

## **ASCOTT RESIDENCE TRUST ACQUIRES THREE RENTAL HOUSING PROPERTIES IN JAPAN FOR JPY 6.78 BILLION**

*Realises RMB 582.6 million gain from divestment of Somerset Xu Hui Shanghai; to reinvest part of proceeds into higher yielding and resilient rental housing properties in Sapporo*

**Singapore, 1 June 2021** – Ascott Residence Trust (ART) has entered into agreements to acquire three freehold rental housing properties in central Sapporo for a total of JPY 6.78 billion (S\$85.2 million<sup>1</sup>) to expand its rental housing portfolio in Japan. The three rental housing properties – City Court Kita 1 jo, Big Palace Minami 5 jo, and Alpha Square Kita 15 jo<sup>2</sup> – are from unrelated third parties. The average EBITDA yield of the three acquisitions is approximately 4%. The transactions are expected to complete by end June 2021. The acquisition of the three rental housing properties will be funded by debt and part of the net proceeds from recent divestments.

On 27 May 2021, ART successfully completed the divestment of Somerset Xu Hui Shanghai to an unrelated third party for RMB 1.05 billion (S\$216.6 million<sup>3</sup>). The divestment price was 171% above the property's book value and the exit yield was approximately 2%. Through the transaction, ART has received net proceeds of about RMB 953.9 million (approximately S\$196.8 million<sup>3</sup>) and realised a net divestment gain of about RMB 582.6 million<sup>4</sup> (approximately S\$120.2 million<sup>3</sup>).

Mr Bob Tan, Chairman of Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (the Managers of ART), said: "Through ART's active portfolio reconstitution, we are able to create value for Stapled Securityholders by reinvesting proceeds from our recent divestments at a lower capitalisation rate of about 2%<sup>5</sup> into higher yielding and resilient rental housing properties in Japan at about 4% yield. ART's acquisitions of these rental housing properties will increase our presence in the longer-stay accommodation segment and diversify from hospitality assets which are facing headwinds due to COVID-19, further enhancing income stability. ART's acquisition of our first student accommodation asset Paloma West Midtown<sup>6</sup> in Georgia, USA in February 2021 was also another step to increase our stable income. With the acquisitions, our student accommodation and rental housing portfolios will expand to about 8% of our total property value<sup>7</sup>. We aim to grow it to about 15% - 20% in the medium term. We will continue to actively reconstitute ART's portfolio and seek yield-accretive investment opportunities to deliver long-term value for our Stapled Securityholders."

<sup>1</sup> Based on exchange rate of JPY 1 to S\$0.01256

<sup>2</sup> ART has signed the agreement to acquire Alpha Square Kita 15 jo on 26 March 2021

<sup>3</sup> Based on exchange rate of RMB 1 to S\$0.2063

<sup>4</sup> Subject to final completion accounts adjustments

<sup>5</sup> Based on the properties' EBITDA in the last financial year before they were divested

<sup>6</sup> Formerly Signature West Midtown

<sup>7</sup> Comprises valuation of ART's investment properties as at 31 December 2020, total property development expenditure of properties under development, and total acquisition costs of Paloma West Midtown and the three rental housing properties in Japan

Ms Beh Siew Kim, Chief Executive Officer of Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (the Managers of ART), said: “ART is further maximising returns to our Stapled Securityholders with the acquisitions of the three rental housing properties. On a FY 2020 pro forma basis, ART’s Distribution per Stapled Security is expected to increase by 2.6%. In 2020 amid COVID-19, ART’s 11 rental housing properties in Japan performed well at an average occupancy rate of 96%, especially those located close to key demand drivers such as the working population in the central business districts or students from universities. Rental housing leases, which are typically two years in length, also provide greater visibility and stability in future cashflows.”

Ms Beh added: “We are acquiring quality rental housing properties in Sapporo, one of the fastest-growing cities in Japan. Sapporo is the capital of Hokkaido and a key economic and logistics hub, well supported by a large and educated workforce. The city has also been recording positive net-migration<sup>8</sup>. Rates of rental housing properties in Sapporo have remained stable and we expect strong demand for our rental housing properties given the limited new supply. The three rental housing properties are within walking distance from train stations, a wide range of retail and entertainment options, and are either within or near the central business district.”

Despite COVID-19, ART remains in a strong financial position with healthy liquidity. Following the acquisitions of the three rental housing properties and divestment of Somerset Xu Hui Shanghai, ART has access to about S\$1.2 billion of total available funds comprising cash on hand, available credit facilities and net divestment proceeds. ART has a debt headroom of S\$1.9 billion<sup>9</sup> and gearing of 36.8% after the transactions<sup>10</sup>. This gives ART the financial flexibility to further grow by investing the funds into higher yielding assets, to rejuvenate its portfolio or pare down debt.

The three rental housing properties with a total of 411 units will increase ART’s portfolio in Japan to over 4,500 units in 22 serviced residences, hotels and rental housing properties in nine cities. ART will have a total of 14 rental housing properties in Japan including four in Sapporo. The three rental housing properties will be managed by a local property manager, Kabushiki Kaisha Big Service, which is also the current property manager for ART’s rental housing property in Sapporo, Big Palace Kita 14 jo.

Please see Annex for more information on the three rental housing properties in Sapporo and Somerset Xu Hui Shanghai.

<sup>8</sup> Source: [Statistics of Japan](#)

<sup>9</sup> Refers to the amount of additional debt before reaching aggregate leverage of 50%

<sup>10</sup> Also takes into account the divestment of Citadines City Centre Grenoble and Citadines Didot Montparnasse Paris



A Member of CapitaLand

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## **About Ascott Residence Trust**

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.2 billion as at 31 December 2020. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-producing real estate and real estate-related assets which are used or predominantly used as serviced residences, hotels, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 86 properties with more than 16,000 units in 38 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 31 March 2021.

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

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT). ART is managed by Ascott Residence Trust Management Limited (as manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott BT), both of which are wholly-owned subsidiaries of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

Visit [www.ascottresidencetrust.com](http://www.ascottresidencetrust.com) for more information.

## **About CapitaLand Limited**

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$137.7 billion as at 31 March 2021. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 240 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

Visit [www.capitaland.com](http://www.capitaland.com) for more information.

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This release may contain forward-looking statements. 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, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

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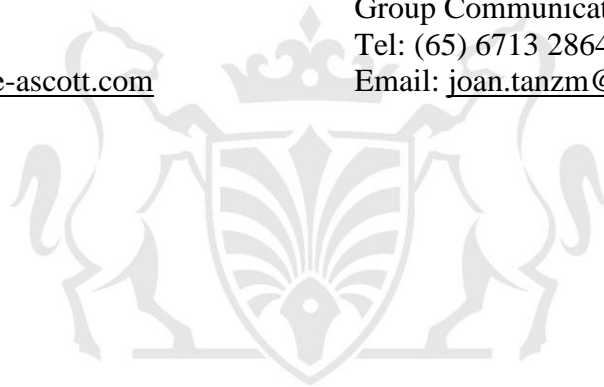
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## **Annex – About the rental housing properties and Somerset Xu Hui Shanghai**

### About City Court Kita 1 jo

<b>Location</b>	6-3, Kita 1 jo Higashi 1-chome, Chuo-ku, Sapporo-shi, Hokkaido  Five-minute walk from Sapporo train station, one of the train stations within the central business district
<b>Year Opened</b>	2007
<b>Land Tenure</b>	Freehold
<b>Net Rentable Area</b>	5,230.18 square metre (sqm)
<b>Units</b>	126
<b>Unit Mix</b>	3 bedroom: 2 (89 sqm) 2 bedroom: 32 (52 to 62 sqm) 1 bedroom: 92 (22 to 53 sqm)
<b>Common Area Amenities</b>	A retail store 39 parking lots 2 motorcycle lots 80 bicycle parking lots

### About Big Palace Minami 5 jo

<b>Location</b>	3-1, Minami 5 jo Nishi 8-chome, Chuo-ku, Sapporo-shi, Hokkaido  Seven-minute walk from Susukino train station, and within walking distance from the central business district
<b>Year Opened</b>	2008
<b>Land Tenure</b>	Freehold
<b>Net Rentable Area</b>	7,519.56 sqm
<b>Units</b>	158
<b>Unit Mix</b>	3 bedroom: 3 (78 to 83 sqm) 2 bedroom: 35 (55 to 71 sqm) 1 bedroom: 120 (35 to 58 sqm)
<b>Common Area Amenities</b>	56 parking lots

### About Alpha Square Kita 15 jo

<b>Location</b>	2-5, Kita 15 jo Higashi 1-chome, Higashi-ku, Sapporo-shi, Hokkaido  Five-minute walk from Kita 13 jo Higashi train station, which is one-stop away from the central business district
<b>Year Opened</b>	2020
<b>Land Tenure</b>	Freehold
<b>Net Rentable Area</b>	4,294.82 sqm
<b>Units</b>	127
<b>Unit Mix</b>	2 bedroom: 3 (60 sqm) 1 bedroom: 56 (34 to 48 sqm) Studio: 68 (25 to 30 sqm)
<b>Common Area Amenities</b>	Food & beverage outlet 38 parking lots

### About Somerset Xu Hui Shanghai

The 168-unit Somerset Xu Hui Shanghai is a mature asset located in Shanghai's prime residential district of Xuhui. The serviced residence is surrounded by various retail and dining options. It is also within a 15-minute walk from the main business area of Huai Hai Zhong Road and the Shan Xi Nan Road Metro station.