



A Member of CapitaLand

## ASCOTT RESIDENCE TRUST

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

### ANNOUNCEMENT

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#### DIVESTMENT OF SOMERSET WEST LAKE HANOI

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Ascott Residence Trust Management Limited (the “**Manager**”), as manager of Ascott Residence Trust (“**Ascott Reit**”), wishes to announce that DBS Trustee Limited, in its capacity as trustee of Ascott Reit (the “**Trustee**”), has divested (the “**Divestment**”) its entire shareholding interest in The Ascott (Vietnam) Investments Pte Ltd (the “**Sale Shares**” and The Ascott (Vietnam) Investments Pte Ltd, the “**Target Company**”), and novated the shareholder’s loans owing from the Target Company to the Trustee (the “**Shareholder’s Loans**”), to an unrelated third-party purchaser (the “**Purchaser**”), for an aggregate consideration of US\$10.0 million (approximately S\$13.7 million<sup>1</sup>) (the “**Purchase Consideration**”).

The Target Company is incorporated under the laws of Singapore and is a wholly owned subsidiary of Ascott Reit. The Target Company owns 70.0% of the issued share capital of a Vietnamese project company known as West Lake Development Company Limited (the “**Project Company**”), which in turn owns 100.0% of a serviced residence known as Somerset West Lake Hanoi (the “**Property**”). The remaining 30.0% of the issued share capital of the Project Company is held by Hanoi Housing Development and Investment Corporation.

The Divestment is in line with Ascott Reit’s active asset management strategy to regularly evaluate and proactively reconstitute Ascott Reit’s portfolio to optimise returns for unitholders, by recycling capital to invest in higher-yielding properties.

The Purchase Consideration was paid to the Trustee in cash, and was negotiated on a willing-buyer and willing-seller basis, based on the aggregate value of:

- (i) the amount of the Shareholder’s Loans which will be novated to the Purchaser of US\$5.2 million (approximately S\$7.2 million), and
- (ii) the amount payable for the Sale Shares of US\$4.8 million (approximately S\$6.6 million), based on the consolidated net asset value of the Target Company as at 31 December 2018 (taking into consideration the Target Company’s 70.0% share in the Project Company and an agreed Property value of US\$13.5 million (approximately S\$18.5 million)).

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<sup>1</sup> Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of S\$1.00 = US\$1.37039

The value of the Property as at 30 June 2019 was S\$13.3 million, based on a valuation conducted by HVS using the discounted cashflow approach. The valuation was commissioned by the Trustee. In comparison, the agreed Property value is approximately S\$18.5 million.

The Purchase Consideration is subject to post-completion adjustments to take into account the consolidated net asset value of the Target Company (based on the Target Company's 70.0% share in the Project Company) and the amount of the Shareholder's Loans, as at the completion date of the Divestment.

Following completion of the Divestment, the Target Company and the Project Company have ceased to be subsidiaries of Ascott Reit.

The Transaction is in the ordinary course of Ascott Reit's business and is not expected to have any material effect on the net tangible assets per share and the earnings per share of Ascott Reit for the current financial year.

None of the Directors of the Manager or the controlling unitholders of Ascott Reit has any interest, direct or indirect, in the Transaction.

BY ORDER OF THE BOARD  
Ascott Residence Trust Management Limited  
(Registration Number: 200516209Z)  
As manager of Ascott Residence Trust

Karen Chan  
Company Secretary  
31 October 2019

#### **IMPORTANT NOTICE**

The value of units in Ascott Reit ("**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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Ascott Reit is not necessarily indicative of the future performance of Ascott Reit.