

ASCENDAS HOSPITALITY TRUST

A stapled group comprising:

Ascendas Hospitality Real Estate Investment Trust (a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by Ascendas Hospitality Fund Management Pte. Ltd.	Ascendas Hospitality Business Trust (a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by Ascendas Hospitality Trust Management Pte. Ltd.
--	---

DIVESTMENT OF PULLMAN CAIRNS INTERNATIONAL

1. INTRODUCTION

1.1 The Divestment

Further to the holding announcement dated 24 September 2014, Ascendas Hospitality Fund Management Pte. Ltd., the manager of Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of Ascendas Hospitality Business Trust (“**A-HBT**”) (collectively, the “**Managers**”), are pleased to announce that Notron No 346 Pty Ltd (in its capacity as trustee for Notron No 346 Trust), Ascendas Cairns International Pty Limited and Polaris Developments Pty Limited¹ (collectively known as “**Vendors**”), have today entered into a put and call option deed (“**Put and Call Option Deed**”) with Shakespeare Property Group Pty Ltd (“**Purchaser**”) for the sale of Pullman Cairns International (“**Divestment**”).

1.2 Information on Pullman Cairns International

Pullman Cairns International (“**Hotel**”) is an upscale hotel located on Abbott Street, Cairns, Queensland, Australia. The 17-storey hotel offers 321 guest rooms and facilities such as a restaurant & bar, 11 conference and meeting facilities, the 10-room “Vie Spa”, outdoor pool, spa and gymnasium. The Hotel also has an underground parking facility with 184 parking lots.

¹ Ascendas Hospitality Trust, through A-HBT, owns 50% of the Notron No 346 Trust. Ascendas Cairns International Pty Limited is a wholly-owned subsidiary of A-HBT. Polaris Developments Pty Limited is a subsidiary of TMG Developments Pty Ltd, which is a joint venture partner and an independent third party.

An independent property valuer, Savills Valuations Pty Ltd ("**Savills**"), was commissioned by the Managers to value the Hotel. Based on the valuation report prepared by Savills, the valuation of the Hotel was AUD67.0 million (or approximately S\$70.8²) as at 31 March 2015, derived using the discounted cash flow and capitalisation methods, with reference to the direct comparison approach. Ascendas Hospitality Trust ("**A-HTRUST**"), through A-HBT, owns 50% of the Hotel.

2. DETAILS OF THE DIVESTMENT

2.1 The Put and Call Option Deed

Under the terms of the Put and Call Option Deed, the Purchaser is granted a call option ("**Call Option**") by the Vendors to purchase the Hotel, and the Vendors are granted a put option ("**Put Option**") by the Purchaser to require the Purchaser to purchase the Hotel, at cash consideration of AUD75,080,000 (or approximately S\$79.3 million²) ("**Consideration**"), and on terms set out in a sale and purchase agreement ("**SPA**") agreed between the Vendors and the Purchaser.

The Call Option exercise period ("**Call Option Exercise Period**") is a period of thirty (30) days commencing from the date of the Put and Call Option Deed, during which the Purchaser (or its nominee) may exercise the Call Option by serving a Call Option exercise notice, and two copies of the executed SPA on the Vendors. In the event the Call Option is not exercised during the Call Option Exercise Period, the Put Option exercise period will commence on the day after the expiry of the Call Option Period and will continue for a period of five (5) days, during which time the Vendors may exercise the Put Option by serving a Put Option exercise notice, and two copies of the executed SPA, on the Purchaser.

2.2 Consideration

The Consideration was negotiated based on a willing-buyer and willing-seller basis, after taking into account the independent valuation of the Hotel of A\$67.0 million as at 31 March 2015. The Consideration was the highest price offered following a closed tender, which attracted multiple bidders.

² Based on an exchange rate of AUD1.00 = S\$1.0567

Upon execution of the Put and Call Option Deed, the Purchaser must pay to the Vendors a security deposit of A\$7,508,000, being 10% of the Consideration. This will be applied as the deposit under the SPA upon exercise of the Call Option by the Purchaser (or its nominee) or the Put Option by the Vendors. The balance of A\$67,572,000 must be paid upon completion of the Divestment, which is expected to take place within 45 days from the date of the Put and Call Option Deed.

2.3 Principal terms of the SPA

The principal terms of the SPA include, among others, the following:

- (i) the Hotel is sold on a “walk-in / walk-out”, “as-is” basis; and
- (ii) all rights, title and interest in respect of the sublease to Accor Australia & New Zealand Hospitality Pty Limited are to be assigned to the Purchaser.

The Divestment is expected to be completed by 30 June 2015.

3. RATIONALE FOR THE DIVESTMENT

The Managers believe that the Divestment will bring the following benefits to the stapled securityholders of A-HTRUST (“**Stapled Securityholders**”):

3.1 Consistent with active asset management strategy

The Divestment is in line with A-HTRUST’s active asset management strategy under which the Managers periodically evaluate asset plans for the portfolio and, where appropriate, free up or recycle capital for more productive use. The Divestment will allow A-HTRUST to free up capital and provide greater financial flexibility for fund deployment, value enhancement and/or debt repayment.

3.2 Gain on Divestment

A-HTRUST is expected to recognize approximately S\$3.4 million³ representing its 50% share of profits from the Divestment.

The Consideration represents a premium of 12.1% or approximately A\$8.1 million above the Hotel's latest valuation of A\$67.0 million as at 31 March 2015.

4. USE OF PROCEEDS

The net proceeds attributable to A-HTRUST after deducting fees and expenses incurred in relation to the Divestment is approximately A\$20.2 million (or approximately S\$21.3 million). A portion of the net proceeds from the Divestment will be used to repay existing loans, and the balance may be used for pursuing asset enhancement opportunities and future acquisitions as and when appropriate. The Managers also intend to distribute up to S\$2.0 million to Stapled Securityholders, in the course of the current financial year (ending 31 March 2016).

5. FINANCIAL EFFECTS

The pro forma financial effects of the Divestment presented in this section are **strictly for illustrative purposes only** and do not reflect the actual financial performance or position of A-HTRUST after the completion of the Divestment. The pro forma financial effects have been prepared based on the unaudited financial statements of A-HTRUST for the financial year ended 31 March 2015.

5.1 Pro forma NAV

The pro forma financial effects of the Divestment on the net asset value (“NAV”) per stapled security as at 31 March 2015, as if the Divestment was completed on 31 March 2015, are as follows:

	Before the Divestment	After the Divestment
NAV per stapled security (S\$)	0.74	0.74

³ Based on an exchange rate of AUD1.00 = S\$1.0567

5.2 Pro forma DPS

The pro forma financial effects of the Divestment on the distribution per stapled security (“DPS”) for financial year ended 31 March 2015, as if the Divestment was completed on 1 April 2014, are as follows:

	Before the Divestment	After the Divestment
DPS (cents)	5.06	4.91*

* Does not take into account the distribution of up to S\$2.0 million from the proceeds of the Divestment.

5.3 Pro forma aggregate leverage

The pro forma financial effects of the Divestment on A-HTRUST’s aggregate leverage as at 31 March 2015, as if the Divestment was completed on 31 March 2015, are as follows:

	Before the Divestment	After the Divestment
Aggregate leverage	37.2%	37.2%

6. INTEREST OF DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS

As at the date of this announcement and based on the information available to the Managers as at the date of this announcement, save for stapled securities in A-HTRUST held by certain directors of the Managers and the controlling Stapled Securityholders, none of the directors of the Managers or controlling Stapled Securityholders has an interest, direct or indirect, in the Divestment.

7. OTHER INFORMATION

7.1 Director’s Service Contracts

No person is appointed as a director of the Managers in connection with the Divestment or any other transaction contemplated in relation to the Divestment.

7.2 Relative Figures Computed on the Bases set out in Chapter 10 of the SGX Listing Manual

Chapter 10 of the SGX Listing Manual classifies transactions by A-HTRUST into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following bases:

- (i) the net asset value of the assets to be disposed of, compared with A-HTRUST's net asset value;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with A-HTRUST's net profits; and
- (iii) the aggregate value of the consideration given or received, compared with A-HTRUST's market capitalisation.

The relative figures for the Divestment using the applicable bases of comparison described above are set out in the table below.

Bases	Attributable to the Hotel (S\$ '000)	A-HTRUST (S\$ '000)	Relative figure (%)
Net asset value	22,183	826,126 ⁽¹⁾	2.7%
Net profits	3,606	38,592 ⁽¹⁾	9.3%
Consideration against market capitalization	39,669 ⁽²⁾	766,869 ⁽³⁾	5.2%

Notes:

- (1) Based on A-HTRUST's latest announced unaudited financial results for the financial year ended 31 March 2015.
- (2) Based on A-HTRUST's 50% share and converted to S\$ based on an exchange rate of A\$1.00 = S\$1.0567
- (3) As at 14 March 2015, being the market day preceding the date of the Put and Call Option Deed.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the transaction will be regarded as being a discloseable transaction.

8. DOCUMENTS FOR INSPECTION

Copies of the Put and Call Option Deed and the independent valuation report prepared by Savills are available for inspection during normal business hours at the registered office of the Managers at 61 Science Park Road, #04-01 The Galen, Singapore Science Park II, Singapore 117525 for a period of three months commencing from the date of this announcement.

By Order of the Board
Mary Judith de Souza
Joint Company Secretary
Ascendas Hospitality Fund Management Pte. Ltd.
(Company Registration No. 201133966D)
As manager of Ascendas Hospitality Real Estate Investment Trust

By Order of the Board
Mary Judith de Souza
Joint Company Secretary
Ascendas Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201135524E)
As trustee-manager of Ascendas Hospitality Business Trust

15 May 2015