



ASCOTT REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

MANAGED BY

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

ASCOTT BUSINESS TRUST

(a business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

MANAGED BY

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

ANNOUNCEMENT

THE PROPOSED ACQUISITION OF INTERESTS IN SERVICED RESIDENCE PROPERTIES IN FRANCE, VIETNAM AND AUSTRALIA, RENTAL HOUSING PROPERTIES IN JAPAN AND A STUDENT ACCOMMODATION PROPERTY IN SOUTH CAROLINA, US AT AN AGGREGATE PURCHASE CONSIDERATION OF S\$215.2 MILLION FROM INTERESTED PERSONS AND ENTRY INTO MASTER LEASES, MANAGEMENT AGREEMENTS AND FRANCE LOAN ASSIGNMENT DOCUMENTS

1. INTRODUCTION

1.1 The Proposed Acquisition of Serviced Residence Properties in France, Vietnam and Australia, Rental Housing Properties in Japan and a Student Accommodation Property In South Carolina, US

Ascott Residence Trust Management Limited (the "**Ascott Reit Manager**"), in its capacity as manager of Ascott Real Estate Investment Trust ("**Ascott Reit**") and Ascott Business Trust Management Pte. Ltd. (the "**Ascott BT Trustee-Manager**", together with the Ascott Reit Manager, the "**Managers**"), in its capacity as trustee-manager of Ascott Business Trust ("**Ascott BT**"), wish to announce that Ascott Residence Trust ("**ART**") – a stapled group comprising Ascott Reit and Ascott BT, has today, through the wholly-owned subsidiaries of Ascott Reit, entered into various conditional sale and purchase agreements to acquire, through

the acquisition of shareholding and direct interests in the following properties in France, Japan, Vietnam, the United States of America ("**US**") and Australia (the "**Acquisitions**"):

- (a) La Clef Tour Eiffel, a serviced residence located in France (excluding the France Excluded Units (as defined below), the "**France Property**");
- (b) the rental housing portfolio in Japan comprising (i) Marunouchi Central Heights (the "**Marunouchi Property**"); (ii) House Saison Shijo-Dori (the "**House Saison Property**"); (iii) S-Residence Shukugawa (the "**S-Residence Shukugawa Property**"); (iv) S-Residence Namba Viale (the "**S-Residence Namba Viale Property**"); and (v) S-Residence Gakuenzaka (the "**S-Residence Gakuenzaka Property**", and collectively, the "**Japan Properties**");
- (c) Somerset Central TD Hai Phong City, a serviced residence located in Vietnam (the "**Vietnam Property**");
- (d) Standard at Columbia, a student accommodation property under development located in United States of America (the "**US Property**"); and
- (e) Quest Cannon Hill, a serviced residence located in Australia (the "**Australia Property**"),

(collectively, the "**Properties**" and each, a "**Property**") for an aggregate purchase consideration of S\$215.2 million (the "**Aggregate Purchase Consideration**"). The Properties will be acquired from subsidiaries of CapitaLand Investment Limited ("**CapitaLand**"), a controlling unitholder¹ of Ascott Reit and a controlling shareholder of the Ascott Reit Manager under Appendix 6 to the Code on Collective Investment Schemes, which applies to a scheme which invests or proposes to invest primarily in real estate and real estate-related assets, as the same may be modified, amended, supplemented, revised or replaced from time to time (the "**Property Funds Appendix**"), and a controlling stapled securityholder of ART² and a controlling shareholder³ of each of the Managers under the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), as the same may be modified, amended, supplemented, revised or replaced from time to time (the "**Listing Manual**").

Further details in respect of the Properties are set out in the **Appendix** to this Announcement. Please also see paragraph 3.1 for further details on the structure of the Acquisitions, including details on the vendors of each Property.

¹ "**Controlling Unitholder**" means a person who:

- (a) holds directly or indirectly, 15.0% or more of the nominal amount of all voting units in the property fund. The Monetary Authority of Singapore (the "**MAS**") may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

² "**Controlling Stapled Securityholder**" means a person who:

- (a) holds directly or indirectly, 15.0% or more of the total voting rights in ART. The SGX-ST may determine that such a person is not a controlling Stapled Securityholder; or
- (b) in fact exercises control over ART.

³ "**Controlling Shareholder**" means a person who:

- (a) holds directly or indirectly, 15.0% or more of the total voting rights in the company. The SGX-ST may determine that such a person is not a controlling shareholder; or
- (b) in fact exercises control over a company.

1.2 The France, Japan and Australia Master Leases

Upon completion of the Acquisitions:

- (a) Ascott Kleber SNC shall enter into a master lease in respect of the France Property (excluding the Restaurant Unit) with Citadines Arc de Triomphe Operating SAS (the "**France Master Lessee**"), a wholly-owned subsidiary of The Ascott Limited ("**TAL**", and the master lease, the "**France Master Lease**");
- (b) DB Trust Company Limited Japan (currently known as Sanne Group Japan Trust Company Limited) ("**DB Trust**"), the trustee in respect of the TBI (as defined below) in relation to each of the Japan Properties, shall enter into separate master lease agreements including supplementals to the existing master leases (the "**Japan Master Leases**"), with Japan Residence One YK⁴ (the "**Japan Master Lessee**"); and
- (c) the existing master lease agreement between the Australia Vendor (as defined below) and Quest Cannon Hill Tenancy Pty Ltd (the "**Australia Master Lessee**", and together with the France Master Lessee and the Japan Master Lessee, collectively, the "**Master Lessees**"), a wholly-owned subsidiary of TAL, in relation to the Australia Property (the "**Australia Master Lease**") shall be assigned by the Australia Vendor to the Australia Purchaser (as defined below).

Please also see paragraph 5 for further details on the France Master Lease, the Japan Master Leases and the Australia Master Lease (collectively, the "**Master Leases**").

1.3 The Management Agreements

Upon completion of the Acquisitions:

- (a) Somerset Central TD Company Limited will enter into a new serviced residence management agreement with Ascott International Management (Vietnam) Co., Ltd ("**AIMVCL**"), a wholly-owned subsidiary of TAL, in relation to the Vietnam Property, pursuant to which AIMVCL will be engaged as the manager of the Vietnam Property to operate, manage, promote, market and maintain the Vietnam Property for and on behalf of Somerset Central TD Company Limited during the term of the agreement (the "**Vietnam SR Management Agreement**");
- (b) the portfolio of properties managed by CapitaLand (Japan) Kabushiki Kaisha ("**CJJK**", and together with AIMVCL, collectively, the "**Property Managers**"), a wholly-owned subsidiary of CapitaLand and the existing asset manager for the portfolio of properties of the Japan Purchaser, under an amended and restated management agreement dated 25 December 2020 (the "**Pre-Existing Asset Management Agreement**") will be enlarged to include the Japan Properties (the "**Amended Pre-Existing Asset Management Agreement**"); and

⁴ The Japan Master Lessee is a wholly-owned subsidiary of CapitaLand (see paragraph (b) for further details in respect of CapitaLand). The Japan Master Lessee is merely a "pass-through" vehicle and the Japan Master Lessee will pay all revenue it receives from the other tenants to DB Trust as the trustee in respect of the TBI in relation to each of the Japan Properties. The Japan Master Lessee does not charge any fee or retain any amount for acting as a "pass-through" vehicle, the purpose of which is to facilitate lease administration.

- (c) CJKK will continue to be the property manager in respect of each of the Japan Properties under the property management agreements entered into between CJKK and DB Trust prior to the Acquisitions (the "**Pre-Existing Property Management Agreements**"), which will continue to subsist following the completion of the Acquisitions.

Please also see paragraph 6 for further details on the Vietnam SR Management Agreement, the Amended Pre-Existing Asset Management Agreement and the Pre-Existing Property Management Agreements (collectively, the "**Management Agreements**").

1.4 Circular

Further details on the Acquisitions, the Master Leases and the Management Agreements are set out in the circular issued to stapled securityholders of ART ("**Stapled Securityholders**") on 15 August 2022 (the "**Circular**"), together with a notice of extraordinary general meeting of Stapled Securityholders (the "**EGM**", and the notice of EGM, the "**Notice of EGM**") and the proxy form for the EGM (the "**Proxy Form**"), for the purpose of seeking Stapled Securityholders' approval in relation to the Acquisitions and the entry into the Master Leases, the Management Agreements and the France Loan Assignment Documents (as defined below) (the "**IP Transactions**"). Please see announcement on "Electronic Despatch of Circular and Alternative Arrangements Relating to the Extraordinary General Meeting to be Held on 9 September 2022" for further details on the electronic despatch of the Circular, the Notice of EGM and the Proxy Form, as well as the actions to be taken by Stapled Securityholders.

2. RATIONALE FOR AND BENEFITS OF THE TRANSACTIONS

As at 31 March 2022, ART's international portfolio comprises 95 properties (namely, 54 serviced residences, 18 hotels and business hotels, 14 rental housing properties and 9 student accommodation properties) with more than 17,000 units in 44 cities across 15 countries in Asia Pacific, Europe and the US.

The Acquisitions represent an opportunity for ART to acquire good quality assets in the developed markets of France, Japan, US and Australia and the growing market of Vietnam, enabling ART to leverage on its well-established local capabilities and strengthen its presence in these countries where, as at 31 March 2022, it owns 28 serviced residence properties, 15 hotels, 14 rental housing properties and 9 student accommodation properties.

The overarching rationale and key benefits of the Transactions (as defined below) are set out below.

(a) Enhance DPS to Stapled Securityholders

On a FY2021⁵ *pro forma* basis, total distribution is expected to increase by S\$9.2 million following the Acquisitions. Assuming the total acquisition cost of S\$263.5 million is approximately 54.0% funded by debt, FY2021 distribution per stapled security

⁵ "FY2021" means the financial year ended 31 December 2021.

("Stapled Security" and distribution per Stapled Security, "DPS") is expected to increase from 4.32 cents to 4.44 cents, translating to a DPS accretion of 2.8%⁶.

(b) **Consolidate ART's position as the largest hospitality trust in Asia Pacific**

As at 31 December 2021, ART's assets under management ("AUM") was S\$7.7 billion. Including the Acquisitions, ART's AUM is expected to increase by a further S\$0.4 billion (which is equivalent to a 5.2% increase) to S\$8.1 billion, on a *pro forma* basis. In the first quarter of FY2022, ART completed the acquisition of Paloma Kent (formerly known as Latitude at Kent) and announced the turnkey acquisition of 4 rental housing properties and 1 student accommodation property in Japan, which boosts the AUM by S\$0.2 billion. Including the Acquisitions and the acquisitions announced and/or completed up to 31 March 2022, the AUM will increase by 7.8% to S\$8.3 billion, comprising 107 properties⁷.

The asset value⁸ of the France Acquisition, Japan Acquisition, Vietnam Acquisition, US Acquisition and Australia Acquisition (each as defined below) each represent 43.0%, 22.0%, 7.0%, 20.0% and 8.0% respectively of the total asset value of the Acquisitions.

With the Acquisitions, ART will remain Asia Pacific centric with total assets in Asia Pacific comprising around 61.0% of ART's total assets, and Europe and the Americas comprising around 20.0% and 19.0% respectively. A geographically diversified portfolio ensures that there is no concentration risk in any country, providing Stapled Securityholders with income resilience at different points of the market cycle. Including the Acquisitions and the acquisitions announced and/or completed up to 31 March 2022, the total assets contribution from Asia Pacific, Europe and the Americas is 62.0%, 19.0% and 19.0% respectively.

(c) **Increase income resilience with higher proportion of stable income**

In FY2021, the proportion of ART's stable and growth income⁹ was 69.0% and 31.0% respectively. In line with the Managers' strategy to build a base of stable income streams, the Acquisitions are expected to increase the proportion of ART's stable income from 69.0% to 70.0% on a *pro forma* basis, as stable income accounts for 92.0% of the gross profit contribution of the Properties acquired under the Acquisitions¹⁰. Including the acquisitions announced and/or completed up to 31 March 2022, the proportion of ART's stable income, on a *pro forma* basis, will increase to 71.0%^{11, 12}.

⁶ Please refer to paragraph 9 for further details, including the DPS and DPS accretion sensitivity analysis at various issue prices and numbers of the Stapled Securities issued under the Private Placement.

⁷ Namely, 57 serviced residence properties, 18 hotels, 23 rental housing properties and 9 student accommodation properties.

⁸ Refers to total capitalised costs including outstanding development cost and capitalised interest expense.

⁹ Stable income sources include master leases, management contracts with minimum guaranteed income ("MCMGI"), rental housing and student accommodation; growth income sources include management contracts of serviced residences and hotels. As at 31 March 2022, ART has 31 master leases, 4 MCMGI, and 58 management contracts.

¹⁰ Growth income accounts for the remaining 8.0%

¹¹ The remaining 29.0% is attributable to growth income.

¹² Following the Acquisitions and acquisitions announced and/or completed up to 31 March 2022, ART will have 33 master leases, 4 MCMGI and 68 management contracts.

Master Leases – The France Property (excluding the Restaurant Unit (as defined below)) and Australia Property have master lease arrangements with fixed rents (revised annually) which provide Stapled Securityholders with certainty of income.

Longer-Stay Assets – The Japan Properties and US Property are also expected to generate stable income due to their long length of stay. The Japan Properties serve mostly the corporate, domestic and long-stay segments, which have a long average length of stay of about 2 years. The US Property, upon completion, will offer income stability to the portfolio as the student accommodation asset class is counter-cyclical and has an average length of stay of about 1 year. Rental housing and student accommodation properties offer income stability as the tenants are less likely to relocate even during times of uncertainty. ART's existing rental housing and student accommodation properties were resilient during COVID-19, with high average occupancies of above 95.0%.

While the Vietnam Property is under a management contract, its long-stay corporate guest profile with an average length of stay of 11 months in 2021 is also expected to offer a stable stream of income to ART.

(d) **Increase investment in the attractive longer-stay asset class**

In line with the Managers' strategy to increase ART's asset allocation in longer-stay properties (rental housing properties and student accommodation) to 25% – 30% in the medium term, the Acquisitions are expected to increase the proportion of longer-stay properties from 17.0%¹³ to 19.0% of ART's portfolio value¹⁴.

Rental Housing – Rental housing properties in Japan typically serve guests from the local Japanese corporate and long-stay segments. With housing prices in Japan rising faster than wages, renting is preferred over home ownership. In addition, some regional cities including Osaka are expected to attract more relocations on the back of mega-scale projects and events such as the Expo 2025. Supported by an expanding economy, rents in major Japan markets are expected to continue to grow.

The Japan Properties have long lease tenures of about 2 years and serve the local Japanese corporate and long-stay market segments that are less likely to relocate even during times of uncertainty. As such, although under management contracts, the Acquisitions will enhance the income stability of ART's portfolio. ART's 14 existing rental housing properties were resilient and registered an average occupancy of above 95.0% in FY2021, despite COVID-19.

As at 31 December 2021, ART's rental housing portfolio comprised 14 properties located across various cities in Japan, including Tokyo, Osaka, Kyoto, Fukuoka, Hiroshima and Sapporo. In March 2022, ART announced the turnkey acquisition of 4 rental housing properties in Japan, which are expected to complete between 4Q 2022 and 2Q 2023. Including the turnkey acquisitions, the acquisition of the Japan Properties

¹³ Portfolio value is based on property valuations as at 31 December 2021, value of acquisitions announced and/or completed up to 31 March 2022 and properties under development.

¹⁴ The remaining ART portfolio value is attributable to serviced residences and hotels, namely, 83.0% (prior to the Acquisitions) and 81.0% (after the Acquisitions).

will further expand ART's footprint in the Japan rental housing sector to 23 properties, while entering 2 new markets, Nagoya and Hyogo.

Student Accommodation – Student accommodation is a defensive asset class as education is less correlated to economic and hospitality cycles. Student accommodation properties typically have an average length of stay of about 1 year. Prime assets are located within walking distance to reputable universities, or universities with an elite college athletics status. Similar to its rental housing properties, ART's existing student accommodation properties were resilient despite the COVID-19 pandemic and registered high occupancies in FY2021.

The US Property is within walking distance to the campus of the prestigious University of South Carolina. The university is the largest in the state of South Carolina, with over 35,000 students enrolled and growing. In June 2021, ART had acquired a 45.0% development stake in the US Property and since then, the demand for student accommodation properties in the US has grown and market capitalisation rates have compressed. Valuations by JLL and CBRE (each as defined below) have shown a corresponding increase in the valuation of the US Property. In view of the strong fundamentals and rising interest in the student accommodation asset class, it would be opportunistic for ART to acquire an additional 45.0% effective stake of the US Property at an agreed property value of USD24.5 million compared to the Appraised Value (as defined below) of USD29.7 million. Further, for an ongoing development that has less than 1 year of construction to completion, the US Acquisition carries little residual development risk. The stabilised EBITDA¹⁵ yield on cost in respect of the US Property is estimated to be about 5.0%¹⁶.

(e) **Well-located, quality serviced residences positioned to benefit from the recovery in travel demand**

The France Property, the Australia Property, and the Vietnam Property are quality serviced residences located in key gateway cities and growth markets which are expected to benefit from the post-COVID-19 recovery in travel demand.

The France Property is a well-located luxury serviced residence within a 5-to-10-minute drive from high profile tourist districts including the Eiffel Tower, Trocadéro, the Arc de Triomphe and Avenue Champs-Élysées. In July 2022, the France Property achieved an average occupancy of close to 80.0%, which is above pre-COVID-19 levels, and an average daily rate that surpassed pre-COVID-19 levels by over 30.0%. According to CBRE's research, the Parisian market is expected to fully recover by 2023.

The Australia Property is a serviced residence with less than 5 years of age. It is located within a retail and commercial precinct and enjoys convenient access to the city's central business district. It is a 5-minute walk to the Southgate Business Park and a 10-minute drive to the Metroplex on Gateway Estate and Port of Brisbane industrial areas.

¹⁵ "EBITDA" means earnings before net interest expense, tax, depreciation and amortisation.

¹⁶ Stabilised EBITDA is based on JLL's valuation report for the US Property on a stabilised basis. The cost of development is based on the agreed property value of the US Property plus outstanding construction cost and capitalised interest expense for the development.

The Australia Property has achieved an occupancy of about 95.0% in July 2022, exceeding pre-COVID-19 levels. According to CBRE's research, demand and occupancy levels in Brisbane are expected to increase in the coming years, underpinned by infrastructure projects such as the Queens Wharf Precinct Development (AUD3.6 billion), Herston Quarter Staged Project (AUD1.1 billion), a new international cruise terminal (AUD177 million), and the New Performance Arts Venue (AUD125 million).

The Vietnam Property is a serviced residence located in the growth city of Hai Phong. Hai Phong is the third largest city and one of the largest industrial hubs and ports of Vietnam. According to CBRE's research, Hai Phong surpassed Ho Chi Minh City, Hanoi and Binh Duong in 2021 in attracting foreign investment, with a registered capital of more than USD5.3 billion, nearly 3.5 times higher than the same period in 2020. A 10-minute drive from the Cat Bi International Airport and 15-minute drive from 3 industrial parks – Deep C, Dinh Vu and South Dinh Vu Industrial Zone, the Vietnam Property is well-positioned to capture the demand arising from foreign direct investment and business activities in the city. The Vietnam Property achieved an occupancy of more than 90.0% in July 2022, which is in line with pre-COVID-19 levels. According to CBRE's research, market RevPARs¹⁷ in Hai Phong are expected to gradually improve over the medium to long term, on the back of demand from rising foreign direct investment and business activity. New infrastructure developments which are expected to drive this demand include the addition of nine seaport terminals between 2020 and 2025 and a new terminal in Cat Bi Airport that will raise total capacity of the airport to 8 million passengers per annum by 2025. As the only growth income asset in the Acquisition, the EBITDA yield of the Vietnam Property is estimated to be approximately 9.7%¹⁸ based on the historical pre-COVID-19 EBITDA levels in 2019.

(f) **Opportunity to acquire green, sustainably managed properties**

The France Property, the Vietnam Property, and the Australia Property are expected to be green certified by 2023. The US Property, upon completion, will also be green certified. Including the Acquisitions, ART's proportion of green certified properties¹⁹ is expected to increase approximately from 35.0%²⁰ to 38.0%, in line with ART's target to green 50% of the portfolio by 2025.

3. THE ACQUISITIONS

3.1 Structure of the Acquisitions

3.1.1 The France Acquisition

A 100.0% interest in the France Property is owned directly by Ascott Kleber SNC. Ascott Holdings (Europe) N.V. (the "**France Vendor**") currently has:

¹⁷ "RevPAR" means revenue per available room.

¹⁸ Based on 2019 EBITDA and the agreed property value of the Vietnam Property.

¹⁹ Based on gross floor area of ART's properties by sq m.

²⁰ As at May 2022.

- (a) a 99.99% indirect interest in the France Property through its wholly-owned subsidiary, Ascott Holdings (France) SAS, which has a 99.99% interest in Ascott Kleber SNC; and
- (b) a 0.01% interest in Ascott Kleber SNC.

ART is proposing to acquire 100.0% effective interest in the France Property through the acquisition by The Ascott (Europe) N.V., a wholly-owned subsidiary of Ascott Reit, (the "**France Purchaser**") from the France Vendor of:

- (i) 100.0% issued shares in Ascott Holdings (France) SAS; and
- (ii) 0.01% issued shares in Ascott Kleber SNC,

for a purchase consideration of €49.4²¹ million (equivalent to approximately S\$71.7 million) (such acquisition, together with assignment of the France Shareholder's Loans, the France Rent Guarantee and the arrangements relating to the France Excluded Units (each as defined below) in connection therewith, the "**France Acquisition**").

The France Acquisition will exclude certain residential and commercial units at La Clef Tour Eiffel (the "**France Excluded Units**"). Further details of the France Excluded Units are set out in the Circular.

France Rent Guarantee

In addition, in accordance with the terms of the France Acquisition, the France Master Lessee will provide a rent guarantee (the "**France Rent Guarantee**") of up to €242,000 per annum (the "**Annual Rent Guarantee Amount**") in relation to the restaurant unit of the France Property (the "**Restaurant Unit**") commencing on the date of completion of the Acquisitions and ending on 31 December 2025.

France Loan Assignment Documents

Pursuant to the facility agreement dated 23 November 2021 entered into between Oversea-Chinese Banking Corporation, Limited, as lender, Ascott Holdings (Europe) Pte. Ltd., as borrower, and The Ascott Holdings Limited ("**TAHL**"), a wholly-owned subsidiary of TAL, as guarantor, Oversea-Chinese Banking Corporation, Limited granted a €49.5 million facility to Ascott Holdings (Europe) Pte. Ltd. for the purpose of refinancing the term loan facility granted under the facility agreement dated 28 November 2011 for the acquisition by the France Vendor of the France Property (the "**France Loan**").

²¹ This figure is arrived at by deducting the amount of the France Loan assigned to the Trustee by Ascott Holdings (Europe) Pte. Ltd. under the France Loan Amendment and Restatement Agreement, being €49.5 million (equivalent to approximately S\$71.8 million). Such amount is deducted in determining the purchase consideration payable to the France Vendor for the France Acquisition as the Trustee will be stepping in as borrower upon completion of the France Acquisition to assume the obligations under the France Loan granted by Oversea-Chinese Banking Corporation, Limited (which is not a loan taken by Ascott Holdings (France) SAS or Ascott Kleber SNC) as part of the France Acquisition.

Further, in connection with the France Loan, Oversea-Chinese Banking Corporation, Limited and The Ascott Capital Pte Ltd entered into an interest rate swap agreement for €29.5 million dated 22 December 2021 (the "**France IRS**"). In connection with, and on completion of, the France Acquisition, the trustee of Ascott Reit (the "**Trustee**") shall enter into (A) the amendment and restatement agreement with Ascott Holdings (Europe) Pte. Ltd., Oversea-Chinese Banking Corporation, Limited and TAHL (the "**France Loan Amendment and Restatement Agreement**") to provide for, *inter alia*, the accession of DBS Trustee Limited, in its capacity as trustee of Ascott Reit (the "**Trustee**"), as incoming borrower, and the discharge of (1) Ascott Holdings (Europe) Pte. Ltd., as outgoing borrower; and (2) TAHL, as outgoing guarantor, on the terms and subject to the conditions of the France Loan Amendment and Restatement Agreement; and (B) the novation agreement with Oversea-Chinese Banking Corporation, Limited and The Ascott Capital Pte Ltd in relation to the novation of the rights and obligations under the France IRS from The Ascott Capital Pte Ltd to the Trustee (the "**France Loan IRS Novation Agreement**" and together with the France Loan Amendment and Restatement Agreement, collectively, the "**France Loan Assignment Documents**").

3.1.2 The Japan Acquisition

ARC-CapitaLand Two TMK (the "**Japan Vendor**") holds 100.0% of the trust beneficial interests ("**TBI**") in respect of each of the Japan Properties.

ART is proposing to acquire the TBI in respect of each of the Japan Properties through the acquisition by ARC-CapitaLand Three TMK, a wholly-owned subsidiary of Ascott Reit (the "**Japan Purchaser**"), from the Japan Vendor of 100.0% of the TBI in respect of each of the Japan Properties for a purchase consideration of ¥7.035 billion (equivalent to approximately S\$75.8 million) (the "**Japan Acquisition**").

3.1.3 The Vietnam Acquisition

A 100.0% interest in the Vietnam Property is owned directly by Somerset Central TD Company Limited.

ART is proposing to acquire 100.0% effective interest in the Vietnam Property through the acquisition by Somerset Central TD Pte. Ltd., a wholly-owned subsidiary of Ascott Reit, (the "**Vietnam Purchaser**") from Vibrant Coral Overseas Inc. (the "**Vietnam Vendor**") of 100.0% issued shares in Somerset Central TD Company Limited for a purchase consideration of VND208.2 billion (equivalent to approximately S\$12.5 million) (the "**Vietnam Acquisition**").

Further, TAHL (which owns a 100.0% indirect interest in the Vietnam Vendor) had, in connection with loans which had been extended by Bangkok Bank Public Company Limited, Singapore Branch to Somerset Central TD Company Limited pursuant to (A) the facility agreement dated 29 November 2012 between Bangkok Bank Public Company Limited, Singapore Branch, as lender, and Somerset Central TD Company Limited, as borrower, for a US\$13.0 million facility (as amended and/or restated by the letter agreement dated 19 September 2013 and the amendment and restatement agreement dated 18 January 2016, and as further amended and restated by the

amendment and restatement deed dated 15 July 2019 and the amendment and restatement deed dated 29 January 2021) with an outstanding principal amount of US\$6.0 million as at 10 February 2022; and (B) the facility agreement dated 18 January 2016 between the same parties for a US\$1.5 million facility (as amended and restated by the amendment and restatement deed dated 15 July 2019, and as further amended and restated by the amendment and restatement deed dated 29 January 2021) (the "**Vietnam Facility Agreements**"), provided the guarantee dated 18 January 2016 (as amended and restated by the amendment and restatement deed dated 15 July 2019 and further amended and restated by the amendment and restatement deed dated 29 January 2021) to guarantee the obligations of Somerset Central TD Company Limited under the Vietnam Facility Agreements (the "**Vietnam Vendor Guarantee**") in favour of Bangkok Bank Public Company Limited, Singapore Branch. On completion of the Vietnam Acquisition, the Trustee shall provide a guarantee (the "**Vietnam Guarantee**") in the amount of US\$7.5 million (equivalent to approximately S\$10.4 million) in favour of Bangkok Bank Public Company Limited, Singapore Branch in replacement of the Vietnam Vendor Guarantee.

3.1.4 The US Acquisition

A 100.0% interest in the US Property is owned directly by Columbia Student Property Owner, LLC, which is a wholly-owned subsidiary of Columbia Student Venture, LLC. Columbia Student Venture REIT LLC (which is in turn wholly-owned by Columbia PBSA Venture Pte. Ltd.) has a 90.0% interest in Columbia Student Venture, LLC. Columbia PBSA Venture Pte. Ltd. is a joint venture entity between wholly-owned subsidiaries of each of TAHL and Ascott Reit. Each of TAHL PBSA Venture Pte. Ltd. (the "**US Vendor**"), a wholly-owned subsidiary of TAHL, and Ascott REIT PBSA Pte. Ltd. (the "**US Purchaser**"), a wholly-owned subsidiary of Ascott Reit, has a 50.0% interest in Columbia PBSA Venture Pte. Ltd. respectively.

ART is proposing to acquire an additional 45.0% effective interest in the US Property through the acquisition by the US Purchaser from the US Vendor of 50.0% of the issued shares in Columbia PBSA Venture Pte. Ltd. held by the US Vendor, for a purchase consideration of US\$19.9 million (equivalent to approximately S\$27.7 million) (the "**US Acquisition**").

3.1.5 The Australia Acquisition

A 100.0% interest in the Australia Property is owned directly by Balsamine (Brisbane) Pty Ltd (the "**Australia Vendor**").

ART is proposing to acquire the Australia Property through the acquisition by One AR Pty Ltd (in its capacity as trustee of Ascott REIT Cannon Hill Trust) (the "**Australia Purchaser**") from the Australia Vendor of the Australia Property for a purchase consideration of AUD28.5 million (equivalent to approximately S\$27.5 million) (the "**Australia Acquisition**").

4. THE SALE AND PURCHASE AGREEMENTS

4.1 The Sale and Purchase Agreements

The following sale and purchase agreements were entered into today in respect of the Acquisitions (collectively, the "**Sale and Purchase Agreements**"):

- (a) a conditional sale and purchase agreement entered into between the France Purchaser and the France Vendor in relation to the acquisition of (i) a 100.0% interest in Ascott Holdings (France) SAS (which owns a 99.99% interest in Ascott Kleber SNC, which in turn owns a 100.0% interest in the France Property); and (ii) a 0.01% interest in Ascott Kleber SNC (the "**France SPA**");
- (b) a conditional sale and purchase agreement entered into between the Japan Purchaser and the Japan Vendor in relation to the acquisition of 100.0% of the TBI in respect of each of the Japan Properties (the "**Japan SPA**");
- (c) a conditional sale and purchase agreement entered into between the Vietnam Purchaser and the Vietnam Vendor in relation to the acquisition of a 100.0% interest in Somerset Central TD Company Limited (which owns a 100.0% interest in the Vietnam Property) (the "**Vietnam SPA**");
- (d) a conditional sale and purchase agreement entered into between the US Purchaser and the US Vendor in relation to the acquisition of an additional 45.0% effective interest in the US Property through the acquisition by the US Purchaser from the US Vendor of a 50.0% interest in Columbia PBSA Venture Pte. Ltd. (which owns a 100.0% interest in Columbia Student Venture REIT LLC, which in turn owns a 90.0% interest in Columbia Student Venture, LLC, which in turn owns a 100.0% interest in Columbia Student Property Owner, LLC, which in turn owns a 100.0% interest in the US Property) (the "**US SPA**"); and
- (e) a conditional sale and purchase agreement entered into between the Australia Purchaser and the Australia Vendor in relation to the acquisition of a 100.0% interest in the Australia Property (the "**Australia SPA**").

4.2 Principal Terms of the Sale and Purchase Agreements

The principal terms of the Sale and Purchase Agreements include, among others, the following:

- (a) the purchase consideration for the France Acquisition of €49.4²² million (equivalent to approximately S\$71.7 million) is based on:

²² This figure is arrived at by deducting the amount of the France Loan assigned to the Trustee by Ascott Holdings (Europe) Pte. Ltd. under the France Loan Amendment and Restatement Agreement, being €49.5 million (equivalent to approximately S\$71.8 million). Such amount is deducted in determining the purchase consideration payable to the France Vendor for the France Acquisition as the Trustee will be stepping in as borrower upon completion of the France Acquisition to assume the obligations under the France Loan granted by Oversea-Chinese Banking Corporation, Limited (which is not a loan taken by Ascott Holdings (France) SAS or Ascott Kleber SNC) as part of the France Acquisition.

- (i) in respect of the shares consideration, the consolidated net asset value of Ascott Holdings (France) SAS and Ascott Kleber SNC (excluding the book value of the France Excluded Units) of €22.0 million (equivalent to approximately S\$31.9 million) as at 31 March 2022 which takes into account the agreed property value of the France Property of €100.3 million (equivalent to S\$145.4 million); and
 - (ii) in respect of the loan consideration, the assignment to the France Purchaser of the shareholder's loans held by the France Vendor to Ascott Holdings (France) SAS of €76.9 million (equivalent to approximately S\$111.6 million) as at 31 March 2022 (the "**France Shareholder's Loans**");
- (b) the purchase consideration for the Japan Acquisition of ¥7.035 billion (equivalent to approximately S\$75.8 million) is based on the total agreed property value of the Japan Properties of ¥7.035 billion (equivalent to approximately S\$75.8 million);
- (c) the purchase consideration for the Vietnam Acquisition of VND208.2 billion (equivalent to approximately S\$12.5 million) is based on:
- (i) in respect of the shares consideration, the consolidated net asset value of Somerset Central TD Company Limited of VND64.9 billion (equivalent to approximately S\$3.9 million) as at 31 March 2022 which takes into account the agreed property value of the Vietnam Property of VND380.0 billion (equivalent to approximately S\$22.8 million); and
 - (ii) in respect of the loan consideration, the assignment to the Vietnam Purchaser of the shareholder's loans held by the Vietnam Vendor to Somerset Central TD Company Limited of US\$6.2 million (equivalent to approximately S\$8.6 million) as at 31 March 2022 (the "**Vietnam Shareholder's Loans**");
- (d) the purchase consideration for the US Acquisition of US\$19.9 million (equivalent to approximately S\$27.7 million) is based on:
- (i) in respect of the shares consideration, the consolidated net asset value of Columbia PBSA Venture Pte. Ltd. as at 31 March 2022 on a *pro forma* basis which is attributable to the US Vendor's 50.0% shareholding proportion, being US\$4.5 million (equivalent to approximately S\$6.2 million). This figure takes into account, *inter alia*, 45.0% (being the US Vendor's effective interest in the US Property) of the agreed property value of the US Property of US\$54.4 million on a 100.0% basis (equivalent to approximately S\$75.8 million); and
 - (ii) in respect of the loan consideration, the assignment to the US Purchaser of the shareholder's loans held by the US Vendor to Columbia PBSA Venture Pte. Ltd. of which US\$15.4 million (equivalent to S\$21.5 million) in aggregate remains outstanding as at 30 June 2022 (the "**US Shareholder's Loans**" and collectively with the France Shareholder's Loans and Vietnam Shareholder's Loans, the "**Shareholder's Loans**");

- (e) the purchase consideration for the Australia Acquisition of AUD28.5 million (equivalent to approximately S\$27.5 million) is based on the agreed property value of the Australia Property of AUD28.5 million (equivalent to approximately S\$27.5 million);
- (f) the Aggregate Purchase Consideration with respect to the Japan Acquisition, the Vietnam Acquisition, the US Acquisition and the Australia Acquisition shall be fully satisfied in cash, at completion. With respect to the France Acquisition, payment of a sum of €20.0 million (equivalent to approximately S\$29.0 million) will be deferred and paid when 70.0% of the France Master Lessee's renovation works have been completed in accordance with the terms of the France Master Lease (save that in certain specified force majeure events, the France Vendor and the France Purchaser shall discuss and agree on a revised payment date) (the "**France Deferred Payment**"), while the balance will be satisfied in cash, at completion. With respect to the France Acquisition, the Vietnam Acquisition and the US Acquisition, consideration shall be adjusted for (i) the consolidated net asset value of (in the case of the France Acquisition) Ascott Holdings (France) SAS and Ascott Kleber SNC (excluding the France Excluded Units), (in the case of the Vietnam Acquisition) Somerset Central TD Company Limited and (in the case of the US Acquisition) Columbia PBSA Venture Pte. Ltd.; and (ii) the total amount outstanding under the Shareholder's Loans, each as at completion;
- (g) completion of the Acquisitions is subject to and conditional upon, among others:
- (i) the receipt (A) by the relevant purchaser under each of the Sale and Purchase Agreements of such waivers or consents as may be necessary to enable it and/or its nominee(s) to be registered as holder of the shares in Ascott Holdings (France) SAS, Ascott Kleber SNC, Somerset Central TD Company Limited and Columbia PBSA Venture Pte. Ltd., and holder of the TBI in respect of each of the Japan Properties; and (B) by the relevant purchaser of all consents and/or waivers necessary for or required in connection with the Acquisitions (including without limitation, approvals and/or consents from Oversea-Chinese Banking Corporation, Limited and Bangkok Bank Public Company Limited, Singapore Branch in respect of the France Loan Assignment Documents and the Vietnam Guarantee respectively);
- (ii) the approval of Stapled Securityholders of the IPT Transactions;
- (iii) there being no compulsory acquisition of any of the Properties (or any part of the properties or the buildings comprised therein), and no notice of such intended compulsory acquisition having been given, by the government or other competent authority;
- (iv) in respect of the Australia Acquisition, the Treasurer of the Commonwealth of Australia (or their delegate) (A) giving a written no objection notification under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (the "**FIRB Act**") either without conditions or with conditions acceptable to the Australia Purchaser (acting reasonably); or (B) ceasing to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired; and

- (v) in respect of the Vietnam Acquisition, clearance of the acquisition being obtained from the National Competition Council under the Ministry of Industry and Trade of Vietnam pursuant to the Competition Law Decree 35/2020//NĐ-CP;
- (h) the France Vendor, Japan Vendor, Vietnam Vendor, US Vendor and the Australia Vendor (collectively, the "**Vendors**" and each, a "**Vendor**") have provided representations and warranties in respect of the Properties and the shares in entities to be acquired with certain limitations on the liability of the Vendors in respect of breaches of certain warranties, including provisions for an aggregate maximum liability, minimum thresholds for claims and limitation periods;
- (i) completion under each of the Sale and Purchase Agreements shall not occur unless all the Sale and Purchase Agreements are completed simultaneously;
- (j) TAL shall enter into a deed of guarantee to guarantee to and covenant with the relevant purchaser to pay the relevant purchaser such sums that the relevant Vendor has failed to pay in accordance with the terms of the relevant Sale and Purchase Agreement for any breach of such Vendor's covenants and obligations under the France SPA, the Vietnam SPA, the US SPA and the Australia SPA²³;
- (k) the Trustee shall provide the Vietnam Guarantee in the amount of US\$7.5 million (equivalent to approximately S\$10.4 million) in favour of Bangkok Bank Public Company Limited, Singapore Branch on completion of the Vietnam SPA in connection with the loans which had been extended by Bangkok Bank Public Company Limited, Singapore Branch to Somerset Central TD Company Limited under the Vietnam Facility Agreements;
- (l) the Trustee shall, on completion of the France SPA, enter into (i) the France Loan Amendment and Restatement Agreement in connection with the loans which had been extended by Oversea-Chinese Banking Corporation, Limited to Ascott Holdings (Europe) Pte. Ltd. under the France Loan; and (ii) the France Loan IRS Novation Agreement in connection with the novation of the rights and obligations under the France IRS from The Ascott Capital Pte Ltd to the Trustee; and
- (m) in respect of the Restaurant Unit, the France Rent Guarantee shall apply.

5. PRINCIPAL TERMS OF THE MASTER LEASES

5.1 The France Master Lease

Upon completion of the Acquisitions, Ascott Kleber SNC shall enter into the France Master Lease with the France Master Lessee, a wholly-owned subsidiary of TAL, pursuant to which

²³ TAHL holds a 100.0% interest in each of the France Vendor, the Vietnam Vendor, the US Vendor and the Australia Vendor. No guarantee will be provided in relation to the Japan SPA as the Japan Vendor is not a wholly-owned subsidiary of TAHL. Please see paragraph 11.3 below for further details.

Ascott Kleber SNC shall grant the France Master Lease to the France Master Lessee for a term of 10 years, commencing from the date of completion of the Acquisitions.

Upon entry into the France Master Lease, TAL will enter into a guarantee in favour of the Trustee under which TAL guarantees the payment of rent and other charges, fees and amounts under the France Master Lease during the lease term.

The rental payable under the France Master Lease is as follows:

- (a) the fixed lease rental amount (the "**France Fixed Lease Rental**") is €3.45 million per annum. The France Fixed Lease Rental will be indexed automatically and without any prior notice based on the variation of the French Commercial Rent Index published quarterly by the Institut national de la statistique et des études économiques and automatically increased or decreased accordingly every year on the anniversary of the effective date of the France Master Lease;
- (b) the France Fixed Lease Rental is subject to a lease cap mechanism, where the lease cap amount is set at €5.175 million ("**Lease Cap Amount**"). The France Fixed Lease Rental (subject to indexation) is compared against 32.0% of the total revenue of the France Property per annum (the "**France Total Revenue**") ("**Reference Rent**") at the end of every year;
- (c) in the event the Reference Rent is less than the France Fixed Lease Rental, the quantum of the difference will be deducted against the Lease Cap Amount. In the event the Lease Cap Amount is fully depleted after such deductions, the France Master Lessee will convert the France Master Lease into a variable lease with variable rent being set at 32.0% of the France Total Revenue;
- (d) the lease cap mechanism will be suspended under certain circumstances (including the renovation of the France Property); and
- (e) upon the expiry of the 10-year lease term of the France Master Lease, Ascott Kleber SNC and the France Master Lessee shall renegotiate the France Fixed Lease Rental and the Lease Cap Amount.

Further details on the terms of the France Master Lease are also set out in the Circular.

5.2 The Japan Master Leases

Upon completion of the Acquisitions, DB Trust shall enter into separate Japan Master Leases with the Japan Master Lessee, pursuant to which all of the Japan Properties are leased to the Japan Master Lessee (being Japan Residence One YK²⁴, as the "pass-through" master lessee under each of the Japan Master Leases). The use of the "pass-through" master lessee is to

²⁴ The Japan Master Lessee is a wholly-owned subsidiary of CapitaLand (see paragraph (b) for further details in respect of CapitaLand). The Japan Master Lessee is merely a "pass-through" vehicle and the Japan Master Lessee will pay all revenue it receives from the other tenants to DB Trust as the trustee in respect of the TBI in relation to each of the Japan Properties. The Japan Master Lessee does not charge any fee or retain any amount for acting as a "pass-through" vehicle, the purpose of which is to facilitate lease administration.

facilitate lease administration. The Japan Properties are in turn leased to individual end tenants by the Japan Master Lessee.

5.3 The Australia Master Lease

Upon completion of the Acquisitions, the existing Australia Master Lease between the Australia Vendor and the Australia Master Lessee, a wholly-owned subsidiary of TAL, shall be assigned by the Australia Vendor to the Australia Purchaser.

The Australia Master Lease is for an initial term of 10 years commencing on 11 June 2018 and ending on 10 June 2028 (the "**Australia Master Lease Initial Term**"), subject to renewals for up to 3 further terms of 5 years each at the Australia Master Lessee's option (each, an "**Australia Master Lease Extension Term**").

The rental payable under the Australia Master Lease is as follows:

- (a) the Australia Master Lease Rental²⁵ is AUD1.85 million per annum, subject to a fixed annual increase of 3.0% in each of the 3rd to 5th years and 7th to 10th years of the Australia Master Lease Initial Term;
- (b) in the 6th year (commencing on 11 June 2023) of the Australia Master Lease Initial Term, the Australia Master Lease Rental is subject to a rent review based on the prevailing market rent. On the relevant date of the rent review, the Australia Master Lessor²⁶ is to serve the Australia Master Lessee with a notice stating the Australia Master Lessor's assessment of the market rent of the property. If the Australia Master Lessee does not agree with such assessed market rent, the revised rent amount shall be determined by a valuer and such valuer shall have regard to factors including recent rent market reviews for comparable properties, the terms of the Australia Master Lease and the condition of the Australia Property; and
- (c) the Australia Master Lease Rental will be further reviewed on the commencement of each Australia Master Lease Extension Term. Thereafter, there will be a fixed annual increase of 3.0% in each of the 2nd to 5th years of each Australia Master Lease Extension Term.

Further details on the terms of the Australia Master Lease are also set out in the Circular.

6. PRINCIPAL TERMS OF THE MANAGEMENT AGREEMENTS

6.1 The Vietnam SR Management Agreement

The Vietnam SR Management Agreement is for an initial term of 10 years and AIMVCL will be paid the following:

²⁵ "**Australia Master Lease Rental**" means the lease rental amount as set out in the Australia Master Lease.

²⁶ "**Australia Master Lessor**" means (prior to completion of the Acquisitions) the Australia Vendor or (upon completion of the Acquisitions) the Australia Purchaser.

- (a) a base management fee of 2.0% of the total revenue of the Vietnam Property and between 6.0% to 9.0% of the gross operating profit of the Vietnam Property (with the actual percentage payment depending on the gross operating profit generated by the Vietnam Property); and
- (b) various fees comprising, inter alia, the fees for providing the Ascott BITS²⁷, the global marketing services and trade mark, the global reservation services, the Ascott Loyalty Programme and other shared services (including centralised cluster services).

Further details on the terms of the Vietnam SR Management Agreement are also set out in the Circular.

6.2 The Amended Pre-Existing Asset Management Agreement

Upon completion of the Acquisitions, the Pre-Existing Asset Management Agreement will be amended to appoint CJKK as the asset manager for the portfolio of properties of the Japan Purchaser enlarged to include the Japan Properties for the period commencing on the date of completion of the Acquisitions and expiring on 24 December 2030. The asset management fee payable to CJKK as the asset manager will be 3.0% of NOI for the relevant fiscal year.

6.3 The Pre-Existing Property Management Agreements

Under the Pre-Existing Property Management Agreements, no property management fees are payable to CJKK, and CJKK is able to appoint any third party property management companies to manage each of the Japan Properties. The fees payable to the third party property management companies pursuant to the Pre-Existing Property Management Agreements remain unchanged before and after the Acquisitions.

Further details on the terms of the Management Agreements are also set out in the Circular.

7. VALUATION

The Trustee has appointed:

- (a) HVS Singapore (SG&R Singapore Pte Ltd) ("**HVS Singapore**") to value the Properties (other than the US Property), together with SG&R Valuation Services Company LLC ("**HVS London**", and together with HVS Singapore, "**HVS**") and Japan Valuers Co., Ltd. ("**Japan Valuers**"); and
- (b) JLL Valuation & Advisory Services, LLC ("**JLL**") to value the US Property.

The Ascott Reit Manager has appointed CBRE Pte. Ltd. ("**CBRE Singapore**") to value the Properties, together with (in respect of the France Property) CBRE Hotels Valuation SAS ("**CBRE France**"), (in respect of the Japan Properties) CBRE K.K. ("**CBRE Japan**"), (in respect of the Vietnam Property) VAS Valuation Co. Ltd ("**CBRE Vietnam**"), (in respect of the US

²⁷ "**Ascott BITS**" means the computer modular programs (available as at the date of the Vietnam SR Management Agreement) which are owned by, or licensed to, and developed by or for AIMVCL and/or TAL, its subsidiaries and associated companies (as the case may be) and used in connection with the management and operation of the Vietnam Property as a serviced residence.

Property) CBRE, Inc. ("**CBRE US**") and (in respect of the Australia Property) CBRE Valuations Pty Limited ("**CBRE Australia**") (collectively, "**CBRE**").

The agreed property value of the Properties was arrived at on a willing-buyer and willing-seller basis, taking into account: (a) in respect of the US Property, the 2 independent valuations by JLL and CBRE; (b) in respect of the Japan Properties, the 2 independent valuations by Japan Valuers and CBRE; and (c) in respect of the Properties (other than the US Property and the Japan Properties), the 2 independent valuations of each Property by HVS and CBRE, in each case, as at 30 June 2022. Each of the valuations were derived using the discounted cash flow analysis and/or direct capitalisation method, as appropriate.

Please refer to the **Appendix** for details of the valuations.

8. COSTS OF THE TRANSACTIONS

8.1 Estimated Total Transaction Costs

The estimated total transaction costs of the Acquisitions is approximately S\$15.3 million, comprising:

- (a) the estimated fees and expenses of approximately S\$12.3 million²⁸ incurred or to be incurred by Ascott Reit in connection with the Acquisitions (including professional fees and fund raising costs); and
- (b) the acquisition fees (being 1.0% of the Enterprise Value²⁹ of S\$304.0 million) of approximately S\$3.0 million. As the Acquisitions will constitute Interested Party Transactions under the Property Funds Appendix, the total acquisition fees payable to the Ascott Reit Manager will be in the form of Stapled Securities³⁰, which shall not be sold within 1 year from the date of issuance.

8.2 Method of Financing

ART intends to finance the Aggregate Purchase Consideration³¹ and the total costs relating to the Acquisitions with debt and/or the proceeds from a private placement to institutional,

²⁸ Comprising stamp duty and consumption taxes in connection with the France Acquisition, the Japan Acquisition, the US Acquisition and the Australia Acquisition of approximately S\$6.9 million, legal and other professional fees (including technical due diligence, valuation, independent financial adviser, auditors' and tax advisers' fees) of approximately S\$2.7 million, fees and expenses in connection with the fund raising of approximately S\$1.8 million and other expenses (including printing and EGM expenses) of approximately S\$0.9 million.

²⁹ "**Enterprise Value**" shall mean the sum of the equity value and the total net debt attributable to the shares being acquired by Ascott Reit and where the asset acquired by Ascott Reit is a real estate, "Enterprise Value" shall mean the value of the real estate as defined in the Ascott Reit Trust Deed. The acquisition fees are payable in accordance with the amending and restating trust deed dated 31 December 2019 (the "**Ascott Reit Trust Deed**") and the stapling deed dated 9 September 2019 (the "**Stapling Deed**"), and deemed approved by the Stapled Securityholders.

³⁰ Stapled Securities to be issued as the acquisition fee (the "**Acquisition Fee Stapled Securities**") will be issued at an issue price equal to the volume weighted average price for a Stapled Security for all trades on the SGX-ST, in the ordinary course of trading, for the period of 10 Business Days immediately preceding the date of completion of the relevant acquisition pursuant to Clause 5.2.4(i)(b) of the Ascott Reit Trust Deed and Clause 4 of the Stapling Deed.

³¹ The financing for the France Deferred Payment will not be made at the same time as the financing for the remaining portion of the Aggregate Purchase Consideration as the France Deferred Payment will be made by the France Purchaser to the France Vendor when 70.0% of the France Master Lessee's renovation works have been completed in accordance with terms of the France Master Lease (save that in certain specified force majeure events, the France Vendor and the France Purchaser shall discuss and agree on a revised payment date). This is to align the France Master Lessee's interest with ART's such that the

accredited and other investors (the "**Private Placement**"), so as to ensure that the Acquisitions will provide overall DPS accretion to Stapled Securityholders while maintaining an optimum level of aggregate leverage. See announcement on "Launch of Private Placement to raise gross proceeds of approximately S\$150.0 million" dated 15 August 2022 for details of the Private Placement.

The final decision regarding the financing to be employed for the purposes of financing the Acquisitions will be made by the Managers at the appropriate time taking into account the then prevailing market conditions and interest rate environment, the impact on ART's capital structure, DPS and debt expiry profile and the covenants and requirements associated with each financing option.

A further breakdown of the costs of the Acquisitions and the current intended sources of funds are as follows:

Costs	(S\$ million)	Sources of funds	(S\$ million)
Aggregate Purchase Consideration ³²	215.2	Proceeds from the Private Placement	122.3
Associated costs ⁽¹⁾ of the Acquisitions (including applicable stamp duties, legal and other professional fees and expenses)	12.3	Debt	112.2
Development costs and interest costs to be incurred for the US Property	36.0	Funding for France Deferred Payment ⁽²⁾	29.0
<u>Total</u>	263.5	<u>Total</u>	263.5

Notes:

- (1) The associated costs of S\$12.3 million comprise stamp duty and consumption taxes in connection with the France Acquisition, the Japan Acquisition, the US Acquisition and the Australia Acquisition of approximately S\$6.9 million, legal and other professional fees (including technical due diligence, valuation, independent financial adviser, auditors' and tax advisers' fees) of approximately S\$2.7 million, fees and expenses in connection with the fund raising of approximately S\$1.8 million and other expenses (including printing and EGM expenses) of approximately S\$0.9 million. Excludes acquisition fees of approximately S\$3.0 million, which will be payable in Stapled Securities to the Ascott Reit Manager.

renovation will be substantially completed. The Managers will evaluate the various funding options available when the France Deferred Payment is due, and the mode of financing for the France Deferred Payment will be made by the Managers at the appropriate time.

³² Excludes the cost of the asset enhancement works to refresh the France Property under the France Master Lease after completion of the Acquisitions. Such amount is not included in determining the purchase consideration payable to the France Vendor for the France Acquisition as such cost is not incurred or assumed by ART for the benefit of the France Vendor, and will only be undertaken in line with ART's plans to refresh the France Property only after and subject to completion of the France Acquisition.

- (2) The financing for the France Deferred Payment will not be made at the same time as the financing for the remaining portion of the Aggregate Purchase Consideration as the France Deferred Payment will be made by the France Purchaser to the France Vendor when 70.0% of the France Master Lessee's renovation works have been completed in accordance with the terms of the France Master Lease (save that in certain specified force majeure events, the France Vendor and the France Purchaser shall discuss and agree on a revised payment date). This is to align the France Master Lessee's interest with ART's such that the renovation will be substantially completed. The Managers will evaluate the various funding options available when the France Deferred Payment is due, and the mode of financing for the France Deferred Payment will be made by the Managers at the appropriate time.

9. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS

9.1 Pro Forma Financial Effects

The *pro forma* financial effects of the Acquisitions and the entry into the Master Leases, the Management Agreements, the France Loan Assignment Documents and the Vietnam Guarantee (the "**Transactions**") on the DPS and net asset value ("**NAV**") per Stapled Security presented below are strictly for illustrative purposes, and based on the following assumptions:

- (a) the exchange rates between Euros ("**EUR**"), Japanese Yen ("**JPY**"), Vietnam Dong ("**VND**"), United States Dollar ("**USD**"), Australian Dollar ("**AUD**") and Singapore dollar are assumed to be as follows:

	Average rate for FY2021	31 December 2021
EUR	1.599300	1.538380
JPY	0.012290	0.011860
VND	0.000058	0.000060
USD	1.336480	1.353300
AUD	1.021960	0.994210

- (b) the Aggregate Purchase Consideration of the Acquisitions is S\$215.2 million (based on the exchange rate of €1.00 to S\$1.45047, ¥1.00 to S\$0.01078, VND1.00 to S\$0.00006, US\$1.00 to S\$1.39292 and AUD1.00 to S\$0.96681);
- (c) the financing for the France Deferred Payment is not considered in determining the pro forma financial effects as the France Deferred Payment will be made by the France Purchaser to the France Vendor when 70.0% of the France Master Lessee's renovation works have been completed in accordance with terms of the France Master Lease (save that in certain specified force majeure events, the France Vendor and the France Purchaser shall discuss and agree on a revised payment date);
- (d) approximately 3.1 million Stapled Securities are issued as payment of the acquisition fees payable to the Ascott Reit Manager at an illustrative issue price of S\$1.08 per Stapled Security;

- (e) the Ascott Reit Manager's management fees payable for the Acquisitions were paid 100.0% in Stapled Securities; and
- (f) transactions undertaken by ART that were not completed as at 31 December 2021 are not taken into account in determining the *pro forma* financial effects.

9.2 Pro Forma DPS and Distribution Yield

The table below sets out the *pro forma* financial effects of the Transactions on ART's DPS and distribution yield for FY2021, as if the Transactions were completed on 1 January 2021, approximately 114.9 million new Stapled Securities are issued at an illustrative issue price of S\$1.064 per new Stapled Security pursuant to the Private Placement with fund raising costs of S\$1.8 million and assuming the total acquisition cost of S\$263.5 million is approximately 54.0% funded by debt. Please refer to the sensitivity analysis below.

	Pro Forma Financial Effects for FY2021	
	Existing Portfolio	After the Transactions
Total Distribution (S\$'000)	137,323 ⁽¹⁾	146,544
No. of Stapled Securities ('000)	3,276,547 ⁽²⁾	3,395,414 ⁽³⁾
DPS (cents)	4.32	4.44
Distribution Yield (%)	4.2 ⁽⁴⁾	4.3 ⁽⁴⁾

Notes:

- (1) Based on ART's latest audited consolidated financial statements for the financial year ended 31 December 2021 (the "**2021 Audited Consolidated Financial Statements**"). Total distribution included a one-off distribution of divestment gain of S\$45.0 million to share divestment gains with Stapled Securityholders, replace income from divested assets and mitigate the impact of COVID-19 on distributions.
- (2) Number of Stapled Securities in issue as at 31 December 2021.
- (3) Includes adjustments to include approximately 3.1 million new Stapled Securities issued as payment of the acquisition fee (based on the assumed price stated at paragraph (d)) and Ascott Reit Manager's management fees for the Acquisitions. The Stapled Securities issued as payment of the Ascott Reit Manager's management fees were assumed to be issued at the same prices as those that were actually issued as payment for Ascott Reit Manager's management fees for the existing properties for FY2021.
- (4) Based on the closing Stapled Security price of S\$1.03 on 31 December 2021.

DPS and DPS accretion sensitivity analysis

The *pro forma* financial effects are based on a number of key assumptions set out above. Stapled Securityholders should be aware that future events cannot be predicted with any certainty and deviations from the *pro forma* financial effects are to be expected. To assist Stapled Securityholders in assessing the impact of these assumptions on the *pro forma* financial effects of the Transactions on ART's DPS, the sensitivity to DPS to changes in the issue prices of the new Stapled Securities and the number of new Stapled Securities issued under the Private Placement are set out below.

The sensitivity analysis below is intended as a guide only to show the *pro forma* DPS and DPS accretion at various issue prices and numbers of new Stapled Securities issued under the Private Placement, and variations in actual issue prices could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown. The sensitivity analysis has been prepared using the assumptions (as set out in paragraph 9.1 above).

Changes in the issue price of the new Stapled Securities will have an impact on the number of the new Stapled Securities to be issued under the Private Placement and consequently the DPS. The illustrative issue price has been assumed to be S\$1.064 per new Stapled Security. The effects of variations in the issue price per new Stapled Security on the DPS for FY2021 are set out below:

For Illustration Purposes Only

Issue Price (S\$)	Approximate number of new Stapled Securities issued under the Private Placement (million)	Pro Forma DPS for FY2021		DPS Accretion (%)
		Existing Portfolio	After the Transactions	
0.980	124.8	4.32	4.43	2.5%
1.000	122.3	4.32	4.43	2.5%
1.020	119.9	4.32	4.44	2.8%
1.040	117.6	4.32	4.44	2.8%
1.064	114.9	4.32	4.44	2.8%
1.080	113.2	4.32	4.45	3.0%
1.100	111.2	4.32	4.45	3.0%
1.120	109.2	4.32	4.45	3.0%
1.140	107.3	4.32	4.45	3.0%

9.3 Pro Forma Consolidated NAV

The table below sets out the *pro forma* financial effects of the Transactions on the consolidated NAV of ART as at 31 December 2021, as if the Transactions were completed on 31 December 2021.

	Pro Forma Financial Effects as at 31 December 2021	
	Existing Portfolio	After the Transactions
NAV (S\$'000)	3,890,860 ⁽¹⁾	4,014,640 ⁽²⁾
Stapled Securities in issue ('000)	3,276,547 ⁽³⁾	3,394,559 ⁽⁴⁾
NAV per Stapled Security (S\$)	1.19	1.18

Notes:

- (1) Based on the 2021 Audited Consolidated Financial Statements.
- (2) Adjusted for the *pro forma* financial effects of the Private Placement and associated costs, as if they were completed on 31 December 2021.

- (3) Number of Stapled Securities in issue as at 31 December 2021.
- (4) Includes adjustments to include approximately 114.9 million new Stapled Securities issued at an illustrative issue price of S\$1.064 per new Stapled Security pursuant to the Private Placement, and approximately 3.1 million new Stapled Securities issued as payment of the acquisition fee (based on the assumed price stated at paragraph (d)). For the avoidance of doubt, the impact of the Private Placement on the NAV per Stapled Security is not material.

9.4 Pro Forma Capitalisation

The table below sets out the *pro forma* capitalisation of ART as at 31 December 2021, as if the Transactions were completed on 31 December 2021.

	Pro Forma Capitalisation as at 31 December 2021	
	Actual (S\$'000)	After the Transactions (S\$'000)
Short-term debt ⁽²⁾:		
Secured debt	155,018	155,018
Unsecured debt	609,167	609,844
Total short-term debt	764,185	764,862
Long-term debt ⁽²⁾:		
Secured debt	713,314	850,308
Unsecured debt	1,251,425	1,342,342
Total long-term debt	1,964,739	2,192,650
Total debt	2,728,924	2,957,512
Stapled Securityholders' funds	3,890,860 ⁽¹⁾	4,014,640
Total capitalisation	6,619,784	6,972,152
	Actual	After the Transactions
Aggregate leverage	37.1%	38.5%⁽³⁾

Notes:

- (1) Based on the 2021 Audited Consolidated Financial Statements.
- (2) Stated net of unamortised transaction costs.
- (3) After the completion of the Acquisitions and taking into account the France Deferred Payment which is categorised as a liability on the balance sheet of ART and used to compute the *pro forma* aggregate leverage. This *pro forma* aggregate leverage of 38.5% represents an available debt headroom of approximately S\$0.9 billion (based on the aggregate leverage limit of 45.0% set by MAS under the Property Funds Appendix).

10. OPINION OF THE AUDIT COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Managers have appointed Deloitte & Touche Corporate Finance Pte Ltd (the "IFA") to advise the directors of the Managers who are independent for the purposes of the Transactions (the "**Independent Directors**"), the audit committee of the Managers (the "**Audit Committee**") and the Trustee in relation to the IPT Transactions. A copy of the letter from the IFA to the Independent Directors containing its advice in relation to the IPT Transactions (the "**IFA Letter**")

to the Independent Directors is set out in the Circular and Stapled Securityholders are advised to read the IFA Letter carefully.

Based on the opinion of the IFA (as set out in the IFA Letter in the Circular) and the rationale for and benefits of the Transactions as set out in paragraph 2 above, the Independent Directors (which includes the Audit Committee) are of the view that the IPT Transactions are on normal commercial terms and are not prejudicial to the interests of ART and its minority Stapled Securityholders.

11. OTHER INFORMATION

11.1 Discloseable Transactions – Chapter 10 of the Listing Manual

A proposed acquisition by ART may fall into any of the categories set out in Chapter 10 of the Listing Manual depending on the size of the relative figures computed on the following bases of comparison:

- (a) the net profits attributable to the assets acquired, compared with ART's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (b) the aggregate value of the consideration given, compared with ART's market capitalisation pursuant to Rule 1006(c) of the Listing Manual.

Rules 1006(a) and 1006(e) of the Listing Manual are not applicable as the Acquisitions do not involve a disposal of assets. Rule 1006(d) of the Listing Manual is not applicable as ART will not be issuing any stapled securities as consideration for the Acquisitions. Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Stapled Securityholders, unless such transaction is in the ordinary course of ART's business.

As the relative figures in relation to the Acquisitions, the entry into the France Loan Assignment Documents and the Vietnam Guarantee (collectively, the "**Significant Transactions**") computed on the bases set out above exceed 5.0% but do not exceed 20.0%, the Significant Transactions will constitute discloseable transactions under Chapter 10 of the Listing Manual.

For purposes of illustrations to Stapled Securityholders, the relative figures for the Significant Transactions using the applicable bases of comparison described in Rule 1006(b) and Rule 1006(c) of the Listing Manual are set out in the table below.

Rule 1006	Bases	The Significant Transactions (S\$ million)	ART (S\$ million)	Relative figure (%)
(b)	Net profits, compared with the ART group's net profits	1.5 ⁽¹⁾	50.4 ⁽²⁾	3.0
(c)	Consideration, compared with ART's market capitalisation	300.3 ⁽³⁾	3,882.4 ⁽⁴⁾	7.7

Notes:

- (1) Based on (a) the consolidated net profit before tax of Ascott Holdings (France) SAS group (excluding the France Excluded Units), Ascott Kleber SNC (excluding the France Excluded Units), and Somerset Central TD Company Limited; (b) 50.0% of the consolidated net profit before tax of Columbia PBSA Venture Pte. Ltd.; and (c) the net profit before tax in respect of each of the Japan Properties and the Australia Property for the six months ended 30 June 2022, which takes into account the rentals received assuming the Master Leases were in place from 1 January 2022.
- (2) Based on ART's unaudited interim financial statements for the six months ended 30 June 2022.
- (3) Comprises (a) the Aggregate Purchase Consideration of S\$215.2 million for the Acquisitions (which takes into account the Shareholder's Loans of S\$141.7 million which will be assumed by the France Purchaser, the Vietnam Purchaser and the US Purchaser pursuant to the Acquisitions); (b) the maximum liability of S\$74.7 million³³ which will be assumed by the Trustee pursuant to the France Loan Amendment and Restatement Agreement and the France Loan IRS Novation Agreement; and (c) the maximum contingent liability of S\$10.4 million which will be assumed by the Trustee pursuant to the Vietnam Guarantee.
- (4) The figure is based on the closing price of S\$1.18 per Stapled Security on SGX-ST as at 12 August 2022, being the market day immediately prior to this Announcement.

The Managers are of the view that the Significant Transactions are in the ordinary course of ART's business as the Properties being acquired are within the investment policy of ART and do not change the risk profile of ART.

11.2 Interests of Directors and Substantial Stapled Securityholders

(a) Interests of Directors

Based on the Register of Directors' Stapled Securityholdings and the information available to the Managers as at 8 August 2022, being the latest practicable date prior to the date of the Circular (the "**Latest Practicable Date**"), the interests of the Directors in Stapled Securities are set out below:

³³ This figure includes the estimated interest payable in relation to the France Loan Amendment and Restatement Agreement and the estimated interest payable under the France IRS pursuant to the France Loan IRS Novation Agreement.

Name of Directors	Direct Interest		Deemed Interest		Total Interest		Contingent Awards of Stapled Securities under the Managers' Stapled Security Plans	
	No. of Stapled Securities	% ⁽¹⁾⁽²⁾	No. of Stapled Securities	% ⁽¹⁾⁽²⁾	No. of Stapled Securities	% ⁽¹⁾⁽²⁾	Performance Stapled Security Plan ⁽³⁾	Restricted Stapled Security Plan
Tan Beng Hai, Bob	136,042	0.004	-	-	136,042	0.004	-	-
Teo Joo Ling, Serena	-	-	-	-	-	-	0 to 221,826 ⁽⁴⁾	0 to 166,369 ⁽⁴⁾
Sim Juat Quee Michael Gabriel	90,649	0.002	-	-	90,649	0.002	-	-
Chia Kim Huat	115,322	0.003	-	-	115,322	0.003	-	-
Deborah Lee Siew Yin	21,767	0.000	-	-	21,767	0.000	-	-
LG Ong Su Kiat Melvyn	-	-	-	-	-	-	-	-
Goh Soon Keat Kevin	171,276	0.005	-	-	171,276	0.005	-	-
Beh Siew Kim	1,358,069	0.041	-	-	1,358,069	0.041	0 to 1,083,332 ⁽⁴⁾	0 to 332,740 ⁽⁴⁾ 35,539 ^{(5) (6)} 185,391 ^{(5) (7)}

Notes:

- (1) Based on Stapled Securityholders' disclosures in respect of interests in securities.
- (2) The percentage interest is based on Stapled Securities in issue as at the Latest Practicable Date, being 3,290,187,524 Stapled Securities, and is rounded down to the nearest 0.001%.
- (3) This refers to the number of Stapled Securities which are the subject of contingent awards but not released under the Managers' Performance Stapled Security Plan ("**PSSP**"). The final number of Stapled Securities that will be released could range from 0% to a maximum of 200% of the baseline award under the PSSP.
- (4) The final number of Stapled Securities to be released will depend on the achievement of pre-determined targets at the end of the performance period for the PSSP and Managers' Restricted Stapled Security Plan ("**RSSP**").
- (5) On the final vesting, an additional number of Stapled Securities of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RSSP, will also be released.
- (6) Being the unvested remaining one-third of the RSSP 2020 Award.
- (7) Being the unvested two-thirds of the RSSP 2021 Award.

(b) Interests of Substantial Stapled Securityholders

Based on the information available to the Managers, the substantial Stapled Securityholders and their interests in the Stapled Securities as at the Latest Practicable Date are set out below:

Name of Substantial Stapled Securityholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Stapled Securities	% ⁽¹⁾⁽²⁾	No. of Stapled Securities	% ⁽¹⁾⁽²⁾	No. of Stapled Securities	% ⁽¹⁾⁽²⁾
Temasek Holdings (Private) Limited ("Temasek")	–	–	1,303,604,163 ⁽³⁾	39.62	1,303,604,163	39.62
Tembusu Capital Pte. Ltd. ("Tembusu")	–	–	1,294,839,559 ⁽⁴⁾⁽⁵⁾	39.35	1,294,839,559	39.35
Bartley Investments Pte. Ltd. ("Bartley")	–	–	1,289,400,259 ⁽⁵⁾	39.18	1,289,400,259	39.18
Mawson Peak Holdings Pte. Ltd ("Mawson")	–	–	1,289,400,259 ⁽⁵⁾	39.18	1,289,400,259	39.18
Glenville Investments Pte. Ltd ("Glenville")	–	–	1,289,400,259 ⁽⁵⁾	39.18	1,289,400,259	39.18
TJ Holdings (III) Pte. Ltd. ("TJ Holdings")	–	–	1,289,400,259 ⁽⁵⁾	39.18	1,289,400,259	39.18
CLA Real Estate Holdings Pte. Ltd. (formerly known as Ascendas–Singbridge Pte. Ltd.) ("CLA")	–	–	1,289,400,259 ⁽⁶⁾	39.18	1,289,400,259	39.18
CapitaLand Group Pte. Ltd. ("CL")	–	–	1,289,400,259 ⁽⁷⁾	39.18	1,289,400,259	39.18
CapitaLand Investment Limited ("CapitaLand")	–	–	1,289,400,259 ⁽⁸⁾	39.18	1,289,400,259	39.18
The Ascott Limited ("TAL")	476,152,416	14.47	568,792,760 ⁽⁹⁾	17.28	1,044,945,176	31.75
Somerset Capital Pte Ltd ("SCPL")	568,792,760	17.28	–	–	568,792,760	17.28
Ascott Residence Trust Management Limited ("ARTML")	236,072,273	7.17	–	–	236,072,273	7.17

Notes:

- (1) Based on substantial Stapled Securityholders' disclosures in respect of interests in securities.
- (2) The percentage interest is based on Stapled Securities in issue as at the Latest Practicable Date, being 3,290,187,524 Stapled Securities, and is rounded down to the nearest 0.01%.
- (3) Temasek is deemed to have an interest in the stapled securityholdings in which its subsidiaries and associated companies (including but not limited to CLA) have direct or deemed interests pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore ("SFA").

- (4) Tembusu is deemed to have an interest in the stapled securityholdings in which its subsidiaries and associated companies (including but not limited to CLA) have direct or deemed interests pursuant to Section 4 of the SFA.
- (5) Temasek holds 100.0% of the equity interest in Tembusu, which holds 100.0% of the equity interest in Bartley, which holds 100.0% of the equity interest in Mawson, which holds 100.0% of the equity interest in Glenville, which holds 100.0% of the equity interest in TJ Holdings, which holds 100.0% of the equity interest in CLA. CLA holds approximately 52.58% of the issued shares in CapitaLand through CL, a wholly-owned subsidiary of CLA. Each of Tembusu, Bartley, Mawson, Glenville and TJ Holdings is deemed to have an interest in the stapled securityholdings in which CLA is deemed to have an interest pursuant to Section 4 of the SFA.
- (6) CLA is deemed to have an interest in the stapled securityholdings that CL is deemed to have an interest pursuant to Section 4 of the SFA.
- (7) CL is deemed to have an interest in the stapled securityholdings that CapitaLand is deemed to have an interest pursuant to Section 4 of the SFA.
- (8) CapitaLand is deemed to have an interest in the stapled securityholdings of its wholly-owned subsidiaries, TAL, ARTML, Ascott Business Trust Management Pte. Ltd. and Carmel Plus Pte. Ltd..
- (9) TAL is deemed to have an interest in the stapled securityholdings of its wholly-owned subsidiary, SCPL.

Save as disclosed in this Announcement and based on the information available to the Managers as at the Latest Practicable Date, none of the Directors and substantial Stapled Securityholders have any interest, direct or indirect, in relation to the Transactions, other than through their respective stapled securityholdings in ART.

11.3 Interested Person Transactions and Interested Party Transactions

As at the Latest Practicable Date, CapitaLand (i) directly and/or through its wholly-owned subsidiaries and through its interest in each of the Managers, has direct and deemed interests of approximately 39.2% in ART; and (ii) wholly owns each of the Managers, and is therefore regarded as a Controlling Unitholder of Ascott Reit and a Controlling Shareholder of the Ascott Reit Manager under the Property Funds Appendix, and a Controlling Stapled Securityholder of ART and a Controlling Shareholder of each of the Managers under the Listing Manual.

CapitaLand holds:

- (a) a 100.0% interest in the France Vendor through Ascott Holdings (Europe) Pte. Ltd., a wholly-owned subsidiary of TAHL, which is in turn a wholly-owned subsidiary of CapitaLand;
- (b) a 88.9% interest in the Japan Vendor through CRL Investment Pte. Ltd., a wholly-owned subsidiary of Ascott Investment Holdings Ltd., which is in turn a wholly-owned subsidiary of TAHL, a wholly-owned subsidiary of CapitaLand;
- (c) a 100.0% interest in the Vietnam Vendor through Ascott Investment Holdings Ltd., a wholly-owned subsidiary of TAHL, which is in turn a wholly-owned subsidiary of CapitaLand;
- (d) a 100.0% interest in the US Vendor through TAHL, a wholly-owned subsidiary of CapitaLand; and

- (e) a 100.0% interest in the Australia Vendor through TAHL, a wholly-owned subsidiary of CapitaLand.

The Master Lessees, the Property Managers, Ascott Holdings (Europe) Pte. Ltd. and The Ascott Capital Pte Ltd are wholly-owned subsidiaries of CapitaLand. Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendors, the Master Lessees, the Property Managers, Ascott Holdings (Europe) Pte. Ltd. and The Ascott Capital Pte Ltd are Interested Persons³⁴ and Interested Parties³⁵ of ART. As such, the IPT Transactions will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and/or Interested Party Transactions under Paragraph 5 of the Property Funds Appendix.

As at the Latest Practicable Date, save for the IPT Transactions, the value of all interested person transactions entered into between ART and CapitaLand and its subsidiaries (including TAL) and associates during the course of the current financial year is approximately S\$64.8 million (which is approximately 1.7% of the net tangible assets ("**NTA**") of ART as at 31 December 2021). Save as described above, there are no other interested person transactions entered into with CapitaLand and its subsidiaries and associates or any other interested person of ART during the course of the current financial year.

Given that:

- (i) the Aggregate Purchase Consideration for the Acquisitions is S\$215.2 million, and in respect of the France Acquisition, additionally, the value of the France Rent Guarantee is S\$1.1 million;
- (ii) the value of the aggregate rent under the Master Leases³⁶ is S\$92.8 million³⁷;
- (iii) the value of the aggregate management fees under the Management Agreements is S\$3.9 million³⁸; and
- (iv) the aggregate of the France Loan and the interest payable in respect of the France Loan under the France Loan Amendment and Restatement Agreement and the

³⁴ The Listing Manual states that in the case of a REIT, the term "**interested person**" shall have the meaning ascribed to the term "**interested party**" in the Code on Collective Investment Schemes, namely:

- (a) a director, chief executive officer or Controlling Shareholder of the REIT manager;
- (b) the REIT manager, the trustee or controlling unitholder of the REIT; or
- (c) an associate of any of the persons or entities in (a) or (b) above,

as each such term is defined in the Code on Collective Investment Schemes.

³⁵ As defined in the Property Funds Appendix, the term "**Interested Party**" means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee or controlling unitholder of the property fund; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or controlling unitholder of the property fund.

³⁶ There is no value attributed to the Japan Master Leases as the Japan Master Lessee does not charge any fee or retain any amount for acting as a "pass-through" vehicle and the Japan Master Lessee will pay all revenue it receives from the other tenants to DB Trust as the trustee in respect of the TBI in relation to each of the Japan Properties.

³⁷ Based on a lease term of 10 years in relation to the France Master Lease and a remaining lease term of 6 years (together with an option to renew for 3 further terms of 5 years each) in relation to the Australia Master Lease.

³⁸ Based on the total projected management fees for (a) a term of 10 years in relation to the Vietnam SR Management Agreement; and (b) a term commencing on the date of completion of the Acquisitions and expiring on 24 December 2030 in relation to the Amended Pre-Existing Asset Management Agreement.

estimated interest payable under the France IRS pursuant to the France Loan IRS Novation Agreement is S\$74.7 million,

the value of the IPT Transactions is approximately S\$387.7 million, representing approximately 10.0% of ART's latest audited NTA and 11.6% of Ascott Reit's latest audited NAV. As this value exceeds 5.0% of ART's latest audited NTA and 5.0% of Ascott Reit's latest audited NAV, the IPT Transactions is subject to Stapled Securityholders' approval under Chapter 9 of the Listing Manual and the Property Funds Appendix.

11.4 Directors' Service Contracts

No person is proposed to be appointed as a Director as a result of the Significant Transactions or any other transactions contemplated in relation to the Significant Transactions.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m. at the registered office of the Managers at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912³⁹ from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (a) the Sale and Purchase Agreements; and
- (b) the full valuation reports of the Properties.

13. FURTHER DETAILS

The Managers have issued the Circular, together with the Notice of EGM and the Proxy Form on 15 August 2022. Please see announcement on "Electronic Despatch of Circular and Alternative Arrangements Relating to the Extraordinary General Meeting to be Held on 9 September 2022" for further details on the electronic despatch of the Circular, the Notice of EGM and the Proxy Form, as well as the actions to be taken by Stapled Securityholders.

By Order of the Board

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

(Company Registration No. 200516209Z)
As manager of Ascott Real Estate Investment Trust

Karen Chan
Company Secretary
15 August 2022

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company Registration No. 201925299R)
As trustee-manager of Ascott Business Trust

Karen Chan
Company Secretary
15 August 2022

³⁹ Prior appointment with the Managers is required. Please contact the Managers' Investor Relations team (Tel: +65 6713 2888).

IMPORTANT NOTICE

The value of stapled securities in Ascott Residence Trust ("**Stapled Securities**") and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, as manager of Ascott Residence Trust (the "**Ascott Reit Manager**"), Ascott Business Trust Management Pte. Ltd., as trustee-manager of Ascott Business Trust (the "**Ascott BT Trustee-Manager**", together with the Ascott Reit Manager, the "**Managers**"), or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Managers to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. The past performance of Ascott Residence Trust is not necessarily indicative of the future performance of Ascott Residence Trust.

APPENDIX

DETAILS OF THE PROPERTIES

No.	Property Name	Address	Management Company	Master Lessee	Units	Gross Floor Area (sq m)	Year of Opening	Title	Appraised Value ⁴⁰	Estimated Total Capitalised Costs Excluding Cost to Complete ⁴¹	Estimated Total Capitalised Costs ⁴²
1.	La Clef Tour Eiffel	Paris (75016) 83-85 avenue Kléber / 11bis and 13 rue Magdebourg, France	N.A.	Citadines Arc de Triomphe Operating SAS	112	10,186	1986	Freehold	€103.7 million (equivalent to S\$150.4 million)	€104.3 million (equivalent to S\$151.3 million)	€104.3 million (equivalent to S\$151.3 million)
2.	Marunouchi Central Heights	2305, Marunouchi 3-chome, Naka-ku, Nagoya-shi, Japan	CJKK	N.A.	30	2,310	2005	Freehold	¥739.0 million (equivalent to S\$8.0 million)	¥719.3 million (equivalent to S\$7.8 million)	¥719.3 million (equivalent to S\$7.8 million)
3.	House Saison Shijo-Dori	47-3, 47, 47-2, 47-4, 47-5, 47-6, 47-7, 49, Kasaboko-cho, Shijo-dori Aburanokoji Higashi-iru, Shimogyo-ku, Kyoto-shi, Japan 532-2, 532-3, 534, 536-2, 538-2, Ishizutsu-cho, Aburanokoji-dori Shijo-kudaru, Shimogyo-ku, Kyoto-shi, Japan	CJKK	N.A.	190	6,723	2006	Freehold	¥2,860.0 million (equivalent to S\$30.8 million)	¥2,810.8 million (equivalent to S\$30.3 million)	¥2,810.8 million (equivalent to S\$30.3 million)

⁴⁰ In respect of the US Property, the average of the independent valuations by JLL and CBRE; in respect of the Japan Properties, the average of the independent valuations by Japan Valuers and CBRE; and in respect of the Properties (other than the Japan Properties and the US Property), the average of the valuations by HVS and CBRE.

⁴¹ Includes stamp duty and consumption taxes in connection with the France Acquisition, the Japan Acquisition, the US Acquisition and the Australia Acquisition of approximately S\$6.9 million, legal and other professional fees (including technical due diligence, valuation, independent financial adviser, auditors' and tax advisers' fees) of approximately S\$1.9 million, acquisition fees of approximately S\$3.0 million and other expenses (including printing and EGM expenses) of approximately S\$0.9 million, but excludes outstanding development cost and interest expense to be incurred for Standard at Columbia.

⁴² Includes outstanding development cost and interest expense to be incurred for Standard at Columbia.

No.	Property Name	Address	Management Company	Master Lessee	Units	Gross Floor Area (sq m)	Year of Opening	Title	Appraised Value ⁴⁰	Estimated Total Capitalised Costs Excluding Cost to Complete ⁴¹	Estimated Total Capitalised Costs ⁴²
4.	S-Residence Shukugawa	36-1, Kamizono-cho, Nishinomiya-shi, Japan	CJKK	N.A.	33	3,360	1995	Freehold	¥782.0 million (equivalent to S\$8.4 million)	¥753.4 million (equivalent to S\$8.1 million)	¥753.4 million (equivalent to S\$8.1 million)
5.	S-Residence Namba Viale	9-2, Motomachi 3-chome, Naniwa-ku, Osaka-shi, Japan	CJKK	N.A.	116	4,130	2006	Freehold	¥1,840.0 million (equivalent to S\$19.8 million)	¥1,774.7 million (equivalent to S\$19.1 million)	¥1,774.7 million (equivalent to S\$19.1 million)
6.	S-Residence Gakuzenaka	2-1-1, Naniwa-ku, Osaka-shi, Japan	CJKK	N.A.	58	3,014	2005	Freehold	¥1,275.0 million (equivalent to S\$13.7 million)	¥1,275.1 million (equivalent to S\$13.7 million)	¥1,275.1 million (equivalent to S\$13.7 million)
7.	Somerset Central TD Hai Phong City	Tower A, TD Plaza, Lot 20A, New Urban Zone at 5 Corner – Cat Bi Airport, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam	AIMVCL	N.A.	132	14,500	2016	Leasehold of 64 years, ending on November 2075	VND401.5 billion (equivalent to S\$24.1 million)	VND391.1 billion (equivalent to S\$23.5 million)	VND391.1 billion (equivalent to S\$23.5 million)
8.	Standard at Columbia	1401 Assembly Street, Columbia, South Carolina 29201, United States of America	Landmark Venture Management, LLC	N.A.	247	42,135	Expected to open in 2023	Freehold	US\$29.7 million (equivalent to S\$41.4 million) ⁴³	US\$25.0 million (equivalent to S\$34.8 million) ⁴⁴	US\$50.8 million (equivalent to S\$70.8 million)
9.	Quest Cannon Hill	930 Wynnum Road, Cannon Hill, Brisbane, Queensland 4170, Australia	N.A.	Quest Cannon Hill Tenancy Pty Ltd	100	6,924	2018	Freehold	AUD29.7 million (equivalent to S\$28.7 million)	AUD30.7 million (equivalent to S\$29.7 million)	AUD30.7 million (equivalent to S\$29.7 million)
Total					1,018	93,282			S\$325.3 million	S\$318.3 million ⁴⁵	S\$354.3 million

⁴³ On a 45.0% basis (being the US Vendor's effective interest in the US Property). The Appraised Value on a 100.0% basis is US\$66.1 million (equivalent to S\$92.0 million).

⁴⁴ Estimated Total Capitalised Costs excluding outstanding development cost and interest expense to be incurred, which amounts to US\$25.0 million.

⁴⁵ The estimated total capitalised costs of S\$318.3 million is 2.2% lower than the total Appraised Value of S\$325.3 million.