

NEWS RELEASE

ASCOTT RESIDENCE TRUST INVESTS JPY10.4 BILLION TO ACQUIRE FOUR RENTAL HOUSING PROPERTIES AND FIRST STUDENT ACCOMMODATION PROPERTY IN JAPAN

Expands longer-stay lodging properties to 17% of total portfolio value to boost income stability

Singapore, 9 March 2022 – Ascott Residence Trust (ART) will invest about JPY 10.4 billion¹ (S\$125.0 million²) to acquire four rental housing properties and its first student accommodation property in Japan. The yield-accretive acquisitions are set to increase ART's pro forma FY 2021 Distribution per Stapled Security by approximately 1.7%³. The average NOI yield⁴ is expected to be about 4.0%. The five properties will be acquired on a turnkey basis from two different sellers on a willing buyer and willing seller basis. The transactions are expected to be completed between 1Q 2022 and 2Q 2023.

With these latest acquisitions, ART has invested about S\$905 million in longer-stay properties since January 2021. The acquisitions of the five freehold rental housing and student accommodation properties will increase ART's longer-stay properties to 17% of its total portfolio value. ART is on track to meet its medium-term target of 25-30% for its longer-stay properties, strengthening the resilience of ART's portfolio.

Three of the rental housing properties are located in Central Osaka, the economic and logistics centre of Japan while one rental housing property is located in Fukuoka, one of the fastest growing cities in the country. The student accommodation property in Osaka serves the main campus of Kindai University (KU), which is just a two-minute walk away. KU has over 30,000 undergraduate students.

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 continues to build up our longer-stay portfolio to boost income stability. Post-acquisition, on a pro forma basis, ART's longer-stay properties are expected to contribute 17% to gross profit, up from 15% in FY 2021. As the five properties will be acquired on a turnkey basis, there is no development risk. Minimal down payment is required, and majority of the payment will be made upon completion of the transactions. We remain committed to delivering sustainable, long-term value to our Stapled Securityholders."

¹ The purchase consideration of JPY10.4 billion (S\$125.0 million) arrived at on a willing buyer and willing seller basis, is based on the agreed value of the properties and the independent valuations dated 3 December 2021 and 7 January 2022 by Asset Valuation Partners at JPY11.5 billion (S\$137.9 million)

² Based on the exchange of JPY 1 to S\$0.01197

³ Based on FY 2021 pro forma Distribution per Stapled Security. The pro forma is based on the audited financial statements of ART for the financial year ended 31 December 2021, assuming that (1) the acquisitions were completed on 1 January 2021 and ART held and operated the properties through to 31 December 2021 and (2) the acquisitions will be 100% funded by debt

⁴ Expected stabilised net operating income yield

“The addition of four more rental housing properties will boost the overall resilience of our portfolio. Leases for the four properties are about two years in length, providing better visibility and stability in future cashflows. ART’s existing rental housing properties in Japan have achieved a strong average occupancy rate of over 95% in 2021 despite COVID-19. The three rental housing properties in Sapporo⁵ have performed well since our acquisition in June 2021. We expect the four new rental housing properties to perform strongly too. Our first student accommodation property in Japan adds to our quality portfolio of eight student accommodation properties in the USA. It is located close to a highly reputable university with a large student population, and there is limited competing supply. The property in Japan is under a 15-year master lease with the largest student accommodation operator in the country, generating stable income for ART,” added Ms Beh.

Expanding ART’s rental housing portfolio in Osaka

The acquisitions of the three rental housing properties will entrench ART’s presence in Osaka. Osaka is Japan’s third most populated prefecture with a population of 8.8 million. Its population has grown steadily since 2017 with a net positive migration. Osaka’s central wards, where ART’s acquisitions are located, are expected to have close to double-digit population growth between 2020 and 2030, fueled by the city’s expanding employment opportunities⁶. Given the positive demand-supply dynamics, rental rates in Osaka have been increasing since 2009⁷, and are forecasted to remain on an upward trend, especially with the full resumption of economic activities post COVID-19.

The three rental housing properties are Bentencho 5chome, Nakatsu 4chome and Sagisu 5chome. They will offer 120, 70 and 108 studio units respectively. The three properties will be managed by third-party operators when they open.

The three properties are located within walking distance to the Osaka’s public transportation network as well as commercial, retail and entertainment options. From Bentencho 5chome, the Bentencho metro station is about a 10-minute walk away. The property is a five-minute walk to the Osaka Bay Tower, an integrated development with retail, commercial and hospitality components. Bentencho 5chome is also about a 15-minute drive to Universal Studios Japan and a 20-minute drive to the Port of Osaka.

From Nakatsu 4chome, it is a six-minute walk to Nakatsu metro station. It is also a 15-minute walk to the city’s main Osaka metro and regional train stations, as well as the city’s central business district (CBD). Umeda Sky Building, a popular retail destination, is also about a 12-minute walk away.

Sagisu 5chome is located about an 11-minute walk to the Fukushima metro station and is just one stop to the city’s main Osaka metro station and the CBD. Around the Fukushima metro station are several commercial and retail shops.

⁵ The three rental housing properties are City Court Kita 1 jo, Big Palace Minami 5 jo, and Alpha Square Kita 15 jo

⁶ Savills, Regional Residential Markets - Japan, March 2021

⁷ Sumitomo Mitsui Trust Research Institute

ART's first student accommodation property in Japan

ART's first student accommodation property in Japan is Eslead College Gate Kindaimae. The property is under a 15-year master lease with a fixed monthly rent. It will be managed by a major student accommodation operator in Japan. Located in Osaka, the property comprises 112 studio apartments. It is a 15-minute walk to the Nagase railway station and is close to the Manabiya shopping street.

Eslead College Gate Kindaimae serves KU which is Osaka's second ranked private university and also ranked amongst the top 5% of universities globally. Founded in 1925, KU is one of Japan's largest universities with the fourth highest enrolment in Japan, and the highest in the city⁸. In Japan, 95% of university students are local students and the proportion of female students has also increased, driving the demand for secure and well-managed student accommodation properties.

Growing ART's rental housing portfolio in Fukuoka

The rental housing property located in Hakata, Fukuoka will offer 247 units, providing a mix of studio and one-bedroom apartments with waterfront views. The rental housing property is expected to perform well with rental rates in the city increasing consecutively from 2011 to 2020 and have remained robust. Supply is also expected to remain low in the next few years⁹. Fukuoka is Japan's fastest growing city with a total population of 1.6 million. Positioned as Japan's Silicon Valley, Fukuoka has a pro-business environment with many start-ups and has one of the youngest populations in Japan.

From the property, residents can visit the Hakata waterfront, just eight minutes away on foot. The nearest bus station is a minute's walk from the property, while the nearest subway station is an 11-minute walk away, enabling residents to easily access the city's commercial and entertainment district in Tenjin or the CBD in Hakata. There are supermarkets and hospitals nearby and the Fukuoka Airport is a 20-minute drive away. The rental housing property will be managed by a third-party operator when it opens.

ART's portfolio in Japan

With the five acquisitions, ART has a total of 2,500 units across 19 rental housing and student accommodation properties in Japan. They are strategically located across five cities, namely Tokyo, Fukuoka, Hiroshima, Osaka and Sapporo. ART also has over 2,600 units across 8 serviced residences and hotels in Tokyo, Kyoto and Osaka.

About Ascott Residence Trust

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.7 billion as at 31 December 2021. 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

⁸ Times Higher Education - Japan University Rankings 2021 and Kindai University website

⁹ Sumitomo Mitsui Trust Research Institute

residences, 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 93 properties with over 17,000 units in 43 cities across 15 countries in Asia Pacific, Europe and the USA as at 31 December 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, Singapore, Sydney 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 Investment Limited, a leading global real estate investment manager with a strong Asia foothold.

Visit www.ascottresidencetrust.com for more information.

About CapitaLand Investment Limited

Headquartered and listed in Singapore, CapitaLand Investment Limited (CLI) is a leading global real estate investment manager (REIM) with a strong Asia foothold. As at 31 December 2021, CLI had about S\$122.9 billion of real estate assets under management, and about S\$86.2 billion of real estate funds under management (FUM) held via six listed real estate investment trusts and business trusts, and 29 private funds across the Asia-Pacific, Europe and USA. Its diversified real estate asset classes cover integrated developments, retail, office, lodging, business parks, industrial, logistics and data centres.

CLI aims to scale its FUM and fee-related earnings through its full stack of investment management and operating capabilities. As the listed investment management business arm of the CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand's development arm. Being a part of the well-established CapitaLand ecosystem differentiates CLI from other REIMs.

As part of the CapitaLand Group, CLI places sustainability at the core of what it does. As a responsible real estate company, CLI 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.capitalandinvest.com for more information.



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Annex – About the new acquisitions in Japan

	Rental Housing				Student Accommodation
Property¹⁰	Bentencho 5chome	Nakatsu 4chome	Sagisu 5chome	Hakata Property	Eslead College Gate Kindaimae
Estimated Deal Completion Time	4Q 2022	4Q 2022	1Q 2023	2Q 2023	1Q 2022
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Net Leasable Area	3,076 square metre (sqm)	1,495 sqm	2,331 sqm	6,866 sqm	2,145 sqm
Contract Type	Management Contract				Master lease
Building Height	13 storeys	13 storeys	10 storeys	14 storeys	7 storeys
Units and Unit Mix	Studio (120 units)	Studio (70 units)	Studio (108 units)	Studio (52 units) One- bedroom apartment (195 units)	Studio (112 units)
Common Area Amenities	15 parking lots and 9 motorcycle lots	4 parking lots and 10 motorcycle lots	11 parking lots and 9 motorcycle lots	33 parking lots, 63 motorcycle lots and 125 bicycle parking lots	Cafeteria and student lounge

¹⁰ The names of the properties are subject to change