



ASCENDAS HOSPITALITY TRUST

A stapled group comprising:

Ascendas Hospitality Real Estate Investment Trust

(a real estate investment trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by

Ascendas Hospitality Fund Management Pte. Ltd.

Ascendas Hospitality Business Trust

(a business trust constituted on 13 March 2012 under the laws of the Republic of Singapore) managed by

Ascendas Hospitality Trust Management Pte. Ltd.

DIVESTMENT OF ASCENDAS CHINA HOTEL INVESTMENT LIMITED AND ASCENDAS HOSPITALITY CHINA PTE LTD

1. INTRODUCTION

1.1 The Divestment

Ascendas Hospitality Fund Management Pte Ltd, the manager of Ascendas Hospitality Real Estate Investment Trust (“**A-HREIT**”) and Ascendas Hospitality Trust Management Pte Ltd (“**AHTM**”), the trustee-manager of Ascendas Hospitality Business Trust (“**A-HBT**”) (collectively, the “**Managers**”), wish to announce that AHTM, on behalf of A-HBT, has today entered into a conditional share purchase agreement (“**Sale and Purchase Agreement**”) with China Hospitality Bidco, Ltd. and China Hospitality Bidco 2, Ltd.¹ (“**Purchasers**”) to divest A-HBT’s entire interests in (i) Ascendas China Hotel Investment Limited (“**ACHIL**”); and (ii) Ascendas Hospitality China Pte Ltd (“**AHCPL**” and together with ACHIL, “**SPVs**”) (“**Divestment**”). ACHIL holds 100% interest in Ascendas (Beijing) Hotel Co., Ltd, which in turn holds Novotel Beijing Sanyuan. AHCPL holds 100% interest in Ascendas 2 (Beijing) Hotel Co., Ltd, which in turn holds Ibis Beijing Sanyuan (together with Novotel Beijing Sanyuan, “**Properties**”).

1.2 Information on the Properties

Novotel Beijing Sanyuan is a midscale hotel located in Beijing in the Chaoyang District, adjoining Sanyuan Bridge of the East Third Ring Road and the Airport Expressway. The 17-storey hotel offers 306 guest rooms and houses a restaurant and a lobby bar. Other

¹ Both China Hospitality Bidco, Ltd. and China Hospitality Bidco 2, Ltd. are currently held by TPG Asia Real Estate Holdings, Ltd. and each is expected to be held jointly by TPG Asia Real Estate Holdings, Ltd. and China Lodging Holdings (HK), Ltd. prior to completion

facilities include an exclusive premier lounge, a fitness centre and an indoor heated swimming pool.

Ibis Beijing Sanyuan is an economy hotel adjacent to Novotel Beijing Sanyuan. The 14-storey hotel has 397 guest rooms, a food and beverage outlet, as well as a 24-hour convenience store.

2. DETAILS OF THE DIVESTMENT

2.1 Consideration and Valuation

The aggregate consideration (“**Consideration**”) payable by the Purchaser was agreed on a willing buyer, willing seller basis, and is equivalent to the agreed purchase price of the Properties, being RMB1,156.4 million (or approximately S\$235.9 million²) (“**Agreed Purchase Price**”), as adjusted for *inter alia*, consolidated working capital of the SPVs as at the completion date of the Divestment.

An independent property valuer, CBRE Limited (“**Valuer**”), was commissioned by A-HBT to value the Properties. Based on the valuation report prepared by the Valuer (the “**Independent Valuation Report**”), the aggregate valuation of the Properties was RMB574.0 million (or approximately S\$117.1 million²) (“**Independent Valuation**”) as at 31 October 2017. The Independent Valuation was derived using the capitalization, discounted cash flow and direct comparison methodologies.

2.2 Principal terms of the Sale and Purchase Agreement

Upon signing of the Sale and Purchase Agreement, the Purchasers will pay:

- (i) a look fee of RMB23.6 million (or approximately S\$4.8 million)²; and
- (ii) a first payment of RMB94.4 million (or approximately S\$19.3 million)²;

with the balance of the Consideration to be paid upon completion of the Divestment.

Completion is expected to take place in first half of FY2018/19 after all conditions precedent, including obtaining the requisite regulatory approval(s), set out in the Sale and Purchase Agreement have been satisfied and/or waived (as applicable).

² Based on an exchange rate of RMB1.00 = S\$0.204

3. RATIONALE FOR THE DIVESTMENT

The Managers believe that the Divestment will bring the following benefits to the stapled securityholders of A-HTRUST (“**Stapled Securityholders**”):

3.1 Agreed Purchase Price is Attractive

The Agreed Purchase Price represents a premium of 101.5% above the Independent Valuation, and the Divestment accordingly presents the opportunity for A-HTRUST to realise gains from the disposal of the Properties. The Agreed Purchase Price is also 178.0% higher than the aggregate initial purchase price of the Properties when they were acquired for approximately RMB416.0 million³ as part of the initial portfolio for listing in July 2012.

The Agreed Purchase Price translates to a net property income (“**NPI**”) yield of approximately 3.3% based on the NPI of the Properties for FY2016/17.

3.2 Consistent with active asset management strategy

The Divestment is in line with A-HTRUST’s proactive asset management strategy under which the Managers periodically evaluate asset plans for the portfolio and, where appropriate, free up or recycle capital for more productive use.

The Properties have been in operation for almost ten years. To ensure that the performance and competitiveness of the Properties is maintained, it is expected that additional capital expenditure would have to be incurred in the near term.

The Divestment will allow A-HTRUST to free up capital and provide greater financial flexibility for fund deployment towards potential acquisitions, value enhancement and/or debt repayment.

4. USE OF PROCEEDS

The net proceeds from the Divestment, based on the Agreed Purchase Price after deducting estimated tax expenses, fees and expenses incurred in relation to the Divestment, is estimated to be RMB1,072.2 million (or approximately S\$218.7 million⁴) (“**Net Proceeds**”), resulting in an estimated net gain from the Divestment of approximately S\$112.7 million.

³ Based on the property component of the aggregate purchase prices for the Properties

⁴ Based on an exchange rate of RMB1.00 = S\$0.204

The Net Proceeds will be substantially used for repayment of existing loans, asset enhancement opportunities, future acquisitions and working capital, as and when appropriate. The Managers also intend to distribute a portion of the Net Proceeds to Stapled Securityholders following the completion of the Divestment.

5. FINANCIAL EFFECTS

The pro forma financial effects of the Divestment presented in this section are **strictly for illustrative purposes only** and do not reflect the actual financial performance or position of Ascendas Hospitality Trust (“A-HTRUST”) after the completion of the Divestment. The pro forma financial effects have been prepared based on the audited consolidated financial statements of A-HTRUST for the financial year ended 31 March 2017.

5.1 Pro forma NAV

The pro forma financial effects of the Divestment on the net asset value (“NAV”) per stapled security as at 31 March 2017, as if the Divestment was completed on 31 March 2017, are as follows:

	Before the Divestment	After the Divestment
NAV per stapled security (S\$)	0.92	1.02

5.2 Pro forma DPS

The pro forma financial effects of the Divestment on the distribution per stapled security (“DPS”) for financial year ended 31 March 2017, as if the Divestment was completed on 1 April 2016, are as follows:

	Before the Divestment	After the Divestment
DPS (cents)	5.68	5.63 ⁽¹⁾

Note:

(1) Does not take into account the Look Fee and any distribution from the Net Proceeds, and assumes repayment of loan amounting to approximately S\$160 million

5.3 Pro forma aggregate leverage

The pro forma financial effects of the Divestment on A-HTRUST's aggregate leverage as at 31 March 2017, as if the Divestment was completed on 31 March 2017, are as follows:

	Before the Divestment	After the Divestment
Aggregate leverage	32.2%	23.6% ⁽¹⁾

Note:

(1) Assumes repayment of loan amounting to approximately S\$160 million

6. INTEREST OF DIRECTORS AND CONTROLLING STAPLED SECURITYHOLDERS

Based on the information available to the Managers as at the date of this announcement, certain directors of the Managers hold stapled securities in A-HTRUST. Mr Michael Issenberg, a non-executive director of the Managers, is a member of Accor's Executive Committee and also the Chief Executive Officer, HotelServices Asia-Pacific for Accor, which has an existing strategic alliance with China Lodging Group, Ltd. Mr Issenberg has recused from all deliberation(s) and/or decision(s) of the Board, in relation to the Divestment.

Save as disclosed above and based on information available to the Managers as at the date of this announcement, none of the directors of the Managers or the controlling Stapled Securityholders of A-HTRUST has any interest, direct or indirect, in the Divestment.

7. OTHER INFORMATION

7.1 Director's Service Contracts

No person is appointed as a director of the Managers in connection with the Divestment or any other transaction contemplated in relation to the Divestment.

7.2 Relative Figures Computed on the Bases set out in Chapter 10 of the SGX Listing Manual

Chapter 10 of the SGX-ST Listing Manual classifies transactions by A-HTRUST into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net asset value of the assets to be disposed of, compared with A-HTRUST's net asset value;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with A-HTRUST's net profits; and
- (iii) the aggregate value of the consideration given or received, compared with A-HTRUST's market capitalisation.

The relative figures for the Divestment using the applicable bases of comparison described above are set out in the table below.

Bases	Attributable to the SPVs (S\$ '000)	A-HTRUST (S\$ '000)	Relative figure (%)
Net asset value	107,785 ⁽¹⁾	1,005,440 ⁽²⁾	10.7%
Net profits	1,983 ⁽¹⁾	17,452 ⁽²⁾	11.4%
Consideration against market capitalisation	235,906 ^{(3) (4)}	992,708 ⁽⁵⁾	23.8% ⁽⁶⁾

Notes:

- (1) Based on unaudited financial results for period ended 30 September 2017
- (2) Based on A-HTRUST's latest announced unaudited financial results for period ended 30 September 2017
- (3) Based on an exchange rate of RMB1.00 = S\$0.204 as at 30 September 2017
- (4) Based on Agreed Purchase Price
- (5) Based on the volume-weighted average price as at 26 January 2018, being the market day preceding the date of the Sale and Purchase Agreement
- (6) Including the Look Fee, the relative figure would be 24.2%

Pursuant to Rule 1014(3) of the SGX-ST Listing Manual, a disposal of properties is considered to be in the ordinary course of the business of real estate investment trusts and property trusts, provided that the relative figures as computed on the bases set out in Rule 1006 do not exceed 50% based on the aggregate value of all disposals in the last twelve months. As such, the Divestment is regarded as a discloseable transaction and shall comply with Rule 1010 of the SGX-ST Listing Manual.

The Managers will make further announcement(s) as appropriate when there are material developments with regard to the Divestment.

8. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreement and the Independent Valuation Report are available for inspection during normal business hours at the registered office of the Managers at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522 for a period of three months commencing from the date of this announcement.

By Order of the Board

Mary Judith de Souza

Company Secretary

Ascendas Hospitality Fund Management Pte. Ltd.

(Company Registration No. 201133966D)

As manager of Ascendas Hospitality Real Estate Investment Trust

By Order of the Board

Mary Judith de Souza

Company Secretary

Ascendas Hospitality Trust Management Pte. Ltd.

(Company Registration No. 201135524E)

As trustee-manager of Ascendas Hospitality Business Trust

29 January 2018

Important Notice

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 average daily room rates 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.

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, the Managers, Perpetual (Asia) Limited (as trustee of A-HREIT), or any of their respective affiliates.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors 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 A-HTRUST is not necessarily indicative of the future performance of A-HTRUST.