



## Press Release

*For Immediate Release*

### **A-HTRUST to enter South Korea market via acquisition of KY-Heritage Hotel Dongdaemun**

- Entry into Seoul, a gateway city in Asia and key financial centre and leading MICE destination
- The freehold Hotel is strategically located in the prominent Dongdaemun area
- Potential upside from hotel rebranding and repositioning
- Master lease arrangement to augment income stability
- Reinforces A-HTRUST's strategy to invest in a well-diversified portfolio of quality assets

**Singapore, 27 April 2018** – Ascendas Hospitality Trust (“A-HTRUST”) has today, via Ascendas Hospitality Business Trust, entered into a sale and purchase agreement to acquire 98.7%<sup>1</sup> interest in KY-Heritage Hotel Dongdaemun (the “Hotel”) for KRW72.1 billion (S\$89.0 million) (the “Acquisition”). The Acquisition marks A-HTRUST’s maiden entry into the South Korean market and reinforces its strategy to invest in a well-diversified portfolio of quality assets.

The consideration is at a 3.2% discount to the latest valuation of the Hotel and translates to a pro forma net property income yield of 4.1%. The Acquisition is expected to be fully funded by debt. The completion of the Acquisition, which is conditional upon satisfaction of certain conditions including Korea regulatory approval, is expected to take place by June 2018.

Mr Tan Juay Hiang, Chief Executive of the Managers said: “The Acquisition is in line with our strategy to invest in markets with sound hospitality fundamental and growth potential. Seoul, which is a gateway city in Asia, is a market that we have been exploring for some time. Situated at an excellent location, the Hotel caters to both corporate and leisure travellers within and around the prominent Dongdaemun area. It is also well positioned to benefit from the improving hospitality market in Seoul. After completion, the hotel will be managed by an established regional hotel management company and we believe there is potential to enhance asset value through rebranding and repositioning.”

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<sup>1</sup> The remaining 1.3% will be held by Ascendas (Korea) Pte Ltd, a wholly-owned subsidiary of Ascendas Land International Pte Ltd (“ALI”). ALI is a controlling stapled securityholder of Ascendas Hospitality Trust (“A-HTRUST”) and also the Sponsor of A-HTRUST. The consideration for 100% of the Hotel is KRW73.0 billion.

## Key Highlights

- **Prime location of the Hotel**

The Hotel is located in Seoul which serves as the business and financial centre of the South Korea. Situated in the prominent Dongdaemun area, the Hotel is also located in close proximity to some of the city's other attractions such as Dongdaemun Design Plaza and Doota Mall. The Hotel is well-connected to other parts of the city via the Dongdaemun History & Culture Park subway station which is a short walking distance away.

- **Acquisition is expected to be DPS accretive**

The Acquisition is expected to be accretive to the Stapled Securityholders. On a pro forma basis, assuming A-HTRUST had owned the Hotel since 1 April 2016, the distribution per stapled security ("DPS") for FY2016/2017 would have increased by approximately 0.2% from 5.68 Singapore cents to 5.69 Singapore cents<sup>2</sup>.

- **Relatively new freehold Hotel**

Completed in 2015, capital expenditure for the Hotel is expected to be minimal over the next few years. The Acquisition will also add another freehold asset to the portfolio.

- **Potential upside from hotel rebranding and repositioning**

The Hotel is currently owner-operated and will be managed by an established hotel management company after completion of the Acquisition. There is an opportunity to enhance asset value from hotel rebranding and repositioning.

- **Improved income stability**

The master lease agreement with the established hotel management company provides downside protection from the fixed rent and potential upside from the variable component of the rent structure.

- **Broaden earning base and further diversification**

The Acquisition broadens A-HTRUST's earning base, and further reducing reliance on any single property. Entry in to the Seoul hotel market further diversifies the geographical spread of A-HTRUST's portfolio.

Mr Tan added: "The acquisition of the Hotel reinforces A-HTRUST's strategy of investing in diversified portfolio. The Hotel will enhance the portfolio and its earnings while providing further stability to the income through the fixed rent component. We believe that A-HTRUST will benefit from the entry into Seoul, which is the key business centre of South Korea and a leading MICE destination."

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<sup>2</sup> Please refer to the announcement on the Acquisition dated 27 April 2018 for further details on the financial effects of the Acquisition.

## **Description of the Hotel**

The 215-room Hotel is a 4-star hotel located in Dongdaemun, a major shopping and tourist destination in Seoul. Sitting on a freehold land, the development of the 20-storey Hotel was completed in 2015. The facilities offered by the Hotel include a restaurant, a cafe, two conference rooms and a gym.

A copy of the announcement is available at [www.sgx.com](http://www.sgx.com) and [www.a-htrust.com](http://www.a-htrust.com).

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## **About Ascendas Hospitality Trust**

[www.a-htrust.com](http://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 11 quality hotels with over 4,000 rooms geographically diversified across key cities in Australia, China, 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](http://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 29 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.