currently have long equity swap contracts with their clients which are referenced to 280,100 A-HTRUST Stapled Securities. Accordingly, an aggregate of 280,100 A-HTRUST Stapled Securities were purchased prior to the date of the Joint Announcement and held by Citigroup Global Markets Limited ("**CGML**"), a Citi Affiliate, to hedge these long equity swap positions of their clients.

The relevant Citi Affiliates have received instructions from the relevant clients holding the long equity swap positions in A-HTRUST to close out their long equity swap position in relation to 280,100 A-HTRUST Stapled Securities (the "**Relevant Swaps**"). The unwinding of the Relevant Swaps are wholly unsolicited and driven by the clients' instructions. CGML will sell 280,100 A-HTRUST Stapled Securities (the "**Relevant AHT Securities**") when the Relevant Swaps are closed.



3. INTENTION TO SELL

Pursuant to Rule 11.2 of the Code, consent from the Securities Industry Council has been obtained for CGML to sell the 280,100 A-HTRUST Stapled Securities, subject to the conditions that (i) CGML must sell the Relevant AHT Securities on the same day the Relevant Swaps are closed, (ii) the closing of the Relevant Swaps and the sale of the Relevant AHT Securities can only occur after 24 hours' advance notice by public announcement of the intention to sell has been given, and (ii) the Relevant AHT Securities shall not be sold below S\$1.0868, being the consideration for each A-HTRUST Stapled Security under the Combination.

Accordingly, CGMS would like to announce the intention to close the Relevant Swaps. CGML will sell the Relevant AHT Securities at a price no lower than S\$1.0868 (the "**Offer Price**"), being the consideration for each A-HTRUST Stapled Unit under the Combination, between 24 October 2019 to 22 November 2019 (on each date on which a trade is effected, a "**Trade Date**"). On each Trade Date, CGMS will close Relevant Swaps referencing the same number of A-HTRUST Stapled Units sold on the relevant Trade Date. There is no assurance that CGML will be able to sell the Relevant AHT Securities at or above the Offer Price. A summary of the intended dealing(s) is set out in the table below.

Date of intended dealing(s)	Between 24 October 2019 to 22 November 2019
Name of entity dealing	Citigroup Global Markets Limited
Description of dealing	Open market sale of 280,100 A-HTRUST Stapled Securities in connection with unwinding of long equity swap positions with unconnected clients of Citi Affiliates
Dealing price	None of the 280,100 A-HTRUST Stapled Securities to be sold by Citigroup Global Markets Limited will be sold below S\$1.0868, being the consideration for each A-HTRUST Stapled Unit under the Combination.
Total number of A-HTRUST Stapled Securities to be sold	280,100

CGMS and its associates will cease to own or control any A-HTRUST Stapled Securities after the sale described above. An announcement will be made by CGMS when all 280,100 A-HTRUST Stapled Securities have been sold by CGML.

Issued by

CITIGROUP GLOBAL MARKETS SINGAPORE PTE. LTD.

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