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

ANNOUNCEMENT

**LAUNCH OF PRIVATE PLACEMENT
TO RAISE GROSS PROCEEDS OF NO LESS THAN S\$100.0 MILLION**

1. Introduction

The board of directors of Ascott Residence Trust Management Limited, in its capacity as manager of Ascott Residence Trust ("**Ascott REIT**") and as manager of Ascott REIT, the "**Manager**", wishes to announce that the Manager is proposing to carry out a private placement of 94,787,000 new units in Ascott REIT (the "**New Units**") to institutional and other investors (the "**Private Placement**") at an issue price of between S\$1.055 (the "**Base Issue Price**") and S\$1.085 per New Unit (the "**Issue Price Range**") to raise gross proceeds of no less than S\$100.0 million. Based on the Base Issue Price, the gross proceeds from the Private Placement amount to approximately S\$100.0 million. The net proceeds from the Private Placement amount to approximately S\$98.5 million, after deducting the underwriting and selling commission and other estimated fees and expenses (including professional fees and expenses) incurred in connection with the Private Placement.

2. Details of the Private Placement

The Manager has today entered into a placement agreement (the “**Placement Agreement**”) with Morgan Stanley Asia (Singapore) Pte. (the “**Placement Agent and Underwriter**”) in relation to the Private Placement. Pursuant to the Placement Agreement, the Placement Agent and Underwriter has been appointed to procure subscriptions and payment for, and failing which, to subscribe and pay for, the New Units to be issued pursuant to the Private Placement at such final issue price per New Unit (the “**Issue Price**”), to be determined by the Manager, in consultation with the Placement Agent and Underwriter.

The Issue Price Range of between S\$1.055 and S\$1.085 per New Unit represents a discount of between:

- (i) 4.2% and 6.8% to the volume weighted average price of S\$1.1324 per unit in Ascott REIT (“**Unit**”); and
- (ii) (for illustrative purposes only) 2.9% and 5.5% to the adjusted volume weighted average price¹ of S\$1.1169 per Unit,

for trades in the Units done on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the full Market Day² on 14 March 2016, being the date the Placement Agreement was signed.

The Issue Price will be determined by the Manager, in consultation with the Placement Agent and Underwriter, following an accelerated book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

The Private Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the approval in-principle of the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST.

3. Eligibility to participate in the Private Placement

The offer of New Units under the Private Placement will be made to institutional and other investors.

1 The adjusted volume weighted average price is computed based on the volume weighted average price of all trades in the Units on the SGX-ST on the full Market Day on 14 March 2016 and excluding the Advanced Distribution (as defined herein) of approximately 1.55 cents per Unit (being the mid-point of the estimated Advanced Distribution). This amount is only an estimate based on information currently available to the Manager, and the actual Advanced Distribution may differ.

2 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

The New Units have not been and will not be registered under the Securities Act or the securities laws of any state or jurisdiction of the United States and may not be offered or sold within the United States absent registration or an exemption from registration under the Securities Act. The New Units are being offered and sold (i) within the United States, only to “qualified institutional buyers” as defined in Rule 144A under the Securities Act, or (ii) in offshore transactions as defined in and in reliance on Regulation S under the Securities Act.

The Manager, along with the Placement Agent and Underwriter, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

4. Use of Proceeds

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately S\$100.0 million (based on the Base Issue Price) from the Private Placement in the following manner:

- (i) approximately S\$98.5 million will be used to partially fund the proposed acquisition of a hotel property located at 250 and 370-372 Canal Street (a/k/a 13-15 Lispenard Street) in New York, United States (“**U.S.**”) (the “**Property**”)¹ (which is equivalent to 98.5% of the gross proceeds of the Private Placement);
- (ii) approximately S\$1.5 million will be used to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Ascott REIT in connection with the Private Placement (which is equivalent to 1.5% of the gross proceeds of the Private Placement).

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use

¹ Please refer to the announcement dated 14 March 2016 for further details in relation to the Property.

and in accordance with the stated percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

5. Rationale for the Private Placement

The Manager believes that the Private Placement will bring the following benefits to unitholders of Ascott REIT (“**Unitholders**”):

5.1 Part-finance Proposed Acquisition in United States

The proceeds from the Private Placement will be used to part-finance the proposed acquisition of the Property (the “**Acquisition**”).

The Acquisition represents an attractive opportunity for Ascott REIT. The Acquisition, on a pro forma historical basis, is expected to increase distributable income by US\$6.6 million (equivalent to approximately S\$9.0 million¹) for the financial year ended 31 December 2015 (“**FY2015**”), translating to an increase in pro forma historical distribution per unit (“**DPU**”) by approximately 1.5%.

The Acquisition is in line with Ascott REIT’s principal investment mandate, strategy and business model, and will enhance the diversification of Ascott REIT’s portfolio in terms of geographical spread and across property and economic cycles. It will enlarge the U.S. portfolio to 10.0% of Ascott REIT’s total asset size. In particular, the Acquisition will further expand Ascott REIT’s footprint in the Manhattan market and strengthen Ascott REIT’s presence in the U.S.

Following the completion of the Acquisition and the Private Placement, for illustration purposes only, Ascott REIT’s gearing is expected to remain stable at approximately 40.0%.

5.2 Reduced Time of Issuance

The Private Placement represents a fast and efficient means of raising capital to part finance the Acquisition with certainty. It also minimises the exposure of the equity fund raising to the volatility of the market price of the Units.

5.3 Expected Increase in Trading Liquidity of Units

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by 94,787,000 Units, which is an increase of 6.1% of the total number of Units currently in issue. This will increase the free float of Ascott

¹ Based on an average US\$ / SGD exchange rate for FY2015 of 1.3712.

REIT from approximately 52.0% to 55.0%. The increase in the total number of Units would potentially improve the level of trading liquidity of the Units.

6. Authority to Issue New Units

The New Units will be issued pursuant to a general mandate as given to the Manager pursuant to the annual general meeting held on 22 April 2015 (the “**General Mandate**”), pursuant to which the Manager may, during the period from 22 April 2015 until (i) the conclusion of the next annual general meeting of Ascott REIT or (ii) the date by which the next annual general meeting of Ascott REIT is required by the applicable regulations to be held, whichever is earlier, issue new Units and/or convertible securities or other instruments (including but not limited to warrants) which may be convertible into Units (“**Convertible Securities**”) such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue as at 22 April 2015 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a *pro rata* basis to existing Unitholders, shall not be more than 20.0% of the Base Figure.

As at 22 April 2015, the number of Units in issue was 1,537,732,123 Units.

The number of Units that can be issued under the General Mandate is 768,866,061 Units, of which no more than 307,546,424 Units may be issued for a non-*pro rata* private placement.

In aggregate with 14,582,240 Units issued since 22 April 2015, the number of New Units to be issued pursuant to the Private Placement (94,787,000 New Units), would constitute up to 7.1% of the Base Figure, which is within the 20.0% limit for issues of Units on a non-*pro rata* basis.

Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

7. Advanced Distribution

Ascott REIT’s policy is to distribute its distributable income on a semi-annual basis to Unitholders.

In connection with the Private Placement, the Manager however intends to declare, in respect of the Units in issue immediately prior to the issue of the New Units (the “**Existing Units**”), a distribution of the distributable income for the period from 1 January 2016 to 22 March 2016, the day immediately prior to the date on which the New Units will be issued pursuant to the Private Placement (the “**Advanced Distribution**”).

The next distribution thereafter will comprise Ascott REIT's distributable income for the period from 23 March 2016 to 30 June 2016. Semi-annual distributions will resume thereafter.

The Advanced Distribution is intended to ensure that the distributable income accrued by Ascott REIT up to the day immediately preceding the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units

The current expectation of the Manager is that the quantum of DPU under the Advanced Distribution is estimated to be between 1.50 Singapore cents per Unit and 1.60 Singapore cents per Unit¹. The actual quantum of the DPU under the Advanced Distribution will be announced on a later date.

8. Status of New Units

The New Units are expected to be listed on or around 23 March 2016.

Other than the Advanced Distribution to which the New Units will not be entitled, the New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distribution which may be paid for the period from 23 March 2016 to 30 June 2016, as well as all distributions thereafter.

9. Application to the SGX-ST for Approval in-Principle

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

¹ The advanced distribution for the period from 1 January 2016 to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement is estimated based on information currently available to the Manager and the Manager's estimate of Ascott REIT's revenue and expense, and the actual Advanced Distribution may differ.

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
14 March 2016

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, 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. The past performance of Ascott REIT is not necessarily indicative of its future performance.

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.

This Announcement may contain forward-looking statements that involve risks and uncertainties. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.