

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.
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ACQUISITION OF KY-HERITAGE HOTEL DONGDAEMUN

1. INTRODUCTION

1.1 The Acquisition

Ascendas Hospitality Fund Management Pte. Ltd., the manager of Ascendas Hospitality Real Estate Investment Trust (“**A-HREIT**”) and Ascendas Hospitality Trust Management Pte. Ltd. (“**Trustee-Manager**”), the trustee-manager of Ascendas Hospitality Business Trust (“**A-HBT**”) (collectively, the “**Managers**”), are pleased to announce that Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment LLC (the “**Purchaser**”)¹, has today entered into a conditional sale and purchase agreement (“**Sale and Purchase Agreement**”) with a third-party vendor, KY-Development Co., Ltd. (the “**Vendor**”) to acquire the land and building known as “KY-Heritage Hotel Dongdaemun” (“**Hotel**”) located at 226 Jangchoongdan-ro, Jung-gu, Seoul, Korea for KRW73.0 billion (or approximately S\$90.1 million²) (“**Purchase Consideration**”).

A-HBT and Ascendas (Korea) Pte Ltd (“**AKPL**”), a wholly-owned subsidiary of the Sponsor, will hold 98.7% and 1.3% respectively in the Purchaser. The Purchase Consideration will be paid by A-HBT and AKPL in proportion to their respective interest in the Purchaser.

¹ The Purchaser was incorporated on 24 April 2018 for the purpose of the Acquisition, and is owned by A-HBT (98.6%) and AKPL (1.4%). Upon Completion of the Acquisition, the Purchaser will be owned by A-HBT (98.7%) and AKPL (1.3%). AKPL is a wholly-owned subsidiary of Ascendas Land International Pte Ltd (“**ALI**”). ALI is a controlling stapled securityholder of Ascendas Hospitality Trust (“**A-HTRUST**”) and also the Sponsor of A-HTRUST.

² Based on an exchange rate of KRW810: S\$1.00. Unless otherwise indicated in this announcement, all conversions from Korean Won into Singapore Dollar in this announcement are based on an exchange rate of KRW810 : S\$1.00.

In connection with the acquisition of the Hotel ("**Acquisition**"), the Purchaser has today entered into a temporary leaseback agreement with the Vendor ("**Leaseback Agreement**"), pursuant to which the Hotel will be leased to the Vendor upon completion of the Acquisition ("**Completion**") and the Vendor will continue to operate the Hotel until 30 June 2018. Upon Completion, the Purchaser will enter into a master lease agreement ("**Master Lease Agreement**") with an established hotel management company ("**Hotel Operator**"). The Master Lease Agreement, with rent structure comprising fixed and variable component, shall commence on 1 July 2018.

1.2 Information on the Hotel

The 215-room Hotel is a 4-star hotel located in Dongdaemun, a major shopping and tourist destination in Seoul. Sitting on freehold land, the development of the 20-storey Hotel was completed in 2015. The facilities offered by the Hotel include a restaurant, a cafe, two conference rooms and a gym. The Hotel is currently owner-operated, and will be managed by the Hotel Operator with effect from 1 July 2018.

The Hotel is easily accessible and is well connected to other parts of Seoul via the nearby Dongdaemun History & Culture Park Station. Landmarks located within its vicinity include the Dongdaemun Design Plaza, the Doota Mall and the Changdeokkung Palace.

2. DETAILS OF THE ACQUISITION

2.1 Purchase Consideration and Valuation

An independent property valuer, CBRE Korea Co., Ltd. ("**Independent Property Valuer**"), was commissioned by the Trustee-Manager to value the Hotel. The independent valuation report prepared by the Independent Property Valuer as at 30 March 2018 valued the Hotel at KRW75.4 billion (or approximately S\$93.1 million), based on discounted cashflow analysis and direct comparison valuation approaches.

The Purchase Consideration, which is payable in cash to the Vendor in connection with the Acquisition, was negotiated on a willing-buyer, willing-seller basis and took into account the independent valuation on the Hotel undertaken by the Independent Property Valuer.

A-HBT's proportion of the Purchase Consideration amounts to KRW72.1 billion (or approximately S\$89.0 million) ("**A-HBT Portion of Purchase Consideration**").

The Purchaser has made a payment of KRW7.3 billion to the Vendor as deposit ("**Deposit**") upon execution of the Sale and Purchase Agreement. The Deposit is to be refunded to the Purchaser, together with liquidated damages amounting to 10% of the Purchase Consideration, in the event of a termination of the Sale and Purchase Agreement due to reasons attributable to the Vendor. The balance of the Purchase Consideration is payable upon Completion, which is expected to occur by the end of June 2018.

2.2 Estimated Total Costs of the Acquisition

The estimated total costs of the Acquisition to A-HBT (in proportion to its interest in the Purchaser) are approximately KRW81.6 billion (or approximately S\$100.7 million) ("**Total Acquisition Costs**"), comprising:

- (i) the A-HBT Portion of Purchase Consideration of KRW72.1 billion (or approximately S\$89.0 million);
- (ii) the acquisition fee payable to the Trustee-Manager for the Acquisition, in accordance with the trust deed³, of KRW720.7 million (or approximately S\$0.9 million) (only in respect of the HBT Portion of Purchase Consideration); and
- (iii) the estimated professional fees and other transaction expenses incurred or to be incurred in connection with the Acquisition (inclusive of acquisition tax, capital registration tax, financing related expenses and due diligence costs) of approximately KRW8.8 billion (or approximately S\$10.8 million).

2.3 Certain Terms of the Sale and Purchase Agreement

The completion of the Acquisition is subject to and conditional upon satisfaction of certain conditions, including regulatory approval in connection with anti-monopoly laws in Korea. The Vendor has provided the Purchaser with representations and warranties customary to a transaction of this nature.

³ Refers to the trust deed dated 13 March 2012 (as amended) constituting A-HBT (the "**A-HBT Trust Deed**").

2.4 Certain Terms of the Leaseback Agreement

Pursuant to the Leaseback Agreement, the Vendor will lease the Hotel and continue to operate the Hotel from the date of Completion of the Acquisition. The Vendor shall pay the Purchaser a fixed rent during the term of the Leaseback Agreement. The Leaseback Agreement shall terminate on 30 June 2018.

Immediately following the termination of the Leaseback Agreement, the Master Lease Agreement shall come into effect on 1 July 2018 for a lease term of 20 years. The rent structure under the Master Lease Agreement shall comprise both fixed rent as well as a variable component.

2.5 Appointment of Asset Manager

The Purchaser has appointed Ascendas Asset Management (Korea) Co., Ltd ("**AAMC**") as its asset manager ("**Asset Manager**") to provide asset management services in respect of the Hotel ("**Services**") pursuant to an asset management agreement ("**Asset Management Agreement**") between the Purchaser and the Asset Manager. The Asset Manager is a wholly-owned subsidiary of Ascendas Investment Pte Ltd, which is also the sole shareholder of the Trustee-Manager. AAMC is a licensed asset manager under Korean law.

In providing the Services, the Asset Manager is required to exercise the standard of care, skill, prudence and diligence customarily expected of an asset manager providing such services.

Under the Asset Management Agreement, the fees payable by the Purchaser to the Asset Manager include base management fees, acquisition fees and disposition fees (collectively, the "**Asset Manager's Fees**"). The Asset Manager's Fees shall, in accordance with the A-HBT Trust Deed, reduce the final amount of fees received by the Trustee-Manager pursuant to the A-HBT Trust Deed.

2.6 Incorporation and Constitution of the Purchaser

In connection with the Acquisition, the following entity (being the Purchaser) has been established:

Name of Company	Country of incorporation	Issued and Paid up Capital	Purpose
Ascendas Korea Hospitality No 1 Professional Investors Private Real Estate Investment LLC	South Korea	KRW 7.3 billion	Asset holding entity

On 24 April 2018, the Purchaser was incorporated, and pursuant to a requirement under Korean law, the initial minimum investment capital of KRW 100 million was contributed by AAMC. A-HBT contributed additional capital of KRW 7.2 billion into the Purchaser, and all the shares held by AAMC in the Purchaser were transferred to AKPL pursuant to a share transfer agreement (“**Share Transfer Agreement**”) on 27 April 2018. The current issued and paid up capital of the Purchaser reflects the proportionate shareholding of A-HBT and AKPL⁴. Upon Completion, A-HBT and AKPL will contribute additional capital to fund the balance of the Purchase Consideration and associated costs, and the shareholding proportion for A-HBT and AKPL in the Purchaser upon Completion will be 98.7% and 1.3%, respectively.

3. RATIONALE FOR THE ACQUISITION

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

3.1 Excellent location of the Hotel

The Acquisition is consistent with the growth strategy of A-HTRUST to acquire properties in markets with sound hospitality fundamentals. The Acquisition allows A-HTRUST to establish a foothold in a country with a growing economy that is currently the fourth largest economy in Asia.

⁴ The current shareholding structure of the Purchaser is as follows: A-HBT (98.6%) and AKPL (1.4%). Upon Completion of the Acquisition, the Purchaser will be owned by A-HBT (98.7%) and AKPL (1.3%).

3.1.1 A Top Financial Centre and Leading Global MICE Destination

The capital city of Seoul is the business and financial centre of South Korea. Many large Korean corporates such as Samsung Group and LG Group are headquartered in Seoul and the city is also a top 10 financial centre in Asia Pacific⁵.

A gateway city in Asia, Seoul is one of the top MICE (meetings, incentives, conferences and exhibitions) destinations globally; its standing as a MICE destination and the number of international meetings held there has grown steadily over the years. It was ranked third globally in 2016 for international meetings held⁶ and the city also hosted the second highest number of participants for international MICE in 2016⁷.

Seoul is also a popular leisure destination and some of its renowned tourist spots include the Myeongdong and Dongdaemun shopping precincts, as well as the Dongdaemun Design Plaza. The city is also home to the Changdeokgung Palace and Jongmyo Shrine, both of which are on the UNESCO World Heritage list⁸.

Seoul is well-served by an extensive transportation networks of subway and buses, as well as two airports. Incheon International Airport, voted as best airport 2016⁹, is one of the busiest airports in the world. It recently opened Terminal 2, which can accommodate an additional 18 million passengers a year¹⁰. Domestic travel to Seoul has also been on a steady uptrend from 2010 to 2016¹¹.

3.1.2 The Hotel is strategically situated in Dongdaemun

The Hotel is strategically located in Dongdaemun, which is a major wholesale and retail precinct in Seoul, and one of the most popular tourist destinations in the city. The Hotel is also located in close proximity to some of the city's other attractions such as Dongdaemun Design Plaza and Doota Mall, and also a short subway ride away from Changdeokgung Palace, Jongmyo Shrine and the centuries-old traditional Bukchon Hanok Village.

⁵ Source: The Global Financial Centres Index 23 (March 2018).

⁶ Source: Union of International Associations.

⁷ Source: International Congress and Convention Association.

⁸ Source: United Nations Educational, Scientific and Cultural Organization.

⁹ Source: Airports Council International.

¹⁰ Source: Incheon International Airport.

¹¹ Source: Independent Property Valuer.

The Hotel is easily accessible via the Dongdaemun History & Culture Park station, which is conveniently located a short walking distance away. The subway station, which is an interchange with three running lines, offers excellent connectivity to other parts of the city.

While located in a leisure vicinity, the Hotel is located near the wholesale market and Dongdaemun Design Plaza, which has MICE facilities. As one of the few 4-star hotels within its surrounding area, the Hotel caters to a good mix of corporate and leisure travelers.

3.1.3 Recovering Hotel Market

While international arrivals into South Korea recorded a decline in 2017, a successfully held Winter Olympics and the easing of political tensions with its neighboring countries would be likely to have a positive impact on the hospitality sector in South Korea. South Korea has also focused its marketing efforts on South East Asia as it seeks to reduce its reliance on its key source markets. Some initiatives include the issuance of e-visas to travellers from South East Asia and the promotion of Halal tourism.

According to the Independent Property Valuer, the room rates for the hotel market within the vicinity of the Hotel are expected to grow between 3.4% and 4.8% from 2019 to 2028, while occupancy is also forecasted to grow steadily over the same period¹².

3.2 DPS accretive acquisition

The Acquisition is expected to be accretive to the distribution per stapled security (“DPS”) of A-HTRUST. Based on the Total Acquisition Cost and the assumptions set out in paragraph 4.2 below, the pro forma DPS for the financial year ended 31 March 2017 (“FY2016/17”) is 5.69 cents, an increase of 0.2% from the actual DPS of 5.68 cents for FY2016/17.

¹² Based on the Independent Property Valuer’s forecast for the performance of the competitive set of hotels that would provide competition to the Hotel.

3.3 Acquisition of a relatively new freehold asset

The Hotel is relatively new, having been completed in 2015. As such, capital expenditure is expected to be minimal over the next few years, allowing A-HTRUST to conserve cash resources for other uses.

The Acquisition will also add another freehold asset to the portfolio, bringing the total number of properties with freehold tenure to 9 out of the 10 hotels¹³ in the portfolio.

3.4 Potential upside from hotel rebranding and repositioning

Following the completion of the Acquisition, the Hotel will be managed by the Hotel Operator with effect from 1 July 2018. The Managers believe that management of the Hotel by a more established hotel management company can potentially lead to better cost efficiency and improved performance. There is also an opportunity to enhance asset value from hotel rebranding and repositioning.

3.5 Improved income stability

The rent structure under the Master Lease Agreement shall comprise both fixed rent as well as a variable component. As such, A-HTRUST will have downside protection from the fixed rent and can also enjoy any potential upside from the variable component of the rent structure. On a pro forma basis, the proportion of net property income from hotels under master leases in FY2016/17 will increase from 43% to 45%¹⁴.

3.6 Broaden earning base and further diversification

The Acquisition is expected to benefit Stapled Securityholders by broadening A-HTRUST's earning base and further reducing its reliance on any single property. Entry into the Seoul hotel market also further diversifies the geographical spread of A-HTRUST's portfolio.

¹³ Assuming the two hotels in Beijing had been divested (“**Divestment**”). Please refer to the announcement dated 29 January 2018 for further information on the Divestment. The Divestment is expected to take place in first half of FY2018/19.

¹⁴ Assuming the Divestment had been completed on 1 April 2016.

4. METHODS OF FINANCING AND FINANCIAL EFFECTS

4.1 Methods of Financing

The Total Acquisition Costs will be initially fully funded by bank borrowings.

4.2 Financial Effects

4.2.1 Assumptions

The pro forma financial effects of the Acquisition 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 Acquisition.

The pro forma financial effects have been prepared based on the latest audited financial statements of A-HTRUST for the financial year from 1 April 2016 to 31 March 2017 (“**FY2016/17**”) and unaudited consolidated financial statements of A-HTRUST for the financial period from 1 April 2017 to 31 December 2017 (“**9MFY2017/18**”), taking into account the following assumptions:

- (i) the Total Acquisition Costs are funded by external debt;
- (ii) pro forma financials of the Acquisition are in proportion to A-HBT’s interest in the Purchaser upon Completion, being 98.7%;
- (iii) the pro forma financial effects below take into account (a) the scenario assuming that the divestment of the two hotels in Beijing¹⁵ (the “**Divestment**”) has not yet occurred; and (b) the scenario assuming the Divestment has already occurred;
- (iv) with respect to the scenario assuming that the Divestment has already occurred, the financial effects do not take into account any distribution of the net proceeds to Stapled Securityholders¹⁶ and assume the repayment of a loan amounting to approximately S\$160 million; and
- (v) the exchange rate of KRW810 : S\$1.00.

¹⁵ Please refer to the announcement dated 29 January 2018 for further information on the Divestment.

¹⁶ Please refer to the announcement dated 29 January 2018 for further information on the Divestment.

4.2.2 Pro Forma Net Property Income¹⁷

FOR ILLUSTRATION PURPOSES ONLY: The table below sets out the pro forma net property income attributable to the Acquisition for FY2016/17 and 9MFY2017/18:

	FY2016/17	9MFY2017/18
Net property income attributable to the Acquisition (S\$ '000)	3,619	2,715

4.2.3 Pro Forma Net Asset Value and Aggregate Leverage

FOR ILLUSTRATION PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on the net asset value (“NAV”) per stapled security and aggregate leverage¹⁸ as at 31 March 2017 and 31 December 2017, as if the Acquisition was completed on 31 March 2017 and 31 December 2017, respectively:

Net Asset Value

	31 March 2017		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
NAV per stapled security (S\$)	0.92	0.92	1.02
	31 December 2017		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
	0.86	0.86	0.96

¹⁷ Rule 1010(7) of the Listing Manual requires that the issuer discloses the net profits attributable to the Acquisition. The net property income attributable to the Acquisition is disclosed instead, as in the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.

¹⁸ Computed based on actual and pro forma (as the case may be) total borrowings and total assets of A-HTRUST at the respective dates.

Aggregate Leverage

	31 March 2017		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
Aggregate Leverage (%)	32.2	35.9	28.0
	31 December 2017		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
	33.2	37.1	28.8

4.2.4 Pro Forma Distribution Per Stapled Security¹⁹

FOR ILLUSTRATION PURPOSES ONLY: The table below sets out the pro forma financial effects of the Acquisition on the DPS for FY2016/17 and 9MFY2017/18, as if the Acquisition were completed on 1 April 2016 and 1 April 2017, respectively, and held and operated the Hotel through to 31 March 2017 and 31 December 2017, respectively:

	FY2016/17		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
DPS (\$ cents)	5.68	5.69	5.64
	9MFY2017/18		
	Before the Acquisition	After the Acquisition and before the Divestment	After the Acquisition and after the Divestment
	4.14	4.15	4.09

¹⁹ Rule 1010(9) of the Listing Manual requires that the issuer discloses the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the DPS is disclosed instead as it is a more appropriate measure for a real estate investment trust.

5. 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, and save as disclosed, none of the Directors or the controlling Stapled Securityholders have an interest, direct or indirect, in the Acquisition.

6. OTHER INFORMATION

6.1 Directors' Service Contracts

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

6.2 Relative Figures Computed on the Bases set out in Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST", and the Listing Manual of the SGX-ST, "Listing Manual")

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out below:

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

Rule 1006(d) does not apply as no Stapled Securities will be issued as consideration for the Acquisition.

Bases	Acquisition (S\$ '000)	A-HTRUST (S\$ '000)	Relative figure (%)
Net property income attributable to the asset acquired compared to A-HTRUST's net property income ⁽¹⁾	3,619 ⁽²⁾	96,013 ⁽³⁾	3.8%
Consideration compared to A-HTRUST's market capitalisation	89,012 ⁽⁴⁾	903,307 ⁽⁵⁾	9.9%

Notes:

- (1) Based on net property income attributable to the Acquisition. In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.
- (2) Annualised based on the pro forma net property income attributable to the Acquisition for 9MFY2017/18.
- (3) Annualised based on net property income as disclosed in A-HTRUST's unaudited financial statement for 9MFY2017/18.
- (4) Based on the A-HTRUST Portion of the Purchase Consideration of KRW72.1 million and exchange rate of KRW810 : S\$1.00.
- (5) Based on the volume-weighted average price of A-HTRUST as at 26 April 2018, being the market day preceding the date of the Sale and Purchase Agreement.

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. Accordingly, Stapled Securityholders' approval for the Acquisition is not required under Chapter 10 of the Listing Manual.

7. Interested Person Transaction

7.1 Interested Person

A. Joint Investment

As at 27 April 2018, Ascendas Land International Pte Ltd ("**ALI**") holds approximately 27.6% of the total number of the stapled securities in A-HTRUST in issue ("**Stapled Securities**"), and is accordingly a "controlling Stapled Securityholder" of A-HTRUST.

As AKPL is a wholly-owned subsidiary of ALI, AKPL is a subsidiary of a "controlling Stapled Securityholder" of A-HTRUST. As such, for the purposes of the Listing Manual, AKPL is an "interested person" under the Listing Manual.

Accordingly, the joint investment by A-HBT and AKPL with regard to the Acquisition (“**Joint Investment**”) constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

Pursuant to the Joint Investment, the Total Acquisition Costs to be borne by A-HBT is approximately KRW81.6 billion (or S\$100.7 million), constituting 16.7% of the latest audited net tangible assets of A-HBT and 9.7% of the latest audited net tangible assets of A-HTRUST. As such, the Joint Investment, when aggregated with the existing interested person transactions with the Sponsor and its associates for the current financial year, would exceed 5.0% of the latest audited net tangible assets of A-HTRUST. Accordingly, under Rule 905 of the Listing Manual, A-HTRUST must make an announcement of the Joint Investment, but it is not required to seek the approval of Stapled Securityholders pursuant to Rule 916(2) of the Listing Manual.

Under Rule 916(2) of the Listing Manual, A-HTRUST is not required to seek the approval of the Stapled Securityholders for the Joint Investment if:

- (i) the risks and rewards are in proportion to the equity of each of A-HBT and AKPL;
- (ii) A-HTRUST confirms by an announcement that the Audit and Risk Committee of the Trustee-Manager is of the view that the risks and rewards of the Joint Investment are in proportion to the equity of each of A-HBT and AKPL and the terms of the Joint Investment are not prejudicial to the interests of A-HTRUST and its minority Stapled Securityholders; and
- (iii) AKPL does not have an existing equity interest in the Joint Investment prior to the participation of A-HBT in the Joint Investment.

The entry into the Joint Investment falls within the exception under Rule 916(2) of the Listing Manual because:

- (i) The risks and rewards of the Joint Venture are in proportion to the respective equity shareholdings of A-HBT and AKPL in the Purchaser.
 - (a) A-HBT and AKPL are joint investors in the Purchaser and their interests in the Purchaser are 98.7% and 1.3%, respectively.
 - (b) Each of A-HBT and AKPL will fund the Acquisition on a pro rata basis.

- (c) The rights and obligations of A-HBT and AKPL as shareholders of the Purchaser are proportionate to their respective shareholding proportions.
- (ii) Paragraph 7.2 of this announcement sets out a statement by the Audit and Risk Committee of the Trustee-Manager that it is of the view that the risks and rewards of the Joint Investment are in proportion to the equity of each of A-HBT and AKPL and the terms of the Joint Investment are not prejudicial to the interests of A-HTRUST and its minority Stapled Securityholders.
- (iii) While AAMC, a related corporation of AKPL²⁰ and a licensed asset manager under Korean law, had contributed the initial minimum investment capital of KRW 100 million on 24 April 2018, this was for the sole purpose of complying with a technical requirement under Korean law for the incorporation of the Purchaser to be carried out by a licensed asset manager. As soon as practicable after the incorporation of the Purchaser on 24 April 2018, all the shares issued held by AAMC in the Purchaser were transferred to AKPL on 27 April 2018 pursuant to the Share Transfer Agreement, and A-HBT contributed capital of KRW7.2 billion into the Purchaser. The current issued and paid up capital of the Purchaser reflects the proportionate shareholding of A-HBT and AKPL. As such, Rule 916(2)(c) is effectively satisfied.

Accordingly, the entry into the Joint Investment falls within the exception under Rule 916(2) of the Listing Manual, and the approval of the Stapled Securityholders for the Joint Investment is therefore not required.

B. Appointment of the Asset Manager

In connection with the Acquisition, the Asset Manager, AAMC, will be appointed by the Purchaser to provide asset management services in respect of the Hotel, pursuant to the Asset Management Agreement.

As at 27 April 2018, Ascendas Investment Pte Ltd (“**AIPL**”) owns all of the shares in the Trustee-Manager, and is accordingly a “controlling shareholder” of the Trustee-Manager.

As the Asset Manager is a wholly-owned subsidiary of AIPL, the Asset Manager is a

²⁰ Both AAMC and AKPL are wholly-owned subsidiaries under the Ascendas-Singbridge Group.

subsidiary of a “controlling shareholder” of the Trustee-Manager. As such, for the purposes of the Listing Manual, AAMC is an “interested person” under the Listing Manual.

Accordingly, the entry into the Asset Management Agreement by the Asset Manager and the Purchaser will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Under the Asset Management Agreement, the base management fee payable to the Asset Manager by the Purchaser per annum is 0.07% of the Purchase Consideration for the first year and 0.1% of the Purchase Consideration for the subsequent years.

The entry into the Asset Management Agreement, when aggregated with the existing interested person transactions with the Sponsor and its associates for the current financial year (excluding the Joint Investment in respect of which the exception in Rule 916(2) will apply), would not exceed 5.0% of the latest audited net tangible assets of A-HTRUST. Accordingly, Rule 906 of the Listing Manual does not apply to the Asset Management Agreement, and the approval of the Stapled Securityholders for the Asset Management Agreement is therefore not required.

7.2 Statement from Audit and Risk Committee of the Trustee-Manager

Having considered the terms of the Joint Investment, the Audit and Risk Committee of the Trustee-Manager (“**ARC**”) is of the view that the risks and rewards of the Joint Investment are in proportion to the equity of each of them, and the terms of the joint venture are not prejudicial to the interests of A-HTRUST and its minority Stapled Securityholders.

In view of the statement from the ARC and the reasons set out in paragraph 7.1 of this announcement, A-HTRUST is not required to seek Stapled Securityholders’ approval with regard to the Joint Investment, pursuant to Rule 916(2) of the Listing Manual.

7.3 Other Interested Person Transactions

The current total for the current financial year of all transactions entered into with the Sponsor and its associates to-date, and the current total of all interested person transactions entered into for the current financial year to-date (excluding the above-mentioned transactions in relation to the Joint Investment and the entry into the Asset Management Agreement) are nil.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers for a period of three months commencing from the date of this announcement:

- (i) Sale and Purchase Agreement; and
- (ii) independent valuation report prepared by the Independent Property Valuer dated 30 March 2018.

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

27 April 2018

Important Notice

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.

The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, Perpetual (Asia) Limited (as trustee of A-HREIT), or any of their respective affiliates.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities. The past performance of A-HTRUST is not necessarily indicative of the future performance of A-HTRUST.