



(Constituted in the Republic of Singapore pursuant to
a trust deed dated 19 January 2006 (as amended and supplemented))

ANNOUNCEMENT

ACQUISITION OF A HOTEL PROPERTY IN TOKYO, JAPAN

1. INTRODUCTION

Ascott Residence Trust Management Limited (the “**Manager**”), as manager of Ascott Residence Trust (“**Ascott REIT**”), wishes to announce that Ascott REIT has today through its indirect wholly-owned subsidiary entered into sale and purchase agreements (the “**Sale and Purchase Agreements**”) to acquire, and has completed the acquisition of Best Western Shinjuku Astina Hotel Tokyo, a hotel property located in Shinjuku-ku, Tokyo, Japan, with 206 rooms and 3 retail units (the “**Property**”, and the acquisition of the Property, the “**Acquisition**”). The vendor is Kabushiki Kaisha Oumi, which is an unrelated third party (the “**Vendor**”).

2. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will enable Ascott REIT to further expand its foot print in the stable Japanese market. The Acquisition is also expected to enhance Ascott REIT’s distribution income and strengthen Ascott REIT’s presence in Japan.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS

Sale and Purchase Agreements

In connection with the Acquisition, Ascott REIT has established Ascott REIT Six Pte. Ltd., a wholly-owned subsidiary in Singapore (the “**SG SPV**”), to hold 100.0% of the total issued and paid up shares in Ascott REIT Six GK (a *godo kaisha* in Japan) (the “**GK**”). The SG SPV will hold 100.0% of the common voting shares, and the SG SPV and the GK will in turn hold 49.0% and 51% of the preferred shares of Ascott REIT Six TMK (a *tokutei mokuteki kaisha* in Japan) (the “**Purchaser**”) respectively, which will ultimately hold the trust beneficial interest of the Property (the “**Beneficial Interest**”) pursuant to the entry into the Sale and Purchase Agreements. In the interim, the Beneficial Interest of the Property is being held by the GK pending the necessary filings being made by the Purchaser for the commencement of its business.

The purchase consideration is based on the agreed value of the Property at JPY8 billion (equivalent to approximately S\$95.2 million¹) (the “**Purchase Consideration**”), fully satisfied in cash. The GK has made payment of JPY7.9 billion upon the completion of the Acquisition today (“**Completion**”), and the remainder of the Purchase Consideration will be made six (6) months after Completion.

The Manager proposes to finance the Purchase Consideration relating to the Acquisition with existing cash, debt financing from the existing debt facilities available to Ascott REIT and is also exploring other financing options.

4. VALUATION

DBS Trustee Limited, in its capacity as trustee of Ascott REIT, has commissioned an independent property valuer, Savills Japan Co., Ltd. (“**Savills**”), to value the Property. Savills has conducted the valuation using the discounted cash flow approach as of 10 September 2014.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation of the Property by Savills at JPY8.4 billion (equivalent to approximately S\$100.0 million).

5. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Certain Financial Information Relating to the Acquisition

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes only and do not reflect the actual position of Ascott REIT after completion of the Acquisition. They have been prepared based on the audited consolidated financial statements of Ascott REIT for the financial year ended 31 December 2013 (“**FY2013**,” and the audited consolidated financial statements of Ascott REIT for FY2013, the “**2013 Audited Consolidated Financial Statements**”), taking into account the Purchase Consideration.

5.2 Pro Forma Distribution Per Unit (“DPU”)

The table below sets out the pro forma financial effects of the Acquisition on Ascott REIT’s DPU, as if the Acquisition was completed on 1 January 2013:

	FY2013	
	Existing Portfolio	Enlarged Portfolio
Distributable Income (S\$’000)	114,845 ⁽¹⁾	115,559
Units in issue (’000)	1,522,495 ⁽²⁾	1,522,647 ⁽³⁾
DPU (cents)	8.40	8.45
Earnings per Unit (cents)	16.17	16.19

1 In this announcement, all references to S\$ where applicable are based on an exchange rate of JPY/SGD = 0.0119.

Notes:

- (1) Based on the 2013 Audited Consolidated Financial Statements.
- (2) Number of units in Ascott REIT ("Units") in issue as at 31 December 2013.
- (3) Includes adjustment to include approximately 0.2 million new Units issued as payment of the Manager's management fees for the Acquisition for FY2013. The Units issued were assumed to be issued at the same prices as those that were actually issued as payment for the management fees for the existing properties for FY2013. The Manager's 0.5% acquisition fee for the Acquisition was assumed to be paid in cash.

5.3 Pro Forma Consolidated Net Asset Value ("NAV")

The table below sets out the pro forma financial effects of the Acquisition on the consolidated NAV as at 31 December 2013, as if the Acquisition was completed on 31 December 2013.

	As at 31 December 2013	
	Existing Portfolio	Enlarged Portfolio
NAV (S\$'000)	2,093,080 ⁽¹⁾	2,093,080
Units in issue ('000)	1,522,495 ⁽²⁾	1,522,495
NAV per Unit (S\$)	1.37	1.37

Notes:

- (1) Based on the 2013 Audited Consolidated Financial Statements.
- (2) Number of Units in issue as at 31 December 2013.

6. OTHER INFORMATION**6.1 Relative Figures computed on the bases set out in Rule 1006 of the Listing Manual**

A proposed acquisition by Ascott REIT may fall into any of the categories set out in Rule 1004 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with Ascott REIT's net profits; and
- (ii) the aggregate value of the consideration given or received, compared with Ascott REIT's market capitalisation based on the total number of issued Units.

The relative figures for the Acquisition using the aforesaid bases of comparison are set out in the table below:

Criteria	Ascott REIT (S\$ million)	The Acquisition (S\$ million)	Relative Percentage (%)
The net profits attributable to the assets acquired, compared with Ascott REIT's net profits	56.5 ⁽¹⁾	0.7	1.2
The aggregate value of the consideration given, compared with Ascott REIT's market capitalisation based on the total number of issued Units	1,852.3 ⁽²⁾	95.2	5.1

Notes:

- (1) Based on the unaudited Consolidated Financial Statements of Ascott REIT for the period from 1 January 2014 to 30 June 2014.
- (2) Based on the market capitalisation of Ascott REIT as at the market day preceding the date of entry into the Sale and Purchase Agreements.

6.2 Interests of Directors and Controlling Unitholders

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Acquisition.

6.3 Director's Service Contracts

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

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m.² at the registered office of the Manager 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:

- (i) the Sale and Purchase Agreements; and
- (ii) the full valuation report of the Property.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Ascott REIT continues to be in existence.

² Prior appointment with the Manager will be appreciated.

By Order of the Board

Ascott Residence Trust Management Limited
(Company registration no. 200516209Z)
As manager of Ascott Residence Trust

Kang Siew Fong / Regina Tan
Joint Company Secretaries

16 October 2014

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, as manager of Ascott Residence Trust (the "**Manager**"), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Ascott Residence Trust is not necessarily indicative of the future performance of Ascott Residence Trust.