



A Member of CapitaLand

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)

Managed by

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

Ascott Business Trust

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

Managed by

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

26 March 2021

To: The Stapled Securityholders of Ascott Residence Trust

Dear Sir/Madam

1 INTRODUCTION

1.1 Summary

We refer to proposed Ordinary Resolution 4 under the “Special Business” section of the notice dated 26 March 2021 convening the annual general meeting of Ascott Residence Trust (“**ART**”), a stapled group comprising Ascott Real Estate Investment Trust (“**Ascott Reit**”) and Ascott Business Trust (“**Ascott BT**”) to be convened and held by way of electronic means on Monday, 19 April 2021 at 10.00 a.m. (“**AGM**”).

The purpose of this Letter is to provide Stapled Securityholders with information relating to the proposed renewal of the Stapled Security Buy-Back Mandate (as defined herein).

Ordinary Resolution 4 relates to the proposed renewal of the stapled security buy-back mandate of Ascott Residence Trust Management Limited, as manager of Ascott Reit (the “**Reit Manager**”) and Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott BT (the “**Trustee-Manager**”) and collectively with the Reit Manager, the “**Managers**”).

The Managers’ existing mandate to exercise its powers to procure the repurchases

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of stapled securities in ART ("**Stapled Securities**") for and on behalf of ART without the prior specific approval of the holders of units in ART in a general meeting was approved by holders of Stapled Securities ("**Stapled Securityholders**") at the annual general meeting of ART that was held by way of electronic means on 16 June 2020, and such mandate expires on 19 April 2021, being the date of the AGM.

Based on Clause 3.2.2(iv) of the Stapling Deed (as hereafter defined), the Reit Manager must not buy-back any units of Ascott Reit unless at the same time there is a corresponding buy-back by the Trustee-Manager of units in Ascott BT. In this regard, the Managers seek approval from Stapled Securityholders at the AGM in relation to the renewal of the mandate to exercise their powers to procure the repurchases of Stapled Securities without the prior specific approval of Stapled Securityholders in a general meeting (the "**Stapled Security Buy-Back Mandate**").

1.2 This Letter

The purpose of this Letter is to provide Stapled Securityholders with information relating to the above proposal which will be tabled at the AGM.

1.3 Advice to Stapled Securityholders

Stapled Securityholders should note that by approving the resolution relating to the Stapled Security Buy-Back Mandate, they will be renewing the authority of the Managers to procure the repurchases of Stapled Securities on the terms and conditions set out in paragraph 2 of this Letter and in accordance with all applicable laws and regulations, including but not limited to the provisions of the trust deed dated 19 January 2006 constituting Ascott Reit (as amended) (the "**Ascott Reit Deed**"), trust deed dated 9 September 2019 constituting Ascott BT (as amended) (the "**Ascott BT Deed**"), the stapling deed dated 9 September 2019 comprising Ascott Reit and Ascott BT (the "**Stapling Deed**" and collectively with the Ascott Reit Deed and Ascott BT Deed, the "**Trust Deeds**") and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**").

(See "The Proposed Renewal of the Stapled Security Buy-Back Mandate" in paragraph 2 of this Letter for further details.)

If a Stapled Securityholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.4 Singapore Exchange Securities Trading Limited (the "SGX-ST")

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Letter.

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2 THE PROPOSED RENEWAL OF THE STAPLED SECURITY BUY-BACK MANDATE

2.1 Rationale for the Stapled Security Buy-Back Mandate

The approval of the renewal of the Stapled Security Buy-Back Mandate authorising the Managers to repurchase Stapled Securities for and on behalf of ART would give the Managers the flexibility to undertake repurchases of Stapled Securities ("**Stapled Security Buy-Back**") of up to the 5.0% limit described in paragraph 2.2.1 of this Letter at any time, during the period when the Stapled Security Buy-Back Mandate is in force.

The rationale for seeking the Stapled Security Buy-Back Mandate is as follows:

- (i) the Stapled Security Buy-Back Mandate would be a flexible and cost-effective capital management tool to enhance return on equity for Stapled Securityholders and/or the net asset value ("**NAV**") per Stapled Security; and
- (ii) the Stapled Security Buy-Back Mandate, when exercised at appropriate times, would help mitigate short-term market volatility, off-set the effects of short-term speculative trading of the Stapled Securities and bolster market confidence in the Stapled Securities.

While the Stapled Security Buy-Back Mandate would authorise Stapled Security Buy-Backs of up to the said 5.0% limit during the period when the Stapled Security Buy-Back Mandate is in force, Stapled Securityholders should note that Stapled Security Buy-Backs may not necessarily be carried out to the entire 5.0% limit as authorised by Stapled Securityholders.

Repurchases of Stapled Securities will be made only when the Managers consider it to be in the best interests of ART and the Stapled Securityholders.

Rule 723 of the Listing Manual requires ART to ensure that at least 10.0% of its Stapled Securities are at all times held by the public (the "**Public Float**"). As at 23 February 2021, being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), the Public Float is approximately 58%, and accordingly, the Managers are of the view that the orderly trading and the listing status of the Stapled Securities on the SGX-ST is not likely to be affected by the Stapled Securityholders' approval of the Stapled Security Buy-Back Mandate and the repurchases of Stapled Securities thereunder.

2.2 Authority and Limits on the Stapled Security Buy-Back Mandate

The authority conferred on the Managers and the limits placed on the repurchases of Stapled Securities by the Managers under the Stapled Security Buy-Back Mandate are set out below:

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2.2.1 Maximum Limit

The total number of Stapled Securities which may be repurchased pursuant to the Stapled Security Buy-Back Mandate is limited to that number of Stapled Securities representing not more than 5.0% of the total number of issued Stapled Securities as at the date of the AGM.¹

FOR ILLUSTRATIVE PURPOSES ONLY: On the basis of 3,114,119,765 Stapled Securities in issue as at the Latest Practicable Date, and assuming that no further Stapled Securities are issued on or prior to the AGM at which the Stapled Security Buy-Back Mandate is approved, not more than 155,705,988 Stapled Securities (representing 5.0% of the issued Stapled Securities) may be repurchased by the Managers pursuant to the Stapled Security Buy-Back Mandate during the Mandate Duration (as defined herein).

2.2.2 Duration of Authority

Unless revoked or varied by Stapled Securityholders in a general meeting, the Stapled Security Buy-Back Mandate, if approved by Stapled Securityholders, will be in force from the period commencing from the date on which the AGM is held and the Stapled Security Buy-Back Mandate is approved and expiring on the earliest of the following dates:

- (i) the date on which the next annual general meeting of ART is held;
- (ii) the date by which the next annual general meeting of ART is required by applicable laws and regulations or the provisions of the Trust Deeds to be held; or
- (iii) the date on which the repurchases of Stapled Securities by the Managers pursuant to the Stapled Security Buy-Back Mandate are carried out to the full extent mandated,

(the “**Mandate Duration**”).

Under the Trust Deeds and the prevailing laws and regulations of Singapore, subject to any waiver by the relevant regulatory authorities, ART is required to convene an annual general meeting of Stapled Securityholders once every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, and in any case within four months from the financial year end of ART.

The authority conferred on the Managers under the Stapled Security Buy-

¹ Pursuant to the Listing Manual, a Stapled Security buy-back shall not exceed 10.0% of the total number of issued Stapled Securities excluding treasury Stapled Securities and subsidiary holdings in each class as at the date of the resolution passed by Stapled Securityholders for the Stapled Security buy-back. For the avoidance of doubt, ART does not hold any treasury Stapled Securities and there are no subsidiary holdings as none of the subsidiaries of ART hold any Stapled Securities. There is also only one class of Stapled Securities in ART.

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Back Mandate to repurchase Stapled Securities may be renewed at the next annual general meeting of Stapled Securityholders. When seeking the approval of Stapled Securityholders for any subsequent Stapled Security buy-back mandate, the Managers shall disclose details of each Stapled Security buy-back made during the Mandate Duration in respect of the Stapled Security buy-back mandate immediately preceding such Stapled Security buy-back mandate being sought, including the total number of Stapled Securities repurchased, the repurchase price per Stapled Security or the highest and lowest prices paid for such repurchases of Stapled Securities, where relevant, and the total consideration paid for such repurchases.

2.2.3 Manner of Repurchase

Repurchases of Stapled Securities may be made by way of:

- (i) market repurchase(s) (“**Market Repurchases**”); and/or
- (ii) off-market repurchase(s) (“**Off-Market Repurchases**”).

Market Repurchases refer to repurchases of Stapled Securities by the Managers effected on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Stapled Securities may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Managers for the purpose.

Off-Market Repurchases refer to repurchases of Stapled Securities by the Managers (which are not Market Repurchases) made under an equal access scheme or schemes for the repurchase of Stapled Securities from Stapled Securityholders in accordance with the Trust Deeds. In this regard, an Off-Market Repurchase must satisfy all the following conditions:

- (i) offers for the repurchase or acquisition of Stapled Securities shall be made to every person who holds Stapled Securities to repurchase or acquire the same percentage of their Stapled Securities;
- (ii) all of the above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers may relate to Stapled Securities with different accrued distribution entitlements;
 - (b) differences in consideration attributable to the fact that the offers may relate to Stapled Securities with different amounts remaining unpaid; and

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- (c) differences in the offers introduced solely to ensure that each Stapled Securityholder is left with a whole number of Stapled Securities.

Additionally, the Listing Manual provides that, in making an Off-Market Repurchase, the Managers must issue an offer document to all Stapled Securityholders which must contain, *inter alia*:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Stapled Security repurchases;
- (iv) the consequences, if any, of Stapled Security repurchases by the Managers that will arise under the Singapore Code on Take-overs and Mergers (the “**Code**”) or other applicable takeover rules;
- (v) whether the Stapled Security repurchases, if made, could affect the listing of the Stapled Securities on the SGX-ST;
- (vi) details of any Stapled Security repurchases made by the Managers in the previous 12 months (whether Market Repurchases or Off-Market Repurchases in accordance with an equal access scheme), giving the total number of Stapled Securities repurchased, the repurchase price per Stapled Security or the highest and lowest prices paid for the repurchases, where relevant, and the total consideration paid for the repurchases; and
- (vii) whether the Stapled Securities repurchased by the Managers will be cancelled or kept as treasury Stapled Securities.

2.2.4 Repurchase Price

The Managers have the discretion to determine the repurchase price for a repurchase of Stapled Securities under a Stapled Security buy-back mandate, subject to such repurchase price not exceeding 105.0% of the Average Closing Price (as defined herein) of the Stapled Securities for both a Market Repurchase (in accordance with Rule 884 of the Listing Manual) and an Off-Market Repurchase (the “**Maximum Price**”), excluding Related Expenses of such repurchase.

For the purposes of this paragraph 2.2.4:

“**Average Closing Price**” means the average of the closing market prices of the Stapled Securities over the last five Market Days (as defined herein), on which transactions in the Stapled Securities were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and

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deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the Market Repurchase(s) or, as the case may be, the date on which the offer pursuant to the Off-Market Repurchase(s), is made.

“**date of the making of the offer**” means the date on which the Managers make an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Stapled Security and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

2.3 Status of Repurchased Stapled Securities

Under the Trust Deeds, a Stapled Security repurchased by way of a Stapled Security buy-back shall be deemed cancelled immediately on repurchase (and all rights and privileges attached to such Stapled Security will expire on such cancellation).

2.4 Reporting Requirements

Rule 886 of the Listing Manual specifies that an issuer shall notify the SGX-ST of all repurchases or acquisitions of its Stapled Securities not later than 9.00 a.m.:

- (i) in the case of a Market Repurchase, on the Market Day following the day on which the Market Repurchase was made; or
- (ii) in the case of an Off-Market Repurchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Repurchase.

The notification of any such repurchases of Stapled Securities to the SGX-ST (in the form of an announcement on the SGXNet) shall be in such form and shall include such details as the SGX-ST may prescribe.

The Managers shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Managers in a timely fashion the necessary information which will enable the Managers to make the notifications to the SGX-ST.

Further, the Managers shall make an announcement on the SGX-ST at the same time it notifies the SGX-ST of any repurchase of Stapled Securities pursuant to the Stapled Security Buy-Back Mandate, that the directors of the Managers (“**Directors**”) are satisfied on reasonable grounds that, immediately after the repurchase of Stapled Securities, the Managers will be able to fulfil, from the properties of ART, the liabilities of ART as these liabilities fall due, in accordance with the Business Trusts Act, Chapter 31A of Singapore.

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2.5 Sources of Funds

The Managers may only apply funds for the repurchase of Stapled Securities as provided in the Trust Deeds and in accordance with the applicable laws and regulations in Singapore. The Managers may not repurchase Stapled Securities for a consideration other than in cash.

The Managers intend to utilise ART's internal sources of funds, external borrowings or a combination of both to finance the Managers' repurchase of Stapled Securities on behalf of ART pursuant to the Stapled Security Buy-Back Mandate, subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

2.6 Financial Effects

It is not possible for the Managers to calculate realistically or quantify the impact of repurchases of Stapled Securities that may be made pursuant to the Stapled Security Buy-Back Mandate on the NAV per Stapled Security and distribution per Stapled Security ("**DPS**") as the resultant effect would depend on, among others, the aggregate number of Stapled Securities repurchased and the repurchase prices paid for such Stapled Securities.

ART's total number of issued Stapled Securities will be diminished by the total number of Stapled Securities repurchased by way of a Stapled Security Buy-Back as such Stapled Securities will be cancelled.

The Managers will only exercise the Stapled Security Buy-Back Mandate when it considers it to be in the best interests of ART and the Stapled Securityholders. The Managers will consider factors such as the working capital requirements, availability of financial resources, the investment and growth strategies of ART and the prevailing market conditions before repurchasing Stapled Securities under the Stapled Security Buy-Back Mandate. The Managers will exercise the Stapled Security Buy-Back Mandate with a view to enhancing the DPS and/or the NAV per Stapled Security. The Managers do not intend to exercise the Stapled Security Buy-Back Mandate to such an extent as would have a material adverse effect on the financial position of ART.

FOR ILLUSTRATIVE PURPOSES ONLY: The financial effects of a Stapled Security buy-back on ART are based on the assumptions set out below:

- (i) 155,705,988 Stapled Securities (representing approximately 5.0% of the issued Stapled Securities as at the Latest Practicable Date) are repurchased by the Managers pursuant to the Stapled Security Buy-Back Mandate on 1 January 2020;
- (ii) 3,114,119,765 Stapled Securities are in issue as at the Latest Practicable Date (assuming no further Stapled Securities are issued on or prior to the AGM at which the Stapled Security Buy-Back Mandate is approved);

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- (iii) Stapled Securities are repurchased by the Managers at the Maximum Price of S\$1.045 per Stapled Security (being 105.0% of the Average Closing Price of the Stapled Securities immediately preceding the Latest Practicable Date), and accordingly, the maximum amount of funds required for the repurchase of the 155,705,988 Stapled Securities, representing 5.0% of the issued Stapled Securities as at the Latest Practicable Date (excluding Related Expenses) is approximately S\$162,712,757;
- (iv) the Stapled Security Buy-Back Mandate has been effective since 1 January 2020;
- (v) all Stapled Securities repurchased under the Stapled Security Buy-Back Mandate are cancelled;
- (vi) the repurchases of Stapled Securities are funded solely by internal sources of funds and/or borrowings of ART; and
- (vii) there are no changes to the distribution policy to Stapled Securityholders.

Based on the assumptions set out above, the financial effects of the repurchase of 155,705,988 Stapled Securities (representing 5.0% of the issued Stapled Securities as at the Latest Practicable Date) by the Managers pursuant to the Stapled Security Buy-Back Mandate are set out below based on the audited consolidated financial statements of ART and its subsidiaries (the “**ART Group**”) for the financial year ended 31 December 2020 (“**FY 2020**” and the audited consolidated financial statements of the ART Group for FY 2020, the “**FY 2020 Audited Financial Statements**”):

	FY 2020 Audited Financial Statements	Pro forma financial effects of Stapled Security repurchases on the FY 2020 Audited Financial Statements
Net Assets (S\$ million)	3,567.3	3,402.5
Current Assets (S\$ million)	622.2	620.1
Current Liabilities (S\$ million)	537.5	700.2
Number of issued Stapled Securities (as at the Latest Practicable Date) (million)	3,114.1	2,958.4
<u>Financial Ratios</u>		
Adjusted NAV per Stapled Security (excluding outstanding distributable income) (S\$)	1.13	1.13
Distribution per Stapled Security (cents)	3.03	3.12
Aggregate Leverage (%)	36.3	38.7

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Stapled Securityholders should note that the financial effects set out in the table above are based on the FY 2020 Audited Financial Statements and are presented strictly for illustrative purposes only. The results of the ART Group for FY 2020 may not be representative of future performance. Although the Stapled Security Buy-Back Mandate would authorise the Managers to repurchase up to 5.0% of the total number of issued Stapled Securities, the Managers may not necessarily repurchase or be able to repurchase the entire 5.0% of the total number of issued Stapled Securities at any time while the Stapled Security Buy-Back Mandate is in force.

2.7 Taxation

Stapled Securityholders who are in doubt as to their respective tax positions or the tax implications of Stapled Security repurchases by the Managers, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.8 Stapled Securities Repurchased by the Managers

As at the Latest Practicable Date, the Managers have not repurchased any Stapled Securities under the existing Stapled Security buy-back mandate immediately preceding the AGM.

2.9 Black-Out Periods

The Managers will not repurchase any Stapled Securities for and on behalf of ART at any time after a material price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information has been publicly announced. In addition, the Managers will not repurchase Stapled Securities for and on behalf of ART during the period commencing one month before the announcement of the ART Group's half-yearly results and full year financial statements.

2.10 Take-over Implications

The circumstances under which Stapled Securityholders and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code after a repurchase of Stapled Securities by the Managers are set out in Appendix 2 of the Code. The take-over implications which may arise from any repurchase by the Managers of Stapled Securities by way of a Stapled Security buy-back are set out below.

2.10.1 Obligation to make a Take-over Offer

If, as a result of any repurchase by the Managers of the Stapled Securities, the proportionate interest in the voting rights of a Stapled Securityholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, a

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Stapled Securityholder or a group of Stapled Securityholders acting in concert could obtain or consolidate effective control of ART and become obliged to make a mandatory take-over offer under Rule 14 of the Code.

2.10.2 Persons Acting in Concert

Applying the Code to ART, to the extent possible, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Stapled Securities (or otherwise), to obtain or consolidate effective control of ART.

Unless the contrary is established, the following persons, among others, will be presumed to be acting in concert, namely:

- (i) the following companies:
 - (a) a company (“**A**”);
 - (b) the parent company of (A) (“**B**”);
 - (c) the subsidiaries of (A) (each, “**C**”);
 - (d) the fellow subsidiaries of (A) (each, “**D**”);
 - (e) the associated companies of any of (A), (B), (C), or (D) (each, “**E**”);
 - (f) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
 - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For this purpose, a company is an “**associated company**” (as defined in the Code) of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company.

2.10.3 Effect of Rule 14 and Appendix 2 of the Code

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted², Stapled Securityholders and/or persons acting in concert

² Stapled Securityholders and/or persons acting in concert with them will be exempt from the requirement to make a mandatory take-over offer under Rule 14 of the Code upon the satisfaction of the conditions set out in paragraph 3(a) of Appendix 2 of the Code.

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with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Managers repurchasing Stapled Securities by way of a Stapled Security buy-back, the voting rights of such Stapled Securityholders and/or their concert parties would increase to 30.0% or more, or in the event that such Stapled Securityholders and/or their concert parties hold between 30.0% and 50.0% of the voting rights in ART, if the voting rights of such Stapled Securityholders and/or their concert parties would increase by more than 1.0% in any period of six months.

Under Appendix 2 of the Code, a Stapled Securityholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Managers repurchasing Stapled Securities by way of a Stapled Security buy-back, the voting rights of such Stapled Securityholder would increase to 30.0% or more, or, if such Stapled Securityholder holds between 30.0% and 50.0% of the voting rights in ART, the voting rights of such Stapled Securityholder would increase by more than 1.0% in any period of six months. Such Stapled Securityholder need not abstain from voting in respect of the resolution relating to the Stapled Security Buy-Back Mandate.

The Securities Industry Council had on 8 February 2019 granted a ruling to Ascott Reit to rebut the presumption that certain Temasek entities are acting in concert with CapitaLand Limited in relation to the buy-back mandate.

Based on the above and on the interests of the Substantial Stapled Securityholders (as defined herein) in Stapled Securities recorded in the Register of Substantial Stapled Securityholders as at the Latest Practicable Date, the Stapled Securityholdings of CapitaLand Limited (direct and deemed) before the purchase of Stapled Securities is 1,267,098,436 Stapled Securities (40.68%). The Stapled Securityholdings of CapitaLand Limited (direct and deemed) after the repurchase of Stapled Securities assuming (a) the Managers purchase 155,705,988 Stapled Securities, being the maximum limit of 5.0% of the issued Stapled Securities under the Stapled Security Buy-Back Mandate and (b) there is no change in the number of Stapled Securities held by CapitaLand Limited as at the Latest Practicable Date, will be 1,267,098,436 Stapled Securities (42.83%).

In the above illustration, as at the Latest Practicable Date, the voting rights of CapitaLand Limited may increase from 40.68% to 42.83% in the event the Managers purchase 155,705,988 Stapled Securities, being the maximum limit of 5.0% of the issued Stapled Securities under the Stapled Security Buy-Back Mandate. In the event that their voting rights increase by more than 1.0% in any period of 6 months, CapitaLand Limited and persons acting in concert (save for certain Temasek entities which are not considered to be parties acting in concert pursuant to the SIC Ruling) with

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them will become obligated to make a mandatory take-over offer under Rule 14 of the Code.

The Managers intend to monitor and limit the extent of its repurchases under the Stapled Security Buy-Back Mandate such that the voting rights of CapitaLand Limited and persons acting in concert with them will not increase by more than 1.0% of the issued Stapled Securities in any period of 6 months.

Save as disclosed above, none of the Substantial Stapled Securityholders would become obliged to make a take-over offer for ART under Rule 14 of the Code as a result of any repurchase of Stapled Securities by the Managers pursuant to the Stapled Security Buy-Back Mandate of the maximum limit of 5.0% of its issued Stapled Securities as at the Latest Practicable Date.

Important:

The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all the implications that may arise under the Code. Stapled Securityholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a mandatory take-over offer would arise by reason of any Stapled Security repurchases by the Managers.

2.11 Stapled Securityholders' Approval

In view of the foregoing, the Managers are seeking Stapled Securityholders' approval under the resolution relating to the renewal of the Stapled Security Buy-Back Mandate.

Important:

Stapled Securityholders should note that by voting in favour of the resolution relating to the renewal of the Stapled Security Buy-Back Mandate, they will be authorising the Managers to procure the repurchases of Stapled Securities on the terms and conditions set out in paragraph 2 of this Letter and in accordance with the provisions of the Trust Deeds and all applicable laws and regulations including, but not limited to the Listing Manual.

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3 INTERESTS OF DIRECTORS AND SUBSTANTIAL STAPLED SECURITYHOLDERS

3.1 Interests of Directors

As at the Latest Practicable Date, certain Directors collectively hold an aggregate direct and indirect interest in 1,152,915 Stapled Securities. Based on the Register of Directors' Stapled Securityholdings maintained by the Managers, the direct and deemed interests and voting rights of the Directors as at the Latest Practicable Date are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Stapled Securities	% ¹	Contingent Awards of Stapled Securities under the Managers'	
	No. of Stapled Securities	% ¹	No. of Stapled Securities	% ¹			Performance Stapled Security Plan ²	Restricted Stapled Security Plan
Tan Beng Hai, Bob	94,839	0.003	-	-	94,839	0.003	-	-
Beh Siew Kim	567,942	0.018	-	-	567,942	0.018	0 to 733,906 ³	40,764 ^{4,6} 175,752 ^{5,6} 0 to 134,448 ^{3,6}
Zulkifli Bin Baharudin	99,180	0.003	-	-	99,180	0.003	-	-
Sim Juat Quee Michael Gabriel	56,105	0.002	-	-	56,105	0.002	-	-
Chia Kim Huat	91,333	0.003	-	-	91,333	0.003	-	-
Deborah Lee Siew Yin	Nil	-	-	-	Nil	-	-	-
Lee Chee Koon	46,440	0.001	-	-	46,440	0.001	-	-
Lim Cho Pin Andrew Geoffrey	25,800	0.001	-	-	25,800	0.001	-	-
Goh Soon Keat Kevin	171,276	0.006	-	-	171,276	0.006	-	-

Notes:

- 1 The percentage is based on 3,114,119,765 Stapled Securities in issue as at the Latest Practicable Date. The percentage is rounded up to the nearest 0.001%.
- 2 This refers to the number of Stapled Securities which are the subject of contingent awards but not released under the Managers' Performance Stapled Security Plan ("PSSP"). The final number of Stapled Securities that will be released could range from 0% to a maximum of 200.0% of the baseline award under the PSSP.
- 3 The final number of Stapled Securities to be released will depend on the achievement of predetermined targets at the end of the performance period for the PSSP and the Managers' Restricted Stapled Security Plan ("RSSP").
- 4 Being the unvested remaining one-third of the RSSP 2018 Award.
- 5 Being the unvested two-thirds of the RSSP 2019 Award.
- 6 On the final vesting, an additional number of Ascott Stapled Securities of a total value equal to the value of the accumulated distributions which are declared during the vesting period and deemed foregone due to the vesting mechanism of the RSSP, will also be released.

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3.2 Interests of Substantial Stapled Securityholders

Based on the information available to the Managers, the direct and deemed interests and voting rights of the Substantial Stapled Securityholders of ART as at the Latest Practicable Date are as follows:

Name of Substantial Stapled Securityholders ¹	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	% ²
	No. of Stapled Securities	% ²	No. of Stapled Securities	% ²		
Temasek Holdings (Private) Limited ("Temasek") ³	-	-	1,277,931,487	41.03	1,277,931,487	41.03
Tembusu Capital Pte. Ltd. ⁴ ("Tembusu")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
Bartley Investments Pte. Ltd. ⁴ ("Bartley")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
Mawson Peak Holdings Pte. Ltd. ⁴ ("Mawson")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
Glenville Investments Pte. Ltd. ⁴ ("Glenville")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
TJ Holdings (III) Pte. Ltd. ⁴ ("TJH")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
CLA Real Estate Holdings Pte Ltd ⁵ ("CLA")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
CapitaLand Limited ⁶ ("CL")	-	-	1,267,098,436	40.68	1,267,098,436	40.68
The Ascott Limited ⁷ ("Ascott")	476,152,416	15.29	568,792,760	18.26	1,044,945,176	33.55
Somerset Capital Pte Ltd ("SCPL")	568,792,760	18.26	-	-	568,792,760	18.26
CapitaLand Financial Limited ⁸ ("CFL")	-	-	222,153,260	7.13	222,153,260	7.13
Ascott Residence Trust Management Limited ("ARTML")	216,754,300	6.96	-	-	216,754,300	6.96

Notes:

- ¹ "Substantial Stapled Securityholder" means a person with an interest in Stapled Securities constituting not less than 5.0% of the total number of Stapled Securities in issue.
- ² The percentage is based on 3,114,119,765 Stapled Securities in issue as at the Latest Practicable Date. The percentage is rounded down to the nearest 0.01%.
- ³ Temasek is deemed to have an interest in the Stapled Securityholdings in which its subsidiaries and associated companies (including but not limited to CLA) have direct or deemed interests pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA").
- ⁴ Temasek holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJH, which holds 100% of the equity interest in CLA. CLA holds approximately 51.86% of the issued shares in CL.
Each of Tembusu, Bartley, Mawson, Glenville and TJH is deemed to have an interest in the Stapled Securityholdings in

LETTER TO STAPLED SECURITYHOLDERS

which CLA is deemed to have an interest pursuant to Section 4 of the SFA.

- 5 CLA is deemed to have an interest in the Stapled Securityholdings that CL is deemed to have an interest pursuant to Section 4 of the SFA.
- 6 CL is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries namely, Ascott, SCPL, CFL, ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd..
- 7 Ascott is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiary, SCPL.
- 8 CFL is deemed to have an interest in the Stapled Securityholdings of its wholly owned subsidiaries namely, ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd..

4 DIRECTORS' RECOMMENDATION

Having considered the relevant factors, including the rationale for the proposed renewal of the Stapled Security Buy-Back Mandate as set out in paragraph 2 of this Letter, the Directors recommend that Stapled Securityholders vote at the AGM in favour of the resolution relating to the renewal of the Stapled Security Buy-Back Mandate.

5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Stapled Security Buy-Back Mandate, ART and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

6 DOCUMENT ON DISPLAY

The Trust Deeds will be available for inspection at the registered offices of the Managers for so long as ART is in existence.

LETTER TO STAPLED SECURITYHOLDERS

Yours faithfully

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

(Registration Number: 200516209Z)

as manager of **Ascott Real Estate Investment Trust**

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Registration Number: 201925299R)

as trustee-manager of **Ascott Business Trust**

TAN BENG HAI, BOB

Chairman and Non-Executive Independent Director

Singapore

26 March 2021

LETTER TO STAPLED SECURITYHOLDERS

IMPORTANT NOTICE

This Letter does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of ART in Singapore or any other jurisdictions. The value of 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 or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Stapled Securityholders have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. 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 ART is not indicative of the future performance of ART. Similarly, the past performance of the Managers are not indicative of the future performance of the Manager.

This Letter 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 Manager's current view on future events.

GLOSSARY

%	: Per centum or Percentage
AGM	: The annual general meeting of Stapled Securityholders to be convened and held by way of electronic means on Monday, 19 April 2021 at 10.00 a.m., to approve the matters set out in the Notice of Annual General Meeting
ART	: Ascott Residence Trust
ART Group	: ART and its subsidiaries
Ascott BT	: Ascott Business Trust
Ascott BT Deed	: The trust deed dated 9 September 2019 constituting Ascott BT, as amended, varied, or supplemented from time to time
Ascott Reit	: Ascott Real Estate Investment Trust
Ascott Reit Deed	: The trust deed dated 19 January 2006 constituting Ascott Reit, as amended, varied, or supplemented from time to time
Average Closing Price	: The average of the closing market prices of the Stapled Securities over the last five Market Days, on which transactions in Stapled Securities were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the Market Repurchase(s) or, as the case may be, the date on which the offer pursuant to the Off-Market Repurchase(s), is made
Bartley	: Bartley Investments Pte. Ltd.
CDP	: The Central Depository (Pte) Limited
CLA	: CLA Real Estate Holdings Pte Ltd
Code	: The Singapore Code on Take-overs and Mergers
Date of the making of the offer	: The date on which the Managers make an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase) for each Stapled Security and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase
Directors	: Directors of the Managers
DPS	: Distribution per Stapled Security

GLOSSARY

FY 2020	: The financial year ended 31 December 2020
FY 2020 Audited Financial Statements	: The audited consolidated financial statements of the ART Group for FY 2020
Glenville	: Glenville Investments Pte. Ltd.
Latest Practicable Date	: 23 February 2021, being the latest practicable date prior to the printing of this Letter
Letter	: This Letter dated 26 March 2021
Listing Manual	: The Listing Manual of the SGX-ST
Managers	: The Reit Manager and Trustee-Manager
Mandate Duration	: Unless revoked or varied by Stapled Securityholders in a general meeting, the period commencing from the date on which the AGM is held and the Stapled Security Buy-Back Mandate is approved and expiring on the earliest of the following dates: <ul style="list-style-type: none">(i) the date on which the next annual general meeting of ART is held;(ii) the date by which the next annual general meeting of ART is required by applicable laws and regulations or the provisions of the Trust Deeds to be held; or(iii) the date on which the repurchases of Stapled Securities by the Managers pursuant to the Stapled Security Buy-Back Mandate are carried out to the full extent mandated
Market Day	: A day on which the SGX-ST is open for trading in securities
Market Repurchases	: Repurchases of Stapled Securities made by way of market repurchases
Maximum Price	: Means 105.0% of the Average Closing Price of the Stapled Securities in accordance with Rule 884 of the Listing Manual
MPH	: Mawson Peak Holdings Pte. Ltd.
NAV	: Net asset value
Off-Market Repurchases	: Repurchases of Stapled Securities made by way of off-market repurchases
Ordinary Resolution	: A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Stapled

GLOSSARY

	Securityholders convened in accordance with the provisions of the Trust Deeds
Public Float	: Refers to the percentage of Stapled Securities held by the public
Reit Manager	: Ascott Residence Trust Management Limited, in its capacity as manager of Ascott Reit
Reit Trustee	: DBS Trustee Limited, in its capacity as trustee of Ascott Reit
Related Expenses	: Brokerage, stamp duty, commission, applicable goods and services tax and other related expenses
S\$ and cents	: Singapore dollars and cents
SGX-ST	: Singapore Exchange Securities Trading Limited
Stapling Deed	The stapling deed dated 9 September 2019 entered into between the Reit Manager, the Reit Trustee and the Trustee-Manager
Stapled Security	: A Stapled Security in ART, each comprising one unit in Ascott Reit and one unit in Ascott BT stapled together under the terms of the Stapling Deed
Stapled Security Buy-Back	: The repurchase of Stapled Securities pursuant to the Stapled Security Buy-Back Mandate
Stapled Security Buy-Back Mandate	: The proposed Stapled Security buy-back mandate to be given to the Managers by way of an Ordinary Resolution in a general meeting, to exercise its powers to procure the repurchases of Stapled Securities for and on behalf of ART without the prior specific approval of Stapled Securityholders at a general meeting
Stapled Securityholders	: The registered holders for the time being of a Stapled Security, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “ Stapled Securityholder ” shall, in relation to Stapled Securities registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Stapled Securities
Substantial Stapled Securityholder	: A person with an interest in Stapled Securities constituting not less than 5.0% of the total number of Stapled Securities in issue
Tembusu	: Tembusu Capital Pte. Ltd.

GLOSSARY

TJH	: TJ Holdings (III) Pte. Ltd.
Trust Deeds	: The Ascott Reit Deed, Ascott BT Deed and Stapling Deed
Trustee-Manager	: Ascott Business Trust Management Pte. Ltd., in its capacity as trustee-manager of Ascott BT

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Unless otherwise stated in this Letter figures and percentages are rounded off where applicable.