

MORE THAN

A PLACE TO STAY

Acquisition of Ibis Ambassador Seoul Insadong

28 November 2018

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1

Transaction Overview



Ibis Ambassador Seoul Insadong

31 Samil-daero 30-gil, Jongno-gu, Seoul, Republic of Korea

- Land tenor: Freehold
- Rooms: 363
- Built: 2013
- Commenced operations: 2013
- Facilities:
 - a restaurant
 - a bar
 - two meeting rooms
 - a gym
 - a sauna
 - 24 carpark spaces

* Source of image from the websites of the Hotel.

Addition of another quality hotel to portfolio



Bar



Meeting Room



Twin Guest Room



Gym



Sauna



Restaurant

* Source of images from the websites of the Hotel.

Expanding footprint in Seoul

- ✦ Acquisition of the Ibis Ambassador Seoul Insadong (“Hotel”) expands A-HTRUST’s presence in a market with growth prospects

Parties

- Ascendas Hospitality Business Trust and Ascendas (Korea) Pte. Ltd. (“**Purchasers**”)¹
- The Korean Teachers’ Credit Union and KT&G Corp (“**Vendors**”)

Purchase Consideration

- KRW77,500 million² (\$\$94.5 million³),
- 3.1% discount to latest valuation
- Translate to estimated NPI yield of 4.6%

Independent Valuation

- KRW80,010 million (\$\$97.6 million²) by Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Master Lease

- Ambastel Inc., part of Ambassador Hotel Group which was established in the 1950s
- The master lease has a tenor of 20 years from 2013
- Rent payable based on pre-determined percentage of the total revenue with a minimum rent payable



1. Ascendas Hospitality Business Trust (“**A-HBT**”) and Ascendas (Korea) Pte. Ltd. (“**AKPL**”) will acquire the Hotel via acquisition of 100% interest in Richmond Private Jongno Business Hotel Real Estate Trust No. 1 (“**Trust No. 1**”). A-HBT and AKPL will acquire 98.8% and 1.2% in the Trust No. 1, respectively. AKPL is the wholly-owned subsidiary of the Sponsor of Ascendas Hospitality Trust.
2. Subject to post-completion adjustment based on net working capital of the Trust No. 1 as at completion.
3. Based on an exchange rate of KRW820: \$\$1.00.

2

Rationale for the Acquisition



Rationale for the Acquisition

1

Strategic location in improving market

- ✓ The Hotel is well located to cater to leisure and corporate segments
- ✓ Increased exposure in an improving hospitality market

2

DPS accretive acquisition

- ✓ The Acquisition is expected to be DPS accretive
- ✓ On a pro forma basis, the DPS for FY2017/18 would have increased to 5.87 cents from 5.86 cents¹

3

Operator with strong domain knowledge and network

- ✓ The Master Lessee has strong local market knowledge and able to leverage on AccorHotels extensive global network
- ✓ Further diversify pool of master lessees, reducing concentration of counterparty risk

4

Improved income stability

- ✓ Rent payable based on a pre-determined percentage of the Hotel's total revenue with a minimum rent payable by the Master Lessee
- ✓ Rent structure helps mitigate downside risks while upside is not capped

5

New freehold hotel

- ✓ The Hotel was only completed in 2013 and major capital expenditure is not expected in the short term

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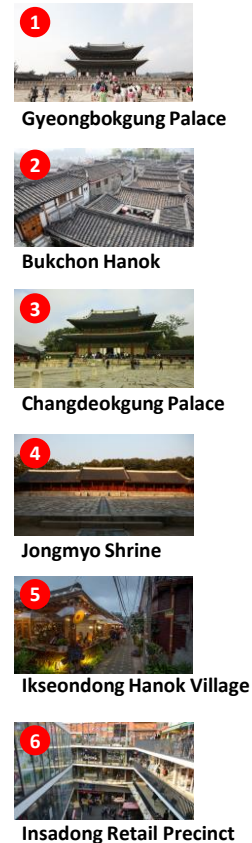
Broadens earning base and further diversification

- ✓ The Acquisition broadens A-HTRUST's earning base and further reducing its reliance on any single property
- ✓ Further diversify the portfolio

1. Please refer to the announcement on the Acquisition dated 28 November 2018 for further details on the financial effects of the Acquisition.

1 Strategic location

- ✦ The Hotel is strategically located near a major business district and some of the prominent landmarks in Seoul
- ✦ The Jongno 3-ga Station which is a short distance away, offers excellent connectivity to the other part of the city



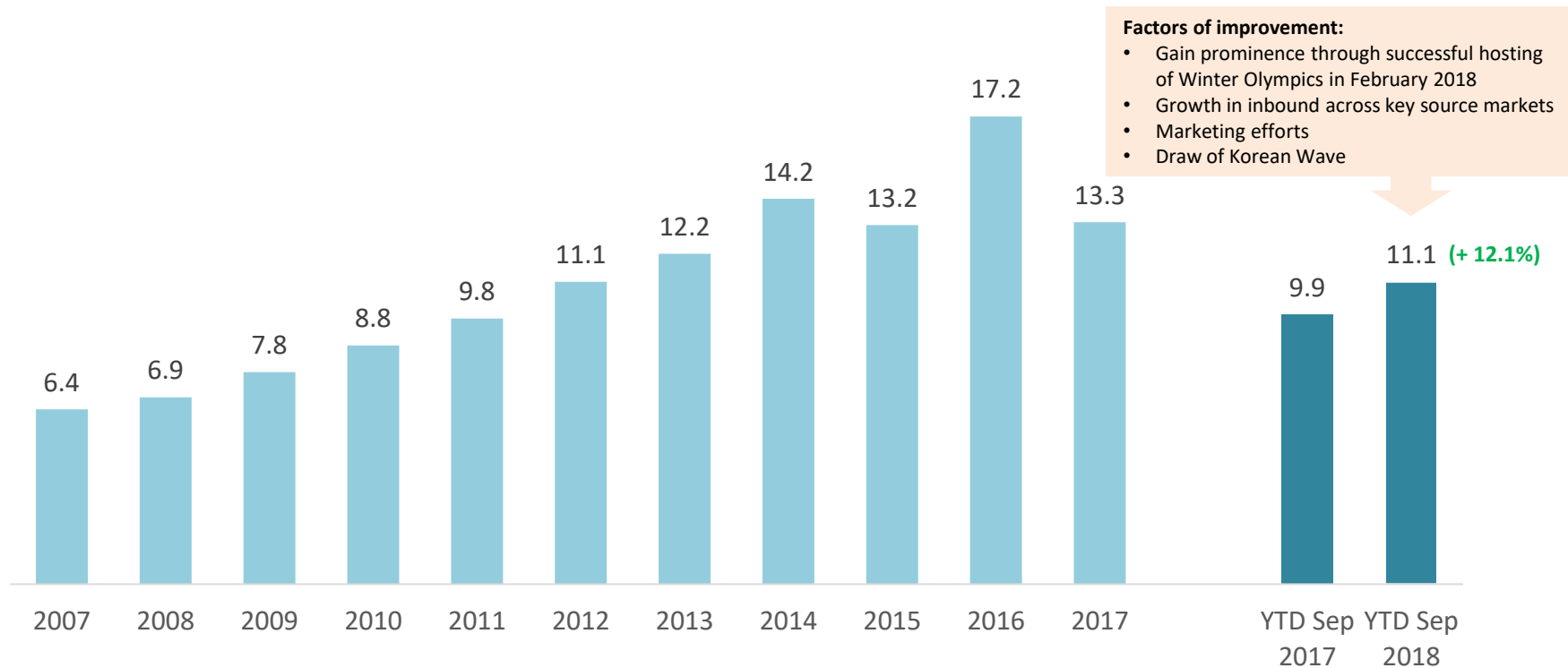
* Source of images from websites of Korea Tourism Organization and Seoul Metropolitan Government

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Improving hospitality market

- ✦ Over the past ten years, inbound arrivals to South Korea has generally been on a steady uptrend, with the exception of 2015 and 2017
- ✦ There were signs of recovery as inbound arrivals posted year-on-year increase for year-to-date (“YTD”) September 2018

International visitors to South Korea (millions)¹



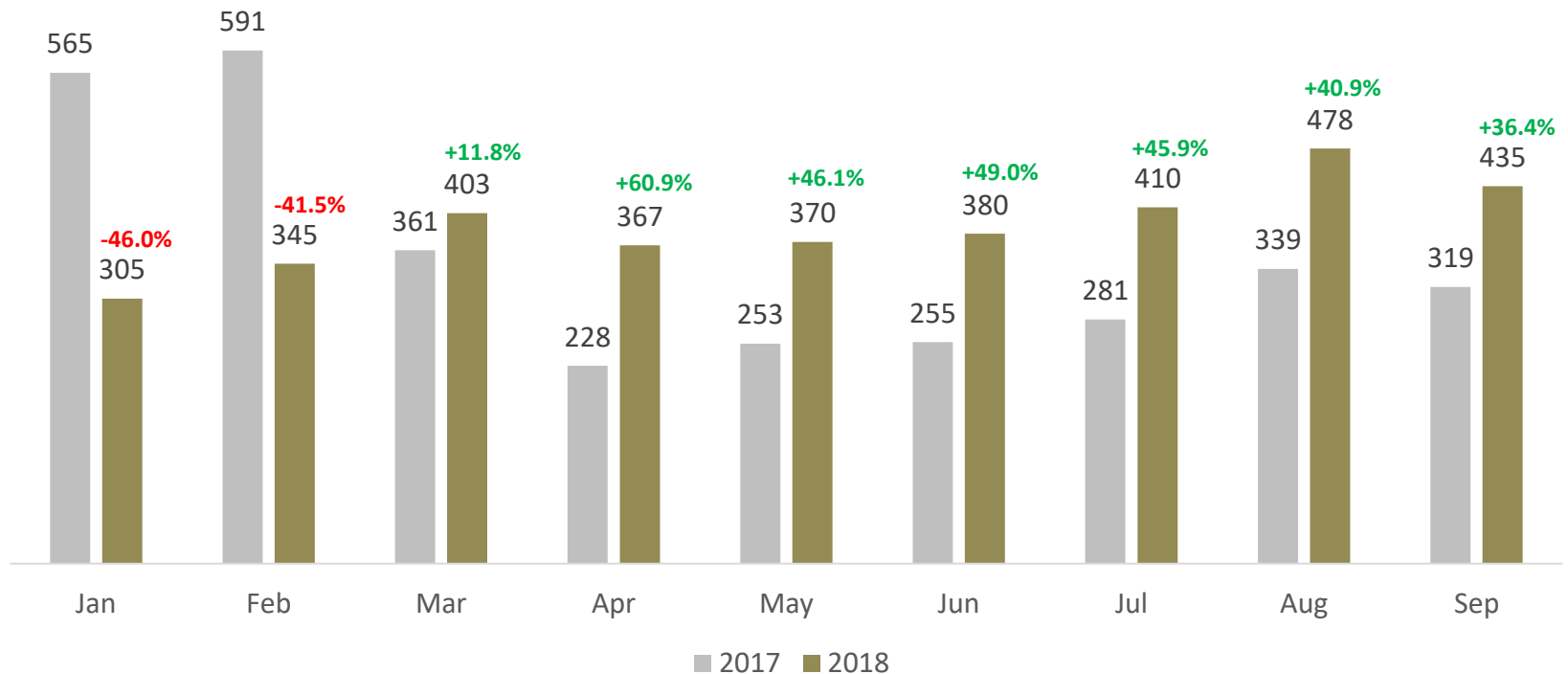
1. Source: Korea Tourism Organization.

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Improving hospitality market

- ✦ From March to September 2018, South Korea saw strong growth in arrivals from China (its top source market) with inbound from China up by 9.4% y-o-y YTD September 2018¹
- ✦ To reduce reliance on a few key source markets, marketing efforts to other markets appears to be effective with increased visitors from South East Asian countries such as Malaysia, Thailand and Vietnam in YTD September 2018 compared to the same period last year¹

Visitors from China to South Korea ('000)¹



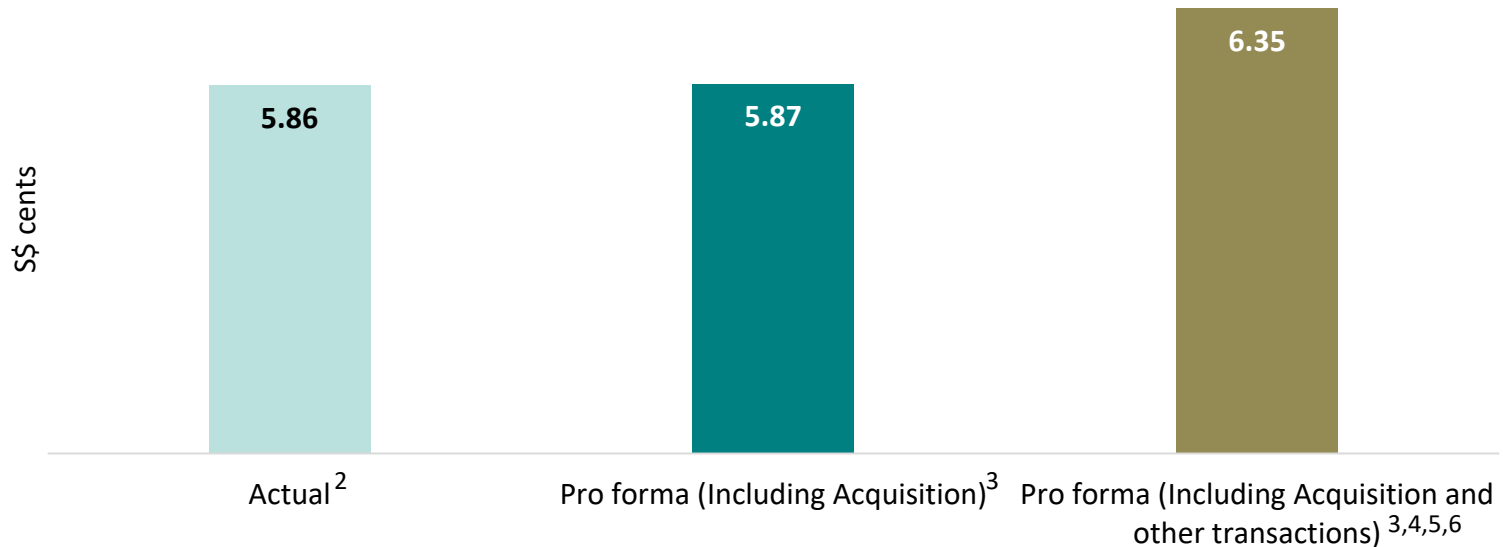
1. Source: Korea Tourism Organization.

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DPS accretive acquisition

- ✕ The Acquisition is intended to be fully funded by debt
- ✕ On a pro forma basis, the Acquisition is expected to be DPS accretive¹

Pro forma DPS for FY2017/18



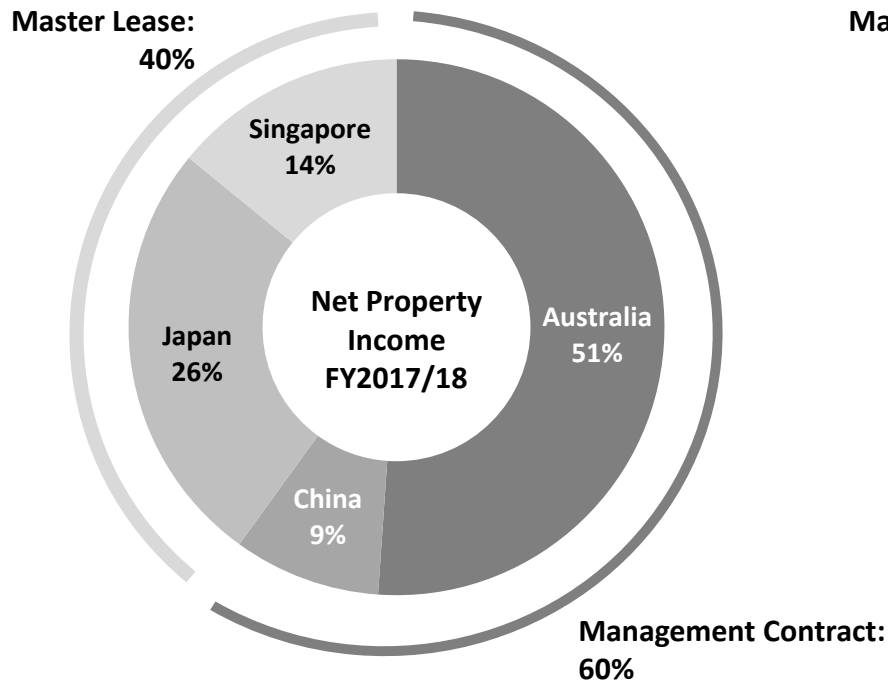
1. Please refer to the announcement on the Acquisition dated 28 November 2018 for further details on the financial effects of the Acquisition.
2. Actual DPS for FY2017/18 based on 11 hotels.
3. Assuming the Acquisition of the Hotel was completed on 1 April 2017.
4. Assuming the divestment of the two hotels in Beijing ("**Divestment**") was completed on 1 April 2017. Please refer to the announcement dated 29 January 2018 for further information on the Divestment, which was completed on 18 May 2018.
5. Assuming the acquisition of The Splaisir Seoul Dongdaemun ("**Dongdaemun Hotel Acquisition**") was completed on 1 April 2017. Please refer to the announcement dated 27 April 2018 for further information on the Dongdaemun Hotel Acquisition, which was completed on 21 May 2018.
6. Assuming the acquisition of the portfolio of hotels in Osaka ("**Osaka Portfolio Acquisition**") was completed on 1 April 2017. Please refer to the announcement dated 18 June 2018 for further information on the Osaka Portfolio Acquisition.

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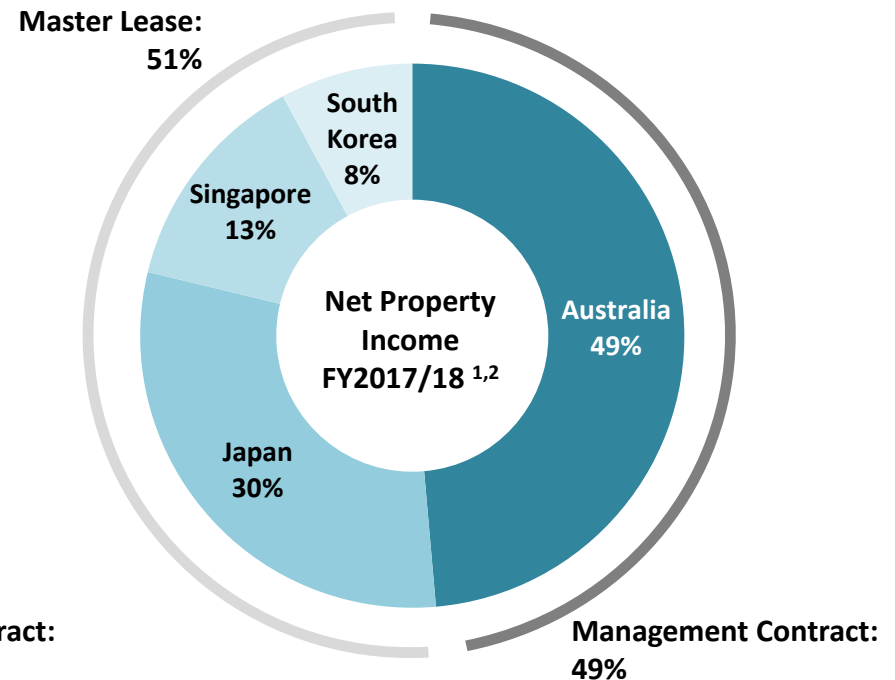
Further augment income stability

- ✦ A minimum rent is payable by the Master Lessee, further improving income stability to A-HTRUST, while upside is not capped

Before the Acquisition



After the Acquisition



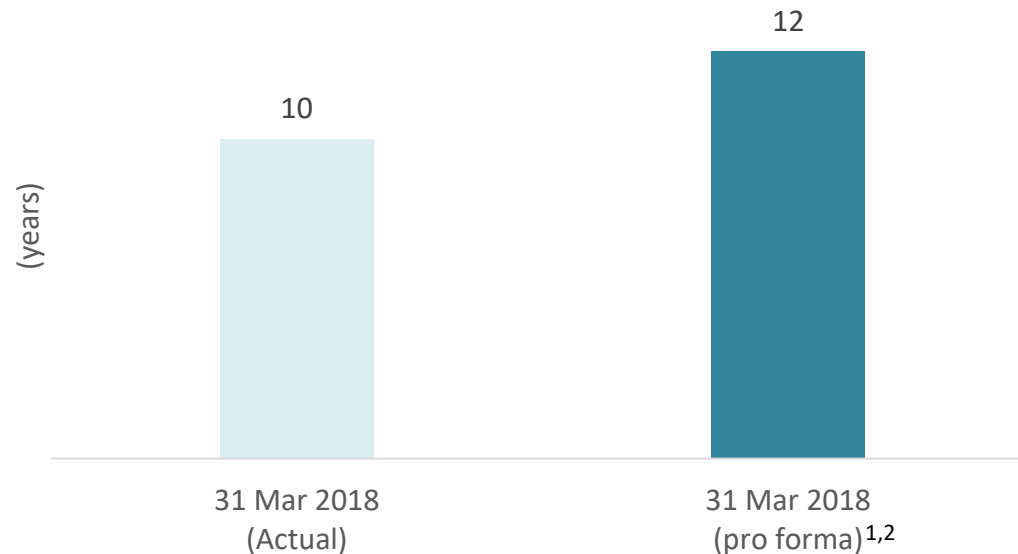
1. On pro forma basis, assuming the Acquisition was completed on 1 April 2017.
2. Assuming the Divestment, the Dongdaemun Hotel Acquisition and the Osaka Portfolio Acquisition were completed on 1 April 2017.

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Increase average lease expiry of master leases

- ✕ The tenor of the master lease for the Hotel is 20 years from 2013
- ✕ The Acquisition increases the weighted average lease expiry of hotels under master leases increases from approximately 10 years to 12 years¹

Weighted Average Lease Expiry of the Hotels under Master Leases²



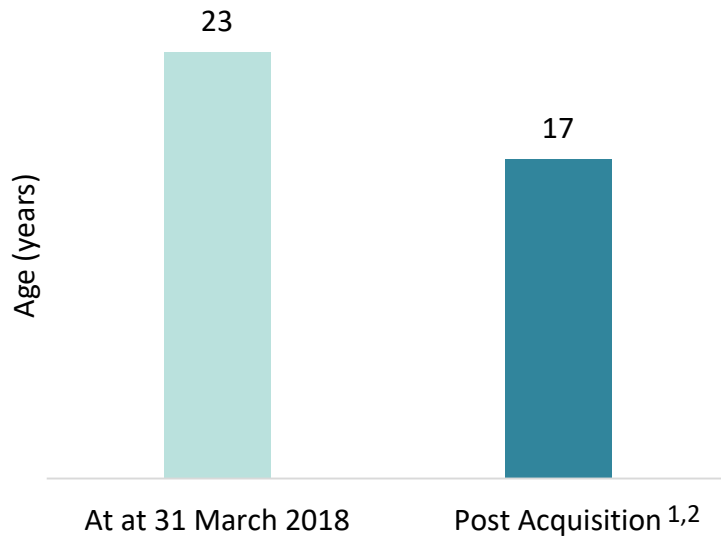
1. Assuming the Acquisition, the Dongdaemun Acquisition and the Osaka Portfolio Acquisition were completed on 31 March 2018.
2. Based on the fixed rent component of the respective master leases, and do not take into account any extension.

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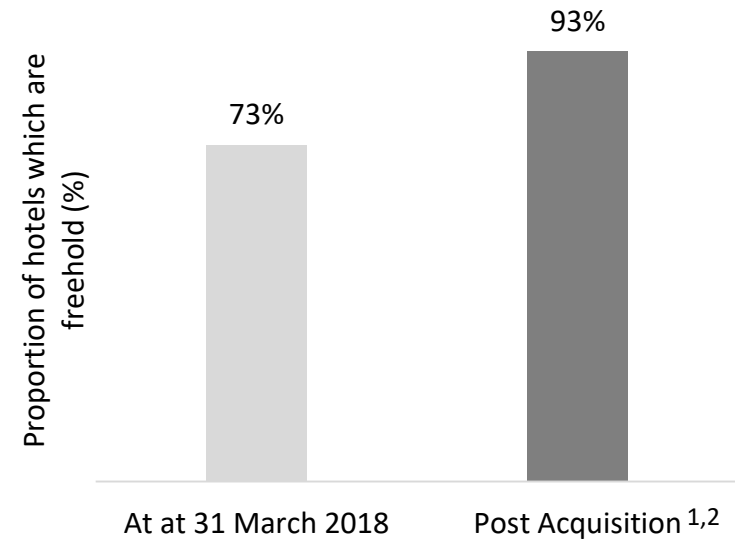
Addition of a relatively new freehold hotel

- ✦ Completed in 2013, the Hotel is relatively new and will further reduce the average age of the portfolio
- ✦ Upon completion of the Acquisition, 13 out of 14 assets in the portfolio are freehold properties^{1,2}

Average Age of A-HTRUST Portfolio³



Freehold Hotels as Proportion of Portfolio



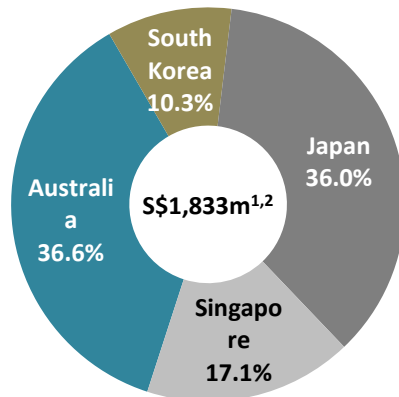
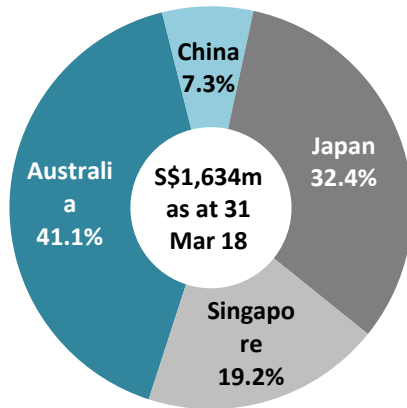
1. Assuming the Acquisition was completed by 31 December 2018.
2. Taking into account the Divestment, the Dongdaemun Hotel Acquisition and the Osaka Portfolio Acquisition.
3. Based on year of build.

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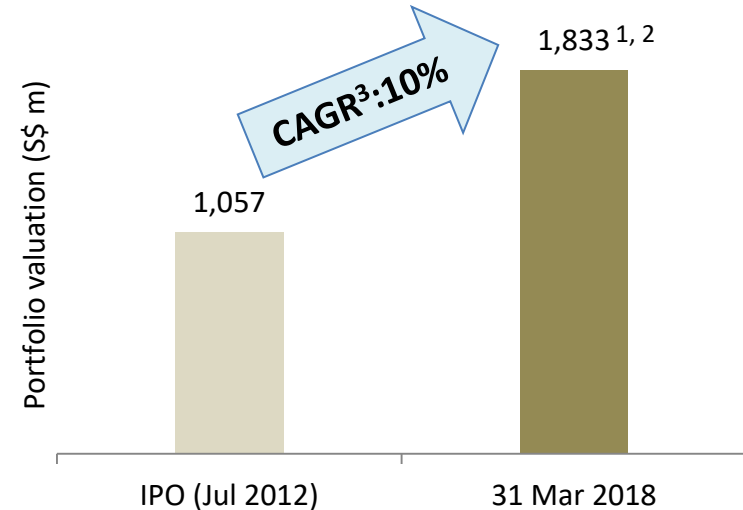
Reinforced strategy to invest in well-diversified portfolio

- ✦ Further diversification via acquisition in a market with good long term growth prospects

Portfolio Valuation



Portfolio Growth since IPO



1. Assuming the Acquisition was completed on 31 March 2018, and based on the valuation of the Hotel as at 27 June 2018, and A-HBT's interest of 98.8% in the Hotel.
2. Assuming the Divestment, the Dongdaemun Hotel Acquisition and the Osaka Portfolio Acquisition were completed on 31 March 2018. The valuations of the hotels for Dongdaemun Hotel Acquisition and the Osaka Portfolio Acquisition are based on the latest valuations available and A-HTRUST's interest in the respective hotels. Please refer to the respective announcements of the Dongdaemun Hotel Acquisition and the Osaka Portfolio Acquisition for further information.
3. CAGR: Compounded annual growth rate.



**Ascendas Hospitality Fund Management Pte. Ltd.
Ascendas Hospitality Trust Management Pte. Ltd.**

Managers of A-HTRUST

**1 Fusionopolis Place, #10-10
Galaxis, Singapore 138522**

Tel: +65 6774-1033

Email: info-aht@ascendas.com

www.a-htrust.com