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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 and other investors (“**Private Placement**”) at

an issue price of between S\$0.983 and S\$1.014 per New Stapled Security (both figures inclusive) (the “**Issue Price Range**”) to raise gross proceeds of approximately S\$150.0 million.

2. **Details of the Private Placement**

The Managers, J.P. Morgan (S.E.A) Limited and Oversea-Chinese Banking Corporation 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 procure subscriptions for, or failing which to severally subscribe and pay for, the New Stapled Securities at the issue price per New Stapled Security (the “**Issue Price**”) to be determined, 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 Main Board 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\$0.983 and S\$1.014 per New Stapled Security (both figures inclusive) represents a discount of between:

- (i) 2.5% and 5.5% to the volume weighted average price (“**VWAP**”) of S\$1.040 per stapled security in ART (“**Stapled Security**”); and
- (ii) (for illustrative purposes only) 2.0% and 5.0% to the adjusted VWAP¹ of S\$1.034 per Stapled Security,

for trades in the Stapled Securities done on the SGX-ST for the preceding Market Day² on 8 September 2021 up to the time the Placement Agreement was signed on 9 September 2021.

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.

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 8 September 2021 up to the time the Placement Agreement was signed on 9 September 2021 and excluding the Advanced Distribution (as defined herein) of approximately 0.536 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.

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.

4. Use of Proceeds

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

- (i) approximately S\$58.7 million (which is equivalent to 39.1% of the gross proceeds of the Private Placement) to partially fund the acquisition of a student accommodation property located at 1701 N. Quaker Avenue, Lubbock, Texas, 79416 U.S. (the “**Acquisition**”);
- (ii) approximately S\$89.0 million (which is equivalent to 59.4% of the gross proceeds of the Private Placement) to partially fund any future potential acquisitions, including but not limited to student accommodation and multi-family rental housing properties in developed markets such as the United States, Europe and Japan, and the associated costs; and
- (iii) approximately S\$2.3 million (which is equivalent to 1.5% 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 Acquisition 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 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 Acquisition

The rationale for the Acquisition is set out in the announcement titled "Acquisition of Student Accommodation Property in Texas" issued by the Managers on 9 September 2021.

5.2 Potential acquisition(s) would further diversify portfolio across student accommodation and rental housing asset classes

The Managers will continue to seek opportunities for (i) quality student accommodation assets in key developed markets with strong student population growth and (ii) expansion of rental housing portfolio, as well as increase ART's asset allocation in longer stay accommodation properties to enhance income stability of the portfolio.

This will also strengthen ART's position in developed markets such as the United States, Europe and Japan.

5.3 Effective funding of ART's growth opportunities

The Private Placement will provide ART with greater financial capacity to capitalise on existing growth opportunities which are expected to deliver yield and value accretion to existing Stapled Securityholders. ART will be able to act more expeditiously when pursuing acquisition opportunities with the objective of delivering additional value for Stapled Securityholders.

Further, the Private Placement will enhance ART's financial position and liquidity and building a war chest for future acquisitions. ART's aggregate leverage post the Private Placement and the Acquisition will remain at approximately 36.0%¹.

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 152.6 million Stapled Securities, which is an increase of approximately 4.9% in the total number of Stapled Securities currently in issue. This will increase the free float of ART from approximately 59% to approximately 61%.

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.

¹ Based on the unaudited financial statements of ART as at 30 June 2021 and assuming the Acquisition and Private Placement was completed on 30 June 2021.

5.5 Efficient and beneficial method of raising funds

The Private Placement is an overall 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.

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 19 April 2021 (the “**General Mandate**”), pursuant to which the Managers may, during the period from 19 April 2021 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 the 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 19 April 2021 (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 not be more than 20.0% of the Base Figure.

As at 19 April 2021, the number of Stapled Securities in issue was 3,114,119,765 Stapled Securities.

The number of Stapled Securities that can be issued under the General Mandate is 1,557,059,882 Stapled Securities, of which no more than 622,823,953 Stapled Securities may be issued on a non-*pro rata* basis. The Managers have issued 6,315,517 Stapled Securities on a non-*pro rata* basis since 19 April 2021.

The 152,594,100 New Stapled Securities to be issued pursuant to the Private Placement (based on the minimum of the Issue Price Range) would constitute 4.9% of the Base Figure, which is within the 20.0% limit for issue of new Stapled Securities other than on a *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 2021 to 19 September 2021, 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 20 September 2021 to 31 December 2021. 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 0.486 Singapore cents per Stapled Security and 0.586 Singapore cents per Stapled Security¹. The actual quantum of the distribution per Stapled Security under the Advanced Distribution will be announced on a later date.

8. Status of New Stapled Securities

The New Stapled Securities are expected to be listed on or around 20 September 2021.

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 20 September 2021 to 31 December 2021, 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.

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.

¹ The advanced distribution for the period from 1 July 2021 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.

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

9 September 2021

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 ART 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 ART is not necessarily indicative of the future performance of ART.

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, Chapter 289 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).