



An Associate of CapitaLand

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

ANNOUNCEMENT

ACQUISITION OF INTEREST IN A SERVICED RESIDENCE PROPERTY IN DALIAN, THE PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

The **Manager** wishes to announce that the **Ascott REIT** has today through its wholly-owned subsidiary, the **Purchaser**, entered into a **SPA** with the **Vendor** and the **Vendor's** guarantor, Gateway Capital Real Estate Fund II, L.P., to acquire the **Vendor's** entire interest in the **Target Company** for a purchase consideration of RMB468.3 million (approximately S\$97.3¹ million). The **Purchase Consideration** is subject to adjustments post completion of the **Acquisition**.

2. TARGET COMPANY

The **Target Company** is incorporated in the **PRC** and owns the **Property**.

3. RATIONALE

The **Acquisition** is made in line with **Ascott REIT's** strategy of investing in quality assets in key locations with growth potential. Dalian is the largest port city in northeast China and the regional hub for foreign trade, high-end manufacturing, international shipping, logistics and exhibition. It enjoys high affluence and average **GDP** growth rate of 15% per annum over the past decade, attracting a large number of local and foreign enterprises. The **Acquisition** will further entrench **Ascott REIT's** presence in this key growth market in the **PRC**.

4. PRINCIPAL TERMS OF SPA

4.1 Purchase Consideration

The **Purchase Consideration** is the net asset value of the **Target Company** after taking into account the agreed value of the **Property** of RMB571.0 million (approximately S\$118.6¹ million). The **Agreed Property Value** was arrived at on a willing-buyer and willing-seller basis, taking into account, amongst other factors, the independent valuation of the **Property**.

Pursuant to the **SPA**, the **Purchaser** will upon signing of the **SPA**, make a first payment of RMB57.1 million (approximately S\$11.9¹ million), equivalent to 10% of the **Agreed Property Value**, to an escrow agent appointed by the parties. On fulfillment or waiver (as the case may be) of certain conditions precedent under the **SPA**, the **Purchaser** will further make a second payment of RMB228.4 million (approximately S\$47.4¹ million), equivalent to 40% of the **Agreed Property Value**, to the escrow agent. Subject to **Completion**, the **Purchaser** will: (a)

¹ Based on the exchange rate of RMB1.00 = S\$0.2077

pay the balance amounts as provided in the **SPA** to the escrow agent; and (b) instruct the escrow agent to make payment to the **Vendor** and any other third party agreed by the parties.

The **Manager** proposes to finance the **Purchase Consideration** relating to the **Acquisition** with existing cash as well as debt financing from the existing debt facilities available to **Ascott REIT**.

4.2 Conditions Precedent

Completion is subject to and conditional upon, amongst others:

- (i) approvals, consents, permits, licences, filings and/or lodgements from or with the relevant **PRC** governmental and regulatory authorities in connection with the transaction being obtained;
- (ii) consent by the relevant bank to the **Acquisition** and waiver of various cross defaults under financing documents, as well as discharge of the equity pledge in respect of the **Target Company** in favour of the relevant bank;
- (iii) termination of the existing property management and ancillary contracts between the **Target Company** and existing operator of the **Property**;
- (iv) no material adverse effect event having occurred in respect of the **Target Company** or the **Purchaser**;
- (v) the **Vendor** not having breached specified substantive warranties under the **SPA**; and
- (vi) the contemplated transactions not being prohibited by any law or order issued by any court, arbitrator or governmental authority, and to the knowledge of the **Vendor**, no application having been made to any governmental authority obstructing **Completion**.

4.3 Completion

Completion is expected to take place by 31 July 2014 after all the conditions precedent set out in the **SPA** have been satisfied or waived (as the case may be), or such other date as the parties may agree in writing.

5. VALUATION

The **Property** was valued at RMB580.0 million (approximately S\$120.5¹ million) in an independent valuation report by **JLL** on 30 September 2013. The valuation was conducted by **JLL** using the discounted cash flow approach.

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 and do not reflect the actual position of **Ascott REIT** after completion of the **Acquisition**. They have been prepared based on the unaudited financial statements for **FY** 2013, taking into account the **Purchase Consideration**.

6.2 Pro Forma DPU

The table below sets out the pro forma financial effects of the **Acquisition** on **Ascott REIT's** **DPU**, as if the **Acquisition** was completed on 1 January 2013.

¹ Based on the exchange rate of RMB1.00 = S\$0.2077

	FY2013	
	Before Acquisition	After Acquisition
Distributable Income (S\$'000)	114,845	116,632
Units in issue ('000)	1,522,495	1,522,495
DPU (cents)	8.40	8.53
Earnings per Unit (cents)	16.2	16.3

6.3 Pro Forma Consolidated NAV

The table below sets out the pro forma financial effects of the **Acquisition** on the **NAV** as at 31 December 2013, as if the **Acquisition** was completed on 31 December 2013.

	As at 31 December 2013	
	Before Acquisition	After Acquisition
NAV (S\$'000)	2,093,080	2,093,080
Units in issue ('000)	1,522,495	1,522,495
NAV per Unit (S\$)	1.37	1.37

7. OTHER INFORMATION

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

An acquisition by **Ascott REIT** may fall into any of the categories set out in Rule 1004 of the **Listing Manual** of the **SGX-ST** depending on the size of the relative figures computed on the following 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**.

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

Criteria	Ascott REIT (S\$ million)	Acquisition (S\$ million)	Relative Percentage
The net profits attributable to the assets acquired, compared with Ascott REIT's net profits	105.6 ⁽¹⁾	1.4	1.3%
The aggregate value of the consideration given, compared with Ascott REIT's market capitalisation based on the total number of issued Units	1,783.0 ⁽²⁾	97.3	5.5%

Notes:

- (1) Based on the unaudited financial statements of **Ascott REIT** for the year ended 31 December 2013.
- (2) Based on the market capitalisation of **Ascott REIT** as at the date of this announcement.

The **Acquisition** is therefore a discloseable transaction under Chapter 10 of the **Listing Manual**.

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 as a result of 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.² 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 **SPA**;
- (ii) the valuation report of the **Property**; and
- (iii) the unaudited financial statements of **Ascott REIT** for the year ended 31 December 2013.

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.

By Order of the Board
Ascott Residence Trust Management Limited
(Company registration no. 200516209Z)
As manager of Ascott Residence Trust

Kang Siew Fong / Regina Tan
Joint Company Secretaries
20 February 2014

Definitions:

Acquisition	the acquisition by the Purchaser of the Vendor's entire interest in the Target Company for the Purchase Consideration
Agreed Property Value	RMB571.0 million (approximately S\$118.6 million) based on the exchange rate of RMB1.00 = S\$0.2077
Ascott REIT	Ascott Residence Trust
Completion	completion of the sale and purchase of the Target Company
DPU	distribution per unit

² Prior appointment with the Manager will be appreciated.

FY	the financial year ended 31 December
GDP	gross domestic product
JLL	Jones Lang LaSalle
Listing Manual	Listing Manual of the SGX-ST
Manager	Ascott Residence Trust Management Limited, in its capacity as manager of Ascott REIT
NAV	consolidated net asset value
PRC	The People's Republic of China
Property	property located at 128-2 Jinma Road, Dalian Development Area, Dalian, PRC which comprises 195 serviced residence units, 3 retail units and 1 clubhouse
Purchase Consideration	purchase consideration of RMB468.3 million (approximately S\$97.3 million) based on the exchange rate of RMB1.00 = S\$0.2077
Purchaser	Somerset Grand Central Dalian Holdings Pte. Ltd.
SGX-ST	Singapore Exchange Securities Trading Limited
SPA	sale and purchase agreement in relation to the Acquisition
Target Company	Wangze (Dalian) Enterprise Co., Limited
Trust Deed	trust deed of Ascott REIT entered into between the Manager and the Trustee on 19 January 2006 (as amended and supplemented)
Trustee	DBS Trustee Limited, in its capacity as trustee of Ascott REIT
Units	units in Ascott REIT
Unitholders	holders of Units
Vendor	Winner Sight Investments Limited

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