



A Member of CapitaLand

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

ANNOUNCEMENT

PROPOSED ACQUISITION OF INTERESTS IN SERVICED RESIDENCE PROPERTIES IN MALAYSIA AND THE PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

Ascott Residence Trust Management Limited (the "**Manager**"), as manager of Ascott Residence Trust ("**Ascott REIT**"), wishes to announce that DBS Trustee Limited (the "**Trustee**"), as trustee of Ascott REIT, has today, 7 July 2014, directly and/or through its wholly-owned subsidiary, entered into various conditional sale and purchase agreements, to acquire, through the acquisition of shareholding interests (the "**Target Acquisitions**"), a serviced residence property in Malaysia and two serviced residence properties in China (collectively, the "**Target Properties**") for an aggregate purchase consideration of \$131.6 million. The Target Properties will be acquired from subsidiaries and/or associated companies of The Ascott Limited ("**TAL**"), the sponsor and "Controlling Unitholder"¹ of Ascott REIT.

Further details in respect of the serviced residence property in Malaysia, being Somerset Ampang Kuala Lumpur (the "**KL Property**"), and the two serviced residence properties in China, being Citadines Zhuankou Wuhan (the "**Wuhan Property**") and Citadines Gaoxin Xi'an (the "**Xi'an Property**") (collectively, the "**China Target Properties**") are set out in Appendix A to this announcement.

Further details regarding the Target Acquisitions, comprising the acquisitions of the KL Property (the "**KL Acquisition**") and the China Target Properties (collectively, the "**China Target Acquisitions**") can be found in the circular to unitholders of Ascott REIT ("**Unitholders**") dated 7 July 2014 (the "**Circular**").

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

- (a) holds directly or indirectly 15.0% or more 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. RATIONALE FOR THE TARGET ACQUISITIONS

The Manager believes that the Target Acquisitions will bring, among others, the following benefits to Ascott REIT and its Unitholders:

- (i) the Target Acquisitions represent an attractive opportunity for Ascott REIT. The Target Acquisitions are expected, on a pro forma basis, to contribute an additional annual earnings before net interest expense, tax, depreciation and amortisation (“**EBITDA**”) of \$8.9 million and increase the distributable income by \$1.7 million for the financial year ended 31 December 2013 (“**FY2013**”), translating to an increase in pro forma distribution per Unit (“**DPU**”) by 0.10 cents or 1.2%. Ascott REIT expects to acquire the Target Properties at an EBITDA yield of 5.1% on a pro forma basis for FY2013;
- (ii) the Target Acquisitions will enlarge the portfolio of Ascott REIT from \$3.8² billion to \$4.0³ billion. Post-completion of the Target Acquisitions, the number of Apartment Units will increase to 9,985 in 86 properties in 36 cities across 13 countries⁴;
- (iii) the Target Acquisitions will extend Ascott REIT’s presence in China to two new cities and increase its exposure in its key growth market of China from 17.1% to 19.0% of total assets as well as register a new presence in the growing market of Malaysia. Following the Target Acquisitions, exposure to the growing markets of Asia will increase to 66.6% of total assets, with the remaining 33.4% in the stable European markets;
- (iv) the KL Acquisition will mark Ascott REIT’s first foray into the established and stable hospitality market of Kuala Lumpur, the capital city of Malaysia, which is also the main gateway for international travellers to Malaysia. Many large corporations and prominent multinational corporations have chosen Malaysia to establish their regional and global operations and foreign direct investment increased 25.0% year-on-year in 2013 to MYR38.8 billion. The KL Property, being in Kuala Lumpur, the capital city and key commercial centre of Malaysia, is well positioned to benefit from the expected increase in corporate activities; and
- (v) the China Target Acquisitions will enable Ascott REIT to expand its footprint in China to two other regional cities of Wuhan and Xi’an in central and western China respectively, allowing Ascott REIT to tap into the robust economic growth of these

2 Includes the acquisitions of Somerset Grand Central Dalian, a serviced residence property located at No. 128, Jinma Road, Jinzhou District, Dalian, China (the “**Dalian SR**”) (as announced on 20 February 2014) and Infini Garden, a rental housing property located at 3-2-2, 3, 4, 5 Kashii Teriha, Higashi-ku, Fukuoka, Japan (the “**Infini Garden**”) (as announced on 21 March 2014), both of which have since been completed (collectively, the “**Announced Acquisitions**”) but excludes a serviced residence property with a hotel licence located within a new integrated development comprising 40.0% hotel use and 60.0% residential use to be constructed at lot number 918K of Town Subdivision 27 in Singapore (the “**New Cairnhill SR**”), which acquisition is targeted to be completed in 2017. If the New Cairnhill SR was included, the portfolio of Ascott REIT would be approximately \$4.2 billion.

3 Includes the Announced Acquisitions but excludes the New Cairnhill SR, which acquisition is targeted to be completed in 2017. If the New Cairnhill SR was included, the portfolio of Ascott REIT would be approximately \$4.4 billion.

4 Excludes the New Cairnhill SR, which acquisition is targeted to be completed in 2017.

cities and deepening Ascott REIT's existing presence in its key growth market of China.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS

3.1 Sale and Purchase Agreements

The Trustee and, in the case of the KL Acquisition, Somerset Ampang (S) Pte. Ltd. (a wholly-owned subsidiary of Ascott REIT incorporated in Singapore), has entered into the following sale and purchase agreements (collectively, the "**Sale and Purchase Agreements**"):

- (i) with Ascott Investment Holdings Ltd and The Ascott Holdings Limited ("**TAHL**") in relation to the acquisition of the KL Property through the acquisition of a 100.0% interest in Somerset Ampang (Malaysia) Sdn. Bhd. (which owns a 100.0% interest in the KL Property) for a purchase consideration, which is subject to adjustments as at completion, of MYR169.4 million (equivalent to approximately \$65.3 million), based on the agreed value of the KL Property of MYR175.0 million (equivalent to approximately \$67.4 million), and fully satisfied in cash (the "**KL SPA**");
- (ii) with Zhuankou Investments (BVI) Limited and Ascott Serviced Residence (China) Fund ("**ACF**") in relation to the acquisition of the Wuhan Property through the acquisition of a 100.0% interest in Zhuankou Investments (Hong Kong) Limited (which owns through its wholly-owned subsidiary, Wuhan Citadines Property Development Co., Ltd., a 100.0% interest in the Wuhan Property) for a purchase consideration, which is subject to adjustments as at completion, of US\$25.2 million (equivalent to approximately \$31.7 million), based on the agreed value of the Wuhan Property of RMB252.0 million (equivalent to approximately US\$40.9 million or \$51.4 million), and fully satisfied in cash (the "**Wuhan SPA**"); and
- (iii) with Gaoxin Investments (BVI) Limited and ACF in relation to the acquisition of the Xi'an Property through the acquisition of a 100.0% interest in Gaoxin Investments (Hong Kong) Limited (which owns through its wholly-owned subsidiary, Citadines (Xi'an) Property Co., Ltd., a 100.0% interest in the Xi'an Property) for a purchase consideration, which is subject to adjustments as at completion, of US\$27.5 million (equivalent to approximately \$34.6 million), based on the agreed value of the Xi'an Property of RMB270.0 million (equivalent to approximately US\$43.9 million or \$55.1 million), and fully satisfied in cash (the "**Xi'an SPA**").

3.2 Conditions Precedent to the Completion of the Target Acquisitions

The completion of the Target Acquisitions is subject to and conditional upon, amongst others:

- (i) the receipt by the Trustee or (as the case may be) Somerset Ampang (S) Pte. Ltd. of such waivers or consents as may be necessary to enable the Trustee or (as the case may be) Somerset Ampang (S) Pte. Ltd. and/or its nominee(s) to be registered as holder of the sale share(s) of Somerset Ampang (Malaysia) Sdn. Bhd., Zhuankou Investments (Hong Kong) Limited and Gaoxin Investments (Hong Kong) Limited respectively;

- (ii) obtaining the approval of Unitholders at an extraordinary general meeting (“**EGM**”) to be convened to approve the transactions contemplated in the Circular;
- (iii) there being no compulsory acquisition of the Target Properties or any part thereof, and no notice of such intended compulsory acquisition has been given, by the government or other competent authority;
- (iv) in respect of the KL Acquisition, the assignment of the intercompany loans and all the rights, title, and interest of TAHL and The Ascott Capital Pte Ltd (“**TACPL**”) in the intercompany loans as at the completion date free of all encumbrances by each of TAHL and TACPL to Somerset Ampang (S) Pte. Ltd. and/or its nominee(s); and
- (v) in respect of the China Target Acquisitions, the assignment to the Trustee and/or its nominee(s) of the shareholder loans and all the rights, title and interest of Zhuankou Investments (BVI) Limited and Gaoxin Investments (BVI) Limited (collectively, the “**ACF Vendors**”)⁵ in the respective shareholder loans as at the completion date free of all encumbrances by each of the ACF Vendors respectively.

3.3 Vendor Guarantees

The Manager has obtained the following guarantees under the Sale and Purchase Agreements:

- (i) TAHL has agreed to, in its capacity as guarantor under the KL SPA, guarantee to Somerset Ampang (S) Pte. Ltd. the due and punctual performance and observance by Ascott Investment Holdings Ltd of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the KL SPA and has agreed to indemnify Somerset Ampang (S) Pte. Ltd. and Somerset Ampang (Malaysia) Sdn. Bhd. against all losses, liabilities, costs (including, without limitation, reasonable legal costs), charges, expenses, actions, proceedings, claims and demands which Somerset Ampang (S) Pte. Ltd. or Somerset Ampang (Malaysia) Sdn. Bhd. may suffer through or arising from any breach by Ascott Investment Holdings Ltd of the obligations, commitments, undertakings, warranties and indemnities under or pursuant to the KL SPA subject to the terms and conditions as set out in the KL SPA; and
- (ii) ACF has agreed to, in its capacity as guarantor under the Wuhan SPA and Xi’an SPA respectively, guarantee to the Trustee the due and punctual performance and observance by each of the ACF Vendors respectively of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Wuhan SPA and Xi’an SPA and has agreed to indemnify the Trustee against all losses, liabilities, costs (including, without limitation, reasonable legal costs), charges, expenses, actions, proceedings, claims and demands which the Trustee may suffer through or arising from any breach by each of the ACF Vendors respectively of the obligations, commitments, undertakings, warranties and indemnities under or

⁵ Please refer to paragraph 8.3 of this announcement for further details in relation to the ACF Vendors.

pursuant to the Wuhan SPA and Xi'an SPA subject to the terms and conditions as set out in the Wuhan SPA and Xi'an SPA.

4. VALUATION

Two independent property valuers, C H Williams Talhar & Wong Sdn Bhd (as consultant to Jones Lang LaSalle Property Consultants Pte Ltd (“**JLL**”)) (“**C H Williams**”) and HVS Singapore (SG&R Singapore Pte Ltd) (“**HVS**”), were appointed by the Trustee and TAL and/or its affiliates, respectively, to value the KL Property.

Two independent property valuers, JLL and Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”) were appointed by the Trustee and TAL and/or its affiliates, respectively, to value the China Target Properties.

The purchase consideration of the Target Acquisitions takes into account the agreed property value of the Target Properties, which was arrived at on a willing-buyer and willing-seller basis and derived based on the two independent valuations by CH Williams and HVS for the KL Property and JLL and C&W for the China Target Properties as at 31 March 2014. The valuations were derived by the discounted cash flow method.

Please refer to Appendix A for details of the valuations.

5. COSTS OF THE TARGET ACQUISITIONS

5.1 Acquisition Fees and Associated Costs

The estimated total costs of the Target Acquisitions are approximately \$3.4 million, comprising:

- (a) total acquisition fees of approximately \$1.7 million (being 1.0% of the Enterprise Value (as defined in the trust deed dated 19 January 2006 constituting Ascott REIT (as amended, varied and supplemented from time to time) (the “**Trust Deed**”)) of \$169.6 million) payable to the Manager pursuant to the Trust Deed; and
- (b) aggregate associated costs of approximately \$1.7 million incurred or to be incurred by Ascott REIT in connection with the Target Acquisitions.

As the Target Acquisitions will constitute Interested Party Transactions⁶ under the Property Funds Appendix, the total acquisition fees payable to the Manager will be in the form of units in Ascott REIT (“**Units**”), which shall not be sold within one year from the date of issuance.

The Manager proposes to finance the total acquisition costs and the aggregate purchase consideration relating to the Target Acquisitions with debt financing from the existing debt facilities available to Ascott REIT.

⁶ The term “**Interested Party Transaction**” has the meaning ascribed to it in Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the “**Property Funds Appendix**”).

The aggregate purchase consideration for the Target Acquisitions is \$131.6 million. A further breakdown of the costs of the Target Acquisitions and sources of funds is set out in the table below:

Costs of Target Acquisitions	(\$ million)	Sources of funds	(\$ million)
Aggregate purchase consideration for the Target Acquisitions	131.6	Debt financing	133.3 ⁽²⁾
Associated costs ⁽¹⁾ of the Target Acquisitions (including applicable stamp duties, legal and other professional fees and expenses)	1.7		
Total	133.3	Total	133.3

Notes:

- (1) Excludes acquisition fees of approximately \$1.7 million, which will be payable in Units to the Manager.
- (2) After the completion of the Target Acquisitions, the aggregate leverage of Ascott REIT would increase from 37.5% to 40.2% as at 31 December 2013, on a pro forma basis.

6. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITIONS

6.1 Certain Financial Information Relating to the Target Acquisitions

In preparing the pro forma DPU and net asset value (“NAV”) per Unit for FY2013, the exchange rates between MYR, RMB and US\$, and the Singapore dollar are assumed to be as follows:

	1 January 2013	Average rate for FY2013	31 December 2013
MYR	0.40069	0.39715	0.38848
RMB	0.19396	0.20135	0.20471
US\$	1.2202	1.2495	1.25577

6.2 Pro Forma DPU and Distribution Yield

The table below sets out the pro forma financial effects of the Target Acquisitions on Ascott REIT’s DPU and distribution yield for FY2013, as if the Target Acquisitions were completed on 1 January 2013.

In addition to the assumption set out at paragraph 6.1 above, the following assumptions were made in preparing the pro forma DPU for FY2013:

- (a) the aggregate purchase consideration of the Target Acquisitions was \$132.3⁷ million;
- (b) bank borrowings of \$134.0 million were used to pay for the aggregate purchase consideration and associated costs of the Target Acquisitions; and
- (c) the Manager's management fees payable for the Target Acquisitions were paid 100.0% in Units.

	FY2013		
	Existing Portfolio ⁽¹⁾	Existing Portfolio and Announced Acquisitions	Enlarged Portfolio ⁽²⁾
Distributable Income (\$'000)	114,845 ⁽³⁾	119,092 ⁽⁴⁾	120,748
Units in issue ('000)	1,522,495 ⁽⁵⁾	1,523,124 ⁽⁴⁾	1,524,878 ⁽⁶⁾
DPU (cents)	8.40	8.71	8.81
Distribution yield (%)	6.9 ⁽⁷⁾	7.2 ⁽⁷⁾	7.3 ⁽⁷⁾
Earnings per Unit (cents)	16.17	16.33	16.26

Notes:

- (1) "Existing Portfolio" means the existing portfolio of Ascott REIT, as disclosed in the annual report of Ascott REIT for FY2013.
- (2) "Enlarged Portfolio" means the Existing Portfolio, the Announced Acquisitions and the Target Properties.
- (3) Based on the audited consolidated financial statements of Ascott REIT for the financial year ended 31 December 2013 (the "2013 Audited Consolidated Financial Statements").
- (4) Adjusted for the pro forma financial effects of the Announced Acquisitions, as if they were completed on 1 January 2013 and held for FY2013.
- (5) Number of Units in issue as at 31 December 2013.
- (6) Include adjustments to include (i) approximately 1.3 million new Units issued as payment of the acquisition fee; and (ii) approximately 0.5 million new Units issued as payment of the Manager's fees for the Target Acquisitions. The Manager's acquisition fee was assumed to be paid in Units based on an issue price of \$1.31 on 1 January 2013. The Units issued as payment of the Manager's fees were assumed to be issued at the same prices as those that were actually issued as payment for management fees for the existing properties for FY2013.
- (7) Computed based on the closing Unit price of \$1.21 on 31 December 2013.

6.3 Pro Forma Consolidated NAV

The table below sets out the pro forma financial effects of the Target Acquisitions on the consolidated NAV as at 31 December 2013, as if the Target Acquisitions were completed on 31 December 2013.

In addition to the assumptions set out at paragraph 6.1 above, the following assumptions have been made in preparing the pro forma NAV as at 31 December 2013:

⁷ Based on the exchange rates of MYR1.00 to \$0.40069, RMB1.00 to \$0.19396, and US\$1.00 to \$1.2202.

- (a) the aggregate purchase consideration of the Target Acquisitions was \$132.1⁸ million; and
- (b) bank borrowings of \$133.8 million were used to pay for the aggregate purchase consideration and associated costs of the Target Acquisitions.

	As at 31 December 2013		
	Existing Portfolio	Existing Portfolio and Announced Acquisitions	Enlarged Portfolio
NAV (\$'000)	2,093,080 ⁽¹⁾	2,093,904 ⁽²⁾	2,095,165 ⁽³⁾
Units in issue ('000)	1,522,495 ⁽⁴⁾	1,523,176 ⁽²⁾	1,524,582 ⁽⁵⁾
NAV per Unit (\$)	1.37	1.37	1.37

Notes:

- (1) Based on the 2013 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Announced Acquisitions, as if they were completed on 31 December 2013.
- (3) Based on Unitholders' funds.
- (4) Number of Units in issue as at 31 December 2013.
- (5) Includes adjustments to include approximately 1.4 million new Units issued as payment of the acquisition fee. The Manager's acquisition fee was assumed to be paid in Units based on an issue price of \$1.21 on 31 December 2013.

8 Based on the exchange rates of MYR1.00 to \$0.38848, RMB1.00 to \$0.20471, and US\$1.00 to \$1.25577.

6.4 Pro Forma Capitalisation

The table below sets out the pro forma capitalisation of Ascott REIT as at 31 December 2013, as if the Target Acquisitions were completed on 31 December 2013.

	As at 31 December 2013		
	Actual (\$'000)	Existing Portfolio and Announced Acquisitions (\$'000)	As Adjusted (\$'000)
Short-term debt:			
Secured debt	46,506	48,934	49,856
Finance lease	3,745	3,745	3,745
Total short-term debt	50,251	52,679	53,601
Long-term debt:			
Secured debt	795,409	990,228	1,088,858
Unsecured Debt	337,801	337,801	410,030
Finance lease	13,623	13,623	13,623
Total long-term debt	1,146,833	1,341,652	1,512,511
Total debt:	1,197,084	1,394,331	1,566,112⁽³⁾
Unitholders' funds	2,093,080 ⁽¹⁾	2,093,904 ⁽²⁾	2,095,165
Total Capitalisation	3,290,164	3,488,235	3,661,277

Notes:

- (1) Based on the 2013 Audited Consolidated Financial Statements.
- (2) Adjusted for the pro forma financial effects of the Announced Acquisitions, as if they were completed on 31 December 2013.
- (3) After the completion of the Target Acquisitions, the aggregate leverage of Ascott REIT would increase from 37.5% to 40.2% as at 31 December 2013, on a pro forma basis.

7. OPINION OF THE AUDIT COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

With the approval of the independent directors of the Manager (the "**Independent Directors**"), the Manager has appointed the independent financial adviser, namely PricewaterhouseCoopers Corporate Finance Pte Ltd (the "**IFA**") to advise the Independent Directors in relation to the Target Acquisitions. A copy of the letter from the IFA to the

Independent Directors and the Trustee containing its advice in relation to the Target Acquisitions (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix A** of the Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the view that the Target Acquisitions are on normal commercial terms and are not prejudicial to the interests of Ascott REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors may recommend that Unitholders vote in favour of the Resolution to be proposed at the EGM.

Based on the opinion of the IFA and the rationale for and benefits of the Target Acquisitions, the Independent Directors, having reviewed the opinion of the Audit Committee of the Manager believe that the Target Acquisitions are on normal commercial terms and would not be prejudicial to the interests of Ascott REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the Resolution.

8. OTHER INFORMATION

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

A proposed acquisition by Ascott REIT may fall into any of the categories set out in Rule 1004 of the Listing Manual depending on the size of the relative figures computed on the following bases of comparison:

- (i) the net profits attributable to the assets acquired, compared with Ascott REIT’s net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (ii) the aggregate value of the consideration given or received, compared with Ascott REIT’s market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

Rule 1006(d) of the Listing Manual is not applicable as Ascott REIT will not be issuing any units as consideration for the Target 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 Unitholders, unless such transaction is in the ordinary course of Ascott REIT’s business.

The relative figures in relation to the Target Acquisitions computed on the bases set out above exceed 5.0% but do not exceed 20.0%.

For the purposes of illustration to Unitholders, the relative figures for the Target Acquisitions using the applicable bases of comparison described in sub-paragraphs 8.1(i) and 8.1(ii) are set out in the table below.

Criteria	Ascott REIT (\$ million)	The Target Acquisitions (\$ million)	Relative Percentage
The net profits attributable to the assets acquired, compared with Ascott REIT's net profits	29.7 ⁽¹⁾	1.1	3.7%
The aggregate value of the consideration given, compared with Ascott REIT's market capitalisation based on the total number of issued Units	1,886.0 ⁽²⁾	131.6	7.0%

Notes:

- (1) Based on the unaudited financial statements of Ascott REIT for the quarter ended 31 March 2014.
(2) Based on the market capitalisation of Ascott REIT as at the date of this announcement.

8.2 Interests of Directors and Substantial Unitholders⁹

8.2.1 Interests of Directors

The interests of the Directors in Units, as recorded in the Register of Directors' Unitholdings as at 27 June 2014, are set out below:

Directors	Direct Interest	Deemed Interest	Total Interest	
	No. of Units	No. of Units	No. of Units	%
Lim Jit Poh	60,803	-	60,803	0.0040
Lim Ming Yan	265,509	-	265,509	0.0174
(TA) Tay Boon Hwee	-	-	-	-
S. Chandra Das	47,527	-	47,527	0.0031
Giam Chin Toon @ Jeremy Giam	44,337	-	44,337	0.0029
Ku Moon Lun	54,955	-	54,955	0.0036
Lee Chee Koon	36,000	-	36,000	0.0024
Zulkifli Bin Baharudin	10,044	-	10,044	0.0007

⁹ "Substantial Unitholders" refers to Unitholders with an interest in more than 5.0% of the total number of Units in issue.

Further, Mr Lim Ming Yan and Mr Lee Chee Koon are common directors of TAL and the Manager. Mr Lim Ming Yan is the Chairman of TAL and Mr Lee Chee Koon is the Chief Executive Officer of TAL.

8.2.2 Interests of Substantial Unitholders

The interests of the Substantial Unitholders in Units, as recorded in the Register of Substantial Unitholders as at 27 June 2014, are set out below:

Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. Of Units	%	No. of Units	%	No. of Units	%
The Ascott Limited	369,110,400	24.15	326,588,302	21.37	695,698,702	45.52
Somerset Capital Pte Ltd	243,517,200	15.93	--	--	243,517,200	15.93
Ascott Residence Trust Management Limited	83,071,102	5.44	--	--	83,071,102	5.44
CapitaLand Limited	--	--	695,698,702	45.52	695,698,702	45.52
Temasek Holdings (Private) Limited	--	--	717,572,720	46.95	717,572,720	46.95

Notes:

- (1) By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"). Temasek Holdings (Private) Limited ("**Temasek**") is deemed to have an interest in 717,572,720 units in Ascott REIT in which its subsidiary and associated companies, which are independently managed portfolio companies, have or are deemed to have an interest. Temasek is not involved in business or operating decisions of its independently managed portfolio companies, including those regarding such companies' positions in the voting units of Ascott REIT.
- (2) TAL is a wholly-owned subsidiary of CapitaLand Limited ("**CapitaLand**"). Somerset Capital Pte Ltd ("**SCPL**") and the Manager are wholly-owned subsidiaries of TAL. Accordingly, CapitaLand is deemed through its interests in TAL, SCPL and the Manager to have an interest in their aggregate holding of 695,698,702 units in Ascott REIT by virtue of Section 7 of the Companies Act.

Save as disclosed in this announcement, none of the Directors and Substantial Unitholders have any interest, direct or indirect, in relation to the Target Acquisitions, other than through their respective unitholdings in Ascott REIT.

8.3 Interested Person Transactions and Interested Party Transactions

As at the date of this announcement, TAL directly and/or through its wholly-owned subsidiaries and through its interest in the Manager, has (i) direct and deemed interests of approximately 45.52% in Ascott REIT and (ii) wholly-owns the Manager, and is therefore

regarded as a “Controlling Unitholder” of Ascott REIT and a “Controlling Shareholder”¹⁰ of the Manager respectively under both the Property Funds Appendix and the Listing Manual.

TAL holds a 100.0% interest in Ascott Investment Holdings Ltd through TAHL, a wholly-owned subsidiary of TAL. For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, Ascott Investment Holdings Ltd is an Interested Person and Interested Party of Ascott REIT.

TAL holds an indirect 36.1% interest in ACF through TAL’s wholly-owned subsidiary, Ascott Holding (China) Limited, and the ACF Vendors are wholly-owned by ACF. For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the ACF Vendors are therefore also Interested Persons and Interested Parties of Ascott REIT.

As at the date of this announcement, Ascott REIT has entered into a sale and purchase agreement with a subsidiary of TAL in relation to the acquisition of Infini Garden, through the acquisition of 30.0% of the issued and paid up share capital of Island City Pte. Ltd. for a purchase consideration of approximately \$9.1 million (the “**Existing Interested Person Transaction**”)¹¹.

Given the purchase consideration for the Target Acquisitions with Interested Persons and Interested Parties of Ascott REIT of \$131.6 million (which is 6.7% (together with the Existing Interested Person Transaction which has been reviewed and approved by the Audit Committee) of the NTA and NAV respectively of Ascott REIT as at 31 December 2013), the value of the Target Acquisitions will in aggregate exceed (i) 5.0% of Ascott REIT’s latest audited NTA and (ii) 5.0% of Ascott REIT’s latest audited NAV. As such, the Target Acquisitions will constitute Interested Person Transactions¹² under Chapter 9 of the Listing Manual and Interested Party Transactions under paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders’ approval for the Target Acquisitions.

8.4 Directors’ Service Contracts

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

10 “**Controlling Shareholder**” means a person who:

- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

11 For further details, please refer to the SGXNET announcement dated 21 March 2014 released by the Manager in relation to the acquisition of Infini Garden. The value of the transaction amounts to approximately \$9.1 million which comprises 0.4% of the NTA and NAV of Ascott REIT respectively as at 31 December 2013.

12 “**Interested Person Transaction**” has the meaning ascribed to it in the Listing Manual.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection from 10.00 a.m. to 5.00 p.m.¹³ at the registered office of the Manager at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 from the date of this announcement up to and including the date falling three months thereafter:

- (i) the KL SPA;
- (ii) the Wuhan SPA;
- (iii) the Xi'an SPA;
- (iv) the full valuation reports of the Target Properties; and
- (v) the 2013 Audited Consolidated Financial Statements.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Ascott REIT continues to be in existence.

10. FURTHER DETAILS

The Circular in relation to the Target Acquisitions, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course. Approval has been received from the SGX-ST in relation to the Circular

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

Kang Siew Fong / Regina Tan
Joint Company Secretaries
7 July 2014

¹³ Prior appointment with the Manager will be appreciated.

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

Appendix A

	Target Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Title	Appraised Value ⁽¹⁾
1.	Somerset Ampang Kuala Lumpur	No. 187, Jalan Ampang 50450, Kuala Lumpur, Malaysia	207	18,868.0	Freehold	MYR175.0 million (equivalent to \$67.4 million) ⁽²⁾
2.	Citadines Zhuankou Wuhan	Building C2 and C3, Xiang Long Times Business Center, Plot 3R2, Wuhan Economic and Technological Development Zone, Wuhan, Hubei Province, China	249	21,615.4	Leasehold estate for 40 years ending on 26 December 2043	RMB256.0 million (equivalent to \$52.2 million) ⁽³⁾
3.	Citadines Gaoxin Xi'an	1-26/F, No. 13 Gaoxin Si Road, Hi-Tech Zone, Xi'an, Shaanxi Province, China	251	24,303.7	Leasehold estate for 50 years ending on 3 January 2056	RMB275.0 million (equivalent to \$56.1 million) ⁽³⁾
	<u>TOTAL</u>		<u>707</u>	<u>64,787.1</u>		\$175.7 million

Notes:

- (1) Based on the average of two independent valuations by the independent valuers as of 31 March 2014 in relation to the Target Properties.
- (2) Based on an illustrative exchange rate of MYR1.00 to \$0.38538.
- (3) Based on an illustrative exchange rate of RMB1.00 to \$0.20404.