

MEDIA STATEMENT

ASCOTT RESIDENCE TRUST AND ASCENDAS HOSPITALITY TRUST HIGHLIGHTED MERITS OF PROPOSED COMBINATION AT SIAS DIALOGUE SESSIONS

Combined entity to cement position as the largest hospitality trust in Asia Pacific

Singapore, 14 October 2019 – Ascott Residence Trust (Ascott Reit) and Ascendas Hospitality Trust (A-HTRUST) held their respective dialogue sessions with unitholders facilitated by Securities Investors Association (Singapore) (SIAS) to proactively engage retail unitholders on their proposed combination¹. There was a good turnout with a total of over 300 retail investors attending the two townhall meetings held separately on 10 and 11 October 2019.

Ms Beh Siew Kim, Ascott Residence Trust Management Limited’s Chief Executive Officer, and Mr Tan Juay Hiang, Chief Executive Officer of the A-HTRUST Managers, took attendees through the merits of the proposed combination and how the combined entity will create value for unitholders. They also addressed unitholders’ queries and feedback via Q&A sessions moderated by Mr David Gerald, President and Chief Executive Officer of SIAS, and Mr Richard Dyason, General Manager of SIAS, at dialogue sessions of Ascott Reit and A-HTRUST respectively.

The following points were discussed during the sessions:

Largest hospitality trust in Asia Pacific

Ms Beh said: “The proposed combination of Ascott Reit and A-HTRUST creates value for unitholders, and is a marriage made in heaven. This S\$1.9 billion transaction will cement Ascott Reit’s position as the largest hospitality trust in Asia Pacific with an asset value of S\$7.6 billion. Amongst the Singapore real estate investment trusts (REITs), we will be the largest hospitality trust, 2.5 times larger than the next hospitality trust by asset size. The combined entity will continue to be named Ascott Residence Trust with a global mandate to acquire hospitality or lodging assets in any part of the world. Besides Asia Pacific, we will also keep a lookout for quality assets in Europe and the USA.”

Mr Tan said: “The combined entity will be the proxy hospitality trust in Asia Pacific and will likely be one of the first stocks that investors look at if they want to invest in a hospitality trust in Asia Pacific.”

Enhanced portfolio diversification and capacity for growth

Ms Beh said: “We are acquiring a quality portfolio of 14 properties in key gateway cities in Asia Pacific and will strengthen our financial capacity for future growth. With S\$1 billion debt headroom, we will have more opportunities to continue acquiring quality assets, enhancing our

¹ The proposed combination of Ascott Reit and A-HTRUST is subject to unitholders’ approval at their respective Extraordinary General Meetings and Scheme Meetings to be convened on Monday, 21 October 2019.

properties and undertaking development or conversion projects. Most importantly, this is distribution per unit (DPU) accretive on a pro forma basis.

Ms Beh said: “The combined entity’s well-diversified, global portfolio will help generate sustainable, stable income to unitholders. With 88 properties across 15 countries and 39 cities, each country contributes less than 20% of total gross profit, and each property contributes less than 5% to gross profit.”

Win-win proposition accretive to distribution per unit

The combination will be effected by way of a trust scheme of arrangement, with Ascott Reit acquiring all the A-HTRUST stapled units for a consideration of S\$1.0868 per A-HTRUST stapled unit, comprising S\$0.0543 (5%) in cash and 0.7942 (95%) Ascott Reit-Business Trust stapled units issued at a price of S\$1.30. The consideration is predominantly based on a gross exchange ratio of 0.836x, derived from the latest audited net asset values (NAV) per A-HTRUST stapled unit and Ascott Reit unit.

Ms Beh said: “The proposed combination is a win-win for both unitholders of Ascott Reit and A-HTRUST. On a FY2018 pro forma basis, the combination is 2.5% accretive to Ascott Reit’s DPU and largely neutral on the NAV per unit.”

Mr Tan said: “A-HTRUST unitholders will receive a cash component, which is 5% of the consideration, and get to enjoy potential upside from the new stapled units as the combined entity continues to grow and develop. The transaction is a 1.8% accretion to A-HTRUST’s FY2018/19 distribution per stapled security on a pro forma basis. The consideration also presented a premium to the Initial Public Offering (IPO) price of A-HTRUST as well as historical trading price of A-HTRUST stapled securities.”

Mr Tan added: “The combination of A-HTRUST with Ascott Reit allows us to further explore opportunities to improve the earnings of the assets, such as undertaking substantial works on the assets for repositioning or maximising of space, which may be more disruptive to the earnings of a smaller portfolio. These are not factored in the pro forma DPU, so there is definitely upside potential.”

Continue to provide stable income as stapled units

Ms Beh said: “Under the combined entity, Ascott Reit will create a business trust and will trade as a stapled unit comprising both REIT and business trust components going forward. Existing Ascott Reit unitholders will continue to own units they have post combination, which will be traded as stapled units. Unitholders need to vote for the transaction and once unitholders’ approval are obtained, the business trust units will be stapled with the existing REIT units.”

“Post combination, we will still comply with Monetary Authority of Singapore’s guidelines, including those pertaining to gearing and limit for development. The combined portfolio will comprise a balanced mix of stable and growth income, with approximately 50% gross profit generated from master leases and management contracts with minimum guaranteed income, as well as 50% from management contracts.”

Ms Beh added: “Since the IPO in 2006, Ascott Reit has transformed over the past 13 years with unitholder returns totalling over 300% and unit price going up by more than 20% year-to-date. The combined entity will remain committed to growing stable returns to our unitholders.”

Positive market outlook on Asia Pacific

Ms Beh said: “Post-combination, more than 70% of the portfolio value will be in Asia Pacific, which has a lot of growth potential as demand for business and leisure travel remains robust. Asia Pacific is the fastest growing economic region, underpinned by strong macroeconomic conditions, tourism boom and rising middle-income demographics. Our growth strategy is to expand in key gateway cities, predominantly in developed markets and Asia.”

Mr Tan gave an optimistic view of the long-term prospects of Australia. He noted that Melbourne, a destination with major international events, as well as Sydney, a business hub, will continue to attract travellers. He added that Brisbane has a multi-billion-dollar integrated resort development coming up in the next few years, which can help drive both domestic and international travellers into the city.

Mr Tan also pointed out the continual attractiveness of Japan as a tourism destination, being a host country to major events such as the 2019 Rugby World Cup, 2020 Olympic Games and 2025 World Expo.

Higher trading liquidity and lower cost of capital

Ms Beh said: “Size and scale matter. Trusts with bigger market capitalisation tend to trade better and at a higher volume. Post-combination, the free float of the combined entity is expected to increase by about 50%. This will facilitate our inclusion into the FTSE EPRA Nareit Developed Index which will offer us higher trading liquidity, a larger investor base and lower cost of capital.”

Mr Tan said: “Certain institutional investors tend to invest in stocks that are included in indexes. When the combined entity is included in the FTSE EPRA Nareit Developed Index, it will potentially enjoy higher trading volume, attract more investors and greater analyst coverage, which may result in a positive re-rating.”

Strong sponsor

Ms Beh said: “The combined entity will be CapitaLand’s sole listed hospitality trust platform and is well-positioned to benefit from a strong sponsor in CapitaLand’s lodging unit, The Ascott Limited (Ascott). One of the leading international lodging owner-operators, Ascott has over 30 years of strong management expertise and a global network of over 700 properties across more than 180 cities. The combined entity will also benefit from Ascott’s investment in resources and technology to ensure brand loyalty, customer stickiness and operational efficiencies.”

Management team of combined entity

Both CEOs mentioned that the team from A-HTRUST will join either Ascott or CapitaLand.

Every vote matters

Both CEOs called upon unitholders of Ascott Reit and A-HTRUST to cast their votes for the proposed combination at the respective Extraordinary General Meetings (EGMs) and Scheme Meetings at Raffles City Convention Centre on Monday, 21 October 2019. Proxy forms are to be submitted by Saturday, 19 October 2019.

Ms Beh said: “Every vote counts. This transaction can only go through if we have the majority support of individual unitholders like you. We need your approval for the various resolutions at the EGMs and Scheme Meetings. We need your vote, no matter the number of units you hold.”

Mr Tan added that it is important for unitholders to vote at the meeting in person or by proxy as every individual unitholder can make a difference.

For both Ascott Reit and A-HTRUST, the respective independent financial advisors have given their recommendations to vote in favour of the proposed transaction.

Trading of new stapled units

If the proposed combination of Ascott Reit and A-HTRUST is approved by unitholders at their respective EGMs and Scheme Meetings, the new Ascott Reit-Business Trust stapled units under the combined entity are expected to begin trading on the Singapore Exchange on Thursday, 2 January 2020.

Further details on the proposed combination can be found at <http://bit.ly/ARTAHT>.

About Ascott Residence Trust (www.ascottreit.com)

Ascott Residence Trust (Ascott Reit) is Singapore’s first and largest hospitality real estate investment trust with an asset value of S\$5.5 billion as at 30 June 2019. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006.

Ascott Reit was established with the objective of investing primarily in real estate and real estate-related assets which are income-producing and which are used or predominantly used, as serviced residences, rental housing properties and other hospitality assets.

As at the date hereof, Ascott Reit’s international portfolio comprises 74 properties with over 11,700 units in 37 cities across 14 countries in the Asia Pacific, Europe and the United States of America.

Ascott Reit’s properties are mostly operated under the Ascott, Citadines and Somerset brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Guangzhou, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Shanghai, Singapore and Tokyo.

Ascott Reit is managed by Ascott Residence Trust Management Limited, a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

About Ascendas Hospitality Trust (www.a-htrust.com)

Ascendas Hospitality Trust (A-HTRUST) was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in July 2012 as a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (A-HTRUST REIT) and Ascendas Hospitality Business Trust (A-HTRUST BT). It was established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes, as well as real estate related assets in connection with the foregoing. A-HTRUST's well-diversified portfolio is valued at approximately S\$1.8 billion as at 31 March 2019.

A-HTRUST's asset portfolio comprises 14 quality hotels with more than 4,700 rooms geographically diversified across key cities in Australia, Japan, South Korea and Singapore. The hotels are located in close proximity to central business districts, business precincts, suburban centres, transportation nodes and iconic tourist landmarks. A-HTRUST is managed by Ascendas Hospitality Fund Management Pte. Ltd., the manager of A-HTRUST REIT, and Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of A-HTRUST BT. The manager of A-HTRUST REIT and the trustee-manager of A-HTRUST BT are wholly-owned subsidiaries of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

Important Notice on Ascott Residence Trust

The value of units in Ascott Reit and the income derived from them may fall as well as rise. Units in Ascott Reit are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, the Manager of Ascott Reit (the "Manager") or any of its affiliates. An investment in the units in Ascott Reit is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott Reit is not necessarily indicative of its future performance.

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, 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. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.

Important Notice on Ascendas Hospitality Trust

This press release 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 and foreign exchange 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 Ascendas Hospitality Fund Management Pte. Ltd (manager of Ascendas Hospitality Real Estate Investment Trust)'s and Ascendas Hospitality Trust Management Pte. Ltd (trustee-manager of Ascendas Hospitality Business Trust)'s (collectively, the "A-HTRUST Managers") current view of future events.

The value of securities in A-HTRUST ("Securities") and the income derived from them, if any, may fall as well as rise. Securities are not obligations of, deposits in, or guaranteed by, the A-HTRUST Managers or any of its affiliates. An investment in Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the A-HTRUST Managers to redeem or purchase their Securities for so long as the Securities are listed on the SGX-ST. It is intended that stapled securityholders of A-HTRUST may only deal in their Securities through trading on the SGX-ST. Listing of the Securities on the SGX-ST does not guarantee a liquid market for the Securities. The past performance of A-HTRUST is not necessarily indicative of the future performance of A-HTRUST. Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.

Responsibility Statements

Ascott Residence Trust (Ascott Reit)

The directors of the Ascott Reit Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement which relate to Ascott Reit and/or the Ascott Reit Manager (excluding those relating to A-HTRUST and/or the A-HTRUST REIT Manager and/or the A-HTRUST BT Trustee-Manager) are fair and accurate and that there are no other material facts not contained in this Announcement the omission of which would make any statement in this Announcement misleading. The directors of the Ascott Reit Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from A-HTRUST and/or the A-HTRUST REIT Manager and/or the A-HTRUST BT Trustee-Manager, the sole responsibility of the directors of the Ascott Reit Manager has been to ensure through reasonable enquiries that such information is accurately

extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Ascott Reit Manager do not accept any responsibility for any information relating to A-HTRUST and/or the A-HTRUST REIT Manager and/or the A-HTRUST BT Trustee-Manager or any opinion expressed by A-HTRUST and/or the A-HTRUST REIT Manager and/or the A-HTRUST BT Trustee-Manager.

Ascendas Hospitality Trust (A-HTRUST)

The directors of the A-HTRUST REIT Manager and the A-HTRUST BT Trustee-Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement which relate to A-HTRUST and/or A-HTRUST REIT Manager and/or the A-HTRUST BT Trustee-Manager (excluding those relating to Ascott Reit and/or the Ascott Reit Manager) are fair and accurate and that there are no other material facts not contained in this Announcement the omission of which would make any statement in this Announcement misleading. The directors of the A-HTRUST REIT Manager and the A-HTRUST BT Trustee-Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from Ascott Reit and/or the Ascott Reit Manager, the sole responsibility of the directors of the A-HTRUST REIT Manager and the A-HTRUST BT Trustee-Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the A-HTRUST REIT Manager and the A-HTRUST BT Trustee-Manager do not accept any responsibility for any information relating to Ascott Reit and/or the Ascott Reit Manager or any opinion expressed by Ascott Reit and/or the Ascott Reit Manager.

Jointly issued by:

Ascott Residence Trust Management Limited

168 Robinson Road, #30-01 Capital Tower, Singapore 068912

Tel: (65) 6713 2888 Fax: (65) 6713 2121

Website: <https://www.ascottreit.com>

Ascendas Hospitality Fund Management Pte. Ltd.

Ascendas Hospitality Trust Management Pte. Ltd.

1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522

Tel: (65) 6774 1033 Fax: (65) 6778 0985

Website: <https://www.a-htrust.com/en>

For more information, please contact:

Analyst Contacts

**Ascott Residence Trust
Management Limited**
Ms Kang Wei Ling
Vice President
Investor Relations & Asset Management
Tel: (65) 6713 3317
Email: kang.weiling@the-ascott.com

**Ascendas Hospitality Fund Management Pte. Ltd.
Ascendas Hospitality Trust Management Pte. Ltd.**
Mr Chee Kum Tin
Senior Manager
Capital Markets & Investor Relations
Tel: (65) 6508 4927
Email: chee.kumtin@capitaland.com

Media Contacts

Ms Joan Tan
Vice President
Group Communications
CapitaLand Limited
Tel: (65) 6713 2864
HP: (65) 9743 9503
Email: joan.tanzm@capitaland.com

Ms Chen MeiHui
Manager
Group Communications
CapitaLand Limited
Tel: (65) 6713 3673
Hp: (65) 8133 8334
Email: chen.meihui@capitaland.com

Ms Kim Quek
Manager
Group Communications
CapitaLand Limited
Tel: (65) 6713 3097
Hp: (65) 9339 4231
Email: kim.quek@capitaland.com