

Acquisition of A Portfolio of Three Osaka Hotels

18 June 2018



Disclaimer

This presentation may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), 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 current view of the management on future events.

The information contained in this presentation has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither Ascendas Hospitality Fund Management Pte. Ltd. (in its capacity as the manager of Ascendas Hospitality Real Investment Trust (“**A-HREIT**”)) (the “**REIT Manager**”), Perpetual (Asia) Limited (in its capacity as the trustee of A-HREIT) (the “**REIT Trustee**”), Ascendas Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of Ascendas Hospitality Business Trust) (the “**Trustee-Manager**”) or any of their affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of Ascendas Hospitality Trust (“**A-HTRUST**”) (which comprises A-HREIT and A-HBT) is not indicative of its future performance. Similarly, the past performance of the REIT Manager and the Trustee-Manager (collectively, the “**Managers**”) is not indicative of their future performance.

The value of stapled securities in A-HTRUST (“**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 A-HTRUST or the Managers, the REIT Trustee or any of their respective affiliates. An investment in 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 holders of Stapled Securities (the “**Stapled Securityholders**”) may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities (including without limitation, the Stapled Securities) in the United States. This presentation is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. No public offering of securities is being made in the United States.



1

Transaction Overview

Accretive acquisition to further grow A-HTRUST

- ✦ Acquisition of the three WBF Hotels (“**Hotels**”) is in line with A-HTRUST’s strategy to invest in markets with sound hospitality fundamental

Parties

- Ascendas Hospitality Japan 2 Pte. Ltd. (“**Purchaser**”)¹
- ES-CON JAPAN Ltd. (“**Vendor**”)

Aggregate Purchase Consideration

- JPY10,290 million (S\$126.1 million²)
- Approximately JPY20 million per key
- 2.9% discount to latest valuation

Independent Valuation

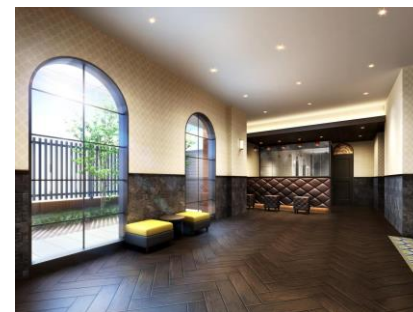
- JPY10,600 million (S\$129.9 million²) by Cushman & Wakefield K.K.

Operator

- Master lease arrangement with White Bear Family Co., Ltd.
- Each of the master leases has a tenor of 20 years



Restaurant in Hotel WBF Kitasemba West



Lobby in Hotel WBF Kitasemba West

1. The Purchaser is a wholly-owned subsidiary of Perpetual (Asia) Limited, as trustee of Ascendas Hospitality Real Estate Investment Trust
2. Based on an exchange rate of JPY81.58: S\$1.00.

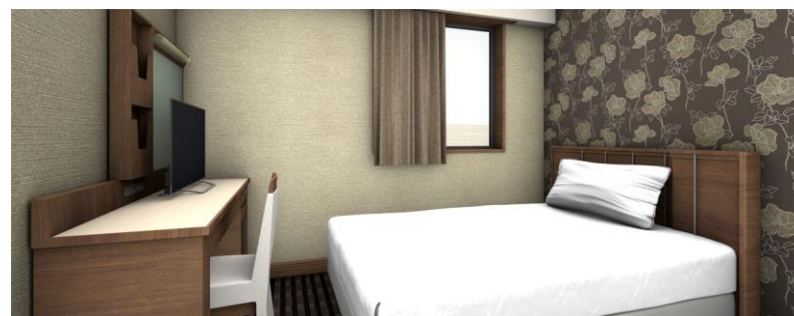
Quality hotels to enhance portfolio

✦ The Hotels are strategically located in Osaka

	Hotel WBF Kitasemba West	Hotel WBF Kitasemba East	Hotel WBF Honmachi
Location	Chuo-ku, Awajicho 3-22, Osaka, Japan	Chuo-ku, Awajicho 2-36-1, Osaka, Japan	Chuo-ku, Kitakyuhojimachi 4-6-2, Osaka, Japan
Star rating	3-star	3-star	3-star
Land tenure	Freehold	Freehold	Freehold
Number of rooms	168	168	182
Facilities	1 Restaurant	1 Restaurant	1 Restaurant
Completion of development	March 2018	April 2018	April 2018
Commencement of operation	May 2018	June 2018	June 2018
Valuation	JPY3,550 million	JPY3,520 million	JPY3,530 million
Purchase Consideration	JPY3,420 million	JPY3,420 million	JPY3,450 million



Room in Hotel WBF Honmachi (Artist's Impression)



Room in Hotel WBF Kitasemba East (Artist's Impression)



2

Rationale for the Acquisition

Rationale for the Acquisition

- 1 DPS Accretive Acquisition**
 - ✓ The Acquisition is expected to be DPS accretive
 - ✓ On a pro forma basis, the DPS for FY2017/18 would have increased by 4.3% to 6.11 cents from 5.86 cents¹
- 2 Strategic Location of Hotels**
 - ✓ Osaka is a key financial centre, transportation hub and popular leisure destination
 - ✓ The Hotels are strategically located with easy accessibility to both commercial area and entertainment precinct
- 3 Addition of New Freehold Hotels**
 - ✓ The Hotels were only completed between March and April 2018, meaning minimal capital expenditure is expected in the next few years
 - ✓ Brings the total number of freehold assets to 12 out of 13 hotels in the portfolio
 - ✓ The Hotels are attractively priced compared to recent hotel transactions in the city
- 4 Improved Income Stability**
 - ✓ The master leases will further improve the income stability of A-HTRUST
 - ✓ With the master leases commencing immediately upon taking over the Hotels, income to A-HTRUST will not be affected by initial stabilising period for the new Hotels
- 5 Diversity pool of operators**
 - ✓ The Hotels will be managed by White Bear Family, Co., Ltd., an established hotel operator
 - ✓ Reduce reliance on any one operator
- 6 Broadens Earning Base**
 - ✓ The Acquisition broadens A-HTRUST's earning base and further reducing its reliance on any single property

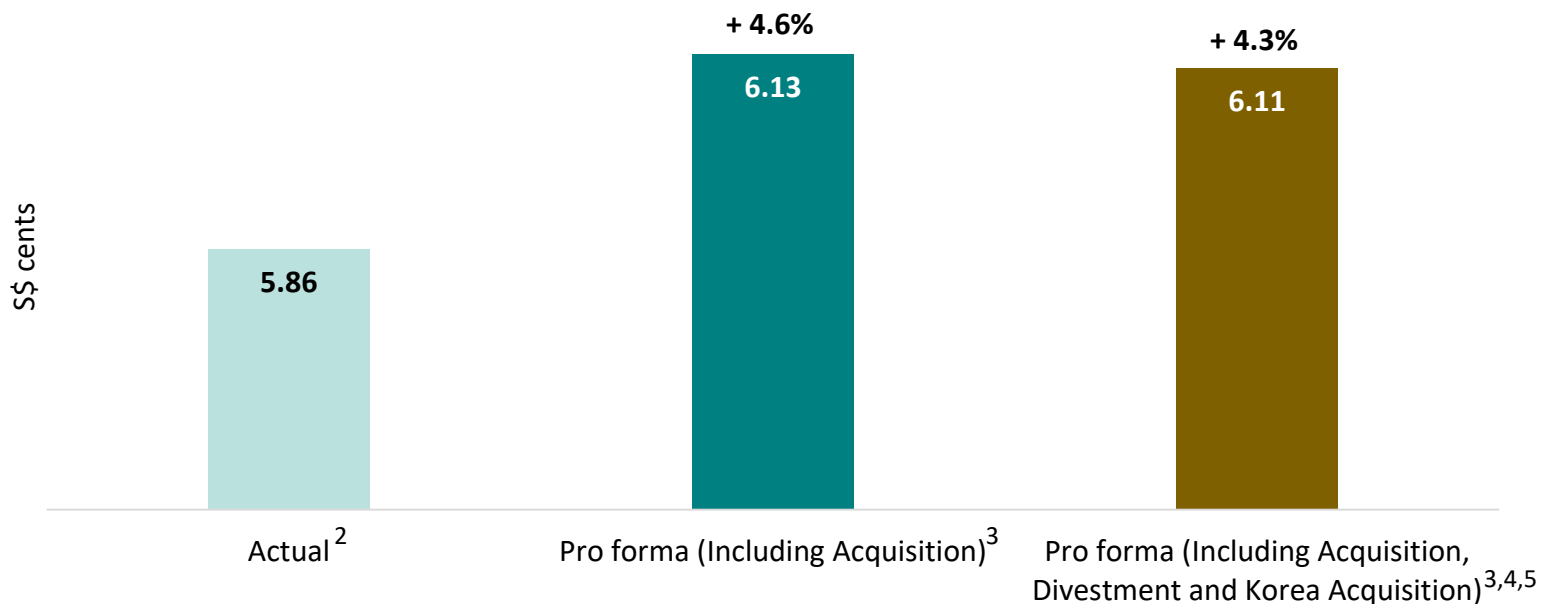
1. Please refer to the announcement on the Acquisition dated 18 June 2018 for further details on the financial effects of the Acquisition.

1

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 18 June 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. The Divestment was completed on 18 May 2018.
5. Assuming the acquisition of KY-Heritage Hotel Dongdaemun ("Korea Acquisition") was completed on 1 April 2017. Please refer to the announcement dated 27 April 2018 for further information on the Korea Acquisition. The Korea Acquisition was completed on 21 May 2018.

2

Entry into gateway city

- ✕ The Hotels are situated in Osaka, which is a gateway city in Asia
 - ✓ A leading financial centre, ranked within top 10 amongst financial centres in Asia Pacific¹
 - ✓ Commercial centre for western Japan
- ✕ The city is also a popular leisure destination and home to one of the most popular theme parks globally – Universal Studio Japan



Osaka Castle



Osaka Aquarium Kaiyukan

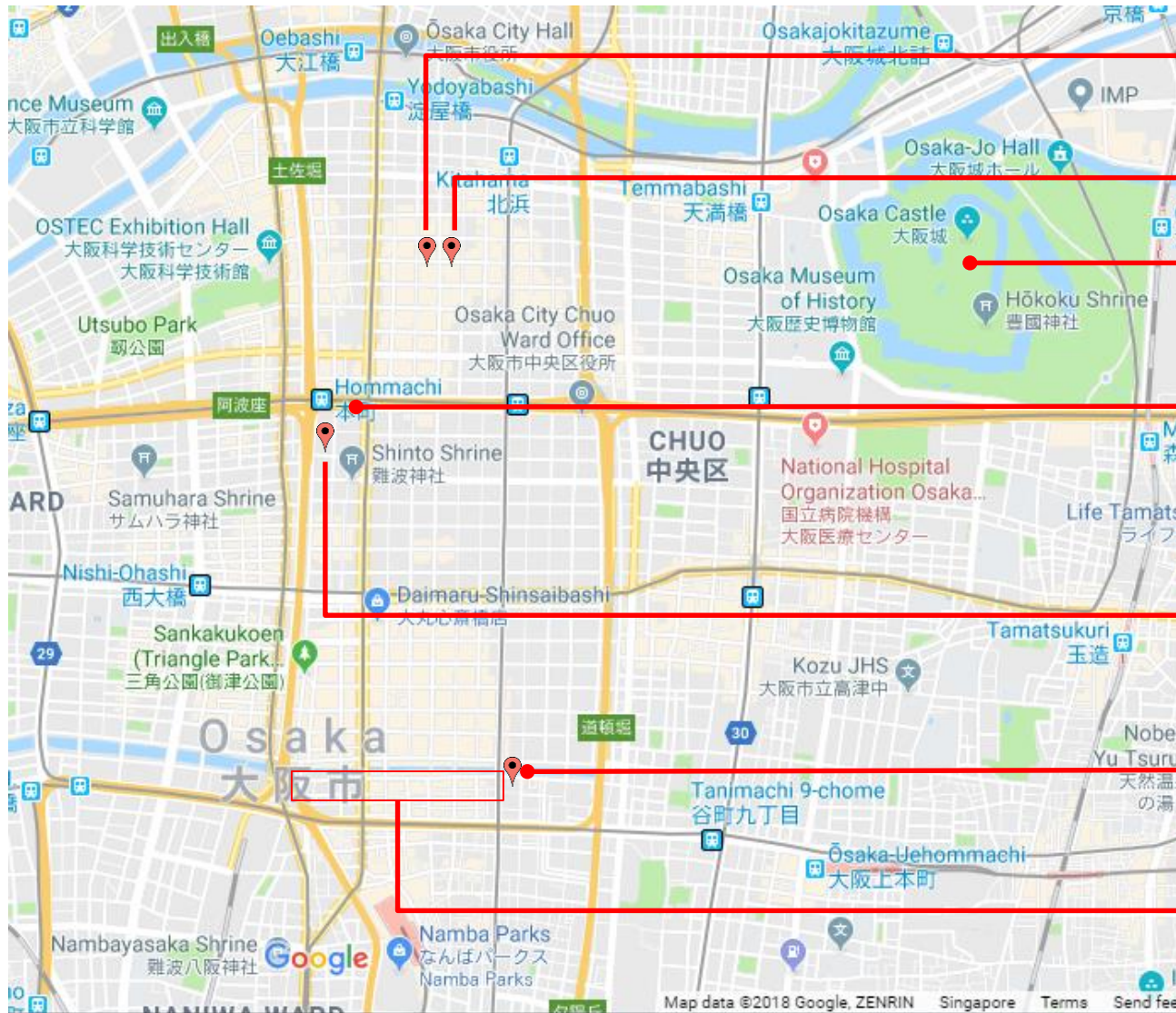


Dotonbori

1. Source: The Global Financial Centres Index 23 (March 2018).
2. Source of images: Osaka Convention & Tourism Bureau.

2

The Hotels are strategically located



**Hotel WBF
Kitasemba West**

**Hotel WBF
Kitasemba East**

Osaka Castle

Iconic landmark of Osaka

Honmachi Metro Station

*Running on 3 lines of the
Osaka Municipal Subway*

**Hotel WBF
Honmachi**

Hotel Sunroute Osaka Namba

Existing hotel of A-HTRUST

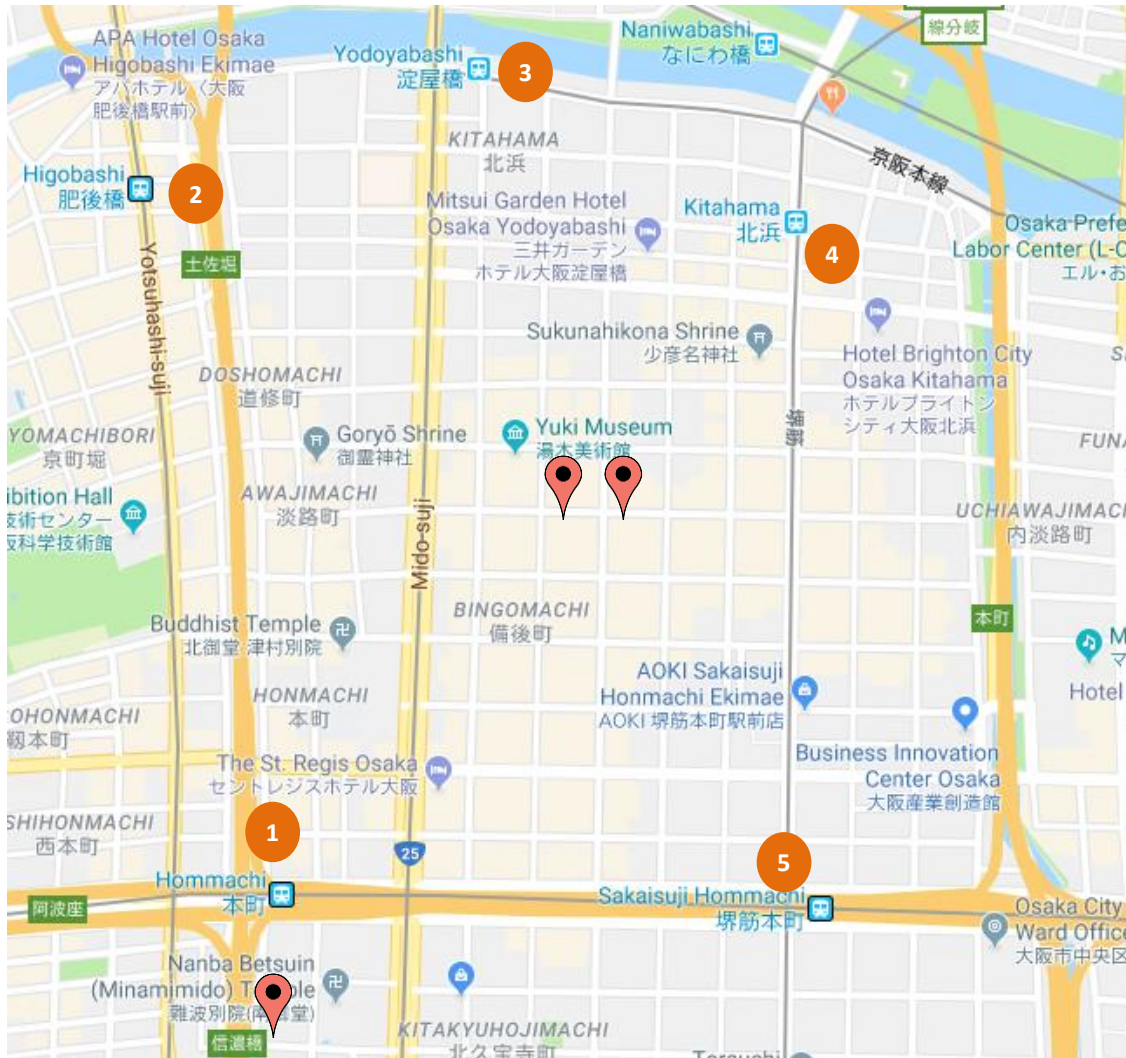
Dotonbori

*Prominent entertainment
precinct*


Source: Google Map.

2

The Hotels enjoy excellent connectivity



✕ The locality of the Hotels are served by five subway stations, which offers excellent connectivity to the other parts of the city

- 1 **Honmachi Station**
 - 2 **Higobashi Station**
 - 3 **Yodoyabashi Station**
 - 4 **Kitahama Station**
 - 5 **Sakaisuji Honmachi Station**
-  **The Hotels**

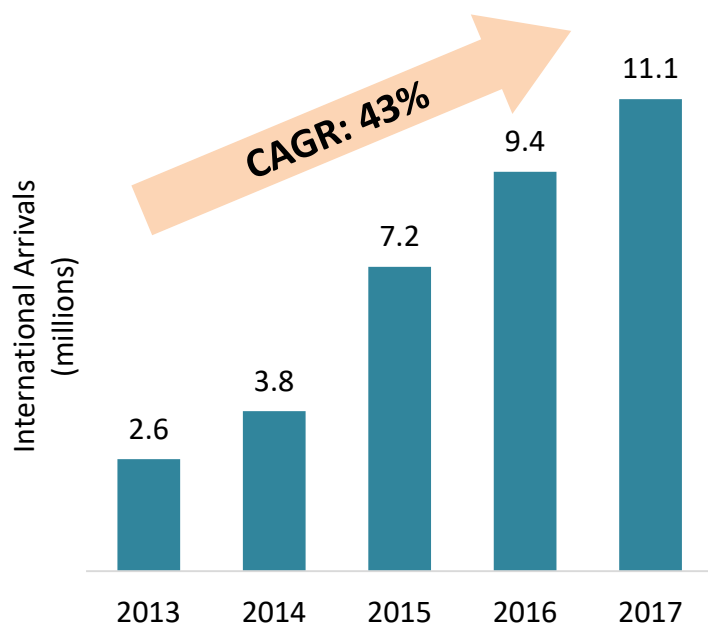
Source: Google Map.

2

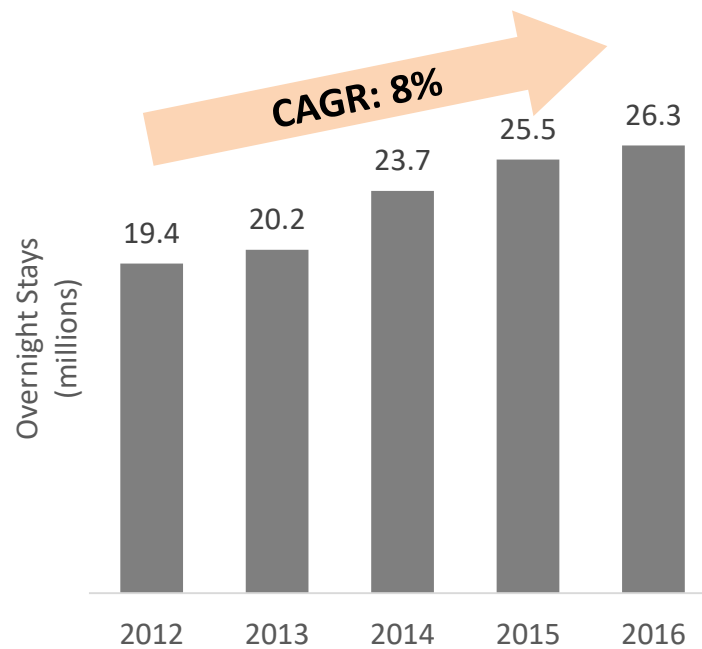
Hospitality market with sound fundamental

- ✦ Key financial centre both in Japan and globally, and also a popular leisure destination
- ✦ Growing demand for hotel accommodation driven mainly by strong international arrivals
- ✦ Supply in hotel room expected to grow over the next years but strong hospitality fundamental of the hotel market expected to navigate such challenges

International Arrivals in Osaka Prefecture¹



Overnight Stays in Osaka City¹



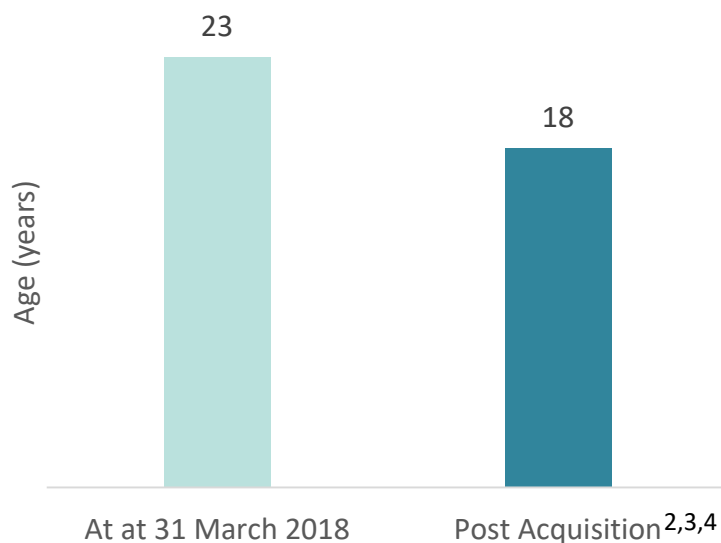
1. Source: Osaka Prefectural Government

3

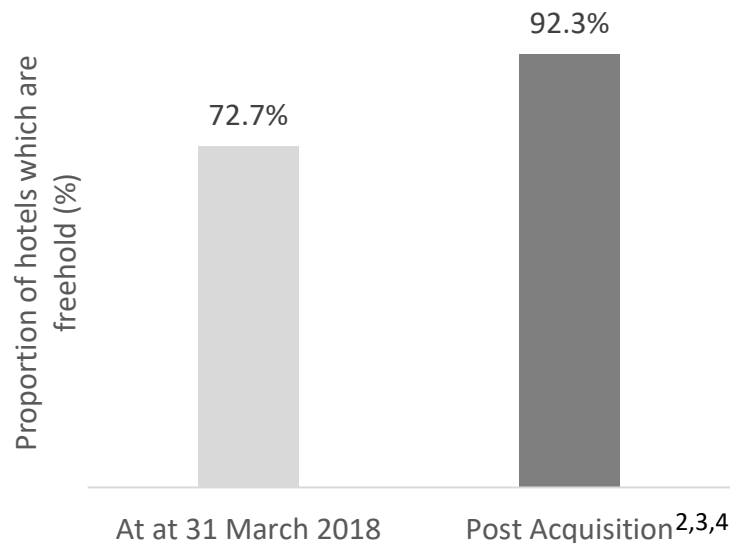
Portfolio of three newly completed freehold Hotels

- ✦ A-HTRUST will acquire three brand new assets, reducing the average age of the portfolio
- ✦ Upon completion of the Acquisition, 12 out of 13 assets (92.3%) in the portfolio are freehold properties

Average Age of A-HTRUST Portfolio¹



Freehold Hotels as Proportion of Portfolio



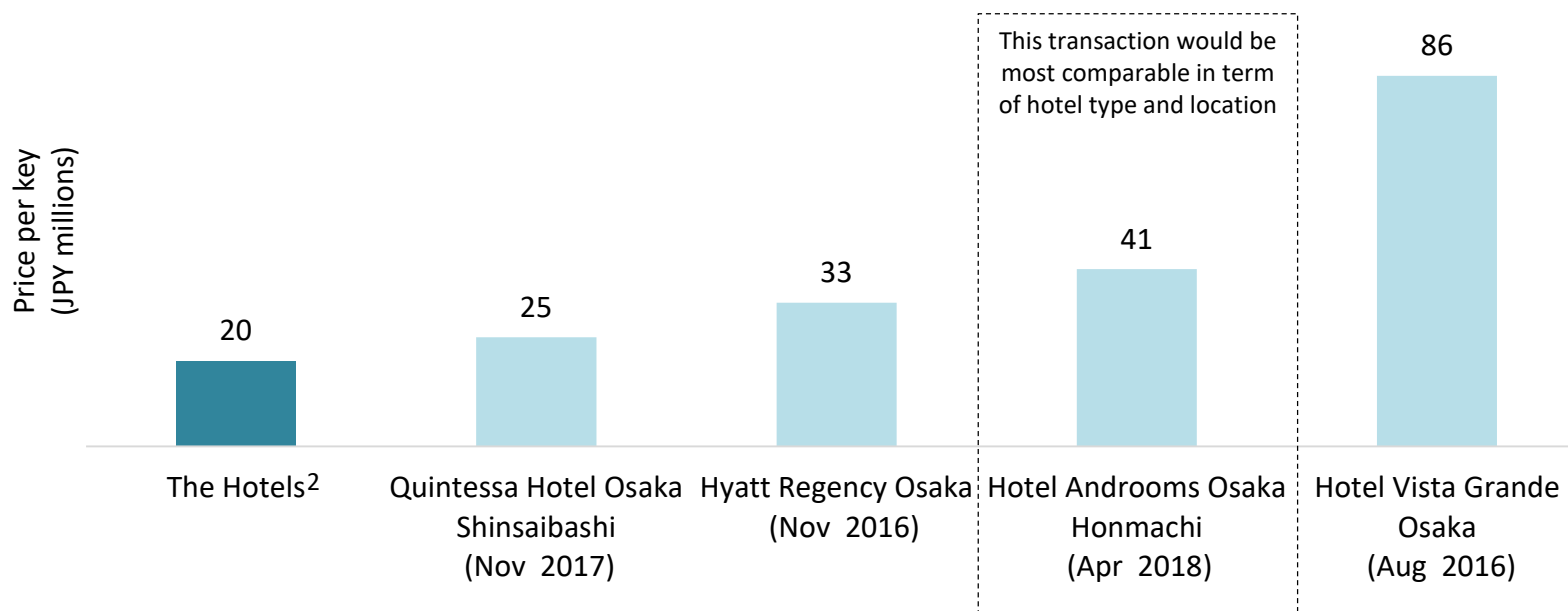
1. Based on year of build.
2. Assuming the Acquisition was completed by 31 December 2018.
3. Taking into account the divestment of the two hotels in Beijing ("Divestment"). Please refer to the announcement dated 29 January 2018 for further information on the Divestment. The Divestment was completed on 18 May 2018.
4. Taking into account the acquisition of KY-Heritage Hotel Dongdaemun ("Korea Acquisition"). Please refer to the announcement dated 27 April 2018 for further information on the Korea Acquisition. The Korea Acquisition was completed on 21 May 2018.

3

The Hotels to be acquired an attractive price

- ✦ Based on the aggregate Purchase Consideration, the Hotels will be acquired at approximately JPY20 million per key
- ✦ This is an attractive price, on a per key basis, based on the recent transaction of hotels in the city

Price per key of comparable transactions¹



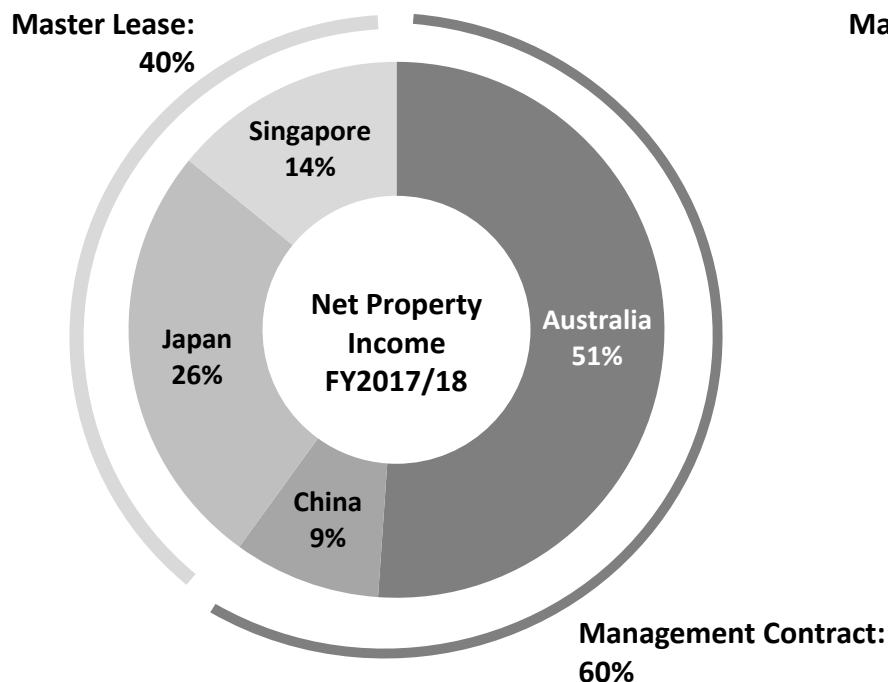
1. Based on recent hotel transactions in Osaka city. Source: Japan Hotel REIT, Hoshino Resorts REIT.
2. Based on the aggregate Purchase Consideration of JPY10,290 million and the total number of rooms of the Hotels.

4

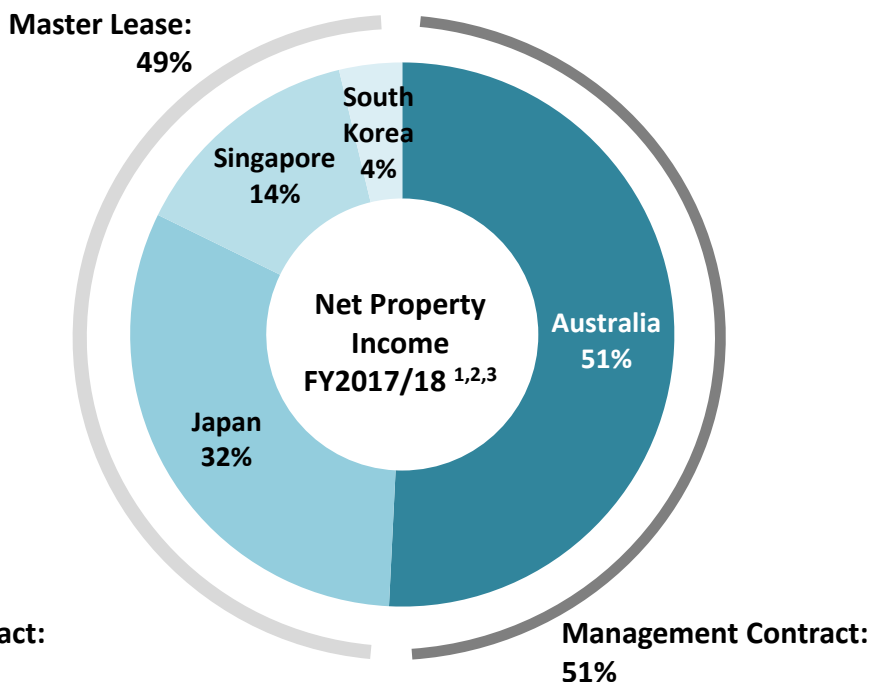
Improved income stability

- ✦ The Fixed-Term Building Lease Agreements with regard to the Acquisition will further improve the stability of income

Before the Acquisition



After the Acquisition



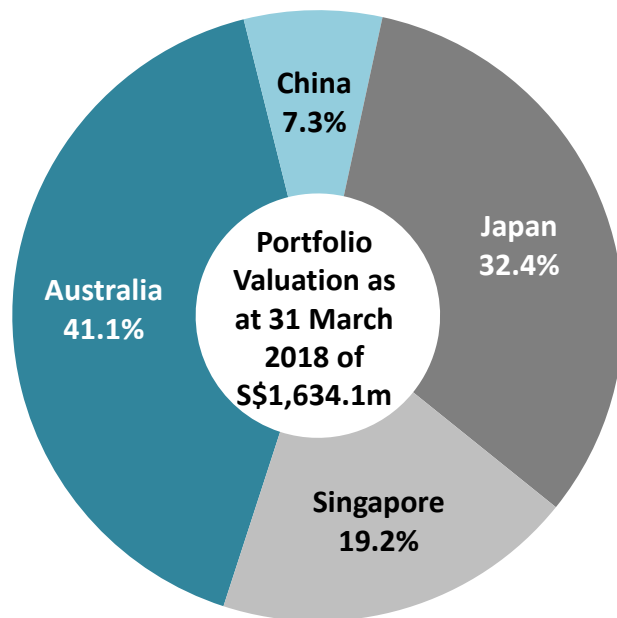
1. On pro forma basis, assuming the Acquisition was completed on 1 April 2017.
2. Assuming the divestment of the two hotels in Beijing ("Divestment") was completed on 1 April 2017. Please refer to the announcement dated 29 January 2018 for further information on the Divestment. The Divestment was completed on 18 May 2018.
3. Assuming the acquisition of KY-Heritage Hotel Dongdaemun ("Korea Acquisition") was completed on 1 April 2017. Please refer to the announcement dated 27 April 2018 for further information on the Korea Acquisition. The Korea Acquisition was completed on 21 May 2018.

6

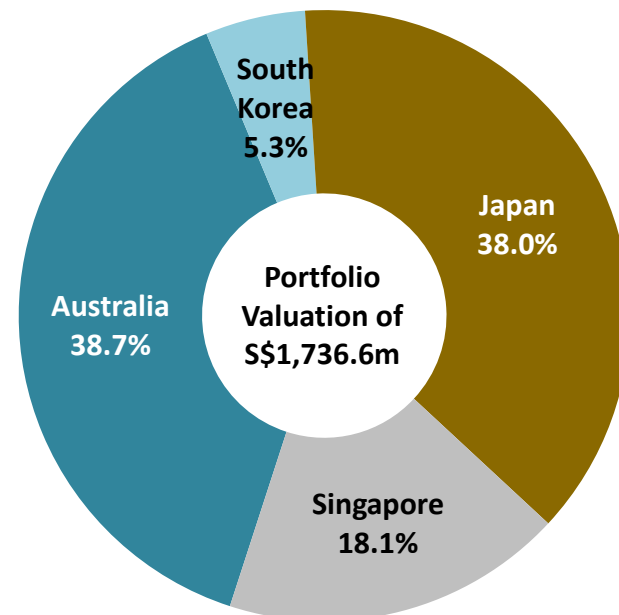
Broaden earning base

- ✦ The Acquisition reinforces A-HTRUST's strategy to invest in a well-diversified portfolio
- ✦ Increased exposure to Japan market due to its strong fundamentals and A-HTRUST positioned to benefit as the country target 40 million inbound by 2020

Before the Acquisition



After the Acquisition^{1,2,3}



1. Including the Hotels, assuming the Acquisition was completed on 31 March 2018, and based on the aggregate valuation of the Hotels as at 25 May 2018.
2. Excluding the two hotels in Beijing ("Divestment"), assuming the Divestment was completed on 31 March 2018. Please refer to the announcement dated 29 January 2018 for further information on the Divestment. The Divestment was completed on 18 May 2018.
3. Including KY-Heritage Hotel Dongdaemun, assuming the acquisition of KY-Heritage Hotel Dongdaemun ("Korea Acquisition") was completed on 31 March 2018, and based on the valuation of KY-Heritage Hotel Dongdaemun as at 30 March 2018 and A-HTRUST's 98.7% interest. Please refer to the announcement dated 27 April 2018 for further information on the Korea Acquisition. The Korea Acquisition was completed on 21 May 2018.



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-singbridge.com

www.a-htrust.com

