



(Constituted in the Republic of Singapore pursuant to
a trust deed dated 19 January 2006 (as amended))

ANNOUNCEMENT

ACQUISITION OF A SECOND PROPERTY IN NEW YORK, UNITED STATES OF AMERICA

1. INTRODUCTION

Ascott Residence Trust Management Limited (the “**Manager**”), as manager of Ascott Residence Trust (“**Ascott REIT**”), wishes to announce that Ascott REIT has today through its wholly owned subsidiary, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) to acquire the hotel property known as Sheraton Tribeca New York Hotel located at 350 and 370-372 Canal Street (a/k/a 13-15 Lispenard Street), New York, New York, 10013, United States (the “**U.S.**”), the leasehold interest in the land of the hotel property expiring in 2112 and a sub-leasehold interest expiring in 2105 (collectively, the “**Property**”), for an aggregate purchase consideration of US\$158.0 million (equivalent to approximately S\$218.0 million¹) (the “**Purchase Consideration**”, and the acquisition, the “**Acquisition**”). The Acquisition is Ascott REIT’s second acquisition in the U.S.

The Property is a 21-storey building comprising an aggregate of 369 guestrooms ranging from standard rooms to suites. The vendor is FC-Canal Ground Tenant LLC, a limited liability company incorporated in the U.S. which is an unrelated third party (the “**Vendor**”).

2. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring, among others, the following benefits to Ascott REIT and unitholders of Ascott REIT (“**Unitholders**”):

- (i) on a pro forma historical basis, the Acquisition is expected to contribute additional annual earnings before net interest expense, tax, depreciation and amortisation (EBITDA) of US\$10.8 million (equivalent to approximately S\$14.8 million²) and increase distributable income by US\$6.6 million (equivalent to approximately S\$9.0

1 Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of US\$ / SGD = 1.38.

2 Based on average US\$ / SGD exchange rate for FY2015 of 1.3712.

million²) for the financial year ended 31 December 2015 (“**FY2015**”), translating to an increase in pro forma historical distribution per unit (“**DPU**”) by approximately 1.5%;

- (ii) the Acquisition is in line with Ascott REIT’s principal investment mandate, strategy and business model, and will enhance the diversification of Ascott REIT’s portfolio in terms of geographical spread and across property and economic cycles. It will enlarge the U.S. portfolio to 10.0% of Ascott REIT’s total asset size. In particular, the Acquisition will further expand Ascott REIT’s footprint in the Manhattan market and strengthen Ascott REIT’s presence in the U.S.;
- (iii) the Acquisition allows Ascott REIT to increase its investment in the high demand and highly contested hospitality market in New York, which is a global key gateway city that has been experiencing growth in revenue per available room; and
- (iv) the Acquisition represents an attractive opportunity for Ascott REIT to acquire an asset which is located in a prime location close to the financial district and many unique neighbourhoods such as SoHo, Little Italy and Chinatown. The Property is relatively new, having commenced operations only in October 2010.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

3.1 Sale and Purchase Agreement

In connection with the Acquisition, Ascott REIT Investment Pte. Ltd., a wholly owned subsidiary of Ascott REIT incorporated in Singapore, established Ascott REIT (Tribeca) Pte. Ltd. (“**ARTPL**”) as a wholly owned subsidiary of Ascott REIT in Singapore. ARTPL holds 100.0% of the capital contribution of Tribeca Hotel REIT LLC (“**USA Hotel REIT**”), a private U.S. Hotel REIT, which in turn established two wholly owned subsidiaries in the U.S. The first subsidiary of USA Hotel REIT, Tribeca Ascott LLC, will acquire the legal title to the Property (comprising the hotel property, gymnasium, restaurant and loading dock) pursuant to the entry into the Sale and Purchase Agreement and will enter into a master lease agreement with the second subsidiary of USA Hotel REIT, Tribeca TRS LLC, over the hotel property. Tribeca Ascott LLC and Tribeca TRS LLC will also enter into a property management agreement whereby Tribeca TRS LLC will manage the gymnasium, restaurant and loading dock. Tribeca TRS LLC will then engage an unrelated third party professional hotel manager to manage the Property.

The Purchase Consideration is based on the agreed value of the Property at US\$158.0 million (equivalent to approximately S\$218.0 million) and will be fully satisfied in cash.

1.0% of the Purchase Consideration was paid on execution of the Sale and Purchase Agreement and 9.0% of the Purchase Consideration will be paid pursuant to the completion of the property investigation and due diligence on the Property. Remainder of the Purchase Consideration, which is subject to adjustments as at completion, will be paid on the date of completion of the Acquisition (“**Completion**”).

3.2 Conditions Precedent to the Completion of the Acquisition

The completion of the Acquisition is subject to and conditional upon, among others:

- (i) the receipt by Ascott REIT or (as the case may be) its designated subsidiary of such evidences of termination of pre-existing agreements in relation to the Property;

- (ii) entry into a new management agreement with an unrelated third party professional hotel manager for management of the Property;
- (iii) entry into a new franchise agreement to continue to operate the Property as a Sheraton-branded hotel;
- (iv) the receipt by Ascott REIT or (as the case may be) its designated subsidiary of estoppel certificates from the landlord and tenants in relation to the land demised pursuant to the ground lease on which the hotel property is situated and leases over the gymnasium and restaurant, respectively; and
- (v) absence of any statute, ordinance, code, rule or regulation enacted or promulgated by any governmental authority which prohibits the consummation of Completion or the transactions contemplated hereunder, and absence of any injunction or other order of a court of competent jurisdiction in effect precluding the consummation of Completion or the transactions contemplated hereunder.

4. VALUATION

DBS Trustee Limited, in its capacity as trustee of Ascott REIT, has commissioned an independent property valuer, Jones Lang LaSalle Americas, Inc (“JLL”), to value the Property. JLL has conducted the valuation using the discounted cash flow and sales comparison approaches with effective date as of 22 February 2016.

The Purchase Consideration takes into account the agreed property value of the Property, which was arrived at on a willing-buyer and willing-seller basis and derived based on the independent valuation of the Property by JLL at US\$166.0 million (equivalent to approximately S\$229.1 million).

5. COST OF THE ACQUISITION

5.1 Acquisition Fee and Associated Costs

The estimated total costs of the Acquisition are approximately US\$9.2 million (equivalent to approximately S\$12.7 million), comprising:

- (i) total acquisition fees of approximately US\$1.6 million (equivalent to approximately S\$2.2 million) (being 1.0% of the Enterprise Value (as defined in the trust deed dated 19 January 2006 constituting Ascott REIT (as amended, varied and supplemented from time to time) (the “**Trust Deed**”)) of US\$158.0 million (equivalent to approximately S\$218.0 million)) payable to the Manager pursuant to the Trust Deed; and
- (ii) aggregate associated costs³ of approximately US\$7.6 million (equivalent to approximately S\$10.5 million) incurred or to be incurred by Ascott REIT in connection with the Acquisition.

The Manager proposes to finance the total acquisition costs and the Purchase Consideration relating to the Acquisition with debt financing and part of the proceeds from the private placement which the Manager expects to announce shortly (the “**Private Placement**”).

3 Includes due diligence fees, mortgage recording tax, and other transaction-related costs.

6. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

6.1 Certain Financial Information Relating to the Acquisition

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes only and do not reflect the actual position of Ascott REIT after completion of the Acquisition.

They have been prepared based on the unaudited consolidated financial statements of Ascott REIT for the 12 months ended 31 December 2015 (“FY2015”, and the unaudited consolidated financial statements of Ascott REIT for FY2015, the “2015 Unaudited Consolidated Financial Statements”), and taking into account the Purchase Consideration.

6.2 Assumptions

In preparing the pro forma historical DPU and NAV per Unit for FY2015, the exchange rates between USD and SGD are assumed to be as follows:

FY2015

	1 January 2015	Average rate for FY2015	31 December 2015
US\$	1.29935	1.3712	1.41355

6.3 Pro Forma Financial Effects for FY2015

(A) Pro Forma DPU

The table below sets out the pro forma financial effects of the Acquisition on Ascott REIT’s DPU and distribution yield for FY2015, as if the Acquisition was completed on 1 January 2015.

In addition to the assumption set out at paragraph 6.2 above, the following assumptions were made in preparing the pro forma DPU for FY2015:

- (i) the purchase consideration of the Acquisition was S\$205.3 million (based on the exchange rates as at 1 January 2015);
- (ii) bank borrowings of S\$124.5 million and proceeds of S\$92.8 million (based on the exchange rates as at 1 January 2015) from the Private Placement were used to pay for the purchase consideration and associated costs of the Acquisition; and
- (iii) the Manager’s management fees payable for the Acquisition were paid 50.0% in Units.

	FY2015		
	Before the Acquisition	After the Acquisition	
		Based on issue price of 1.055 ⁽¹⁾	Based on issue price of 1.085 ⁽¹⁾
Distributable Income (\$'000)	123,339 ⁽²⁾	132,369	132,369
Units in issue ('000)	1,548,736 ⁽³⁾	1,637,437 ⁽⁴⁾	1,635,005 ⁽⁴⁾
DPU (cents)	7.99	8.11	8.12
Distribution yield (%)	6.7 ⁽⁵⁾	6.8 ⁽⁵⁾	6.8 ⁽⁵⁾
Earnings per Unit (cents)	9.85	10.00	10.02

Notes:

- (1) Based on the issue price range of the Private Placement.
- (2) Based on the 2015 Unaudited Consolidated Financial Statements.
- (3) Number of Units in issue as at 31 December 2015.
- (4) Include adjustments to include the new Units issued pursuant to the Private Placement and 0.7 million new Units issued as payment of the Manager's management fees for the Acquisition for FY2015. The Units issued were assumed to be issued at the same prices as those that were actually issued as payment for the management fees for the existing properties for FY2015. The Manager's 1.0% acquisition fee for the Acquisition was assumed to be paid in cash.
- (5) Computed based on the closing unit price of S\$1.19 on 31 December 2015.

(B) Pro Forma NAV Per Unit

The table below sets out the pro forma financial effects of the Acquisition on the consolidated NAV as at 31 December 2015, as if the Acquisition was completed on 31 December 2015.

In addition to the assumption set out at paragraph 6.2 above, the following assumptions were made in preparing the pro forma NAV as at 31 December 2015:

- (i) the purchase consideration of the Acquisition was S\$223.3 million (based on the exchange rates as at 31 December 2015);
- (ii) bank borrowings of S\$135.4 million and proceeds of S\$100.9 million (based on the exchange rates as at 31 December 2015) from the Private Placement were used to pay for the purchase consideration and associated costs of the Acquisition; and
- (iii) the Manager's management fees payable for the Acquisition were paid 50.0% in Units.

	As at 31 December 2015		
	Before the Acquisition	After the Acquisition	
		Based on issue price of 1.055 ⁽¹⁾	Based on issue price of 1.085 ⁽¹⁾
NAV (\$'000)	2,189,714 ⁽²⁾	2,294,781 ⁽³⁾	2,294,781 ⁽³⁾
Units in issue ('000)	1,548,736 ⁽⁴⁾	1,644,443	1,641,797
NAV per Unit (\$)	1.41	1.40	1.40

Notes:

- (1) Based on the issue price range of the Private Placement.
- (2) Based on the 2015 Unaudited Consolidated Financial Statements.
- (3) Based on Unitholders' funds.
- (4) Number of Units in issue as at 31 December 2015.

7. OTHER INFORMATION

7.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

A proposed acquisition by Ascott REIT may fall into any of the categories set out in Rule 1004 of the Listing Manual of Singapore Exchange Securities Trading limited (the "SGX-ST") depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with Ascott REIT's net profits; and
- (ii) the aggregate value of the consideration given or received, compared with Ascott REIT's market capitalisation based on the total number of issued Units.

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of Ascott REIT's business.

As the relative figures in relation to the Acquisition computed on the bases set out above exceed 5.0% but do not exceed 20.0%, the Acquisition is not a major transaction, but a discloseable transaction under Chapter 10 of the Listing Manual and is therefore not subject to the approval of Unitholders.

The relative figures for the Acquisition using the aforesaid bases of comparison are set out in the table below:

Criteria	Ascott REIT (S\$ million)	The Property (S\$ million)	Relative Percentage (%)
The net profits attributable to the assets acquired, compared with Ascott REIT's net profits	125.9 ⁽¹⁾	8.1	6.4
The aggregate value of the consideration given, compared with Ascott REIT's market capitalisation based on the total number of issued Units	1,753.8 ⁽²⁾	218.0	12.4

Notes:

- (1) Based on the 2015 Unaudited Consolidated Financial Statements.
- (2) Based on the market capitalisation of Ascott REIT as at the market date preceding the date of entry into the Sale and Purchase Agreement.

7.2 Interests of Directors and Controlling Unitholders

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Acquisition.

7.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m.⁴ at the registered office of the Manager at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Sale and Purchase Agreement; and
- (ii) the valuation report of the Property.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Ascott REIT continues to be in existence.

⁴ Prior appointment with the Manager will be appreciated.

By Order of the Board
Ascott Residence Trust Management Limited
(Company registration Number: 200516209Z)
As manager of Ascott Residence Trust

Kang Siew Fong / Regina Tan
Joint Company Secretaries
14 March 2016

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Ascott REIT is not necessarily indicative of the future performance of Ascott REIT.

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, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.