



Press Release

For Immediate Release

A-HTRUST to deepen presence in Japan with the acquisition of a portfolio of hotels

- Deepens presence in Osaka, a gateway city with a strong hospitality market, which A-HTRUST is already familiar with
- Three newly-built freehold hotels that are well - positioned between the CBD and the entertainment precinct
- Accretive acquisition of a portfolio at an attractive price
- Master lease arrangement to further strengthen income stability

Singapore, 18 June 2018 – Ascendas Hospitality Trust (“A-HTRUST”) has on 15 June 2018, via Ascendas Hospitality Real Estate Investment Trust, agreed to acquire a portfolio of three hotels in Osaka, Japan for JPY10,290.0 million (S\$126.1 million) (the “Acquisition”). The acquisition of the three hotels, Hotel WBF Kitasemba West, Hotel WBF Kitasemba East and Hotel WBF Honmachi (collectively the “Hotels”), will deepen A-HTRUST’s presence in Osaka, the third largest city in Japan with a population of 2.7 million¹.

The aggregate purchase consideration represents a 2.9% discount to the latest valuation of the Hotels of JPY10,600.0 million. The Acquisition will be fully funded by debt and is expected to be accretive to distribution per stapled security (“DPS”). On a pro forma basis, the DPS for FY2017/18 would have increased by 4.3% to 6.11 cents².

The acquisitions of Hotel WBF Kitasemba West and Hotel WBF Kitasemba East are expected to be completed by September 2018, while the acquisition of Hotel WBF Honmachi is expected to be completed by January 2019.

Mr Tan Juay Hiang, Chief Executive of the Managers said: “We are pleased to keep up our acquisition momentum after our maiden entry into Seoul recently. Osaka is a key financial centre as well as a popular leisure destination, and inbound travel to the city has been on a strong growth trend. Domestic travel has also been healthy over recent years. We are

¹ Source: Osaka Prefectural Government

² Please refer to the announcement on the Acquisition dated 18 June 2018 for further details on the financial effects of the Acquisition.

confident that Osaka, as a gateway city, will continue to attract visitors across various segments. Osaka is a city we are familiar with and A-HTRUST's acquisition of Sunroute Osaka Namba in 2014 has been highly successful, with the latest valuation more than double the purchase price. Given the strong fundamentals of its hospitality market, this is a city in which we are keen to deepen our presence.

Given the attractive acquisition price and the ability to leverage on the low Japanese-Yen cost of funding, the portfolio acquisition is expected to be accretive. The purchase consideration translates to approximately JPY20 million per key, which is relatively low compared to some of the recent hotel transactions in the city. The Acquisition will strengthen the cashflow of A-HTRUST by improving the stability of income through master leases for the Hotels, which also protects A-HTRUST from the initial stabilising period of the new Hotels."

Key Highlights

- **DPS accretive acquisition**

The Acquisition is expected to be accretive to Stapled Securityholders. On a pro forma basis, assuming A-HTRUST had owned the Hotels since 1 April 2017, the DPS for FY2017/2018 would have increased by approximately 4.3% from 5.86 Singapore cents to 6.11 Singapore cents³.

- **The Hotels are strategically located**

The Hotels are centrally located in Osaka, with prominent leisure destinations such as the Osaka Castle and Dotonburi situated in close proximity. The Hotels are easily accessible and well-connected to other parts of Osaka via the Honmachi Station (running on three subway lines), which is a short walking distance away.

- **Acquisition of newly completed freehold Hotels at an attractive price**

With the Hotels recently completed between March and April 2018, capital expenditure for the Hotels is expected to be minimal over the next few years. The Acquisition also brings the total number of freehold properties in A-HTRUST's portfolio to 12 out of 13. The purchase consideration translates to a relatively low price per key of JPY20 million compared to recent hotel transactions in Osaka.

- **Improved income stability**

The master lease arrangement for the Hotels will further improve the income stability of A-HTRUST. With the master leases commencing immediately upon taking over the Hotels, income to A-HTRUST will not be affected by any initial stabilising period typically required for new hotels. On a pro forma basis, the Acquisition will increase the proportion of net property income from hotels under master leases from 40% to 49% for FY2017/18.

³ Please refer to the announcement on the Acquisition dated 18 June 2018 for further details on the financial effects of the Acquisition.

- **Diversify pool of hotel operators**

The Hotels will be managed by an entity of White Bear Family, Co., Ltd. (“WBF”), an established hotel management company experienced in operating hotels in Japan and, in particular, Osaka. This reduces A-HTRUST’s reliance on any one operator and diversifies the pool of hotel operators for A-HTRUST’s properties in Japan. WBF is part of a hospitality group that offers tour packages and has strong domain knowledge of the local market.

Mr Tan concluded: “While upcoming supply may moderate growth, we believe that the hotel market in the city will be large enough to absorb this supply. Furthermore, the master leases will mitigate any downside risks to A-HTRUST. We are of the view that expanding A-HTRUST’s footprint in Japan will be beneficial to its Staped Securityholders as the Japanese government continues to promote tourism as a key pillar of its economy.”

Description of the Hotels

The Hotels are located within the Honmachi district, and in close proximity to central business district, leisure destinations and the entertainment precinct. All three Hotels are 3-star rated and freehold properties.

The 13-floor Hotel WBF Kitasemba West, which offers 168 rooms as well as a restaurant was completed in March 2018 and commenced operation recently in May 2018. Hotel WBF Kitasemba East is a 13-floor hotel which offers 168 rooms as well as a restaurant. This hotel was completed in April 2018 and commenced operation in June 2018. Hotel WBF Honmachi is a 15-floor hotel offers 182 rooms as well as a restaurant. This hotel was also completed in April 2018 and commenced operation in June 2018.

The Hotels will be managed by an entity of White Bear Family, Co., Ltd., which is part of a hospitality group established in 1977. The group’s businesses include travel agency, hotel management and car rental. White Bear Family, Co., Ltd. currently operates close to 30 hotels across five cities in Japan, with 11 of these hotels located in Osaka.

A copy of the announcement is available at www.sgx.com and www.a-htrust.com.

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About Ascendas Hospitality Trust

www.a-htrust.com

Ascendas Hospitality Trust (“A-HTRUST”) was listed in July 2012 as a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (“A-HREIT”) and Ascendas Hospitality Business Trust (“A-HBT”), established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes, as well as real estate related assets in connection with the foregoing.

The asset portfolio comprises 10 quality hotels with approximately 4,000 rooms geographically diversified across key cities in Australia, South Korea, Japan and Singapore; and located in close proximity to central business districts, business precincts, suburban centres, transportation nodes and iconic tourist landmarks.

A-HTRUST is managed by Ascendas Hospitality Fund Management Pte. Ltd., the manager of A-HREIT, and Ascendas Hospitality Trust Management Pte. Ltd., the trustee-manager of A-HBT. A-HTRUST is sponsored by Ascendas Land International Pte Ltd, a wholly-owned subsidiary of Ascendas Pte Ltd.

About Ascendas-Singbridge Group

www.ascendas-singbridge.com

Ascendas-Singbridge Group is Asia’s leading sustainable urban development and business space solutions provider with Assets Under Management exceeding S\$20 billion.

Jointly owned by Temasek Holdings and JTC Corporation through a 51:49 partnership, the Group undertakes urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 28 cities across 9 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge holds commercial, hospitality and industrial assets across Asia Pacific. It has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas, namely Ascendas Reit (a Straits Times Index component stock), Ascendas India Trust and Ascendas Hospitality Trust. Besides these listed funds, it also manages a series of private real estate funds.

Important Notice

This press release 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 and foreign exchange rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

The value of securities in A-HTRUST ("Securities") and the income derived from them, if any, may fall as well as rise. Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Managers to redeem or purchase their Securities for so long as the Securities are listed on the SGX-ST. It is intended that stapled securityholders of A-HTRUST may only deal in their Securities through trading on the SGX-ST. Listing of the Securities on the SGX-ST does not guarantee a liquid market for the Securities. The past performance of A-HTRUST is not necessarily indicative of the future performance of A-HTRUST. Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.