ASCOTT RESIDENCE TRUST

An Associate of CapitaLand

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

ANNOUNCEMENT

ENTRY INTO STRATA SALE FOR THE DIVESTMENT OF 81 UNITS IN SOMERSET GRAND FORTUNE GARDEN

1. INTRODUCTION

Ascott Residence Trust Management Limited, as manager of Ascott Residence Trust ("**Ascott REIT**", and as manager of Ascott REIT, the "**Manager**"), wishes to announce that its wholly-owned subsidiary, Somerset FG Pte. Ltd. ("**Somerset FG**") has today commenced launching of a strata sale under which it is intended that Somerset FG will enter into sale and purchase agreements ("**Somerset Grand Fortune Garden SPAs**") with separate individuals to divest 81 units (the "**Divestment**", and the 81 units, the "**Somerset Grand Fortune Garden Units**") in a serviced residence property.

This property is located at No. 46 Liangmaqiao Road, Chaoyang District, Beijing, the People's Republic of China and operated as Somerset Grand Fortune Garden ("**Somerset Grand Fortune Garden**"). Somerset Grand Fortune Garden comprises a total of 221 units, of which 81 units are owned by Ascott REIT and the balance of which are held by third party owners.

Details of the Somerset Grand Fortune Garden Units are set out in the following table:

Number of Units owned by Ascott REIT	81 units
Gross Floor Area	15,780 square meters
Tenure	55 years remaining, expiring on 27 August 2068
Lease type	Residential
Valuation (by DTZ Debenham Tie Leung Limited ("**DTZ**"))	RMB628.0 million (as at 12 September 2013)

2. DETAILS OF THE DIVESTMENT

2.1. Sale Consideration and Valuation

The Manager has commissioned an independent property valuer, DTZ, to value the Somerset Grand Fortune Garden Units. DTZ has conducted the independent valuation using the direct comparison approach and investment approach.

The sale consideration for the Somerset Grand Fortune Garden Units, when fully sold, is estimated to be RMB628.0 million (approximately S$128.1 million[1]) (the "**Sale Consideration**"), as derived from the independent valuation. The sale consideration for each Somerset Grand Fortune Garden Unit will also be negotiated on a willing-buyer and willing-seller basis after taking the independent valuation into account.

Based on the unaudited financial statements of Ascott REIT for the financial period ended 30 June 2013, the book value of the Somerset Grand Fortune Garden Units is approximately S$48.2 million. As the Sale Consideration is approximately S$128.1 million, the amount of excess over book value of the Somerset Grand Fortune Garden Units is approximately S$79.9 million.

2.2. Use of Sale Proceeds

Assuming all the Somerset Grand Fortune Garden Units are sold, the current estimated net gain from the Divestment will be approximately RMB180.7 million (approximately S$36.9 million[1]), after taking into consideration estimated divestment-related expenses such as taxes, sale agent commission and other professional fees. It is envisaged that Ascott REIT will only be able to receive the net sale proceeds from the Divestment after all divestment-related expenses payable in the People's Republic of China are fully satisfied.

The net sale proceeds from the Divestment will, when received, be used for funding future acquisitions. Pending such deployment, the net sale proceeds, subject to relevant laws and regulations, will be used to pare down the debts of Ascott REIT and its subsidiaries or may be deposited with banks and/or financial institutions or for any other purpose on a short-term basis as the Manager may, in its discretion, deem fit.

2.3. Principal Terms of the Somerset Grand Fortune Garden SPAs

The form of the Somerset Grand Fortune Garden SPAs will be based on standard terms and conditions of sale and purchase agreements applicable in Beijing. The completion of the Divestment of the relevant Somerset Grand Fortune Garden Unit is subject to and conditional upon, among others:

- Somerset FG being the legal and beneficial owner of the Somerset Grand Fortune Garden Units; and
- Payment of all applicable taxes and fees by each party in accordance with laws and regulations.

[1] Based on an exchange rate of RMB1 = S$0.204 as at 3 October 2013.

3. RATIONALE FOR THE DIVESTMENT

A third-party owner who owns a total of 100 units in Somerset Grand Fortune Garden had earlier commenced a separate strata sale of the 100 units. This has resulted in increasing difficulty for Ascott REIT to continue operating Somerset Grand Fortune Garden. In light of the foregoing, the Manager has decided to divest the Somerset Grand Fortune Garden Units.

The Manager believes that the Divestment will enable Ascott REIT to unlock the underlying value of the Somerset Grand Fortune Garden Units and reconstitute its portfolio. The net sale proceeds from the Divestment will be reinvested in other higher yielding assets to enhance Ascott REIT's portfolio.

4. METHOD OF FINANCING AND FINANCIAL EFFECTS

4.1. Assumptions

The pro forma financial effects of the Divestment presented below are strictly for illustration purposes only and were prepared based on the audited financial statements of Ascott REIT for the financial year ended 31 December 2012 (**"FY2012"**), taking into account the Sale Consideration and based on the assumption that all the Somerset Grand Fortune Garden Units would be divested.

4.2. Pro Forma DPU of the Divestment

The table below sets out the pro forma financial effects of the Divestment on Ascott REIT's distribution per Unit ("**DPU**") for FY2012, as if the Divestment was completed on 1 January 2012.

	FY2012	
	Before the Divestment	**After the Divestment**
Distributable Income (S$'000)	99,698	101,474
No. of Units ('000)	1,142,819	1,142,819
DPU (cents)	8.76	8.91
Earnings per unit (cents)	14.3	14.5

4.3. Pro Forma NAV of the Divestment

The table below sets out the pro forma financial effects of the Divestment on the net asset value ("**NAV**") per Unit as at 31 December 2012, as if the Divestment was completed on 31 December 2012.

	Pro Forma Effects of the Divestment as at 31 December 2012	
	Before the Divestment	**After the Divestment**
NAV (S$'000)	1,547,373	1,582,417
No. of Units ('000)	1,142,819	1,142,819
NAV per Unit (S$)	1.35	1.38

5. INTEREST OF DIRECTORS AND CONTROLLING UNITHOLDERS

None of the directors of the Manager or controlling Unitholders has any interest, direct or indirect, in the Divestment.

6. OTHER INFORMATION

6.1. Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

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

The relative figures computed on the following bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual are set out below:

(i) the net asset value of the assets to be disposed of, compared with Ascott REIT's net asset value;

(ii) the net profits attributable to the assets disposed of, compared with Ascott REIT's net profits; and

(iii) the aggregate value of the consideration received, compared with Ascott REIT's market capitalisation.

Rule 1006(d) is not applicable as this is a divestment and no Units will be issued as consideration.

Rule 1006	**Comparison of:**	**The Divestment (S$ million)**	**Ascott REIT (S$ million)**	**Relative Figure (%)**
(a)	NAV	48.2 (1)	1,710.1 (1)	2.8%
(b)	Net Profits	2.1 (1)	56.6 (1)	3.8%
(c)	Consideration against market capitalisation	128.1 (2)	1,583.5 (3)	8.1%

(1) Based on unaudited financial statements of Ascott REIT for the period ended 30 June 2013.

(2) Based on the assumption that all the Somerset Grand Fortune Garden Units will be divested.

(3) Based on the market capitalisation of Ascott REIT as of 17 October 2013.

7. DOCUMENTS FOR INSPECTION

A copy of the form of the Somerset Grand Fortune Garden SPAs and a copy of the valuation report dated 23 September 2013 issued by DTZ in respect of the Somerset Grand Fortune Garden Units as at 12 September 2013 are available for inspection from 10.00 a.m. to 5.00 p.m.[2] at the registered office of the Manager at 8 Shenton Way, #13-01, AXA Tower, Singapore 068811, from the date of this announcement up to and including the date falling three months thereafter.

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

Kang Siew Fong / Doris Lai

Joint Company Secretaries

18 October 2013

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units in Ascott Residence Trust ("**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 holders of Units 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 Residence Trust is not necessarily indicative of the future performance of Ascott Residence Trust.

2 Prior appointment with the Manager will be appreciated.