

# Ascott Residence Trust

## *FY2010 Financial Results*

*Investor Meeting*

*Organised by Daiwa Capital Markets Singapore Limited*



**24 January 2011**



# Agenda

- **Results Highlights**
- **4Q 2010 Portfolio Performance**
- **Portfolio Information**
- **Capital and Risk Management**
- **Prospects**

## **IMPORTANT NOTICE**

*The value of units in Ascott Residence Trust (“Ascott Reit”) (the “Units”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager of Ascott Reit (the “Manager”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott Reit is not necessarily indicative of its future performance.*

*This presentation 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, 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. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.*

*Unitholders of Ascott Reit (the “Unitholders”) have no right to request the Manager to redeem their units in Ascott Reit while the units in Ascott Reit are listed. It is intended that Unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.*

# Results Highlights





# FY 2010 vs FY 2009 Performance

	FY 2010	FY 2009	Change
Revenue (S\$m)	207.2	175.5	+18%↑
Gross Profit (S\$m)	101.4	84.6	+20%↑
Unitholders' Distribution (S\$m)	57.7	45.2	+28%↑
Distribution Per Unit (S cents)	7.54	7.32	+3%↑
Revenue Per Available Unit (S\$/day) – serviced residences	130	123	+6%↑

- Increase in revenue and gross profit mainly due to the 28 properties injected into the portfolio on 1 October 2010.
- On a same store basis and excluding one-off items, revenue increased by S\$6.5 million and gross profit increased by S\$1.8 million.




# 4Q 2010 vs 4Q 2009 Performance

	4Q 2010	4Q 2009	Change
Revenue (S\$m)	72.8	46.1	+58%↑
Gross Profit (S\$m)	39.3	21.9	+80%↑
Unitholders' Distribution (S\$m)	23.9	11.5	+108%↑
Distribution Per Unit (S cents)	2.16	1.87	+16%↑
Revenue Per Available Unit (S\$/day) – serviced residences	137	123	+11%↑

- On a same store basis and excluding one-off items, revenue increased by S\$1.4 million and gross profit increased by S\$0.6 million.



# 4Q 2010 vs 4Q 2009 Performance

	4Q 2010	4Q 2009	Change
<b>Revenue (S\$m)</b>	<b>72.8</b>	<b>46.1</b>	<b>+58%</b> 

- Increase in revenue mainly due to additional revenue of S\$30.3 million from the 28 properties injected into the portfolio on 1 October 2010, partially off-set by the decrease in revenue of S\$4.6 million from the divestment of Ascott Beijing and Country Woods.

## Same Store

- Revenue for 4Q 2010 increased by S\$1.0 million from S\$41.5 million to S\$42.5 million.
- Revenue for 4Q 2010 and 4Q 2009 included S\$1.2 million and S\$1.6 million of business interruption (“BI”) claim for Somerset Grand Citra respectively.
- Excluding the BI claim, revenue for 4Q 2010 and 4Q 2009 would have been S\$41.3 million and S\$39.9 million respectively, representing an increase of S\$1.4 million or 3.6% between the two periods. The increase was mainly due to the higher contribution from the Group’s serviced residences in Singapore, partially offset by a decrease in revenue from the serviced residences in China.



# 4Q 2010 vs 4Q 2009 Performance

	4Q 2010	4Q 2009	Change
<b>Gross Profit (S\$m)</b>	<b>39.3</b>	<b>21.9</b>	<b>+80%</b> ↑

- Increase in gross profit mainly due to additional contribution of S\$19.2 million from the 28 properties injected into the portfolio on 1 October 2010, partially offset by the decrease in gross profit of S\$1.6 million from the divestment of Ascott Beijing and Country Woods.

## Same Store

- Gross profit for 4Q 2010 has decreased by S\$0.2 million from S\$20.3 million to S\$20.1 million.
- Gross profit for 4Q 2010 included (1) an one time charge of prior years' property tax of S\$0.3 million for one of the serviced residences in China, and (2) recognition of BI claim of S\$1.0 million. Gross profit for 4Q 2009 included a BI claim of S\$1.4 million and an one-off reversal of S\$0.1 million for prior year's accrual of centralised costs.
- Excluding these one-off items, gross profit in 4Q 2010 and 4Q 2009 would have been S\$19.4 million and S\$18.8 million respectively, representing an increase of S\$0.6 million or 3% between the two periods.





# 4Q 2010 vs Forecast Performance

	4Q 2010	Forecast <sup>(1)</sup>	Change
<b>Revenue (S\$m)</b>	72.8	68.8	+6% ↑
<b>Gross Profit (S\$m)</b>	39.3	36.3	+8% ↑
<b>Unitholders' Distribution (S\$m)</b>	23.9	20.6	+16% ↑
<b>Distribution Per Unit (S cents)</b>	2.16	1.84	+17% ↑
<b>Revenue Per Available Unit (S\$/day) – serviced residences</b>	137	127	+8% ↑

- Revenue and RevPAU are higher mainly due to the Singapore and United Kingdom serviced residence properties. Both markets continued to experience strong demand which enabled the serviced residences to achieve higher rental rates.
- Gross profit also increased in line with the higher revenue.

**Notes:**

*(1) The forecast is extracted from the Offer Information Statement dated 13 September 2010 and is based on the assumptions set out in the Offer Information Statement.*



# Distribution Details

	<b>Paid</b>		<b>To Be Paid</b>
<b>Distribution Period</b>	1 January to 30 June 2010	1 July to 21 September 2010	22 September to 31 December 2010
<b>Distribution Rate</b>	3.53 cents per unit	1.74 cents per unit	2.27 cents per unit
<b>Book Closure Date</b>	2 August 2010	21 September 2010	31 January 2011
<b>Distribution Payment Date</b>	27 August 2010	19 November 2010	28 February 2011

**FY 2010 DPU of 7.54 cents represents 100 percent of distributable income**



# Property Valuation

- Independent valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd and Savills Advisory Services Limited
- Net change in property value comprised
  - A surplus on revaluation of S\$4.9 million mainly from higher valuation of the Group's serviced residences in Singapore, United Kingdom and Indonesia
  - Write-off of S\$14.1 million for acquisition fee previously capitalised as part of the cost of the serviced residence properties
  - Net decrease in property value of S\$9.2 million
- NAV per unit as at 31 December 2010 is S\$1.28

# 4Q 2010 Portfolio Performance



# Master Leases





# Master Leases



Citadines Louvre Paris



Citadines Les Halles Paris



Citadines Place d'Italie Paris



Citadines Croisette Cannes



Citadines Arnulfpark Munich



Citadines Kurfursten-damm Berlin



Somerset Salcedo Makati

	Revenue			Gross Profit		
	4Q 2010 S\$'M	4Q 2009 S\$'M	Forecast S\$'M	4Q 2010 S\$'M	4Q 2009 S\$'M	Forecast S\$'M
<b>France</b> <i>(17 properties)</i>	9.3	-	9.3	8.8	-	8.7
<b>Germany</b> <i>(2 properties)</i>	1.0	-	0.9	0.9	-	0.9
<b>Philippines</b> <i>(Somerset Salcedo Makati)</i>	0.2	0.2	0.2	0.2	0.2	0.2
<b>Master Leases Total</b>	10.5	0.2	10.4	9.9	0.2	9.8

Master Leases constitute 25% of the Group's 4Q 2010 gross profit and have average weighted remaining tenures of more than 7 years



**ASCOTT**  
RESIDENCE  
TRUST

# Management Contracts with Guarantee





# Overview of Management Contracts with Guarantee

- 8 out of Ascott Reit's 64 properties are on management contracts that provide minimum guaranteed income.
- The minimum guaranteed income constitutes 16% of the Group's gross profit for 4Q 2010.
- These management contracts have an average weighted remaining tenure of more than 7 years.





# United Kingdom



Citadines Barbican London



Citadines Prestige Holborn-Covent Garden

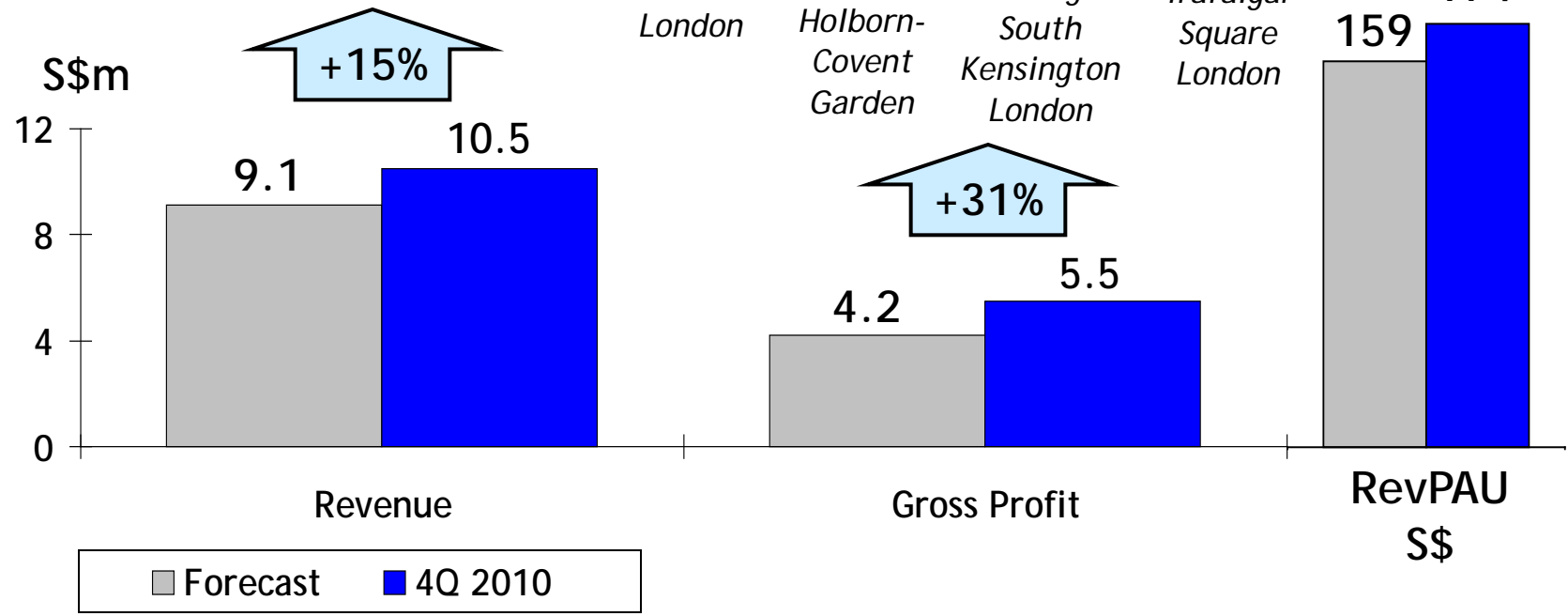


Citadines Prestige South Kensington London



Citadines Trafalgar Square London

+9%



Forecast
  4Q 2010

Continued market improvement enabled the refurbished apartments to achieve higher rental rates than assumed in the forecast. There was a top-up by the property manager of S\$0.3 million for Citadines Prestige Holborn-Covent Garden as the property experienced lower occupancy due to on-going renovations.

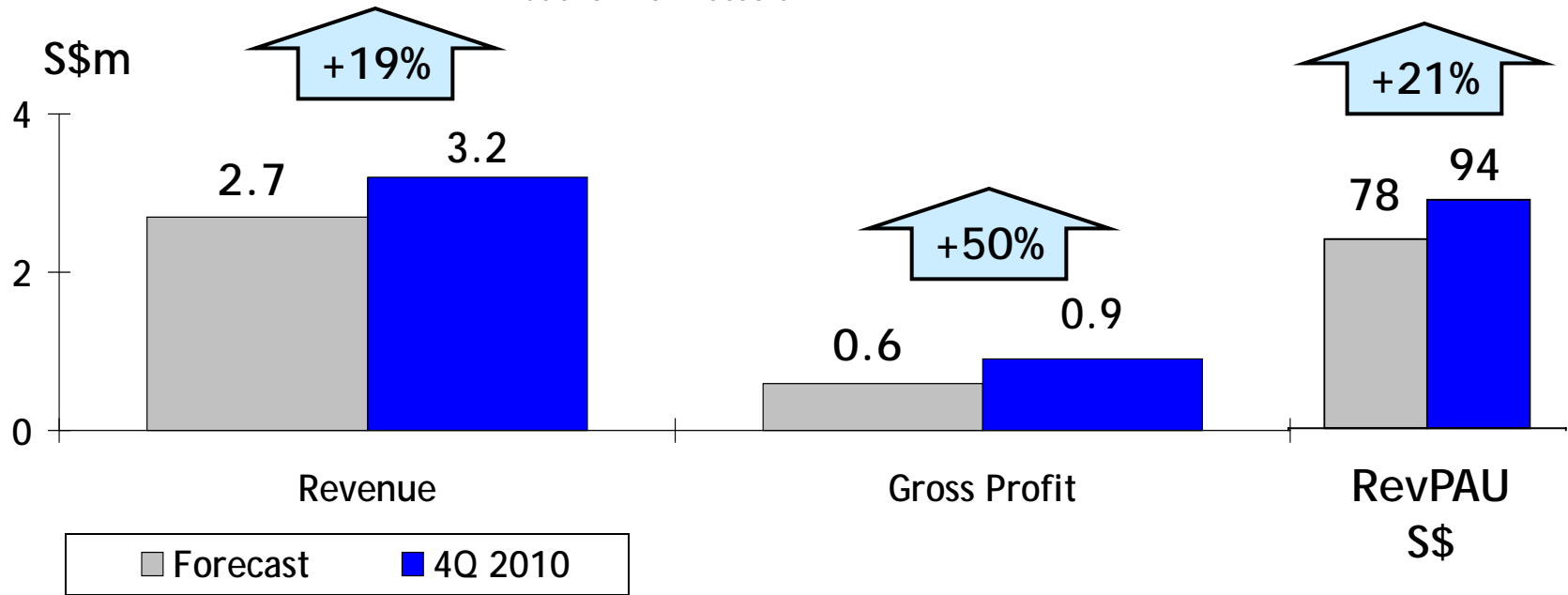




*Citadines Sainte-Catherine Brussels*



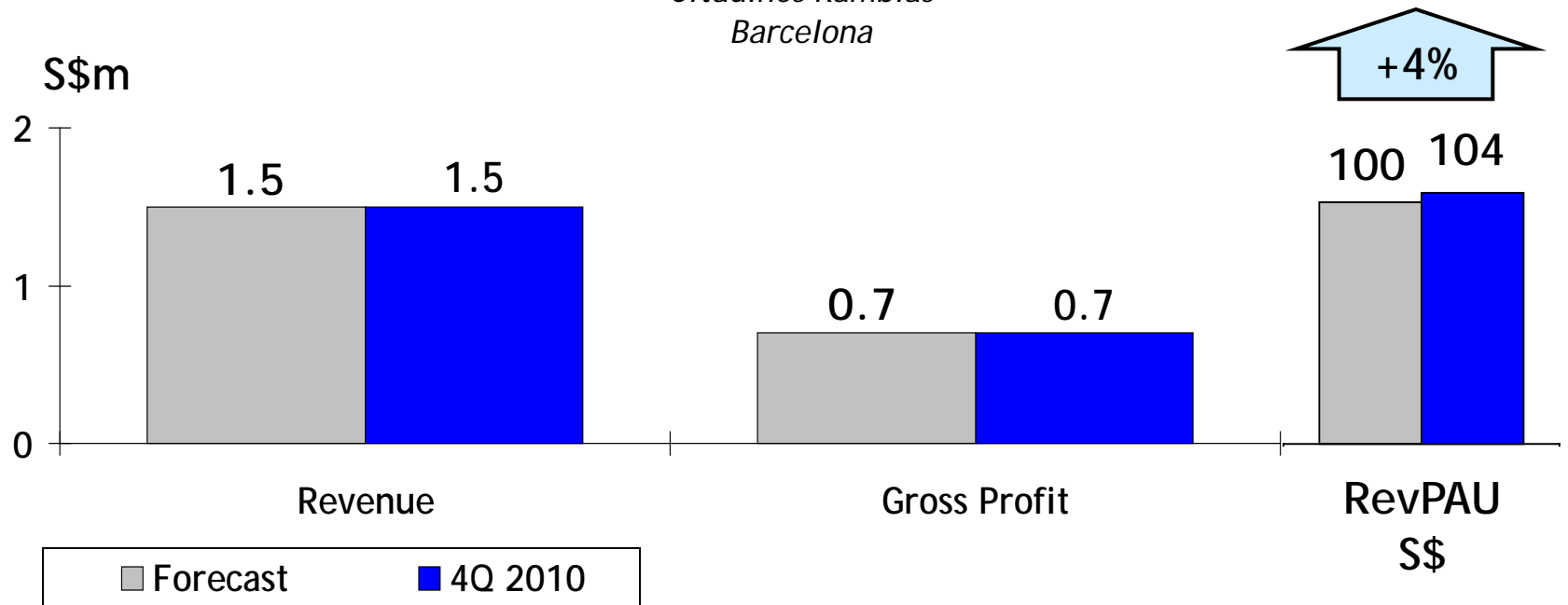
*Citadines Toison d'Or Brussels*



Increase in revenue mainly arose due to the postponement of renovation for Citadines Sainte-Catherine to the low season months of 2011 as demand in 4Q 2010 remained firm. There was also a top-up by the property manager of S\$0.1 million for Citadines Toison d'Or Brussels.



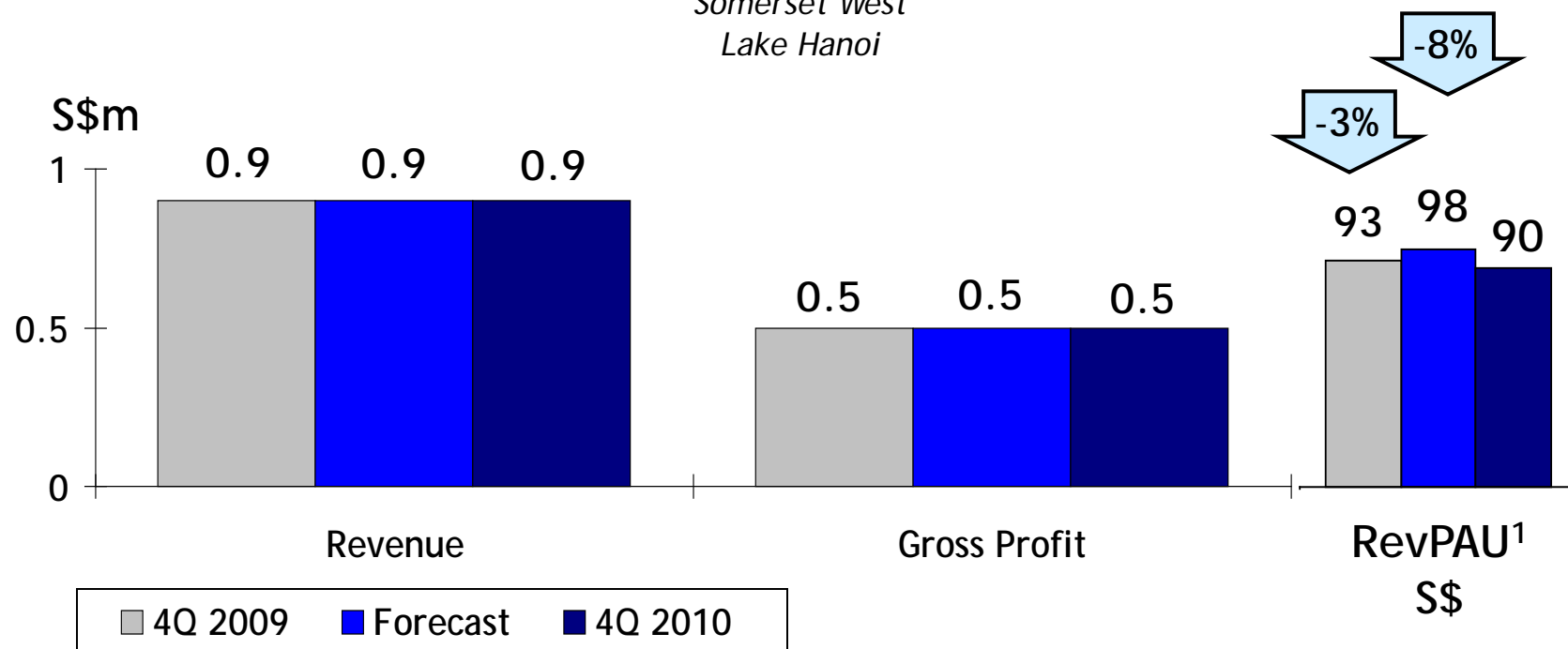
*Citadines Ramblas  
Barcelona*



**There was a top-up by the property manager of S\$0.1 million for Citadines Ramblas Barcelona, though RevPAU is higher than forecast**



Somerset West  
Lake Hanoi



**Revenue for Vietnam for 4Q 2010 included a yield protection amount of S\$0.2 million for Somerset West Lake due to low rental rates achieved**

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation

# Management Contracts

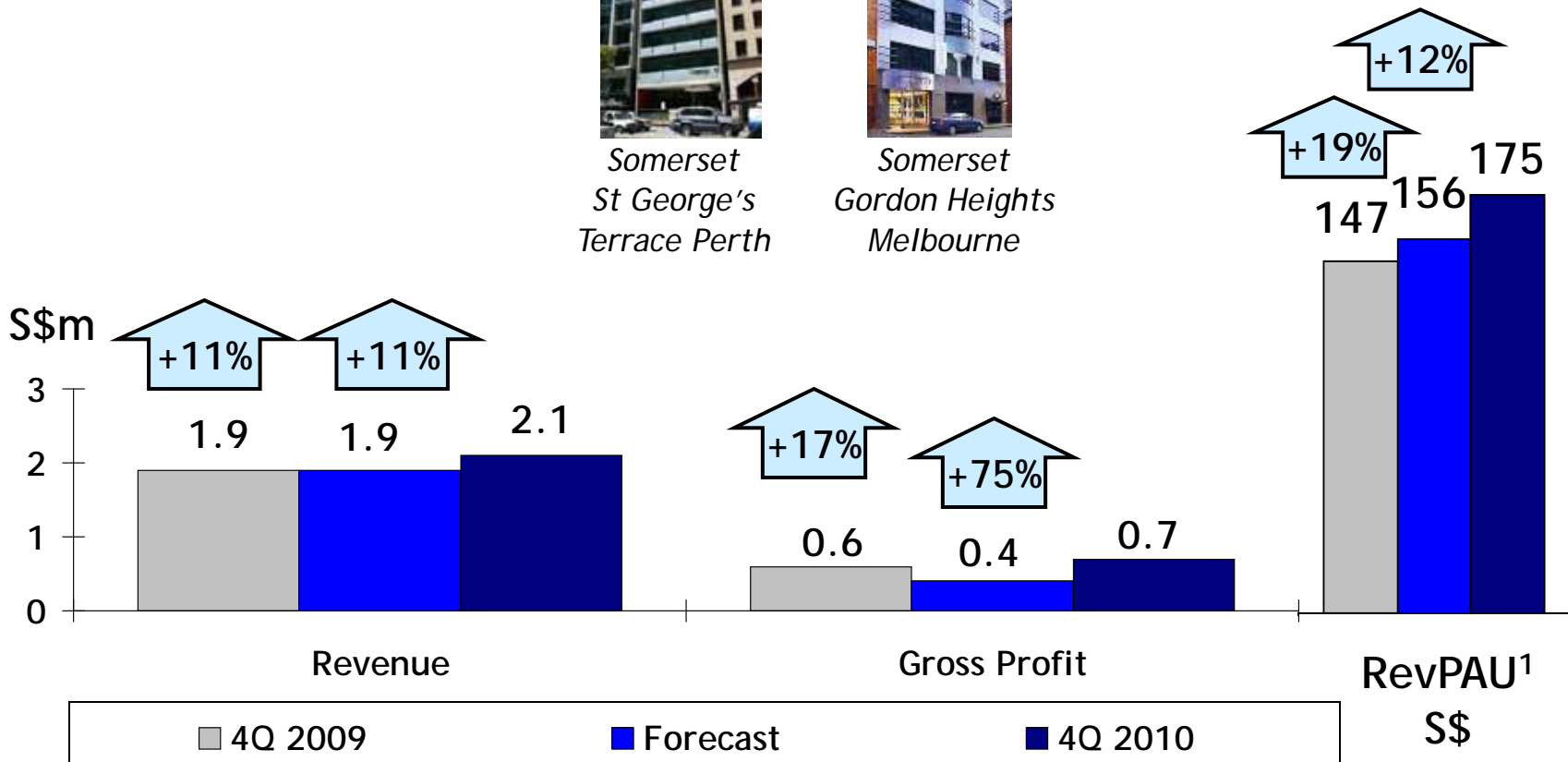




Somerset  
St George's  
Terrace Perth



Somerset  
Gordon Heights  
Melbourne



Improved performance mainly due to higher demand for serviced residences as a result of stronger economic growth in 2010

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation



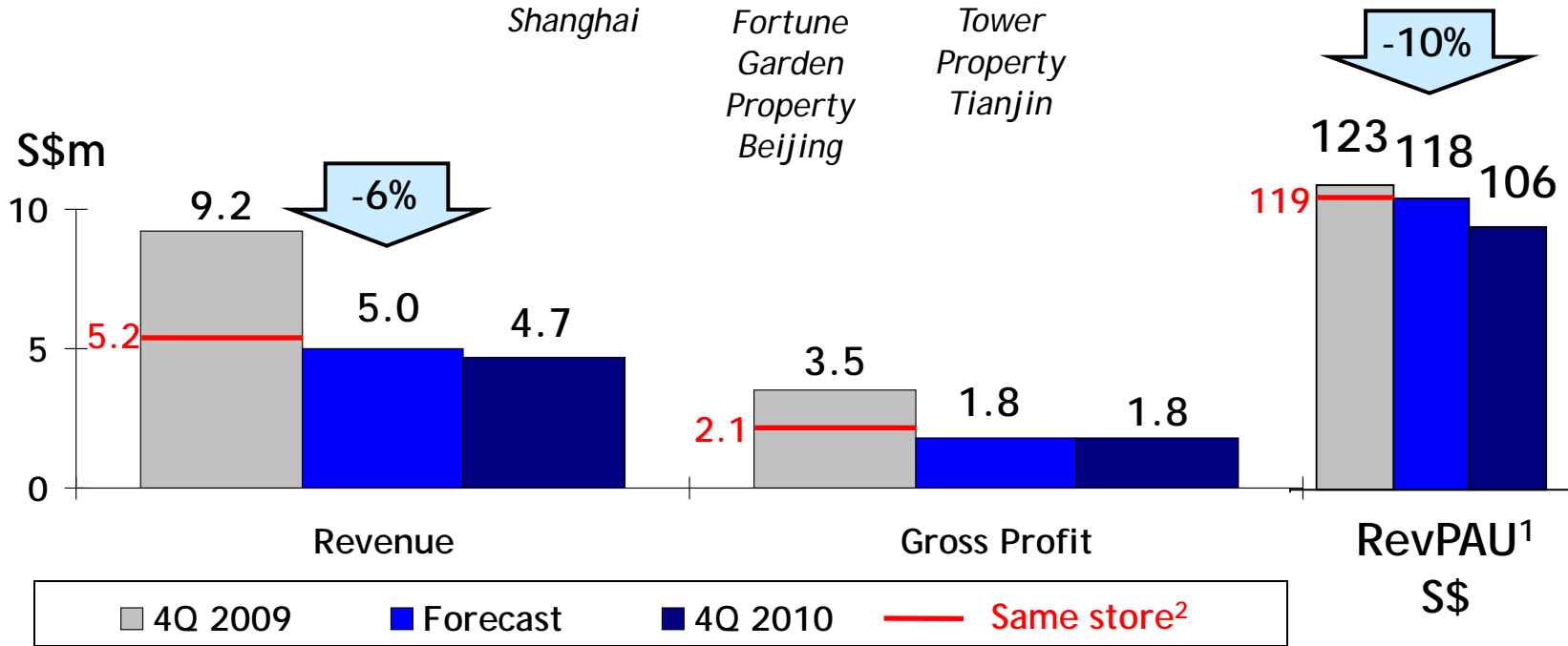
Somerset  
Xu Hui  
Shanghai



Somerset  
Grand  
Fortune  
Garden  
Property  
Beijing



Somerset  
Olympic  
Tower  
Property  
Tianjin



Lower performance due to increased competition and on-going renovation in Tianjin, partially offset by better performance in Beijing. Beijing's performance improved due to higher occupancy.

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation

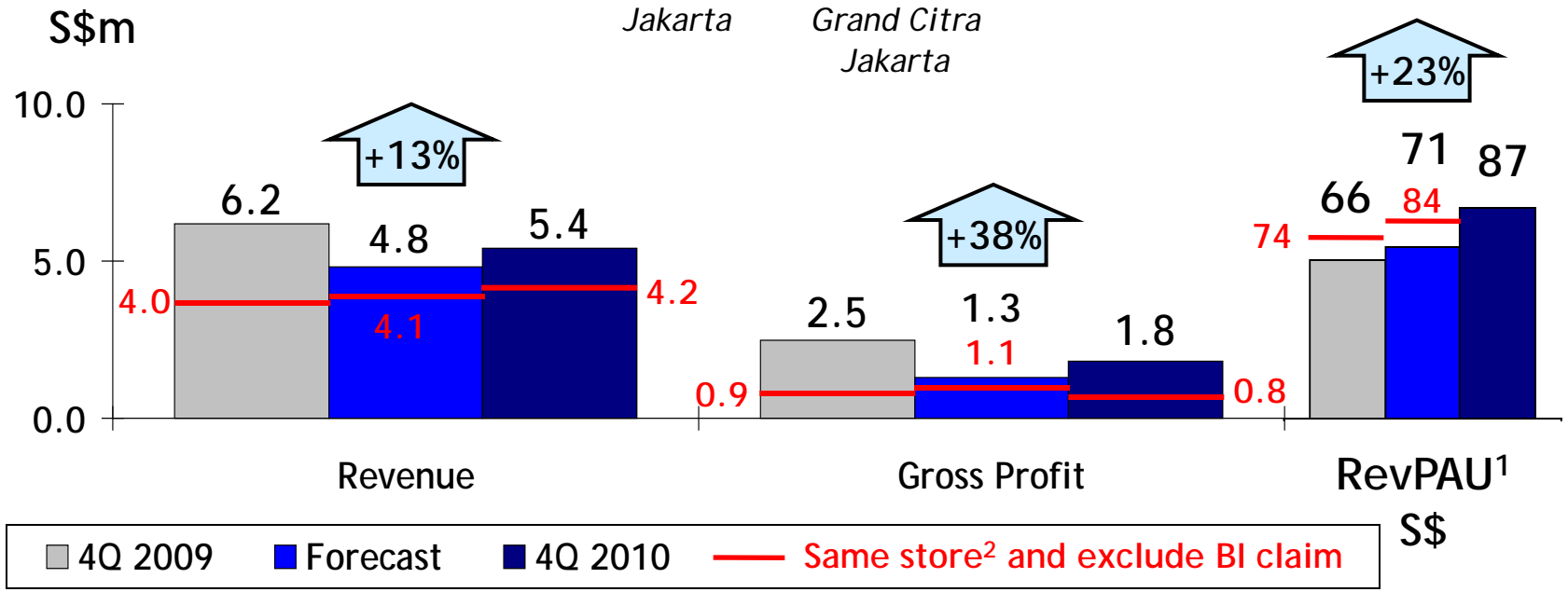
<sup>2</sup> Excludes Ascott Beijing divested on 1 October 2010.



Ascott  
Jakarta



Somerset  
Grand Citra  
Jakarta



**Revenue improved due to increased business from information technology and oil and gas industries.  
 Lower gross profit on a same store basis due to strengthening of Rupiah against USD.**

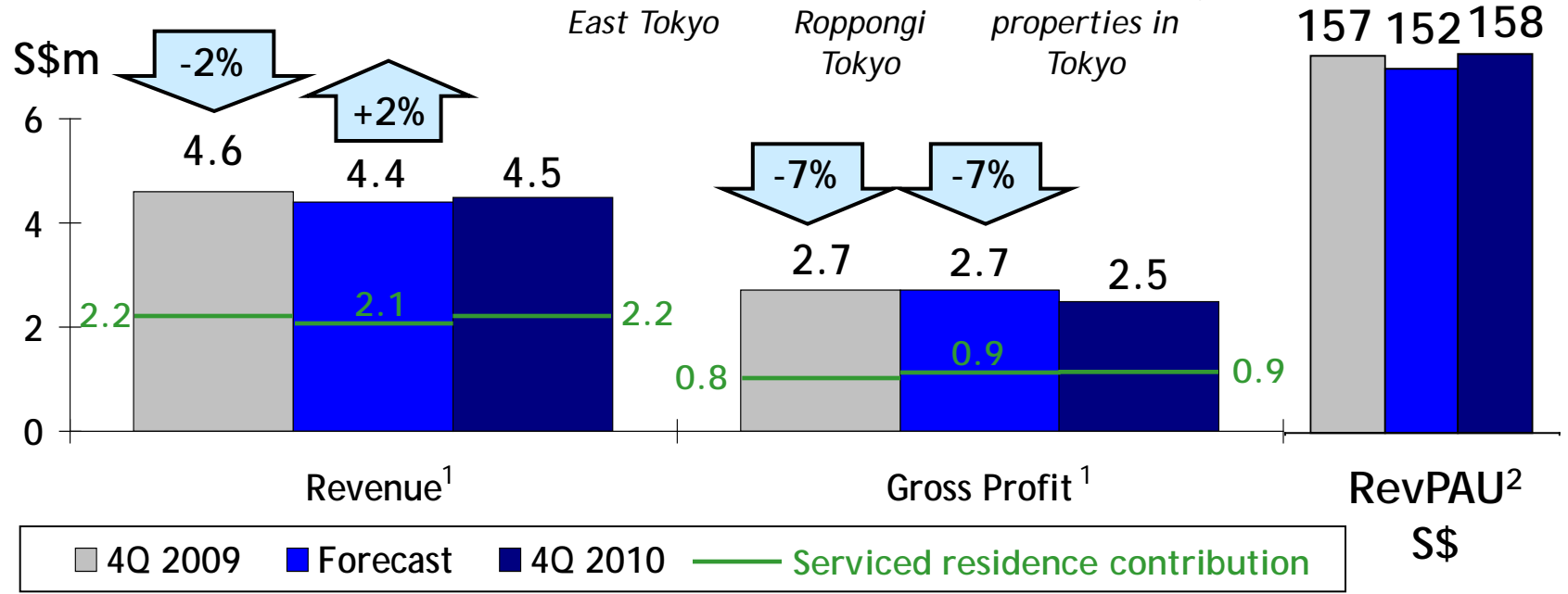
<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation

<sup>2</sup> Excludes Country Woods divested on 29 October 2010.





Somerset Azabu East Tokyo    Somerset Roppongi Tokyo    18 rental housing properties in Tokyo



**Lower performance due to weaker performance from the rental housing properties, which continued to achieve occupancy of 90% but at lower rental rates in view of the weak market demand.**

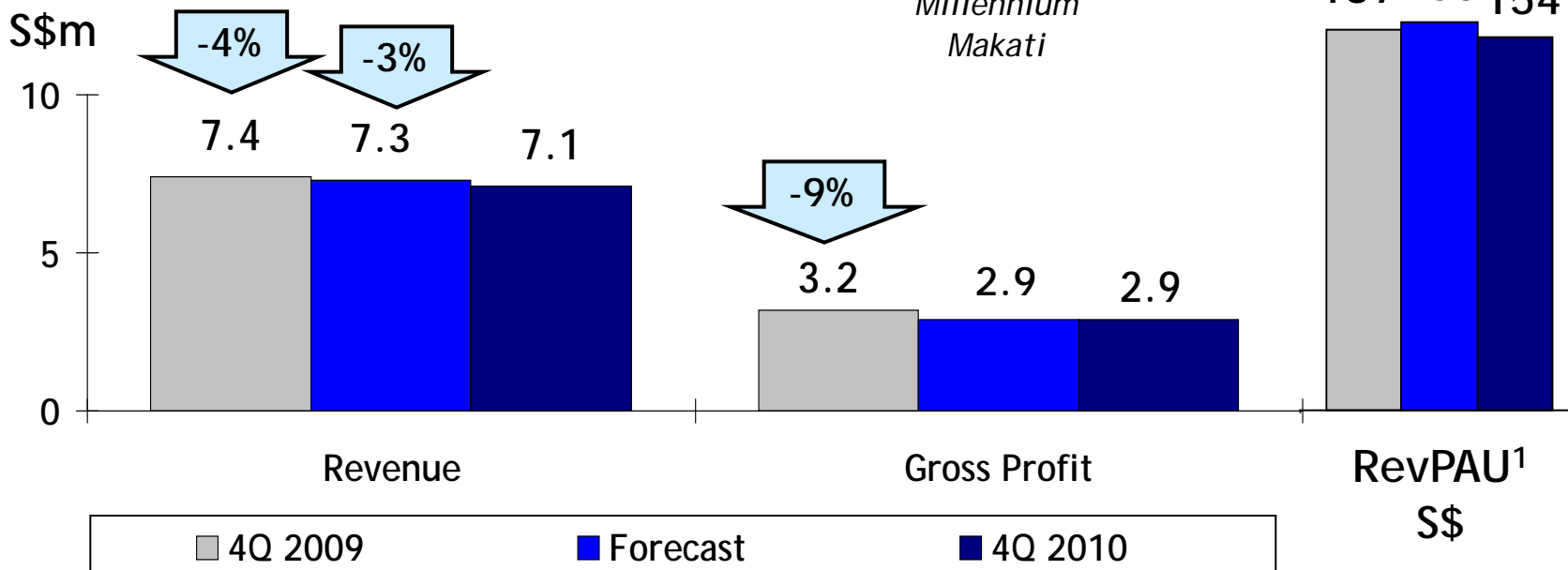
<sup>1</sup> Revenue and Gross Profit includes contribution from serviced residence and rental housing properties.  
<sup>2</sup> RevPAU for serviced residence properties . RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation.



Ascott Makati



Somerset Millennium Makati



Lower performance due to weaker market demand

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation



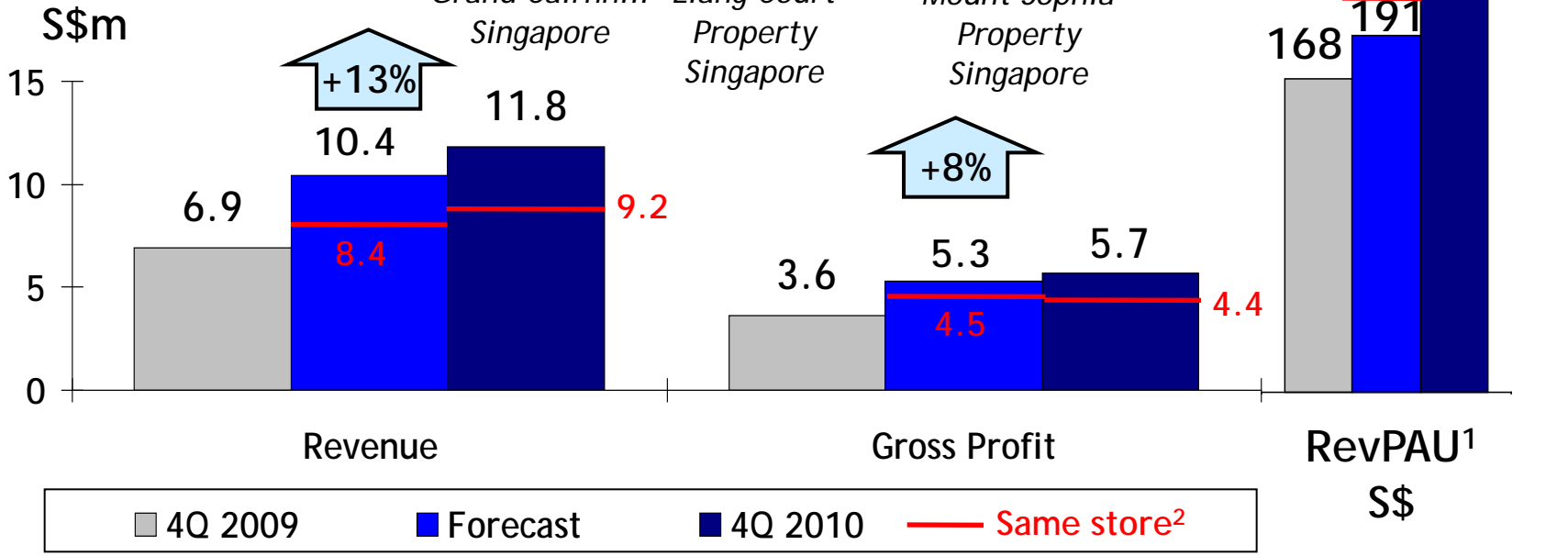
Somerset  
Grand Cairnhill  
Singapore



Somerset  
Liang Court  
Property  
Singapore



Citadines  
Mount Sophia  
Property  
Singapore



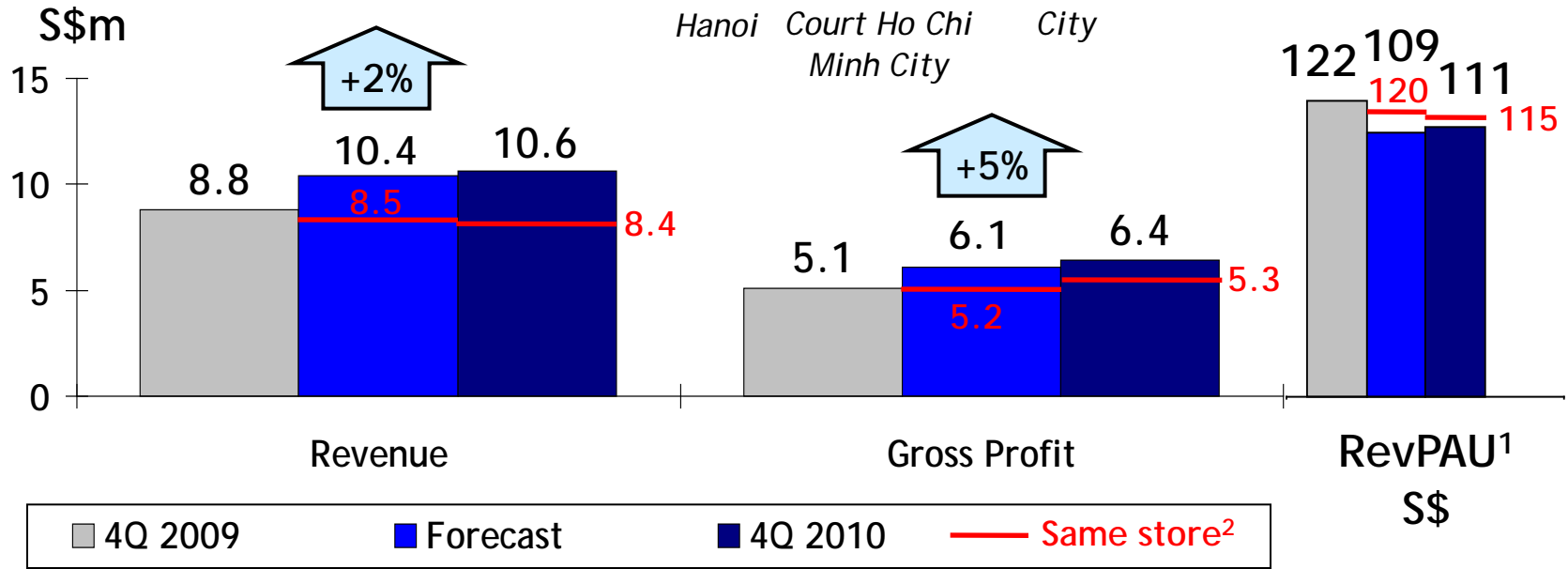
**Increase in revenue and gross profit due to contribution from newly acquired Citadines Mount Sophia and the successful launch of Somerset Grand Cairnhill's and Somerset Liang Court's refurbished apartment units**

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation

<sup>2</sup> Excludes Citadines Mount Sophia acquired on 1 October 2010.



Somerset Grand Hanoi    Somerset Hoa Binh Hanoi    Somerset Chancellor Court Ho Chi Minh City    Somerset Ho Chi Minh City



**On a same store basis, lower revenue due to a decline in serviced residence revenue, partially offset by higher office rental income**

<sup>1</sup> RevPAU for 4Q 2009 has been adjusted to be consistent with current period's presentation

<sup>2</sup> Excludes Somerset Hoa Binh Hanoi acquired on 1 October 2010.

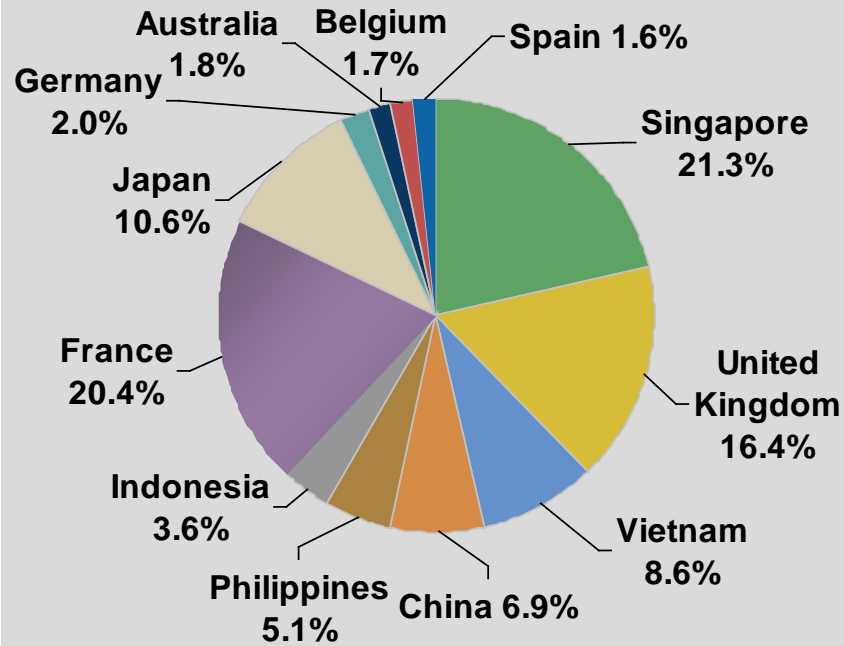
# 4Q 2010 Portfolio Information





# Geographical Diversification

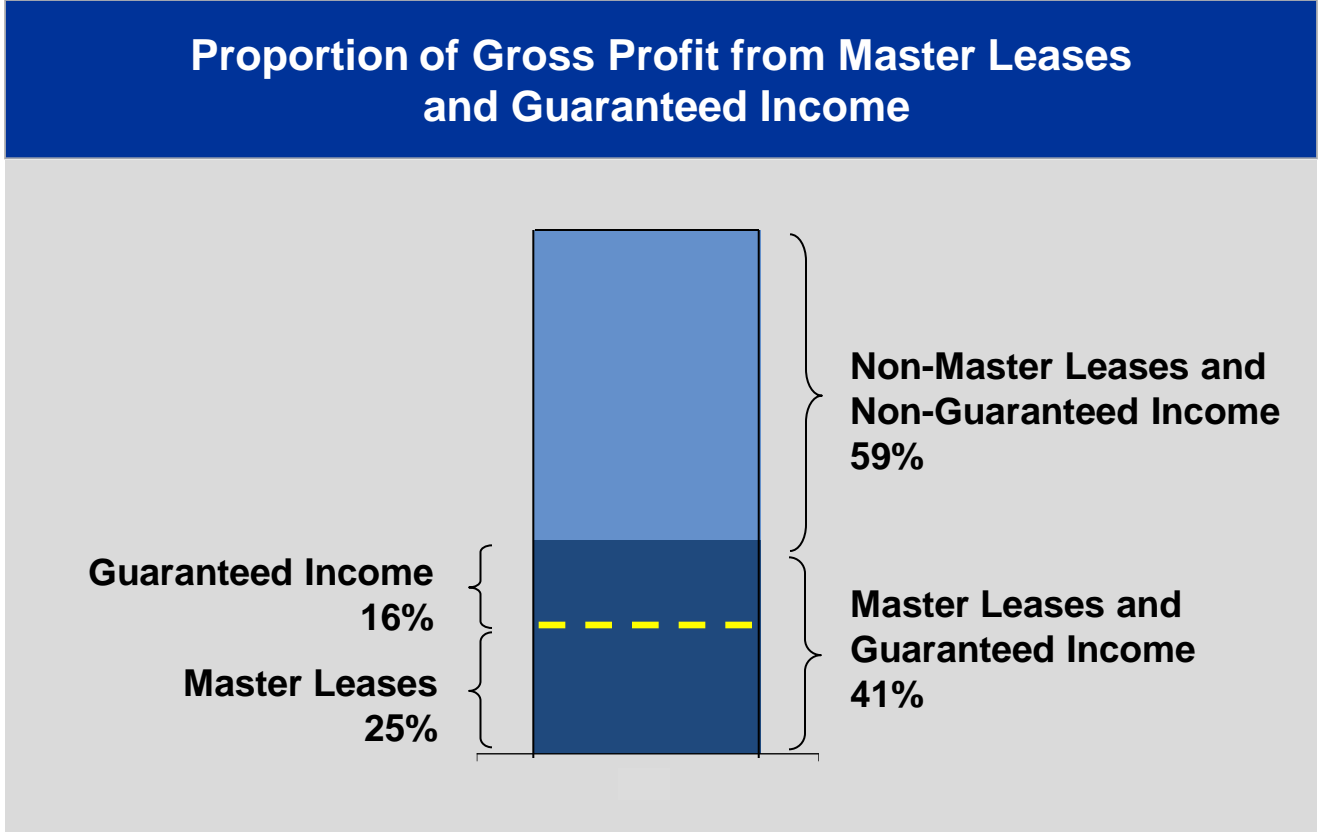
## Ascott Reit's Share of Asset Values As at 31 December 2010



Total = S\$2.71 billion

Portfolio diversified across geography and economic cycles

# Income Stability

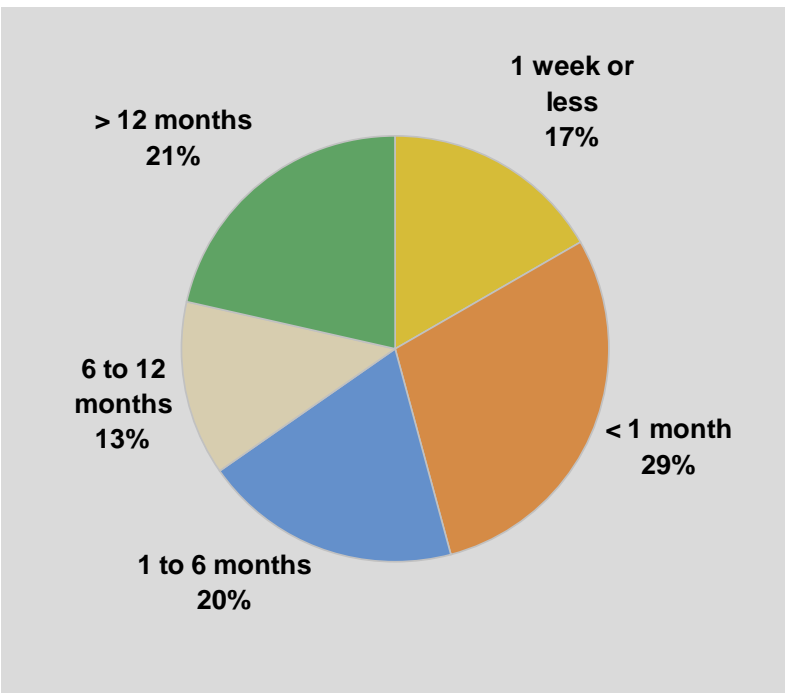


Both master leases and serviced residence management contracts have average weighted remaining tenures of more than 7 years.

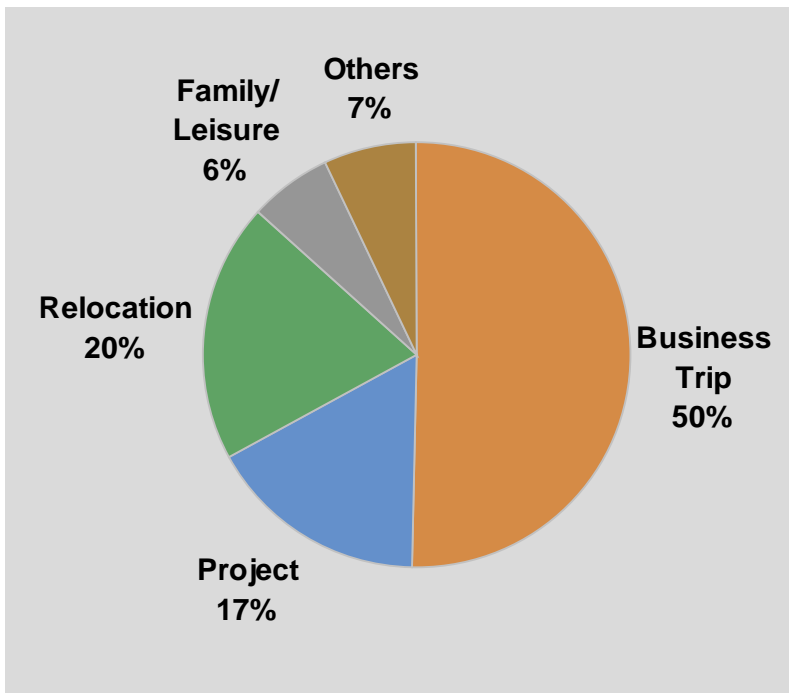


# Length of Stay and Market Segment

## Apartment Rental Income By Length of Stay<sup>1,2</sup>



## Apartment Rental Income By Market Segment<sup>1,2</sup>



Average length of stay is about 5 months<sup>3</sup>

<sup>1</sup> For 1 October 2010 to 31 December 2010

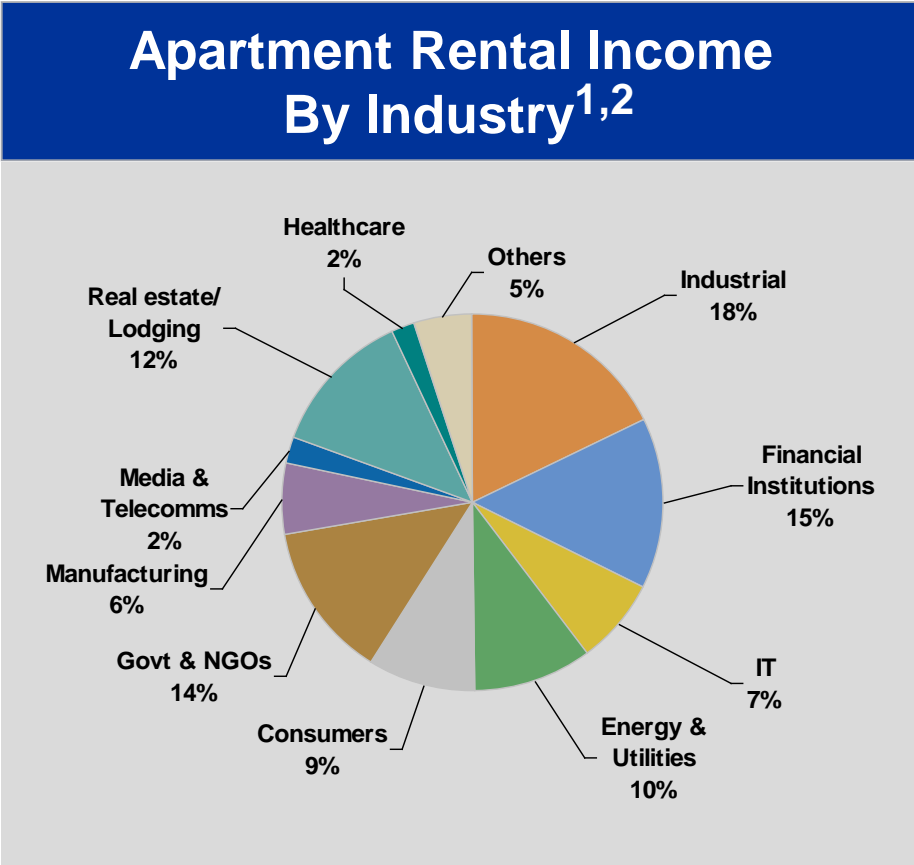
<sup>2</sup> Information for properties on serviced residence management contracts only. Information for properties on master leases is not included

<sup>3</sup> Apartment rental income by length of stay





# Diverse Tenant Mix



Earnings diversified, not reliant on any single industry

<sup>1</sup> Apartment rental income from corporate accounts for 1 October 2010 to 31 December 2010

<sup>2</sup> Information for properties on serviced residence management contracts only. Information for properties on master leases is not included

# Capital & Risk Management

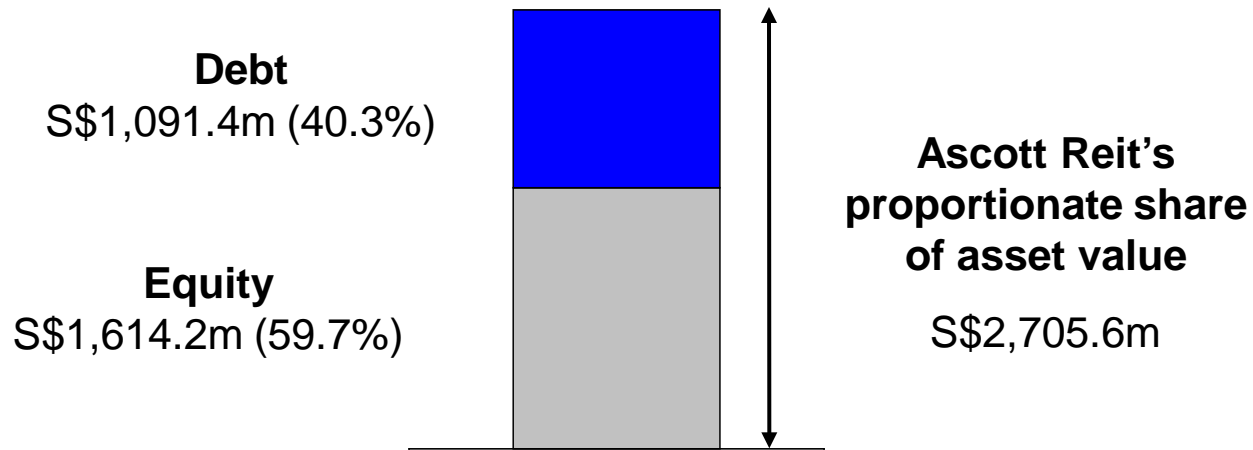




# Healthy Balance Sheet

- Gearing of 40.3%, well within the 60% gearing limit allowable under MAS property fund guidelines

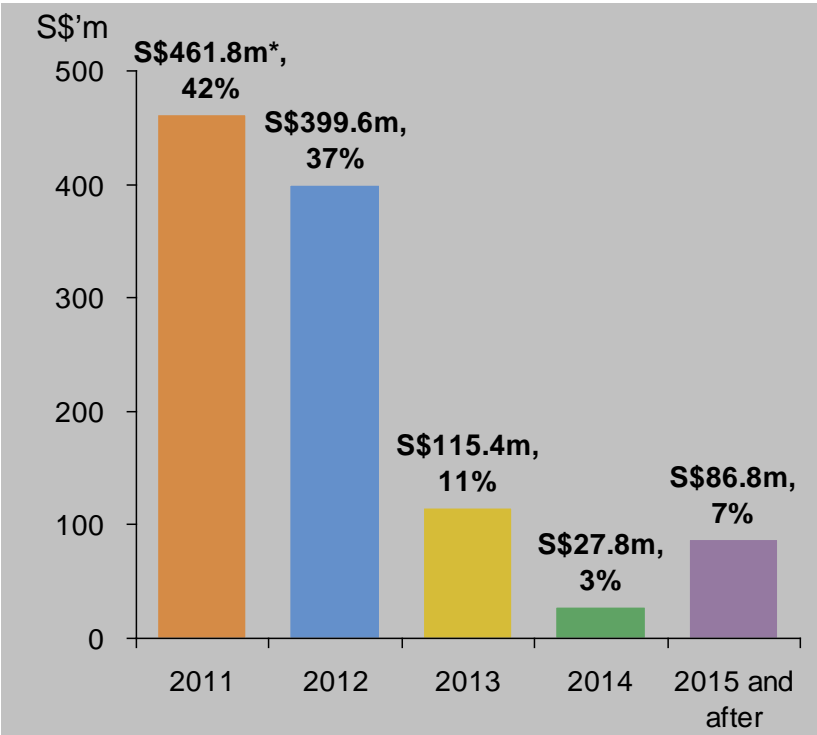
## Ascott Reit Gearing Profile As at 31 December 2010



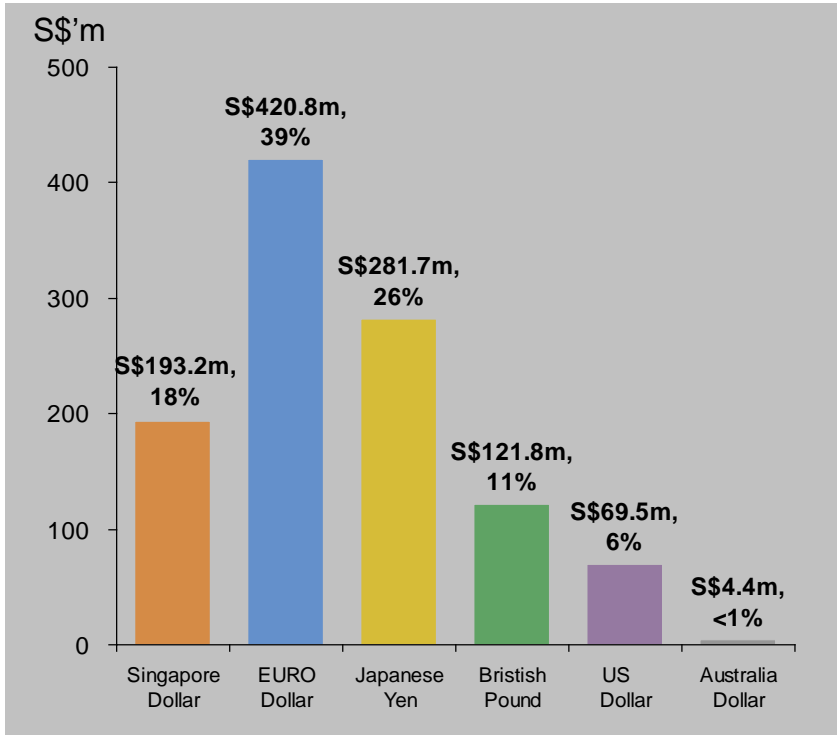


# Debt Profile

## Maturity Profile As at 31 December 2010



## Currency Profile As at 31 December 2010



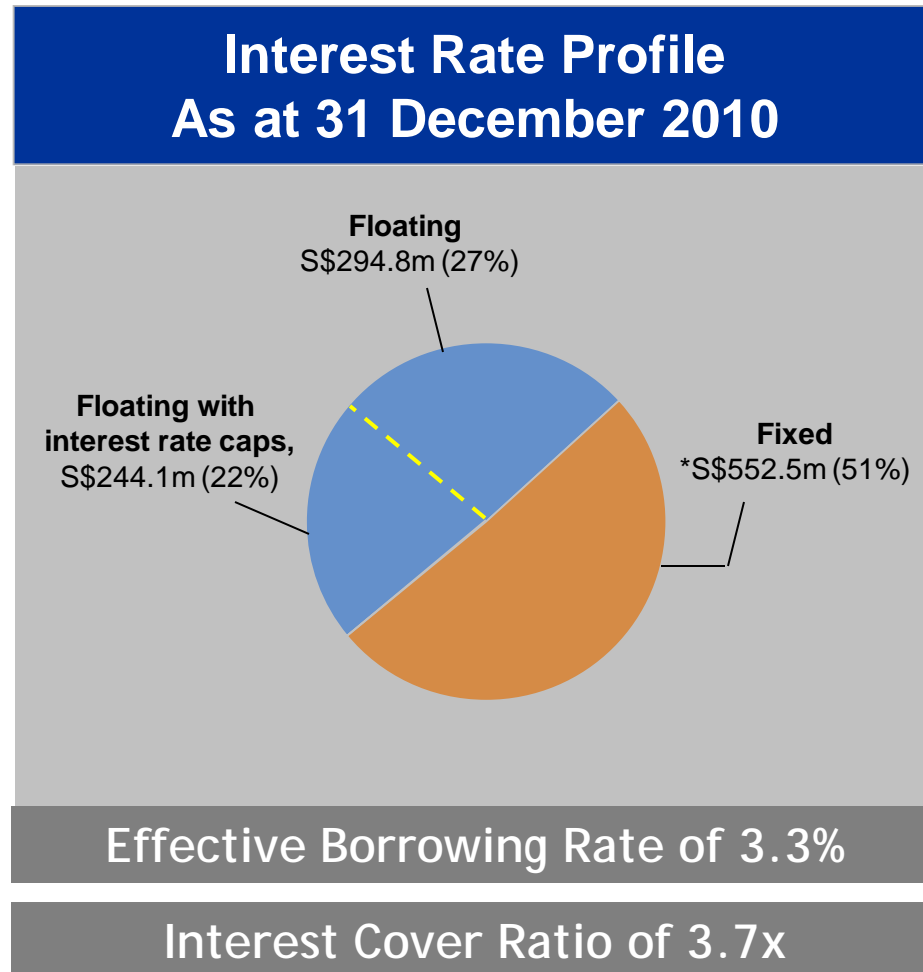
**Ascott Reit's Share of Bank Loans = S\$1,091.4 m**

\* Comprises S\$135.6m (SGD), S\$158.5m (EUR), S\$138.2m (JPY), S\$3.7m (GBP), S\$21.4m (USD) and S\$4.4m (AUD).





# Interest Rate Profile



*\* S\$251.7m is due for refinancing in 2011, in line with the maturity dates of the underlying loans*



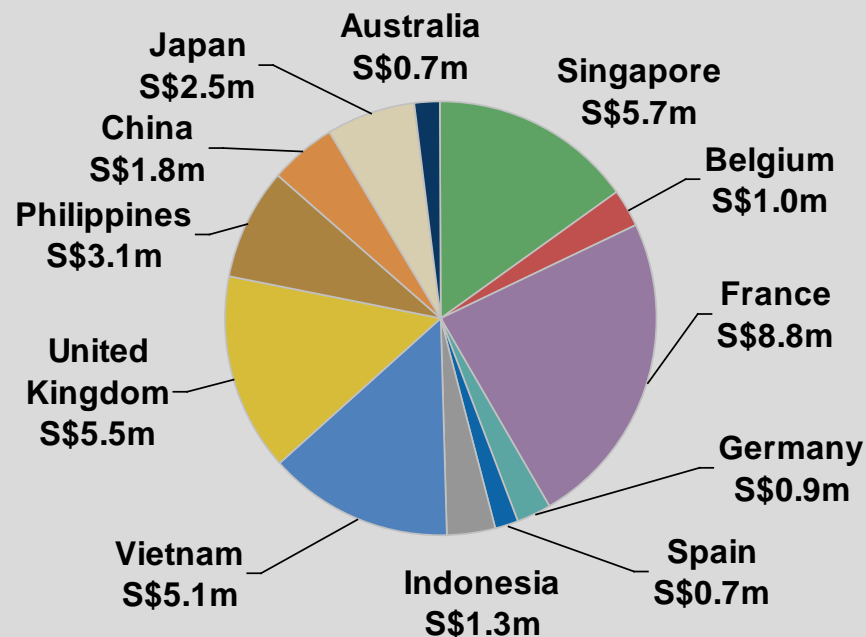
# Capital Management

- Increase the average debt maturity profile by extending the tenures of loans due for refinancing
- Structure debt currency profile to match the currency exposure of the underlying assets to the extent possible
- Increase the proportion of fixed interest rate loans to more than 65%



# Foreign Exchange Profile

## Ascott Reit's Share of Gross Profit 4Q 2010



Total = S\$37.1 million

## Foreign Exchange Movements

Currency	Percentage of Ascott Reit's Share of Gross Profit 4Q 2010	Foreign exchange rate movements in 4Q 2010
SGD	15	-
EUR	30	-1.1%*
USD	18	1.2%
GBP	15	-0.1%*
PHP	8	0.8%
RMB	5	1.5%
JPY	7	-2.7%
AUD	2	2.9%
<b>Total</b>	<b>100</b>	<b>-0.1%</b>

\* Based on exchange rate movements from 01 October - the completion date of the acquisition of the properties.



# Foreign Exchange Management

- Cashflows
  - Manage volatility of foreign currency cash flow from overseas assets
    - Revenue and operating expenses are mainly in respective local currency
    - Vietnam – Majority of revenue\* and operating expenses are in local currency
    - Indonesia - Majority of revenue in US\$ while operating expenses are in local currency
  - Monitor foreign exchange risks associated with remitting the various currencies to Singapore for distribution and, to the extent feasible, hedge these currency risks
- Capital Values
  - Adopt natural hedge strategy, as far as possible
    - Borrowing in the same currency as underlying asset

\* Room rates in Vietnam are contracted in USD and majority of revenue is received in VND at the prevailing exchange rate



# Prospects





# Prospects

In 2011, the Group expects the Singapore properties to continue to benefit from increasing demand for serviced apartments as a result of the robust economy and vibrant hospitality market. The Group also expects the United Kingdom (“UK”) properties to do well in 2011 in the lead up to the 2012 London Olympics.

The income from master leases and serviced residence management contracts with minimum guarantee, mainly contributed by the Group’s Europe properties, will provide a base of stable income.

There are on-going asset enhancement initiatives in China, Vietnam and the UK, to increase the returns of our portfolio. We will continue to seek yield-accretive acquisitions in Singapore, China, Vietnam and the UK. We will also explore opportunities in new emerging markets.

For FY2011, the Manager is confident of delivering the forecast distribution of 7.74 cents as disclosed in the Offer Information Statement dated 13 September 2010.

# Thank You

