



A Member of CapitaLand

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

ANNOUNCEMENT

DIVESTMENT OF SIX RENTAL HOUSING PROPERTIES IN JAPAN

1. INTRODUCTION

Ascott Residence Trust Management Limited (the “**Manager**”), as manager of Ascott Residence Trust (“**Ascott REIT**”), wishes to announce that Ascott REIT has today through its wholly-owned subsidiary, ARC-CapitaLand Three Tokutei Mokuteki Kaisha (“**TMK3**”) entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Samty Co., Ltd (the “**Purchaser**”) to divest the trust beneficiary interest (“**TBI**”) of six properties under TMK3’s portfolio (collectively, the “**Properties**”, and the divestment of the TBI of the Properties, the “**Sale**”). The details of the Properties are set out as follows:

Property Name	City	Year of Building Completion	No. of units
Grand E'terna Nijojomae	Kyoto	2004	47
Grand E'terna Chioninmae	Kyoto	2005	18 (incl.1 retail)
Grand E'terna Saga	Saga	2005	127 (incl.4 retail)
Grand E'terna Saga Idaidori	Saga	2006	46
Grand Mire Miyamachi	Sendai	2001	91
Grand Mire Shintera	Sendai	2003	59

The aggregate purchase consideration under the Sale and Purchase Agreement for the TBI of the Properties is JPY4,475 million (equivalent to approximately S\$52.6 million¹) (the “**Sale Price**”).

The Purchaser is an unrelated third party.

2. **SALE PRICE**

The Sale Price was agreed on a willing buyer willing seller basis taking into account, among other factors, the independent valuation of the Properties (conducted by CBRE K.K. (“**CBRE**”)) at JPY3,977 million (equivalent to approximately S\$43.3 million) as at 30 June 2015, using the direct capitalisation method. This valuation was commissioned by DBS Trustee Limited, in its capacity as trustee of Ascott REIT, as part of Ascott REIT’s half year valuation exercise of its portfolio of properties.

3. **PRINCIPAL TERMS OF THE SALE**

The Purchaser has paid an amount equivalent to 5.0% of the Sale Price as deposit and will pay the balance of the Sale Price on completion of the Sale. Completion of the Sale is expected to take place in the third quarter of 2015 after all the conditions set out in the Sale and Purchase Agreement have been satisfied or waived (as applicable) or such other date as the parties may agree in writing.

4. **RATIONALE FOR THE SALE**

The Properties are currently operated as rental housing. The Sale is in line with Ascott REIT’s active asset management strategy to unlock the underlying value of the Properties which offers limited growth and re-deploy proceeds in other higher yielding assets to enhance Ascott REIT’s portfolio. Moreover, the Properties are more than 10 years old and are located in regional cities of Japan where there is limited potential upside. Given the current strong investor demand for rental housing properties, it is an opportune time for Ascott REIT to divest these Properties at an attractive price.

TMK3 will continue to hold the TBI in respect of five other properties, being:

Property Name	City	Year of Building Completion	No. of units
Actus Hakata V-Tower	Fukuoka	2007	297 (incl.1 retail)
Big Palace Kita 14jo	Sapporo	2007	140
Gravis Court Kakomachi	Hiroshima	2006	63
Gravis Court Kokutaiji	Hiroshima	2006	48
Gravis Court Nishiharaekimae	Hiroshima	2006	30 (incl.1 retail)

1 Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of JPY / SGD = 0.01176.

5. USE OF SALE PROCEEDS

The Sale Price of JPY4,475 million is 12.5% above the valuation of the Properties as at 30 June 2015. After providing for taxes and transaction related expenses such as professional fees, the estimated net gain from the Sale is approximately JPY288.9 million (equivalent to approximately S\$3.4 million).

Net sale proceeds may be used for asset enhancement, capital expenditure, funding potential acquisitions, other general corporate purposes and/or distribution of any part of the net gain to Unitholders.

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.

6. FINANCIAL EFFECTS

The Sale is not expected to have any material impact on the net tangible assets or earnings per unit of Ascott REIT for the financial year ending 31 December 2015.

7. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

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

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 Sale and Purchase Agreement; and
- (ii) the valuation report of the Properties issued by CBRE.

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
(Registration Number: 200516209Z)
As manager of Ascott Residence Trust

Kang Siew Fong / Regina Tan
Joint Company Secretaries
3 September 2015

² Prior appointment with the Manager will be appreciated.

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.

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.