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ASCOTT RESIDENCE TRUST

A stapled group comprising:

Ascott Real Estate Investment Trust

(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Ascott Business Trust

(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by

Ascott Residence Trust Management Limited
(Company Registration No. 200516209Z)

Managed by

Ascott Business Trust Management Pte. Ltd.
(Company Registration No. 201925299R)

ANNOUNCEMENT

LAUNCH OF PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS OF APPROXIMATELY S\$150.0 MILLION

1. Introduction

Ascott Residence Trust Management Limited, as manager of Ascott Real Estate Investment Trust ("**Ascott Reit**"), and Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott Business Trust (together with the manager of Ascott Reit, the "**Managers**"), wish to announce that they are proposing to carry out a private placement of such number of new stapled securities in Ascott Residence Trust ("**ART**", and the new stapled securities of ART, the "**New Stapled Securities**") to institutional, accredited and other investors at an issue price of between S\$1.110 and S\$1.140 per New Stapled Security (both figures inclusive) (the "**Issue Price Range**") to raise gross proceeds of approximately S\$150.0 million, subject to an upsize option ("**Upsize Option**") being exercised to issue such additional New Stapled Securities to raise additional gross proceeds of up to approximately S\$50.0 million (the "**Private Placement**"), such that the aggregated gross proceeds from the Private Placement is approximately S\$200.0 million.

2. Details of the Private Placement

The Managers, J.P. Morgan Securities Asia Private Limited and United Overseas Bank Limited (collectively, the "**Joint Lead Managers and Underwriters**") have today entered into a placement agreement (the "**Placement Agreement**") in relation to the Private Placement. Pursuant to the Placement Agreement, each of the Joint Lead Managers and Underwriters has agreed to severally (and not jointly nor jointly and severally) procure subscriptions and payment for, and failing which, agreed to subscribe and to pay for, the New Stapled Securities at the issue price for each New Stapled Security (the "**Issue Price**") to be determined, and (in the event the Upsize Option is exercised) the additional New Stapled Securities at the Issue Price, on the terms and subject to the conditions of the Placement Agreement. The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Stapled Securities on the official list of the SGX-ST. The Private Placement is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of the Placement Agreement.

The Issue Price Range of between S\$1.110 and S\$1.140 per New Stapled Security (both figures inclusive) represents a discount of between:

- (i) 2.8% and 5.4% to the volume weighted average price ("**VWAP**") of S\$1.1733 per stapled security in ART ("**Stapled Security**"); and
- (ii) (for illustrative purposes only) 2.0% and 4.5% to the adjusted VWAP¹ of S\$1.1628 per Stapled Security,

for trades in the Stapled Securities done on the SGX-ST for the preceding Market Day² on 12 August 2022 up to the time the Placement Agreement was signed on 15 August 2022.

The Issue Price will be determined by the Managers, in consultation with the Joint Lead Managers and Underwriters, following a book-building process. The Managers will make an announcement via SGXNET once the Issue Price and the number of New Stapled Securities to be issued under the Private Placement have been determined.

3. Eligibility to Participate in the Private Placement

The offer of New Stapled Securities under the Private Placement will be made to eligible institutional, accredited and other investors.

The New Stapled Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, or under the securities laws of any other jurisdiction, and may not be offered, sold, resold, granted, delivered, allotted, taken up or transferred, directly or indirectly, in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state laws.

The Managers, along with the Joint Lead Managers and Underwriters, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

¹ The adjusted VWAP is computed based on the VWAP of all trades in the Stapled Securities on the SGX-ST for the preceding Market Day (as defined herein) on 12 August 2022 up to the time the Placement Agreement was signed on 15 August 2022 and excluding the Advanced Distribution (as defined herein) of approximately 1.052 Singapore cents per Stapled Security (being the mid-point of the estimated Advanced Distribution). This amount is only an estimate based on information currently available to the Managers, and the actual Advanced Distribution may differ.

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

4. Use of Proceeds

Subject to relevant laws and regulations, the Managers intend to use the gross proceeds of approximately S\$150.0 million (excluding the exercise of the Upsize Option) from the Private Placement in the following manner:

- (i) approximately S\$122.3 million (which is equivalent to 81.5% of the gross proceeds of the Private Placement) to partially fund the aggregate purchase consideration of approximately S\$215.2 million in respect of the proposed acquisition of interests in serviced residence properties in France, Vietnam and Australia, rental housing properties in Japan and a student accommodation property in South Carolina, US (the "**Acquisitions**") (see announcement titled "The Proposed Acquisition of Interests in Serviced Residence Properties in France, Vietnam and Australia, Rental Housing Properties in Japan and a Student Accommodation Property in South Carolina, US at an Aggregate Purchase Consideration of S\$215.2 Million from Interested Persons and Entry into Master Leases, Management Agreements and France Loan Assignment Documents" dated 15 August 2022 (the "**Acquisition Announcement**") for further details);
- (ii) approximately S\$25.3 million (which is equivalent to 16.9% of the gross proceeds of the Private Placement) to partially fund any future potential acquisitions, including but not limited to rental housing properties, serviced residence properties and student accommodation and the associated costs; and
- (iii) approximately S\$2.4 million (which is equivalent to 1.6% of the gross proceeds of the Private Placement) to pay the estimated professional and other fees and expenses (including underwriting fees to be incurred) in connection with the Private Placement,

with the balance of the gross proceeds of the Private Placement, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding their current intention (or in the event that the Acquisitions or potential acquisition(s) do not proceed), the Managers may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at their absolute discretion for other purposes, including, without limitation, to fund future acquisitions and repay existing indebtedness.

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 Managers may, in their absolute discretion, deem fit.

The Managers 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 and in accordance with the percentage allocated. Where proceeds are to be used for working capital purposes, the Managers will disclose a breakdown with specific details on the use of proceeds for working capital in ART's announcements on the use of proceeds and in ART's annual report and where there is any material deviation from the stated use of proceeds, the Managers will announce the reasons for such deviation.

5. Rationale for the Private Placement

The Managers believe that the Private Placement will bring the following benefits to stapled securityholders of ART ("**Stapled Securityholders**"):

5.1 Enhance ART's portfolio with the Acquisitions

The Acquisitions represent an opportunity for ART to acquire good quality assets in the developed markets of France, Japan, US and Australia and the growing market of Vietnam,

enabling ART to leverage on its well-established local capabilities and strengthen its presence in these countries where, as at 31 March 2022, it owns 28 serviced residence properties, 15 hotels and 14 rental housing properties and 9 student accommodation properties. Please refer to the Acquisition Announcement for further details.

5.2 Potential acquisition(s) would further grow portfolio across rental housing, serviced residence and student accommodation asset classes

The Managers will continue to seek opportunities to invest in (i) rental housing, (ii) serviced residences and (iii) student accommodation properties, with a preference for key developed markets where ART already has presence in.

Expanding in these asset classes, which primarily cater to the long-stay segment, will enhance the stability of ART's income streams, while riding the recovery of the hospitality sector.

5.3 Effective funding of ART's growth opportunities

The Private Placement will provide ART with greater financial capacity, enabling the Managers to act expeditiously when pursuing investment opportunities that deliver value and yield accretion to Stapled Securityholders.

5.4 Expected increase in trading liquidity of Stapled Securities

The New Stapled Securities to be issued pursuant to the Private Placement will increase the number of Stapled Securities in issue by up to approximately 180,181,000 Stapled Securities, which is an increase of approximately 5.5% in the total number of Stapled Securities in issue. This will increase the free float of ART from approximately 60% to 62%.

This increase in the total number of Stapled Securities in issue and enlarged Stapled Securityholder base are expected to improve the trading liquidity of the Stapled Securities.

5.5 Efficient and beneficial method of raising funds

The Private Placement is an efficient and beneficial method of raising capital to finance future potential acquisitions with certainty. It also minimises the exposure of the equity fund raising to the volatility of the market price of the Stapled Securities by way of an accelerated book-building process.

6. Authority to Issue New Stapled Securities

The New Stapled Securities will be issued in reliance on a general mandate as given to the Managers in the annual general meeting held on 22 April 2022 (the "**General Mandate**"), pursuant to which the Managers may, during the period from 22 April 2022 until (i) the conclusion of the next annual general meeting of ART or (ii) the date by which the next annual general meeting of ART is required by applicable regulations to be held, whichever is earlier, unless such authority is earlier revoked or varied by Stapled Securityholders in a general meeting, issue new Stapled Securities and/or convertible securities or other instruments (including but not limited to warrants) which may be convertible into Stapled Securities ("**Convertible Securities**") such that the number of new Stapled Securities (and/or Stapled Securities into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Stapled Securities in issue as at 22 April 2022 (the "**Base Figure**"), of which the aggregate number of new Stapled Securities (and/or Stapled Securities into which the Convertible Securities may be converted) issued other than on a *pro rata* basis to existing Stapled Securityholders, shall be no more than 20.0% of the Base Figure.

As at 22 April 2022, the number of Stapled Securities in issue was 3,283,531,537 Stapled Securities.

The number of Stapled Securities that can be issued under the General Mandate is 1,641,765,768 Stapled Securities, of which no more than 656,706,307 Stapled Securities may be issued on a non-*pro rata* basis. The Managers have issued 6,655,987 Stapled Securities on a non-*pro rata* basis since 22 April 2022.

The 180,181,000 New Stapled Securities to be issued pursuant to the Private Placement (including the Upsize Option being exercised in full and based on the minimum of the Issue Price Range), together with the 6,655,987 Stapled Securities that have been issued on a non-*pro rata* basis since 22 April 2022, would constitute 5.7% of the Base Figure, which is within the 20.0% limit for issue of new Stapled Securities other than on a non-*pro rata* basis. Accordingly, the prior approval of the Stapled Securityholders is not required for the issue of the New Stapled Securities under the Private Placement.

7. **Advanced Distribution**

ART's policy is to distribute its distributable income on a semi-annual basis to Stapled Securityholders.

In connection with the Private Placement, the Managers intend to declare, in respect of the Stapled Securities in issue immediately prior to the issue of the New Stapled Securities (the "**Existing Stapled Securities**"), a distribution of the distributable income for the period from 1 July 2022 to 23 August 2022, the day immediately prior to the date on which the New Stapled Securities are issued pursuant to the Private Placement (the "**Advanced Distribution**").

The next distribution thereafter will comprise ART's distributable income for the period from 24 August 2022 to 31 December 2022. Semi-annual distributions will resume thereafter.

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

The current expectation of the Managers is that the quantum of distribution per Stapled Security under the Advanced Distribution is estimated to be between 1.002 Singapore cents per Stapled Security and 1.102 Singapore cents per Stapled Security.³ The actual quantum of the distribution per Stapled Security under the Advanced Distribution will be announced on a later date.

8. **Status of the New Stapled Securities**

The New Stapled Securities are expected to be listed on or around 24 August 2022.

Other than the Advanced Distribution to which the New Stapled Securities will not be entitled, the New Stapled Securities issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Stapled Securities, including the right to any distribution which may be paid for the period from 24 August 2022 to 31 December 2022, as well as all distributions thereafter.

For the avoidance of doubt, the holders of the New Stapled Securities to be issued pursuant to the Private Placement will not be entitled to the Advanced Distribution.

³ The advanced distribution for the period from 1 July 2022 to the day immediately prior to the date on which the New Stapled Securities are issued pursuant to the Private Placement is estimated based on information currently available to the Managers and the Managers' estimate of ART's revenue and expenses, and the actual Advanced Distribution may differ.

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

The Managers will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Stapled Securities 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.

By Order of the Board

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

(Company Registration No. 200516209Z)

As manager of Ascott Real Estate Investment Trust

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company Registration No. 201925299R)

As trustee-manager of Ascott Business Trust

Karen Chan
Company Secretary
15 August 2022

IMPORTANT NOTICE

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of Ascott Residence Trust in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

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, Ascott Residence Trust Management Limited as manager of Ascott Real Estate Investment Trust or Ascott Business Trust Management Pte. Ltd. as trustee-manager of Ascott Business Trust or any of their respective affiliates.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders 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 Ascott Residence Trust is not necessarily indicative of the future performance of Ascott Residence Trust.

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 property rental income 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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, the United Kingdom, Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such new Stapled Securities may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

This publication has not been reviewed by the Monetary Authority of Singapore.

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore: The Stapled Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).