



ASCOTT RESIDENCE TRUST

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

A-HTRUST PERMITTED DISTRIBUTIONS

INTRODUCTION

On 3 July 2019, the board of directors of Ascendas Hospitality Fund Management Pte. Ltd. (as manager of Ascendas Hospitality Real Estate Investment Trust) and Ascendas Hospitality Trust Management Pte. Ltd. (as trustee-manager of Ascendas Hospitality Business Trust) (collectively, the “**A-HTRUST Managers**”) announced the proposed combination of Ascott Residence Trust (“**Ascott Reit**”) and Ascendas Hospitality Trust (“**A-HTRUST**”) to be effected through the acquisition by Ascott Reit of all the stapled securities of A-HTRUST (“**A-HTRUST Stapled Securities**”) for an aggregate consideration of S\$1.0868 for each A-HTRUST Stapled Security, comprising S\$0.0543 in cash and 0.7942 Ascott Reit-BT Stapled Units (“**Combination**”). On 26 September 2019, the Scheme Document with respect to the Combination was despatched by the A-HTRUST Managers to the securityholders of A-HTRUST (“**Scheme Document**”). Terms defined in the Scheme Document have the same meanings when used in this Announcement.

A-HTRUST PERMITTED DISTRIBUTIONS

On 5 December 2019, the A-HTRUST Managers announced the books closure date with respect to the A-HTRUST Permitted Distributions, which are:

- to be distributed to A-HTRUST Stapled Securityholders recorded in the register as at 5.00 p.m. on 18 December 2019 (“**A-HTRUST Entitled Stapled Securityholders**”); and
- for the period from 1 October 2019 up to (and including) the A-HTRUST Scheme Implementation Date of 31 December 2019.

As noted by the A-HTRUST Managers, the actual quantum of the A-HTRUST Permitted Distributions would be announced by Ascott Residence Trust Management Limited, as manager of Ascott Reit (the “**Ascott Reit Manager**”) after the accounts of A-HTRUST for the relevant period have been finalised.

The Ascott Reit Manager is pleased to announce the A-HTRUST Permitted Distribution of 1.20 Singapore cents for each A-HTRUST Stapled Security, comprising:

- (a) Distribution from Ascendas Hospitality Real Estate Investment Trust (“**A-HREIT**”)
 - (i) Taxable income distribution of 0.23 Singapore cents per A-HTRUST Stapled Security (the “**Taxable Income Distribution**”); and
 - (ii) Capital distribution of 0.31 Singapore cents per A-HTRUST Stapled Security (the “**Capital Distribution**”).
- (b) Distribution from Ascendas Hospitality Business Trust (“**A-HBT**”)
 - (i) Tax-exempt income distribution of 0.66 Singapore cents per A-HTRUST Stapled Security (the “**Tax-exempt Distribution**”).

Please refer to Appendix 1 for the calculation of the A-HTRUST Permitted Distribution per A-HTRUST Stapled Security. The A-HTRUST Entitled Stapled Securityholders will receive the A-HTRUST Permitted Distributions, which will be paid on 10 February 2020.

For the avoidance of doubt, this distribution is for the A-HTRUST Entitled Stapled Securityholders, and not for all the stapled securityholders of Ascott Residence Trust.

Declaration for Singapore Tax Purposes

The Tax-exempt Distribution is exempt from Singapore income tax in the hands of all A-HTRUST Entitled Stapled Securityholders, regardless of their nationality, corporate identity or tax residence status. No tax will be deducted at source from such distribution.

The Capital Distribution represents a return of capital to A-HTRUST Entitled Stapled Securityholders for Singapore income tax purposes. The amount of Capital Distribution will be applied to reduce the cost base of their Stapled Securities for Singapore income tax purposes. For A-HTRUST Entitled Stapled Securityholders who are liable to Singapore income tax on profits from the sale of their Stapled Securities, the reduced cost base of their Stapled Securities will be used to calculate any taxable trading gains arising from the disposal of the Stapled Securities.

Taxable Income Distribution comprises distribution made out of A-HREIT’s taxable income that is not taxed at the trustee level. Tax will be deducted at source from the Taxable Income Distribution in certain circumstances. The following section describes the circumstances in which tax will or will not be deducted from such distribution.

1. Perpetual (Asia) Limited, the trustee of A-HREIT (the “**A-HREIT Trustee**”) and Ascott Residence Trust Management Limited, as manager of A-HREIT with effect from 1 January 2020 (the “**A-HREIT Manager**”), will not deduct tax from:
 - (a) A-HTRUST Entitled Stapled Securityholders who are individuals and who hold the Stapled Securities either in their sole names or jointly with other individuals;
 - (b) A-HTRUST Entitled Stapled Securityholders which are companies incorporated and tax resident in Singapore;

- (c) A-HTRUST Entitled Stapled Securityholders which are Singapore branches of companies incorporated outside Singapore;
 - (d) A-HTRUST Entitled Stapled Securityholders which are bodies of persons (excluding companies or partnerships) incorporated or registered in Singapore, such as:
 - (i) Statutory boards;
 - (ii) Co-operative societies registered under the Co-operative Societies Act (Cap. 62);
 - (iii) Trade unions registered under the Trade Unions Act (Cap. 333);
 - (iv) Charities registered under the Charities Act (Cap. 37) or established by any written law; and
 - (v) Town councils;
 - (e) A-HTRUST Entitled Stapled Securityholders which are international organisations that are exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); and
 - (f) A-HTRUST Entitled Stapled Securityholders which are real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment.
2. To receive a gross distribution (i.e. no tax will be deducted from the Taxable Income Distribution), A-HTRUST Entitled Stapled Securityholders falling within the categories (b) to (f) stated under Note 1 are required to complete the applicable Section A, B or C of the *“Declaration for Singapore Tax Purposes Form A”* (**“Form A”**). These categories of A-HTRUST Entitled Stapled Securityholders, unless they are exempt from tax because of their own circumstances, will have to pay income tax subsequently at their own applicable rates.
 3. A-HTRUST Entitled Stapled Securityholders who fall within category (a) under Note 1 are not required to submit Form A. The gross distribution received by these A-HTRUST Entitled Stapled Securityholders (irrespective of their tax residence status) is exempt from tax. However, this tax exemption does not apply to such A-HTRUST Entitled Stapled Securityholders in respect of distribution derived by them through a partnership in Singapore or from the carrying on of a trade, business or profession. Such A-HTRUST Entitled Stapled Securityholders, i.e. to whom the exemption does not apply, must declare the distribution received as income in their income tax returns.
 4. For distributions made to categories of A-HTRUST Entitled Stapled Securityholders that do not fall within the categories stated under Note 1 above, the A-HREIT Trustee and the A-HREIT Manager will deduct tax at the rate of 10% if the A-HTRUST Entitled Stapled Securityholders are:
 - (a) foreign non-individual A-HTRUST Entitled Stapled Securityholders; or
 - (b) foreign funds.

A foreign non-individual A-HTRUST Entitled Stapled Securityholder is one who is not a resident of Singapore for income tax purposes and:

- (i) who does not have a permanent establishment in Singapore; or
- (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Stapled Securities are not obtained from that operation.

A foreign fund is one that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purposes and:

- (i) who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- (ii) who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Stapled Securities are not obtained from that operation.

5. To receive the distribution net of tax deducted at 10%, foreign non-individual A-HTRUST Entitled Stapled Securityholders and foreign funds are required to complete Section D or E of Form A respectively.
6. The A-HREIT Trustee and the A-HREIT Manager will rely on the declarations made in Form A to determine (i) if tax is to be deducted for distributions to the categories of A-HTRUST Entitled Stapled Securityholders listed in (b) to (f) under Note 1; and (ii) if tax is to be deducted at the rate of 10% for distributions to foreign non-individual A-HTRUST Entitled Stapled Securityholders and foreign funds under Note 4.
7. A-HTRUST Entitled Stapled Securityholders who do not fall within the categories of A-HTRUST Entitled Stapled Securityholders listed in Note 1 and Note 4 above can choose not to return Form A as tax will be deducted from the distributions made to them at the prevailing corporate tax rate in any case.
8. Beneficial owners of Stapled Securities in A-HREIT who hold the Stapled Securities through depository agents will receive:
 - (a) Gross distribution if they are persons described in categories (a) to (f) under Note 1 above; and
 - (b) Distribution net of tax deducted at 10% if they are foreign non-individuals or foreign funds described in Note 4 above.
9. To receive gross distribution and distribution net of tax deducted at 10%, the depository agents are required to complete the "*Declaration by Depository Agents for Singapore Tax Purposes Form B*" ("**Form B**") and its annexes.
10. Form A and Form B (and its annexes) have been sent to relevant A-HTRUST Entitled Stapled Securityholders and depository agents respectively on 3 January 2020 and returned to A-HREIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., on or around 17 January 2020.
11. The A-HREIT Trustee and the A-HREIT Manager will be obliged to deduct tax at the prevailing corporate tax rate from the distributions if Form A or Form B is not returned within the stipulated time limit or is not properly completed.
12. A-HTRUST Entitled Stapled Securityholders who hold Stapled Securities under the Central Provident Fund Investment Scheme and the Supplementary Retirement Scheme do not have to return any form. They will receive gross distribution.

Declaration in Income Tax Return

This distribution is considered as income for the year 2019. Beneficial owners of the distribution, other than those who are exempt from tax on the distribution or who are entitled to the reduced tax rate of 10%, are required to declare the gross amount of the Taxable Income Distribution as taxable income in their Singapore income tax return for the year of assessment 2020.

Distribution Policy

The A-HTRUST Permitted Distribution from A-HTRUST comprise permitted distributions from A-HREIT and A-HBT.

Prior to the Combination, A-HTRUST's distribution policy is to distribute at least 90% of its distributable income. For the Permitted Distribution, A-HTRUST will be retaining 7.3% of its distributable income for working capital purposes from A-HBT's tax-exempt component and A-HREIT's capital component of the distributable income and A-HREIT will distribute 100% of the taxable income component from its distributable income.

Directors' Responsibility Statement

The Directors of Ascendas Hospitality Trust Management Pte. Ltd., as the trustee-manager of A-HBT, is satisfied on reasonable grounds that, immediately after making the Distribution, the trustee-manager of A-HBT will be able to fulfil from the Trust Property (as defined in the Business Trusts Act, Chapter 31A of Singapore) of A-HBT, the liabilities of A-HBT as these liabilities fall due.

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
30 January 2020

Any queries relating to this Announcement or the Combination should be directed to one of the following:

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IMPORTANT NOTICE

The value of the Ascott Reit-BT Stapled Units and the income derived from them may fall as well as rise. The Ascott Reit-BT Stapled Units are not obligations of, deposits in, or guaranteed by, the Ascott Reit Manager or Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”) or any of their respective affiliates. An investment in the Ascott Reit-BT Stapled Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Managers to redeem their Ascott Reit-BT Stapled Units while the Ascott Reit-BT Stapled Units are listed. It is intended that Ascott Reit-BT Stapled Unitholders may only deal in their Ascott Reit-BT Stapled Units through trading on the SGX-ST. Listing of the Ascott Reit-BT Stapled Units on the SGX-ST does not guarantee a liquid market for the Ascott Reit-BT Stapled Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Ascott Reit-BT Stapled Units. The past performance of Ascott Reit-BT Stapled Units is not necessarily indicative of the future performance of Ascott Residence Trust.

This announcement 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 Managers' current view on future events.

Appendix 1

Statement of Total Return of Ascendas Hospitality Trust for the period from 1 October 2019 to 31 December 2019

	A-HTRUST	A-HREIT Group	A-HBT Group
	S\$'000	S\$'000	S\$'000
Gross revenue	50,775	9,763	44,756
Property expenses	(27,649)	(704)	(26,923)
Net property income	23,126	9,059	17,833
Depreciation	(5,491)	-	(5,491)
Finance income	80	1	79
Finance costs	(3,049)	(790)	(2,259)
Finance costs (SFRS(I) 16)	-	-	(2,489)
Fund management fees	(2,308)	(967)	(1,341)
Trustees' fees	(166)	(49)	(117)
Foreign exchange loss, net	(2,105)	(198)	(1,907)
Other trust expenses	(57)	124	(181)
Net change in fair value of derivative financial instruments	270	423	(153)
Net change in fair value of investment properties	3,567	2,019	1,548
Net change in fair value of right-of-use asset (SFRS(I) 16)	-	-	(1,161)
Net change in fair value of investment securities	-	(220)	-
Transaction costs incurred in relation to the Combination with Ascott Residence Trust	(5,046)	(2,194)	(2,852)
Profit before tax	8,821	7,208	1,509
Income tax expense	(9,403)	(5,880)	(3,523)
(Loss)/profit after tax	(582)	1,328	(2,014)
(Loss)/profit after tax attributable to:			
Stapled Securityholders	(621)	1,328	(2,022)
Non-controlling interests	39	-	8
	(582)	1,328	(2,014)

Distribution Statement of Ascendas Hospitality Trust for the period from 1 October 2019 to the 31 December 2019

	A-HTRUST	A-HREIT Group	A-HBT Group
	S\$'000	S\$'000	S\$'000
(Loss)/profit attributable to Stapled Securityholders	(621)	1,328	(2,022)
Net effect of non-tax deductible / chargeable items and other adjustments (Note A)	15,354	5,265	10,278
Distributable income	14,733	6,593	8,256
Income retained for working capital	(1,070)	(448)	(622)
Distributable income declared	13,663	6,145	7,634
Number of Stapled Securities entitled to the DPS ('000)	1,138,607		
DPS (Singapore cents)	1.20		

Note A

Net effect of non-tax deductible / chargeable items and other adjustments comprise:

Manager's management fee payable in Stapled Securities to Ascendas Hospitality Fund Management Pte. Ltd.	(316)	(316)	-
Depreciation	5,491	-	5,491
Foreign exchange loss, net	2,009	232	1,777
Net change in fair value on derivative financial instruments	(270)	(423)	153
Loss on disposal of property, plant and equipment	158	-	158
Net change in fair value of investment properties	(3,567)	(2,019)	(1,548)
Deferred tax expense	6,670	5,054	1,616
Net change in fair value of investment securities	-	220	-
Transaction costs incurred in relation to the Combination with Ascott Residence Trust	5,046	2,194	2,852
Others	133	323	(221)
Net effect of non-tax deductible / chargeable items and other adjustments	15,354	5,265	10,278