

ASCOTT RESIDENCE TRUST JOINS CDL-CAPITALAND CONSORTIUM TO REDEVELOP LIANG COURT SITE WITH PARTIAL SALE OF ITS GFA FOR S\$163.3 MILLION

Ascott Reit to use net proceeds from divestment to redevelop retained GFA into a new Somerset serviced residence with a hotel licence and refreshed lease of 99 years

Singapore, 21 November 2019 – Ascott Residence Trust (Ascott Reit) will join City Developments Limited (CDL) and CapitaLand Limited (CapitaLand) to redevelop the Liang Court site¹ into an integrated development². Ascott Reit has signed a put and call option agreement with CDL to divest 15,170 square metres (sq m) of the site's gross floor area (GFA) for Somerset Liang Court Singapore for S\$163.3 million³. With net proceeds from the divestment, Ascott Reit will redevelop the retained GFA of 13,034 sq m into a new Somerset serviced residence with a hotel licence. The land's lease tenure will be refreshed from 57 years to 99 years. Upon completion, the estimated project development expenditure of the new property is approximately S\$300 million⁴.

Ascott Reit is expected to recognise a total divestment gain and fair value gain of S\$84.3 million. The divestment price of S\$163.3 million is 44% above book value⁵ and 138% above the acquisition price⁶. The net divestment gain is S\$41.5 million and Ascott Reit is expected to realise a S\$42.8 million fair value gain from its retained GFA in the land. Its EBITDA yield⁷ is estimated to be approximately 4% after the new Somerset serviced residence's performance stabilises.

Slated to open in 2H 2024, the Somerset serviced residence will offer 192 units⁸. It will be part of the proposed integrated development with a total GFA of 100,263 sq m, that will also comprise two residential towers, a commercial component and a hotel, subject to approval from the relevant authorities. Upon completion, CDL and CapitaLand's 50:50 joint venture entities will own the residential and commercial components while Ascott Reit will own the Somerset serviced residence. CDL Hospitality Trusts (CDLHT) will own the hotel under a forward

¹ Liang Court site comprises Somerset Liang Court Singapore, Liang Court mall and Novotel Singapore Clarke Quay.

² The redevelopment of the Liang Court site will follow the proposed sale by CDL Hospitality Trusts (CDLHT) of its total interest in Novotel Singapore Clarke Quay, subject to the approval of CDLHT's unitholders at its extraordinary general meetings.

³ Based on existing land lease of 57 years.

⁴ Based on land value of S\$140.3 million and estimated total redevelopment cost of S\$157.3 million (which includes an amount to refresh the lease tenure from 57 years to 99 years).

⁵ Based on Somerset Liang Court Singapore's book value of S\$211.0 million as at 30 September 2019.

⁶ Based on Somerset Liang Court Singapore's original purchase price of S\$127.5 million at IPO in March 2006.

⁷ EBITDA refers to Earnings before interest, tax, depreciation and amortisation. EBITDA yield is based on project development expenditure of approximately S\$300 million.

⁸ The number of units is subject to change.

purchase agreement with CDL⁹. The proposed integrated development is targeted to open in phases from 2024. In line with the government's plans to enhance the vibrancy of the precinct, the consortium also plans to rejuvenate the river promenade flanking the integrated development. This is expected to generate social activities around the proposed integrated development, increase footfall and improve pedestrian accessibility along the Singapore River.

Located in the heart of Clarke Quay, Singapore's most popular riverfront lifestyle and entertainment precinct, and on the fringe of the city's Central Business District, the proposed integrated development is linked to the Central Expressway via River Valley Road. It enjoys excellent accessibility with a direct link to Fort Canning MRT Station and its proximity to Clarke Quay MRT Station. It is connected to an overhead pedestrian bridge that provides direct access to Fort Canning Park.

Mr Bob Tan, Ascott Residence Trust Management Limited's (ARTML) Chairman, said: "This transaction is part of our ongoing strategy to actively reconstitute Ascott Reit's portfolio to ensure stable returns to unitholders. With the combination of Ascott Reit and Ascendas Hospitality Trust¹⁰, we have an enlarged balance sheet that gives us greater capacity to redevelop the property, build our pipeline of quality yield-accretive assets and enjoy potential development gain. There are limited completed and yield-accretive assets in Singapore, one of our top five markets contributing 10% to Ascott Reit's gross profit¹¹. This will be our second development project. It will allow Ascott Reit to potentially benefit from the development upside and optimise returns for the benefit of its unitholders."

He added: "Somerset Liang Court Singapore has enjoyed capital appreciation, and a healthy average occupancy rate of about 90%. With revitalisation plans in place for the Singapore River and Clarke Quay precinct and the proposed construction of a new integrated development, it is an opportune time to recycle our capital into redeveloping our ageing property into a new Somerset serviced residence and refresh the land's lease to 99 years. We will strengthen our presence in a prime location in Singapore's popular lifestyle hub. We will continue to seek yield-accretive acquisitions, as well as development and conversion projects to maximise returns for unitholders."

Ms Beh Siew Kim, ARTML's Chief Executive Officer, said: "The new Somerset serviced residence will be part of an iconic riverfront integrated development set to be the next landmark in Singapore. It will offer 192 units, with more efficient layout and room sizes. More than 50% of the units are one- and two-bedroom units, catering to expatriates and business executives on long stays. With a hotel licence, the Somerset property will also have the flexibility to cater to

⁹ Subject to the approval of CDLHT's unitholders at its extraordinary general meetings.

¹⁰ The combination of Ascott Residence Trust and Ascendas Hospitality Trust is subject to relevant approvals and is expected to complete by end 2019.

¹¹ Based on Ascott Reit's 3Q 2019 gross profit.

travellers on short stays. It will offer the comfort of a home, apartments with kitchen, quality services and flexibility in the duration of leases.”

Another project that Ascott Reit is developing is the 324-unit lyf one-north Singapore, a coliving property slated to open in 2021. The construction of the Somerset serviced residence and lyf one-north Singapore is within the 10% development limit under Monetary Authority of Singapore’s (MAS) Property Funds Appendix.

With the redevelopment of the Somerset serviced residence mainly funded by net divestment proceeds, there is minimal impact on Ascott Reit’s gearing. As at 30 September 2019, Ascott Reit’s gearing was 33% with a debt headroom of about S\$1.1 billion to reach the maximum 45% limit set by the MAS.

Following Ascott Reit’s combination with Ascendas Hospitality Trust, the new combined entity will also own Park Hotel Clarke Quay in the Singapore River precinct alongside the new Somerset serviced residence. In Singapore, besides Somerset Liang Court Singapore and lyf one-north Singapore, Ascott Reit also owns Ascott Orchard Singapore and Citadines Mount Sophia Singapore. Please refer to Annex for more information on Somerset Liang Court Singapore.

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\$5.7 billion as at 30 September 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 30 September 2019, Ascott Reit’s international portfolio comprises 74 properties with more than 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, Frankfurt, 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 CapitaLand Limited, one of Asia’s largest diversified real estate groups.

About CapitaLand Limited (www.capitaland.com)

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 S\$131.7 billion as at 30 September 2019. 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 200 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 eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust.

Important Notice

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.



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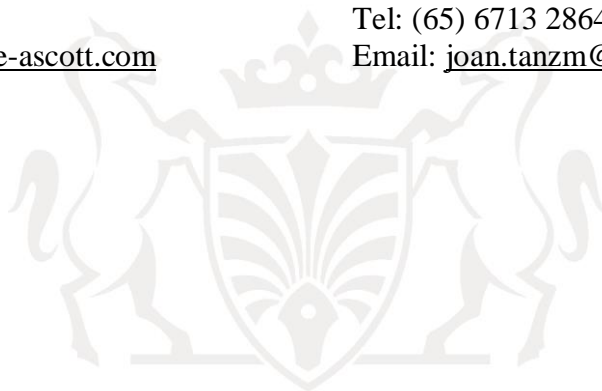
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Annex

Somerset Liang Court Singapore has a prime location in the heart of CapitaLand's Clarke Quay, one of Singapore's most bustling and vibrant districts. Known to offer some of the best nightlife in the city, the property's vicinity is teeming with restaurants, bars and clubs.

Located just minutes away are both the Central Business District and shopping mecca, Orchard Road. From the serviced residence, guests can hike up Fort Canning park or explore Boat Quay riverside and take in scenic views of the city.

Somerset Liang Court Singapore is located next to Fort Canning MRT station and a five-minute walk from Clarke Quay MRT station. Somerset Liang Court Singapore adjoins Liang Court Shopping Centre.

Completed in 1983, the serviced residence currently offers 197 apartment units, ranging from studio, one-bedroom to four-bedroom apartments as well as penthouse units. Facilities include fully-equipped gymnasium, children's indoor playroom, outdoor swimming pool and residents' lounge.

