



ASCOTT RESIDENCE TRUST

A stapled group comprising:

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
(Company Registration No. 200516209Z)

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.
(Company Registration No. 201925299R)

ANNOUNCEMENT

ACQUISITION OF STUDENT ACCOMMODATION PROPERTY IN TEXAS

Ascott Residence Trust Management Limited (the “**Reit Manager**”), as manager of Ascott Real Estate Investment Trust (“**Ascott Reit**”), and Ascott Business Trust Management Pte Ltd (the “**BT Trustee-Manager**”), as trustee-manager of Ascott Business Trust, wish to announce that a wholly owned subsidiary of Ascott Reit has entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with an unrelated third party (the “**Seller**”) to acquire a student accommodation property (the “**Property**”) located at 1701 N. Quaker Avenue, Lubbock, Texas, 79416 U.S. for a purchase consideration of US\$70.0 million (equivalent to approximately S\$93.8 million¹) (the “**Purchase Consideration**”) and the acquisition, the “**Acquisition**”).

The Acquisition is in line with the strategy of Ascott Residence Trust (“**ART**”) to acquire assets with longer length of stay and diversify its portfolio from traditional hospitality assets, further increasing ART’s resilience and stable income.

The Property is (i) a freehold, off-campus facility with 1,005 beds and serves Texas Tech University. Texas Tech University has over 40,000 students and is a Power 5² Institution; (ii) a cottage-style property completed in 2017; (iii) fully furnished, with top-of-the-market

1 Unless otherwise stated in this announcement, all references to S\$ where applicable are based on an exchange rate of US\$ / SGD = 1.34.

2 Refers to the five athletic conferences which are considered to be the elite in college football in the U.S..

on-site amenities to cater to the needs of students; and (iv) 100% leased for the 2021 academic year.

On a pro forma basis, the Acquisition is expected to contribute additional annual earnings before net interest expense, tax, depreciation and amortisation (EBITDA) of US\$3.6 million (equivalent to approximately S\$4.8 million), translating to an expected EBITDA yield of 5.1%, and increase distributable income by S\$3.3 million for the financial year ended 31 December 2020 (“**FY2020**”), translating to an increase in pro forma distribution per stapled security of approximately 1.5%³.

The Purchase Consideration, arrived at on a willing-buyer and willing-seller basis, is based on the agreed value of the Property at US\$70.0 million (equivalent to approximately S\$93.8 million) and will be fully satisfied in cash. Based on the independent valuation dated 7 September 2021 by Colliers International Valuation and Advisory Services LLC, commissioned by DBS Trustee Limited, in its capacity as trustee of Ascott Reit, the Property is valued at US\$72.0 million (equivalent to approximately S\$96.5 million) using the income (direct capitalisation), sales comparison and cost methods.

1.0% of the Purchase Consideration will be paid within 2 days from execution of the Sale and Purchase Agreement and the remainder of the Purchase Consideration, subject to adjustments, will be paid on completion of the Acquisition (“**Completion**”). Completion is subject to and conditional upon, the fulfilment of the conditions precedent in the Sale and Purchase Agreement and is expected to take place on or around 21 September 2021 in the U.S..

The Manager proposes to finance the total acquisition costs and the Purchase Consideration relating to the Acquisition with proceeds from the private placement (see announcement on “Launch of Private Placement to raise gross proceeds of approximately S\$150.0 million” dated 9 September 2021) and debt financing. Following completion of the Acquisition, ART’s aggregate leverage would remain at 35.9%⁴.

None of the directors of the Managers or controlling Stapled Securityholders has any interest, direct or indirect, in the Acquisition (otherwise than through their stapled securityholdings (if any) in Ascott Residence Trust, shareholdings in CapitaLand Limited and/or his/her appointment(s) with CapitaLand Limited and/or its related entities).

3 The pro forma is based on the audited financial statements of ART for the financial year ended 31 December 2020 and assuming that the Acquisition was completed on 1 January 2020 and ART held and operated the Property to 31 December 2020.

4 Based on the unaudited financial statements of ART as at 30 June 2021 and assuming that the Acquisition was completed on 30 June 2021.

By Order of the Board

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED

(Company Registration No. 200516209Z)

As manager of Ascott Real Estate Investment Trust

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company Registration No. 201925299R)

As trustee-manager of Ascott Business Trust

Karen Chan

Company Secretary

9 September 2021

IMPORTANT NOTICE

The past performance of Ascott Residence Trust (“**ART**”) is not indicative of future performance. The listing of the stapled securities in ART (the “**Stapled Securities**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) does not guarantee a liquid market for the Stapled Securities. The value of the 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 Real Estate Investment Trust or Ascott Business Trust Management Pte. Ltd. as trustee-manager of Ascott Business Trust (collectively, the “**Managers**”) or any of their respective affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.