

ASCOTT REIT LAUNCHES S\$442.7 MILLION RIGHTS ISSUE TO ACQUIRE ITS FIRST FRANKFURT PROPERTY AND EXPAND IN HAMBURG AND SINGAPORE

Singapore, 6 March 2017 – Ascott Residence Trust (Ascott Reit) has launched a fully underwritten renounceable rights issue to raise S\$442.7 million. The proceeds will be used to partly fund Ascott Reit’s acquisition of its first property in Frankfurt and its second in Hamburg from The Ascott Limited (Ascott) for €65.4 million (S\$97.2 million)¹. The acquisitions of the two operating serviced residences, Citadines City Centre Frankfurt and Citadines Michel Hamburg, are accretive at an EBITDA yield of 5.4%.

In addition, S\$381.6 million will be used to pay for Ascott Reit’s acquisition of Ascott Orchard Singapore, which is expected to be completed by 3Q 2017. After the acquisition of Ascott Orchard Singapore and rights issue, Ascott Reit’s FY 2016 distribution per unit of 8.27 cents is expected to be 7.27 cents on a pro forma basis, and this will further increase to 7.43 cents following the acquisitions in Germany.

Mr Bob Tan, Ascott Residence Trust Management Limited’s (ARTML) Chairman, said: “The equity fund raising will strengthen Ascott Reit’s balance sheet and give us greater financial flexibility to seize growth opportunities. The rights issue will provide Unitholders with the opportunity to subscribe for the rights units at an attractive price while benefitting from Ascott Reit’s future growth.”

“Ascott Reit’s acquisitions of these quality assets in prime locations will strengthen its portfolio and broaden its earnings base. It will increase our presence in the stable market of Germany, Europe’s largest economy, where we currently own three properties in Berlin, Hamburg and Munich. Ascott Reit will benefit from greater economies of scale by adding a second property in Hamburg which has an established and steadily growing hospitality market. Extending our footprint to Frankfurt will allow us to further diversify Ascott Reit’s portfolio and the master leases for these properties will enhance income stability.”

Mr Tan added: “When the acquisitions in Germany and Singapore are completed, Ascott Reit’s asset size will expand to S\$5.3 billion, strengthening its position as the largest hospitality REIT in Singapore. Ascott Reit’s market capitalisation will also grow to S\$2.4 billion, increasing its trading liquidity. We remain focused on creating stable returns to Unitholders and will continue to look for acquisitions in gateway cities in markets such as Australia, Japan, Europe and the U.S.”

Elaborating on the German market, Mr Ronald Tay, ARTML’s Chief Executive Officer, said: “There is strong demand for accommodation by corporate travellers in Frankfurt and Hamburg. Frankfurt is Germany’s financial and transportation hub where many global companies are

¹ Based on exchange rate of €1 = S\$1.4861.

located. Hamburg is Germany's second largest city and ranked the second best city in Europe for investment², after Berlin. Hamburg is also home to Europe's third largest container port, making the city a key international trade centre in the region. Both Frankfurt and Hamburg host many international and regional trade fairs, attracting millions of visitors each year."

Mr Tay added: "Singapore is among the top 10 destinations for foreign direct investment globally³ and its visitor arrivals and tourism receipts hit historic high in 2016. We expect the hospitality sector to pick up given the lack of new supply in 2018. Ascott Orchard Singapore is strategically located in the city's premier shopping destination, with close proximity to premium medical facilities and easy access to the business district. We believe Ascott Orchard Singapore will draw business and leisure travellers as the city continues to reinvent itself to remain an attractive investment and tourism hub."

Existing Unitholders will be offered 481.7 million rights units at a ratio of 29 units for every 100 units already held as at the book closure date. The rights units will be issued at S\$0.919 each. This is at a discount of 21.5% to the closing price of S\$1.17 per unit as at 6 March 2017 and a discount of 17.5% to the theoretical ex-rights price⁴. Ascott, which owns 44.2% of Ascott Reit, has undertaken to fully subscribe its allotment of rights units. The remaining rights units are underwritten by DBS and BNP Paribas.

Ascott Reit will use the proceeds to acquire an effective interest of 93%⁵ in Citadines City Centre Frankfurt and Citadines Michel Hamburg for €35.7 million (S\$53.1 million) and €29.7 million (S\$44.1 million) respectively. After the rights issue and acquisitions in Germany and Singapore, Ascott Reit's gearing will reduce from 39.8% as at 31 December 2016 to 37.0% and its debt headroom will increase from S\$442.6 million to S\$754.4 million. Ascott Reit will receive fixed rent through master leases for the two properties in Germany, which will continue to be managed by Ascott. Ascott Reit will own 100% of Ascott Orchard Singapore, which will be operated under a master lease to Ascott with fixed and variable rent components.

Ascott Reit will seek Unitholders' approval for the acquisitions in Germany at an Extraordinary General Meeting to be convened. Unitholders granted Ascott Reit approval for the acquisition of Ascott Orchard Singapore from Ascott in 2012.

Please refer to Annex A for more information on the rights issue. Please refer to Annex B for information on Citadines City Centre Frankfurt, Citadines Michel Hamburg and Ascott Orchard Singapore.

² PricewaterhouseCoopers' '2016 Emerging Trends in Real Estate Report'.

³ United Nations Conference on Trade & Development's 'Global Investment Trends Monitor, February 2017'.

⁴ Theoretical ex-rights price = (Market capitalisation of Ascott Reit based on the closing price + gross proceeds from the rights issue) / units outstanding after the rights issue

⁵ The remaining stakes are held by an indirect wholly owned subsidiary of Ascott and an unrelated third party.

About Ascott Residence Trust

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.

Ascott Reit's asset size has quadrupled to S\$4.8 billion since it was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in March 2006. Ascott Reit's international portfolio comprises 90 properties with 11,627 units in 38 cities across 14 countries in the Americas, Asia Pacific and Europe. Ascott Reit was awarded 'Best REIT (Asia)' by World Finance magazine at its Real Estate Awards in 2015.

Ascott Reit's serviced residences 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 The Ascott Limited and an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies.

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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Annex A

Entitled Unitholders can subscribe for the rights units from 17 March 2017 to 31 March 2017. Those who do not wish to subscribe for the rights units may sell their rights entitlements during the nil-paid rights trading period from 17 March 2017 to 27 March 2017. Unitholders may also apply for excess rights units.

Indicative timeline for rights issue	
Last day of cum-rights entitlement trading	9 March 2017
Book closure date for rights issue	14 March 2017
Rights offer opens Trading of nil-paid rights entitlements commences	17 March 2017
Trading of nil-paid rights entitlements closes	27 March 2017
Rights offer closes	31 March 2017 at 5.00pm
Listing of new rights units on the Singapore Stock Exchange	11 April 2017 at 9.00am

Annex B

Citadines City Centre Frankfurt

The 165-unit Citadines City Centre Frankfurt is strategically located in the city centre and across the renowned Messe Frankfurt Trade Fair area. The serviced residence is surrounded by numerous retail and commercial developments including Messeturm office tower and Skyline Plaza that comprises a shopping mall and congress centre. The Frankfurt Stock Exchange and the main business district are five minutes away by metro. Citadines City Centre Frankfurt is a short walk to the Frankfurt Central Railway Station, which provides fast connections to major cities in Germany and Europe. Apartments at the serviced residence range from studios to two-bedroom units.

Citadines Michel Hamburg

The serviced residence is located in the heart of Hamburg's business district, home to many multinational companies such as Airbus, Blohm + Voss and Gruner + Jar. Citadines Michel Hamburg is also close to the city's busy port and a major trade fair venue, Hamburg Messe. It is also near to HafenCity, Hamburg's newest commercial, retail and entertainment district, as well as Reeperbahn, the city's most popular nightlife district. Citadines Michel Hamburg is a five-minute walk from the Rödingsmarkt and Stadthausbrücke metro stations while the Hamburg airport is a 30-minute drive away. The serviced residence offers 127 units of studio and one-bedroom apartments.

In Germany, Ascott Reit currently owns Citadines Kurfürstendamm Berlin, Citadines Arnulfpark Munich and Madison Hamburg. Together with Citadines Michel Hamburg and Citadines City Centre Frankfurt, Ascott Reit will have a total of 721 units across five properties in Germany.

Ascott Orchard Singapore

The premier Ascott Orchard Singapore is located in the heart of Singapore's most fashionable shopping destination, Orchard Road. Unique to Ascott Orchard Singapore is its eight penthouse suites on the 20th floor featuring fittings and furnishes by Fendi Casa, a top Italian luxury brand. This is the first time in Singapore that a serviced residence has selected a high fashion brand to furnish its interiors. Ascott Orchard Singapore has 220 luxurious units comprising studio, one and two-bedroom suites. It is a short walk from shopping malls, premium medical facilities as well as Orchard and Somerset Mass Rapid Transit Stations, providing easy access to the Central Business District and other parts of the city.

In Singapore, Ascott Reit owns Ascott Raffles Place, Citadines Mount Sophia and Somerset Liang Court. The acquisition of Ascott Orchard Singapore will expand Ascott Reit's portfolio in the city to 717 units across four properties.