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## ASCENDAS HOSPITALITY TRUST

A stapled group comprising:

<b>Ascendas Hospitality Real Estate Investment Trust</b> (a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by <b>Ascendas Hospitality Fund Management Pte. Ltd.</b>	<b>Ascendas Hospitality Business Trust</b> (a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by <b>Ascendas Hospitality Trust Management Pte. Ltd.</b>
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## PROPOSED ACQUISITION OF OSAKA NAMBA WASHINGTON HOTEL PLAZA

### 1. INTRODUCTION

#### 1.1 The Proposed Acquisition of Osaka Namba Washington Hotel Plaza

Ascendas Hospitality Fund Management Pte. Ltd., as manager of Ascendas Hospitality Real Estate Investment Trust (“**A-HREIT**”, and the manager of A-HREIT, the “**REIT Manager**”), and Ascendas Hospitality Trust Management Pte. Ltd., as trustee-manager of Ascendas Hospitality Business Trust (“**A-HBT**”, and the trustee-manager of A-HBT, the “**Trustee-Manager**”), are pleased to announce that Ascendas Japan Namba Tokutei Mokuteki Kaisha, a wholly-owned entity of A-HBT (the “**TMK**”), has today entered into (i) a conditional sale and purchase agreement with Ainodake Godo Kaisha (the “**Vendor**”) to acquire the trust beneficiary interest (“**TBI**”) of the property known as Osaka Namba Washington Hotel Plaza and the equipment located at 1-1-13, Nipponbashi, Chuo-ku, Osaka, 542-0073 Japan (collectively, the “**Property**”) (the “**TBI Sale and Purchase Agreement**”), and (ii) a conditional sale and purchase agreement with the Vendor to acquire the furniture and fittings thereon or otherwise related thereto (collectively, the “**FF&E**”) (the “**FF&E Sale and Purchase Agreement**”, and collectively with the TBI Sale and Purchase Agreement, the “**Sale and Purchase Agreements**”).

In connection with the proposed acquisition of the Property and the FF&E (collectively, the “**Hotel**”) under the Sale and Purchase Agreements (the “**Acquisition**”), Ascendas Namba Godo Kaisha, a wholly-owned subsidiary of A-HBT (the “**Master Lessee**”) will enter into a novation agreement with the Vendor and Sumitomo Mitsui Trust Bank (in its capacity as the holder of the legal title to the Property) (the “**Trust Bank**”), pursuant to which, upon the completion of the proposed Acquisition, a master lease agreement (the “**Master Lease Agreement**”) will be novated and the Master Lessee shall assume the contractual status of the Vendor thereunder. The Master Lessee will in turn enter into a novation agreement with the Vendor and Washington Hotel K.K. (the “**Sub-Lessee**”), pursuant to which, upon completion of the proposed Acquisition, the fixed-term building lease agreement in relation to the Hotel (the “**Fixed-Term Building Lease Agreement**”) will be novated and the Master Lessee shall assume the contractual status of the Vendor thereunder.

The issue managers for the initial public offering and listing of Ascendas Hospitality Trust (“**A-HTRUST**”) were DBS Bank Ltd., Nomura Singapore Limited, Standard Chartered Securities (Singapore) Pte. Limited, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (collectively, the “**Issue Managers**”). The Issue Managers assume no responsibility for the contents of this announcement.

In addition, the TMK had also entered into novation agreements with the Vendor and Orix Rentec Corporation, pursuant to which, upon completion of the proposed Acquisition, the rental agreements in respect of television and video-on-demand services for the Hotel (the “**Rental Agreements**”) will be novated and the TMK shall assume the contractual status of the Vendor.

## 1.2 Information on the Hotel

Osaka Namba Washington Hotel Plaza is the flagship hotel of Washington Hotel K.K.. It is strategically-located in the Namba area in the centre of Osaka’s Minami district, within immediate proximity to commercial streets including Mido-Suji and Nagahori-Dori, and near a wide range of shopping and entertainment attractions including Namba City, Namba Parks, Shinsaibashi and Dotonbori. The Hotel benefits from excellent connectivity to different transportation options, being a two-minute walk from the Nipponbashi Station on the Osaka Municipal Subway Line and a ten-minute walk from Namba Station, Osaka’s main south-central railway terminus with a direct connection via the Rapid Express Train to Kansai International Airport. The Japan Railway (JR), Kintetsu and Nankai railway lines are also easily accessible from the Hotel.

The Hotel commenced operations in 1997 and sits on freehold land with an area of 2,496 square metres (“**sq m**”) and a gross floor area of 19,999 sq m. It has 14 floors and two basement levels, offering a total of 698 guest rooms consisting of 570 single rooms, 26 double rooms and 102 twin rooms. The Hotel has two food and beverage (“**F&B**”) outlets, namely *Zauo*, a Japanese Fishing Restaurant with a seating capacity of 380 persons, and *China Table*, a Chinese Restaurant with a seating capacity of 200 persons. Additional facilities available at the Hotel include a basement car park with 68 parking lots.

Washington Hotel K.K., which will be the Sub-Lessee and the hotel operator, has been established since 1961 and it currently has 40 hotels under its management across Japan, including the Shin Osaka Washington Hotel Plaza (490 rooms) and the International Hotel Nagoya (263 rooms). It has three hotel brands, namely Washington Hotel Plaza (limited service hotel), R&B (budget hotel) and International Hotel Nagoya.

## 2. DETAILS OF THE ACQUISITION

### 2.1 Purchase Consideration and Valuation

The purchase consideration of JPY8.9 billion<sup>1</sup> (or approximately S\$110.8 million<sup>2</sup>) payable to the Vendor in connection with the Acquisition (the “**Purchase Consideration**”) was negotiated on a willing-buyer and willing-seller basis and takes into account the independent valuation undertaken on the Hotel (the “**Independent Property Valuation**”) by Savills Japan Co., Ltd. (“**Savills**”). The estimated pro forma net property income yield<sup>3</sup> based on the Purchase Consideration is 6.4%.

The Independent Property Valuation was commissioned by the Trustee-Manager, and Savills in its valuation report dated 25 March 2014 had stated that the open market value of the Hotel is JPY9.2 billion, taking into account the rental payable under the Fixed-Term Building Lease Agreement.

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1 This amount does not include consumption tax.

2 Based on the exchange rate of S\$1 : JPY80.3.

3 Net property income yield based on annual fixed rent less property taxes, insurance and maintenance capex, divided by the Purchase Consideration.

## 2.2 Estimated Total Cost of the Proposed Acquisition

The estimated total cost of the proposed Acquisition (the “**Total Acquisition Cost**”) is approximately JPY9.2 billion, comprising:

- (i) the Purchase Consideration of JPY8.9 billion (which represents a 3.3% discount to the Independent Property Valuation);
- (ii) the acquisition fee payable to the Trustee-Manager for the proposed Acquisition (the “**Acquisition Fee**”) in accordance with the trust deed dated 13 March 2012 (as amended) constituting A-HBT, of JPY89.0 million (being 1.0% of the Purchase Consideration); and
- (iii) the estimated professional and other transaction fees and expenses incurred or to be incurred by A-HTRUST in connection with the proposed Acquisition (inclusive of financing related expenses, due diligence costs and costs incurred in relation to the valuation report) of approximately JPY190.0 million.

In addition to the Total Acquisition Cost, there is a refundable consumption tax of approximately JPY462.8 million payable by the TMK in connection with the proposed Acquisition.

## 2.3 Certain Terms and Conditions of the Sale and Purchase Agreements

The principal terms of the TBI Sale and Purchase Agreement include, among others, the following:

- (i) the scheduled completion date is 15 April 2014 (with an option to either party to extend the closing date no later than 24 April 2014);
- (ii) one party's liability for any damages incurred by the other party due to the breach of obligations thereunder is limited to 20.0% of the Purchase Consideration; and
- (iii) the following conditions precedent to the TMK's obligation to pay the Purchase Consideration:
  - (a) the approval of the director of the TMK;
  - (b) the approval of the Singapore regulators if required (including Singapore Exchange Securities Trading Limited and the Monetary Authority of Singapore);
  - (c) the successful fund-raising by A-HREIT and/or A-HBT for acquiring the TBI;
  - (d) there being no commencement of proceedings in which government agencies may compulsorily acquire the proprietary right to the whole or any part of the Property;
- (iv) a condition precedent to the Vendor's obligation to transfer the TBI being the concurrent completion of the transfer of movables under the FF&E Sale and Purchase Agreement.

The principal terms of the FF&E Sale and Purchase Agreement include, among others, the following:

- (i) the TMK purchases all assets which are owned by the Vendor and are used for the hotel business in the Property for JPY1.0;

- (ii) the completion date hereunder is the same as that set out in the TBI Sale and Purchase Agreement; and
- (iii) a condition precedent to the Vendor's obligation to transfer the FF&E being the concurrent completion of the transfer of TBI under the TBI Sale and Purchase Agreement.

## **2.4 Certain Terms and Conditions of the Fixed-Term Building Lease Agreement**

The Hotel will be leased to the Sub-Lessee until 31 December 2015. The rental income under the Fixed-Term Building Lease Agreement comprises a fixed rent of JPY652.6 million per year (net of consumption tax) ("**Fixed Rent**"). The Sub-Lessee has paid a security deposit equivalent to three months' Fixed Rent (equivalent to JPY163.1 million).

Pursuant to the Fixed-Term Building Lease Agreement, most of the FF&E expenses shall be borne by the Sub-Lessee while most of the capital expenditure shall be borne by the Master Lessee. The remaining FF&E expenses shall be borne by the Master Lessee and the remaining capital expenditure shall be borne by the Sub-Lessee. The Master Lessee may terminate the Fixed-Term Building Lease Agreement if there is a material breach of such lease by the Sub-Lessee or in the event of an occurrence of a termination event as set out in the Fixed-Term Building Lease Agreement.

## **3. RATIONALE**

The Managers believe the proposed Acquisition will bring the following key benefits to the Stapled Securityholders.

### **3.1 DPS Accretive Acquisition**

The proposed Acquisition represents an attractive and distribution per Stapled Security ("**DPS**") accretive opportunity for A-HTRUST. Based on the Purchase Consideration of JPY8.9 billion (or approximately SGD110.8 million<sup>4</sup>) and assuming A-HTRUST owned the Hotel from 1 April 2013, the pro forma DPS of A-HTRUST for the nine months ended 31 December 2013 would be 4.15 cents (assuming approximately 55% debt financing and 45% equity financing). This represents an increase of 0.08 cents or approximately 2.0% over A-HTRUST's DPS over the same period (assuming that the proposed Acquisition had not taken place). The addition of this asset allows A-HTRUST to rebalance its portfolio, as well as make an accretive acquisition on a risk-adjusted basis.

### **3.2 Hotel in Prime Location with Favourable Hospitality Sector**

#### **3.2.1 Increasingly favourable hospitality sector in Japan and Osaka**

Japan's tourism industry has improved significantly over the last two years, with government monetary stimulus and Yen depreciation contributing to a record high of 10.4 million inbound tourists to Japan in 2013, over 24.0% higher than in 2012<sup>5</sup>.

In particular, the Osaka tourism market has performed strongly, with total foreign hotel guests increasing by almost 50.0% year-on-year ("**y-o-y**") in 2013<sup>6</sup>. Tourist arrivals and hotel accommodation demand is expected to remain strong with the

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4 Based on the exchange rate of S\$1 : JPY80.3.

5 Source: Japan National Tourism Organisation.

6 Source: Japan Tourism Agency.

easing of short-term visas for Southeast Asia countries<sup>7</sup> and continued growth of low cost carriers such as the Osaka-based Peach Aviation.

Osaka is the second largest hospitality market in Japan, and is both the economic centre for the Kansai region and a gateway to popular tourist destinations such as Kyoto, Kobe and Nara. Osaka is a popular tourism destination for its art, cultural and tourist attractions such as Universal Studios Japan and Osaka Castle, which is a popular spot during festival seasons, especially during the cherry blossom season.

The Osaka hospitality sector also enjoyed very strong growth in average daily rates (“ADRs”) and occupancies, with revenue per available hotel room (“RevPAR”) up 11.1% y-o-y in 2013<sup>8</sup>. A further increase in accommodation demand is anticipated, particularly with the scheduled opening of the Wizarding World of Harry Potter in Universal Studios Japan in 2014. On the other hand, room supply in Osaka is expected to grow only 1% to 2% per annum over the next two years, with no new expected supply in the Namba area<sup>8</sup>. The Hotel, which is centrally located in the Namba area, is hence well-poised to benefit from the buoyant hospitality market.

### **3.2.2 Prime location of the Hotel in the Namba area of Osaka**

The Hotel is strategically located in the heart of the Namba area, which is one of Osaka’s two major city centres, and is home to the city’s most prominent dining, entertainment and shopping districts. It is famous for its sprawling underground malls, high concentration of retailers, department stores, restaurants and bars. The Hotel is also within a one-minute walk from Dotonbori, which is famous for its food street and its attractive neon lights and mechanised signs at night. Popular tourist attraction events such as the Lantern Festival also take place along the Dotonbori River.

The Hotel is very well-connected to different transportation options, being a two-minute walk from the Nipponbashi Station and a ten-minute walk from Namba Station, Osaka’s main south-central railway terminus with a direct link to the Kansai International Airport.

## **3.3 Enhanced Stability from Increased Portfolio Diversification, in line with A-HTRUST’s Strategy**

### **3.3.1 Increased geographical diversification**

Following the acquisition of Park Hotel Clarke Quay in 2013, the proposed Acquisition will further enhance the geographical diversification of A-HTRUST’s portfolio and reduce A-HTRUST’s exposure to any one country or city. Upon completion of the Acquisition, the proportion of A-HTRUST’s assets in Japan will increase from 15.6% to 21.9% of the total asset portfolio by valuation<sup>9</sup>.

### **3.3.2 Increased diversification of hotel operators**

The assets in A-HTRUST’s existing portfolio are managed by reputable hotel operators with proven track records, such as Accor, Marriott, Sunroute, Oakwood

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<sup>7</sup> Source: Ministry of Foreign Affairs of Japan.

<sup>8</sup> Source: Savills.

<sup>9</sup> Based on valuations for A-HTRUST’s existing portfolio as at 31 March 2013, and valuation of the Hotel as at 25 March 2014.

and Park Hotel. The addition of Washington Hotel K.K., a well-established hotel operator in Japan, will further diversify A-HTRUST's stable of reputable operators and reduce its dependence on any one operator.

### **3.3.3 Increased exposure to favourable hotel market segment**

The proposed Acquisition will increase A-HTRUST's exposure to the economy and mid-scale market segments, which the Managers believe to be the most profitable and resilient hospitality market segments. Upon completion of the Acquisition, economy and mid-scale hotels will comprise 77.3% of A-HTRUST's total available rooms, up from 73.3%.

## **3.4 Stable Cashflows with Upside Potential from Asset Enhancements**

### **3.4.1 Strong operating performance of the Hotel**

The existing Fixed-Term Building Lease Agreement came into effect in January 2011, and the Hotel's performance has improved significantly since then, with RevPAR increasing by 43% from 2011 to 2013.

### **3.4.2 Increase stable cashflows from sub-lease with fixed rent**

The Hotel will be sub-leased to Washington Hotel K.K.. The sub-lease with fixed rent will provide A-HTRUST with stable cashflows and enhance the stability of A-HTRUST's overall portfolio. On a pro forma basis for the nine months ended 31 December 2013, master leased assets would contribute 31.2% of A-HTRUST's net property income, up from 25.3%<sup>10</sup>.

### **3.4.3 Growth potential upon sub-lease expiry and asset enhancements**

After the Fixed-Term Building Lease Agreement expires at the end of 2015, A-HTRUST will have the flexibility to re-negotiate the underlying sub-lease agreement to increase the fixed rent and/or potentially introduce variable rents pegged to the Hotel's performance.

The Managers also believe there is scope to undertake asset enhancement initiatives to improve the guest experience in the Hotel and drive RevPAR growth, thereby supporting a higher rental payment. Such initiatives may include improvements to the furniture and fixtures in the rooms and bathrooms, as well as revamping the lobby and F&B areas.

## **4. METHOD OF FUNDING AND FINANCIAL EFFECTS**

### **4.1 Method of Funding**

The Managers have secured commitments from banks to fully fund the Total Acquisition Cost. Depending on market conditions, the Managers may also consider funding the proposed Acquisition through a combination of debt and equity financing. The Managers intend to match the currency of the proposed Acquisition with its associated liabilities.

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<sup>10</sup> Based on A-HTRUST's net property income for the nine months ended 31 December 2013.

## 4.2 Financial Effects

### 4.2.1 Assumptions

The pro forma financial effects of the Acquisition on the DPS and Net Assets Value (“NAV”) per Stapled Security, and the pro forma capitalisation of A-HTRUST presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of A-HTRUST for the financial period from 13 March 2012 (date of constitution of A-HREIT and A-HBT) to 31 March 2013 (“FY2012/13”); and the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013, taking into account the Purchase Consideration and assuming that:

- (i) Scenario 1: the Total Acquisition Cost is funded by approximately 55% debt and 45% equity; and
- (ii) Scenario 2: the Total Acquisition Cost is wholly-funded by debt.

**The pro forma financial effects are for illustrative purposes and do not represent A-HTRUST’s DPS and NAV following completion of the proposed Acquisition. In addition, Stapled Securityholders should note that the hotel business is seasonal and the performance for (i) FY2012/13 and (ii) the financial period from 1 April 2013 to 31 December 2013 may not be representative of the full year performance.**

### 4.2.2 Pro Forma Financial Effects for the Financial Period from 1 April 2013 to 31 December 2013

#### (i) Pro Forma DPS

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the DPS for the nine months ended 31 December 2013, as if A-HTRUST had completed the Acquisition on 1 April 2013 and held and operated the Hotel through to 31 December 2013, are as follows:

	Pro Forma Financial Effects of the Acquisition for the Nine Months ended 31 December 2013		
	Before the Acquisition	After the Acquisition: Scenario 1	After the Acquisition: Scenario 2
Net Income (S\$’000)	5,370 <sup>(1)</sup>	9,150 <sup>(2)</sup>	9,150 <sup>(2)</sup>
Distributable Income (S\$’000) <sup>(3)</sup>	42,161	45,822	45,822
DPS (cents)	4.07	4.15	4.43
Annualised DPS Yield (%) <sup>(4)</sup>	7.5	7.7	8.2

**Notes:**

- (1) Based on the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013. The net income is derived before deducting income tax expenses.
- (2) Includes (i) pro forma income contribution from the Hotel and (ii) deduction of additional borrowing costs, fees payable to the Trustee-Manager, depreciation expenses, property expenses and other trust expenses in connection with the proposed Acquisition.

- (3) The distributable income of A-HTRUST represents the aggregate of distributions by A-HREIT and A-HBT.
- (4) Based on the closing market price of S\$0.72 per Stapled Security as at 25 March 2014.

**(ii) Pro Forma NAV**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Stapled Security as at 31 December 2013, as if the Acquisition was completed on 31 December 2013, are as follows:

	Pro Forma Financial Effects of the Acquisition as at 31 December 2013		
	Before the Acquisition	After the Acquisition: Scenario 1	After the Acquisition: Scenario 2
<b>NAV (S\$'000)</b>	752,179 <sup>(1)</sup>	802,169	752,179
<b>No. of Stapled Securities ('000)</b>	1,034,675 <sup>(2)</sup>	1,103,480	1,034,675
<b>NAV per Stapled Security (S\$)</b>	0.73	0.73	0.73

**Notes:**

- (1) Based on the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013.
- (2) Number of Stapled Securities issued and issuable as at 31 December 2013.

**(iii) Pro Forma Capitalisation**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The following table sets forth the pro forma capitalisation of A-HTRUST as at 31 December 2013, as if A-HTRUST had completed the Acquisition on 31 December 2013:

	Actual (Before the Acquisition) <sup>11</sup>	Scenario 1 (After the Acquisition)	Scenario 2 (After the Acquisition)
	(S\$ '000)	(S\$ '000)	(S\$ '000)
<b>Total short-term debt</b>	14,800	20,623 <sup>(1)</sup>	20,623 <sup>(1)</sup>
<b>Long-term debt:</b>			
Secured debt	245,288	245,288	245,288
Unsecured debt	203,558	268,558	318,548
Total long-term debt	448,846	513,846	563,836
<b>Total debt:</b>	463,646	534,469 <sup>(1)</sup>	584,459 <sup>(1)</sup>
Aggregate Leverage	35.8%	37.4%	40.9%
Stapled Securityholders' funds	752,179	802,169	752,179
<b>Total Capitalisation</b>	1,215,825	1,336,638	1,336,638

**Note:**

- (1) Assuming refundable consumption tax estimated at S\$5.8 million being funded by debt.

<sup>11</sup> Based on the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013.



#### 4.2.3 Pro Forma Financial Effects for FY2012/13

##### (i) Pro Forma DPS

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the DPS for FY2012/13, as if A-HTRUST had completed the Acquisition on 27 July 2012 (date of listing) and held and operated the Hotel through to 31 March 2013, are as follows:

	Pro Forma Financial Effects of the Acquisition for FY2012/13		
	Before the Acquisition	After the Acquisition: Scenario 1	After the Acquisition: Scenario 2
<b>Net Income (S\$'000)</b>	15,262 <sup>(1)</sup>	19,141 <sup>(2)</sup>	19,141 <sup>(2)</sup>
<b>Distributable Income (S\$'000)<sup>(3)</sup></b>	34,712	38,561	38,561
<b>DPS (cents)<sup>(4)</sup></b>	4.31	4.41	4.79
<b>Annualised DPS Yield (%)<sup>(5)</sup></b>	8.8	9.1	9.8

**Notes:**

- (1) Based on the audited consolidated financial statements of A-HTRUST for FY 2012/13. The net income is derived before deducting income tax expense.
- (2) Includes (i) pro forma income contribution from the Hotel and (ii) deduction of additional borrowing costs, fees payable to the Trustee-Manager, depreciation expenses, property expenses and other trust expenses in connection with the proposed Acquisition.
- (3) The distributable income of A-HTRUST represents the aggregate of distributions by A-HREIT and A-HBT.
- (4) Without waiver of Ascendas Land International Pte. Ltd.'s entitlement to S\$3.5 million of distributions from A-HTRUST for the period from 27 July 2012 (date of listing) to 31 March 2013.
- (5) Based on the closing market price of S\$0.72 per Stapled Security as at 25 March 2014.

##### (ii) Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Stapled Security as at 31 March 2013, as if the Acquisition was completed on 31 March 2013, are as follows:

	Pro Forma Financial Effects of the Acquisition as at 31 March 2013		
	Before the Acquisition	After the Acquisition: Scenario 1	After the Acquisition: Scenario 2
<b>NAV (S\$'000)</b>	665,689 <sup>(1)</sup>	715,679	665,689
<b>No. of Stapled Securities ('000)</b>	805,070 <sup>(2)</sup>	873,875	805,070
<b>NAV per Stapled Security (S\$)</b>	0.83	0.82	0.83

**Notes:**

- (1) Based on the audited consolidated financial statements of A-HTRUST for FY 2012/13.
- (2) Number of Stapled Securities issued and issuable as at 31 March 2013.

(iii) **Pro Forma Capitalisation**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The following table sets forth the pro forma capitalisation of A-HTRUST as at 31 March 2013, as if A-HTRUST had completed the Acquisition on 31 March 2013:

	<b>Actual (Before the Acquisition)<sup>12</sup></b>	<b>Scenario 1 (After the Acquisition)</b>	<b>Scenario 2 (After the Acquisition)</b>
	<b>(S\$ '000)</b>	<b>(S\$ '000)</b>	<b>(S\$ '000)</b>
<b>Total short-term debt</b>	1,309	7,132 <sup>(1)</sup>	7,132 <sup>(1)</sup>
<b>Long-term debt:</b>			
Secured debt	281,514	281,514	281,514
Unsecured debt	109,753	174,753	224,743
Total long-term debt	391,267	456,267	506,257
<b>Total debt:</b>	392,576	463,399 <sup>(1)</sup>	513,389 <sup>(1)</sup>
Aggregate Leverage	35.2%	37.1%	41.1%
Stapled Securityholders' funds	665,689	715,679	665,689
<b>Total Capitalisation</b>	1,058,265	1,179,078	1,179,078

**Note:**

(1) Assuming refundable consumption tax estimated at S\$5.8 million being funded by debt.

**5. INTERESTS OF DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS**

As at the date of this announcement, certain directors of the Managers (the "**Directors**") collectively hold an aggregate direct and indirect interest in 1,223,000 Stapled Securities.

Save as disclosed above and based on the information available to the Managers as at the date of this announcement, none of the Directors or the controlling Stapled Securityholders have an interest, direct or indirect, in the proposed Acquisition.

**6. OTHER INFORMATION**

**6.1 Directors' Service Contracts**

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

<sup>12</sup> Based on the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013.

## 6.2 Relative Figures Computed on the Bases set out in Rule 1006

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST are set out below.

- (i) the net profits attributable to the assets acquired, compared with A-HTRUST's net profits;
- (ii) the aggregate value of the consideration given, compared with A-HTRUST's market capitalisation; and
- (iii) the number of Stapled Securities issued by the Managers as consideration for the Acquisition, compared with the number of Stapled Securities previously in issue.

Listing Rule	Criteria	A-HTRUST (\$'m)	Proposed Acquisition (\$'m)	Relative Percentage
1006(a)	Net asset value of assets to be disposed of, compared to A-HTRUST's net asset value	This is not applicable to an acquisition of assets.		
1006(b)	Net profits attributable of the assets acquired, compared to A-HTRUST's net profits	5.4 <sup>(1)</sup>	3.8	70.4%
1006(c)	Aggregate of consideration given, compared to A-HTRUST's market capitalisation based on the total number of issued Stapled Securities	745.4 <sup>(2)</sup>	114.3 <sup>(3)</sup>	15.3%
1006(d)	Number of Stapled Securities issued as consideration for an acquisition, compared with the number of A-HTRUST's issued Stapled Securities	This is not applicable as no Stapled Securities will be issued as consideration for the proposed Acquisition.		
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of A-HTRUST's proved and probable reserves	This is not applicable to A-HTRUST as Rule 1006(e) is only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.		

**Notes:**

- (1) Based on the unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2013 to 31 December 2013.
- (2) Based on A-HTRUST's market capitalisation on 25 March 2014.
- (3) This amount does not include consumption tax.

As only the relative figure in Rule 1006(b) exceeds 20.0%, pursuant to the exception in Rule 1014(2) of the Listing Manual, Stapled Securityholders' approval for the proposed Acquisition is not required.

## 7. INCORPORATION OF COMPANIES AND ENTITIES

A-HBT has established the following companies and entities for the purpose of the proposed Acquisition.

Name of Company / Entity	Country of Incorporation / Establishment	Issued and Paid-up Share Capital	Purpose
Ascendas Namba 1 Pte. Ltd.	Singapore	S\$1.00	To hold Ascendas Namba 2 Pte. Ltd.
Ascendas Namba 2 Pte. Ltd.	Singapore	S\$1.00	To hold 100% of the specified shares and 49% of the preferred shares issued by the TMK
Ascendas Namba 3 Pte. Ltd.	Singapore	S\$1.00	To hold the Japan Branch
Ascendas Namba 3 Pte. Ltd., Japan Branch	Japan	N.A.	To hold 51% of the preferred shares issued by the TMK
Ascendas Japan Namba Tokutei Mokuteki Kaisha	Japan	Paid-up Specified Share Capital: JPY100,000 Paid-up Preferred Share Capital: N.A. <sup>13</sup>	To hold the trust beneficiary interest in the Property
Ascendas Namba Godo Kaisha	Japan	JPY100,000	To lease the Property from the Trust Bank

## 8. DOCUMENTS FOR INSPECTION

A copy of the following documents is 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:

- (i) the Sale and Purchase Agreements;
- (ii) the Master Lease Agreement;
- (iii) the Fixed-Term Building Lease Agreement; and
- (iv) the valuation report dated 25 March 2014 by Savills.

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

<sup>13</sup> The paid-up preferred share capital will be increased by the issue of preferred shares.

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

26 March 2014

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This announcement may contain forward-looking statements that involve risks and uncertainties. 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, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 Managers' current view of future events.

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