

Ascott Residence Trust

**Divestment of Somerset Grand Cairnhill Singapore
and Acquisition of 3 Target Properties**



**Press Conference
9 July 2012**



Disclaimer

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 Ascott Residence Trust Management Limited, 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.



Agenda

- **Overview of Transactions**
- **Key Benefits of Transactions**
- **Impact on Ascott Reit**
- **Overview of Funding Structure**
- **Conclusion**

Overview of Transactions



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Summary of Transactions

Transactions		Divestment of Somerset Grand Cairnhill Singapore ⁽¹⁾	Acquisition of Ascott Raffles Place Singapore	Acquisition of Ascott Guangzhou	Acquisition of New Cairnhill SR ⁽⁴⁾
	Proposed Price	S\$359 million ⁽²⁾	S\$220 million	S\$63.3 million ⁽³⁾	S\$405 million ⁽⁵⁾
	Acquisition / Divestment EBITDA Yield	3.8%	4.1%	5%	4.5%
	No of Apartment Units	(146) units	+146 units	+208 units	+371 units ⁽⁶⁾

Master Leases

Two out of three properties⁽⁷⁾ from Target Acquisitions will be leased back to The Ascott Limited (Ascott), wholly-owned subsidiary of CapitaLand for fixed and variable rent.

Extraordinary General Meeting

The Transactions constitute a Major Transaction and an Interested Person Transaction under the Listing Manual.

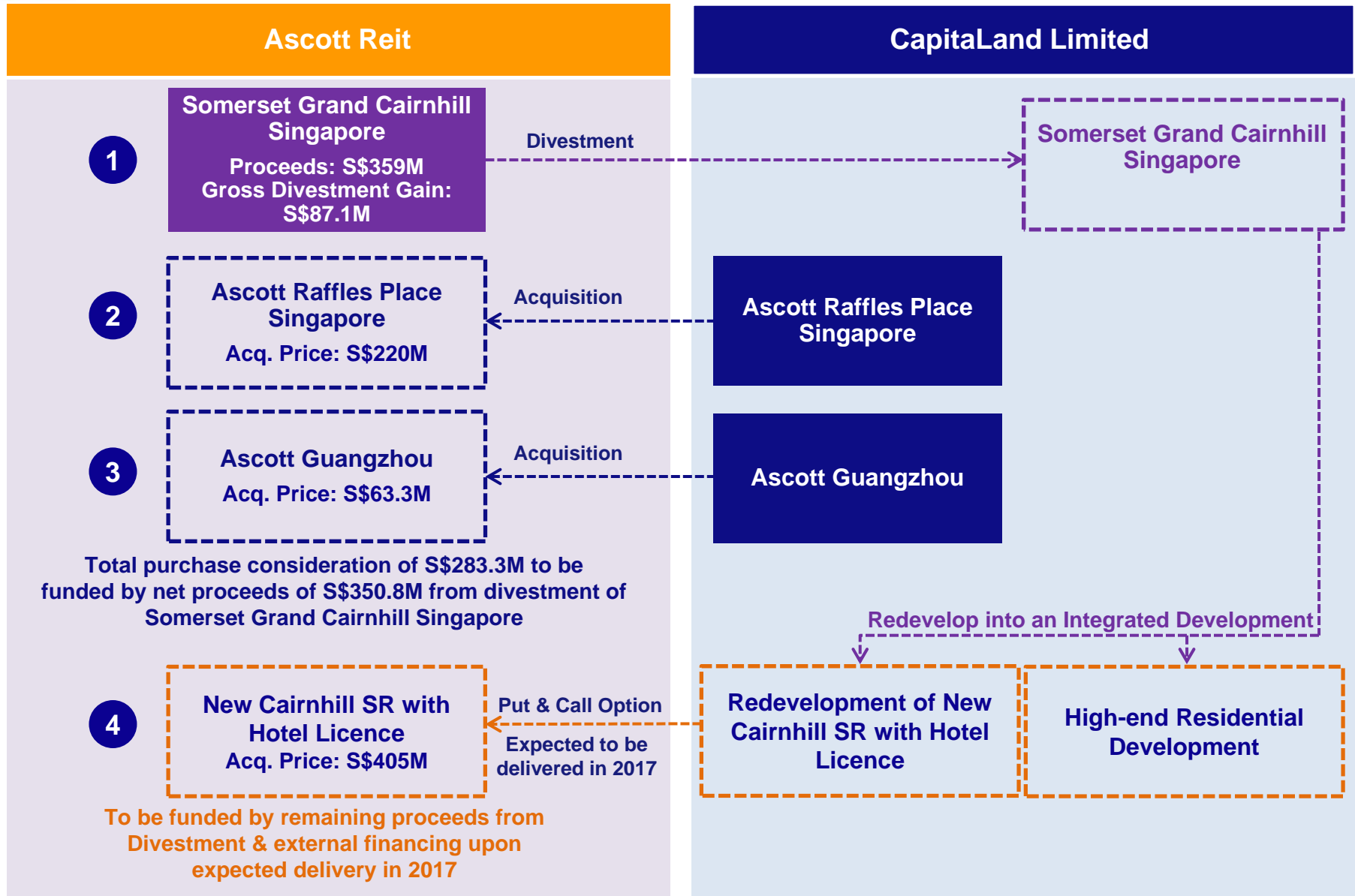
■ **EGM to be held on 27 July 2012.**

- (1) A mixed development property which includes serviced residence units, retail and car park station. It is currently known as Cairnhill Place.
- (2) The divestment price of S\$359 million is 32% above valuation as at 31 December 2011. Divestment price is the average of the appraised values by two independent valuers as of 15 May 2012.
- (3) The purchase consideration for 100% interest in Ascott Guangzhou takes into account the agreed value of Ascott Guangzhou at RMB431 million.
- (4) A serviced residence located within the Cairnhill Development.
- (5) Acquisition of New Cairnhill SR at an agreed price upfront with an expected delivery in 2017.
- (6) Expected number of units based on current development plan and subject to such adjustments as may be agreed between the parties.
- (7) The two properties refer to Ascott Raffles Place Singapore and New Cairnhill SR. Ascott Guangzhou will continue to operate under a pre-existing serviced residence management agreement.



Summary of Transactions

1 to 4 are inter-conditional transactions





Somerset Grand Cairnhill Singapore

- Outline Planning Permission (OPP) and Provisional Permission (PP)⁽¹⁾ were granted by Urban Redevelopment Authority to redevelop Somerset Grand Cairnhill Singapore into an integrated development with 40% hotel use and 60% residential use.
- Ascott Reit is not permitted to undertake the redevelopment of Somerset Grand Cairnhill Singapore due to restrictions under the Property Funds Appendix (Code on Collective Investment Schemes).
- Following the divestment of Somerset Grand Cairnhill Singapore, the site on which Somerset Grand Cairnhill Singapore is located will be redeveloped into an integrated development - Cairnhill Development.
- Cairnhill Development will be a new serviced residence with a hotel licence (New Cairnhill SR) and a high-end residential development:
 - Ascott Reit will enter into a Put and Call Option with Ascott and CapitaLand Residential at an agreed price of S\$405 million
 - Expected delivery of New Cairnhill SR in 2017

(1) OPP was granted on 9 June 2011 and PP was granted on 31 August 2011.

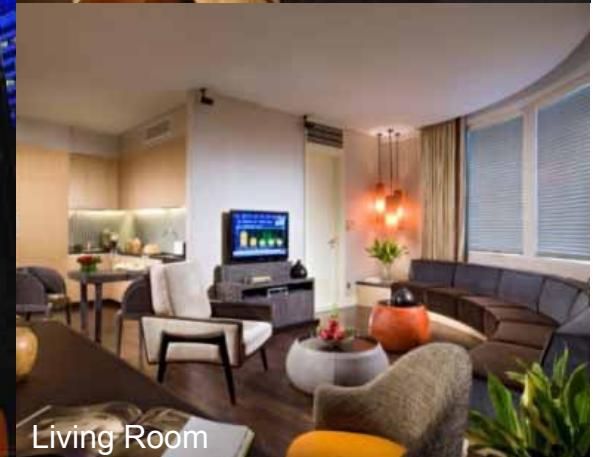


Ascott Raffles Place Singapore

- ✓ Acquisition price of S\$220 million⁽¹⁾
- ✓ Ascott Reit's first Ascott-branded property in Singapore
- ✓ Quality asset in a key location
 - 999 year lease
 - Located in the vicinity of Marina Bay area
 - Proximity to CBD, tourist attractions, Integrated Resorts and Convention Centers
- ✓ Master Lease structure at
 - i) fixed lease rental of S\$7.2 million per annum and
 - ii) variable lease rental at 85% of Net Operating Income (NOI)



Studio



Living Room



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Ascott Guangzhou

- ✓ Acquisition price of S\$63.3 million⁽¹⁾
- ✓ Guangzhou has high inflows of FDI, steady growth of visitors at 6.1% CAGR over the past decade⁽²⁾
- ✓ Expand footprint into another first-tier city in China
- ✓ First Ascott-branded property in Guangzhou
- ✓ Quality asset in a key location:
 - Strategically located within a commercial district
- ✓ Pre-existing serviced residence management agreement



Master Bedroom



Lobby

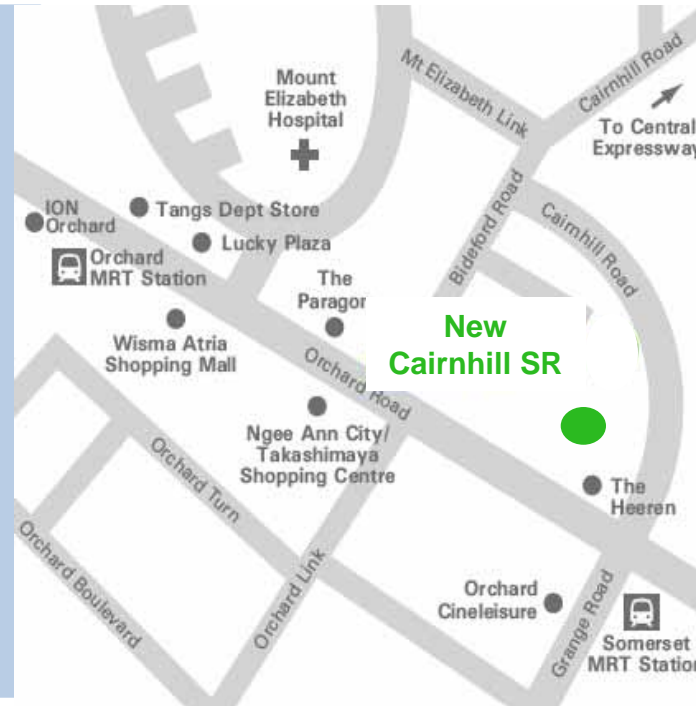
(1) The acquisition price is the average of the appraised values by two independent valuers as of 15 May 2012.

(2) Source: HVS China hotel investment watch 2012.



New Cairnhill SR

- ✓ Acquisition price of S\$405 million⁽¹⁾
- ✓ Expected delivery of New Cairnhill SR in 2017
- ✓ Retain presence in a prime location, in Orchard Road
- ✓ Brand new property with fresh 99 year lease
- ✓ No development risk to Ascott Reit
- ✓ Master Lease structure at
i) fixed lease rental of S\$13.2 million per annum and ii) variable lease rental at 85% of NOI



Key Benefits of Transactions



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Key Benefits of Transactions

1

Divestment will Unlock Value in Somerset Grand Cairnhill Singapore

- Divestment at 32% above valuation at an implied exit EBTIDA yield of 3.8%.
- Raise net proceeds of S\$350.8 million.
- Recognise gross divestment gain of S\$87.1 million in FY 2012.
- No equity to be raised for acquisition of Ascott Raffles Place Singapore and Ascott Guangzhou.

2

Yield Accretive Transactions

- DPU enhancement:
 - Replace loss in EBITDA contribution from Divestment via acquisitions in Ascott Raffles Place Singapore and Ascott Guangzhou.
 - Yield accretion (excluding the acquisition of New Cairnhill SR) from 8.53 cents to 8.55 cents.
 - FY 2011 pro forma DPU ↑ by 4.1% from 8.53 cents to 8.88 cents post Transactions.



Key Benefits of Transactions

3

Retain Presence in Orchard Road via Acquisition of New Cairnhill SR

- Orchard Road is a major tourist attraction, and a retail and entertainment hub in Singapore.
- Operate under hotel licence, able to attract short and long stay guests.
- No development risk.
- Agreed price upfront.

4

Good Opportunity to Acquire Strategically Located Assets

- Expand footprint into another new city - Guangzhou.
- Strengthen presence in growing markets of Singapore and China.

5

Broaden Earnings and Asset Base

- FY 2011 pro forma NAV per Unit of Enlarged Portfolio ↑ by 4.4% from S\$1.36 to S\$1.42 compared to Existing Portfolio as at 31 December 2011.
- Asset base ↑ from S\$2.8 billion to S\$3.3 billion.
- Raises profile among global investors.



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Key Benefits of Transactions

6

Master Leases Provide Income Certainty

- Two out of three properties from Target Acquisitions are on Master Leases:
 - Fixed rent component for Ascott Raffles Place Singapore and New Cairnhill SR at approximately 70% of total rent payment.
 - Variable rent component enables Ascott Reit to enjoy any upside from a rising market.

Impact on Ascott Reit

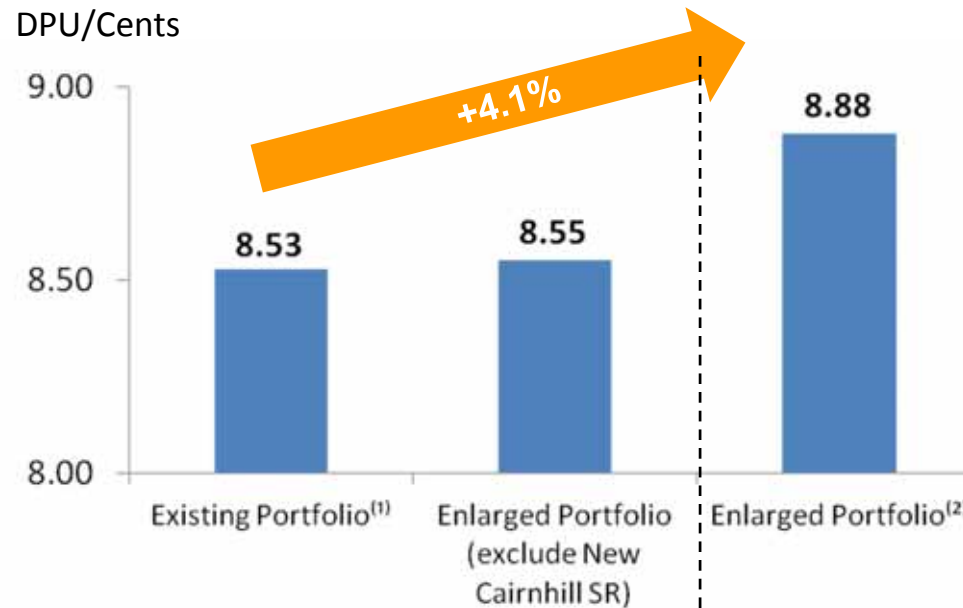


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Yield Accretive Transactions

Growing DPU



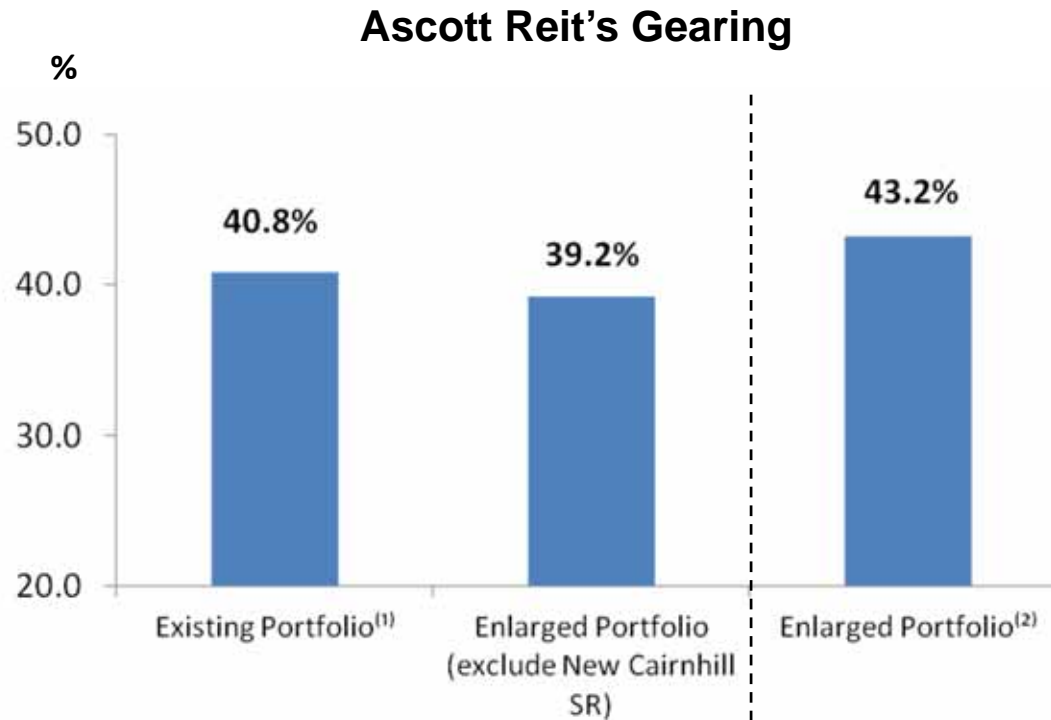
FY 2011 pro forma DPU increase by 0.35 cents or 4.1%

(1) Based on FY 2011 Audited Consolidated Financial Statements.

(2) Portfolio as at 31 December 2011 including Divestment and Target Acquisitions. Expected delivery of New Cairnhill SR in 2017.



Healthy Balance Sheet



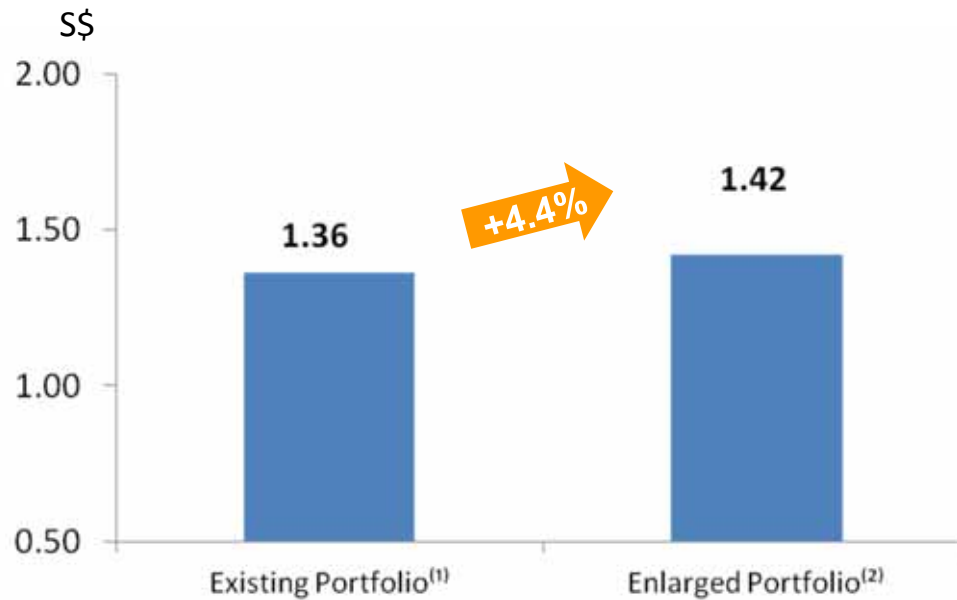
Target Acquisitions to be funded by proceeds from Divestment and external financing⁽³⁾

- (1) Based on FY 2011 Audited Consolidated Financial Statements.
- (2) Portfolio as at 31 December 2011 including Divestment and Target Acquisitions. Expected delivery of New Cairnhill SR in 2017.
- (3) The debt financing and/or the issuance of the perpetual securities are expected to be carried out prior to the delivery of the New Cairnhill SR.



Increase in Net Asset Value

Ascott Reit's NAV per Unit



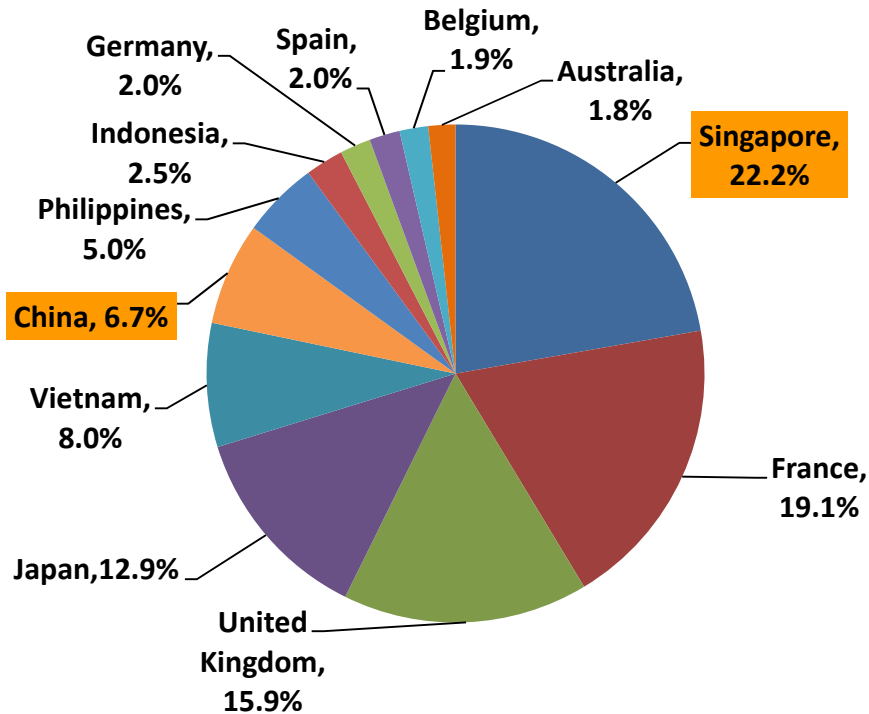
FY 2011 pro forma NAV to increase by 6 cents or 4.4%

- (1) Based on FY 2011 Audited Consolidated Financial Statements and number of existing Units as at 31 December 2011.
- (2) Portfolio as at 31 December 2011 including Divestment and Target Acquisitions. Expected delivery of New Cairnhill SR in 2017.



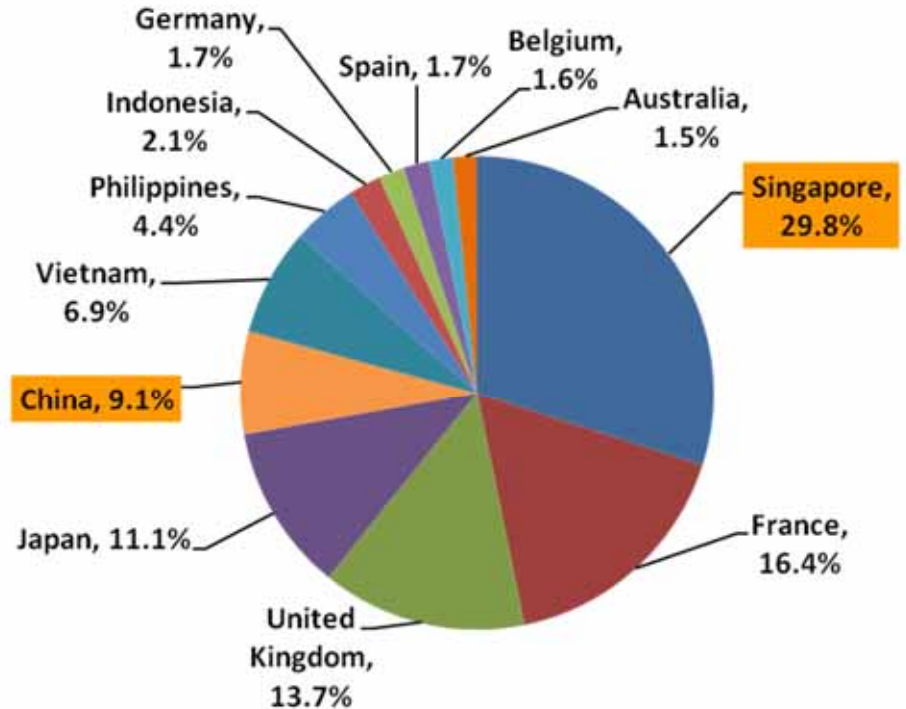
Ascott Reit's Share of Assets

**As at 31 March 2012
Share of Assets**



Ascott Reit's share: S\$2.8 billion⁽¹⁾

**Enlarged Portfolio as at 31 March 2012
Share of Assets**



Ascott Reit's share: S\$3.3 billion⁽²⁾

Target Acquisitions to increase absolute size of asset base by 18%



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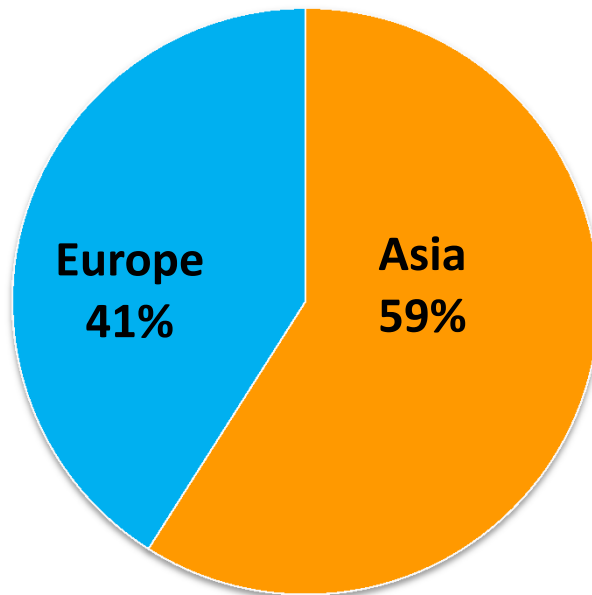
(1) Existing portfolio as at 31 March 2012.

(2) Portfolio as at 31 March 2012 including Divestment and Target Acquisitions. Expected delivery of New Cairnhill SR in 2017.

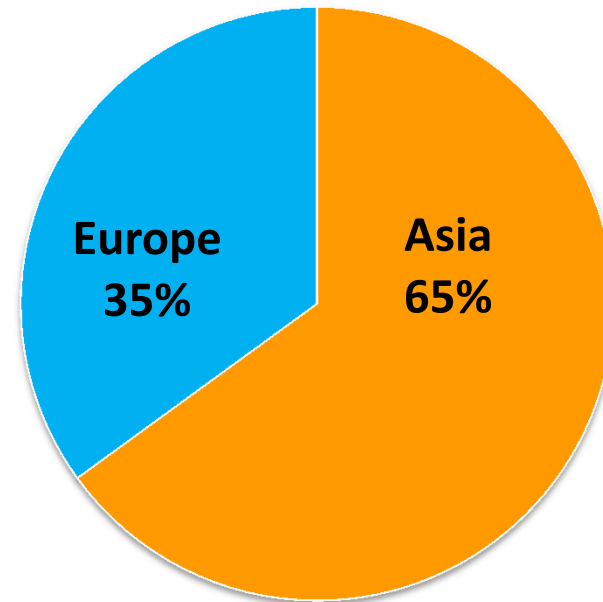


Ascott Reit's Share of Assets by Region

As at 31 March 2012
Share of Assets



Enlarged Portfolio as at 31 March 2012
Share of Assets



Ascott Reit's share: S\$2.8 billion⁽¹⁾

Ascott Reit's share: S\$3.3 billion⁽²⁾

Continue to focus on key growth markets in Asia

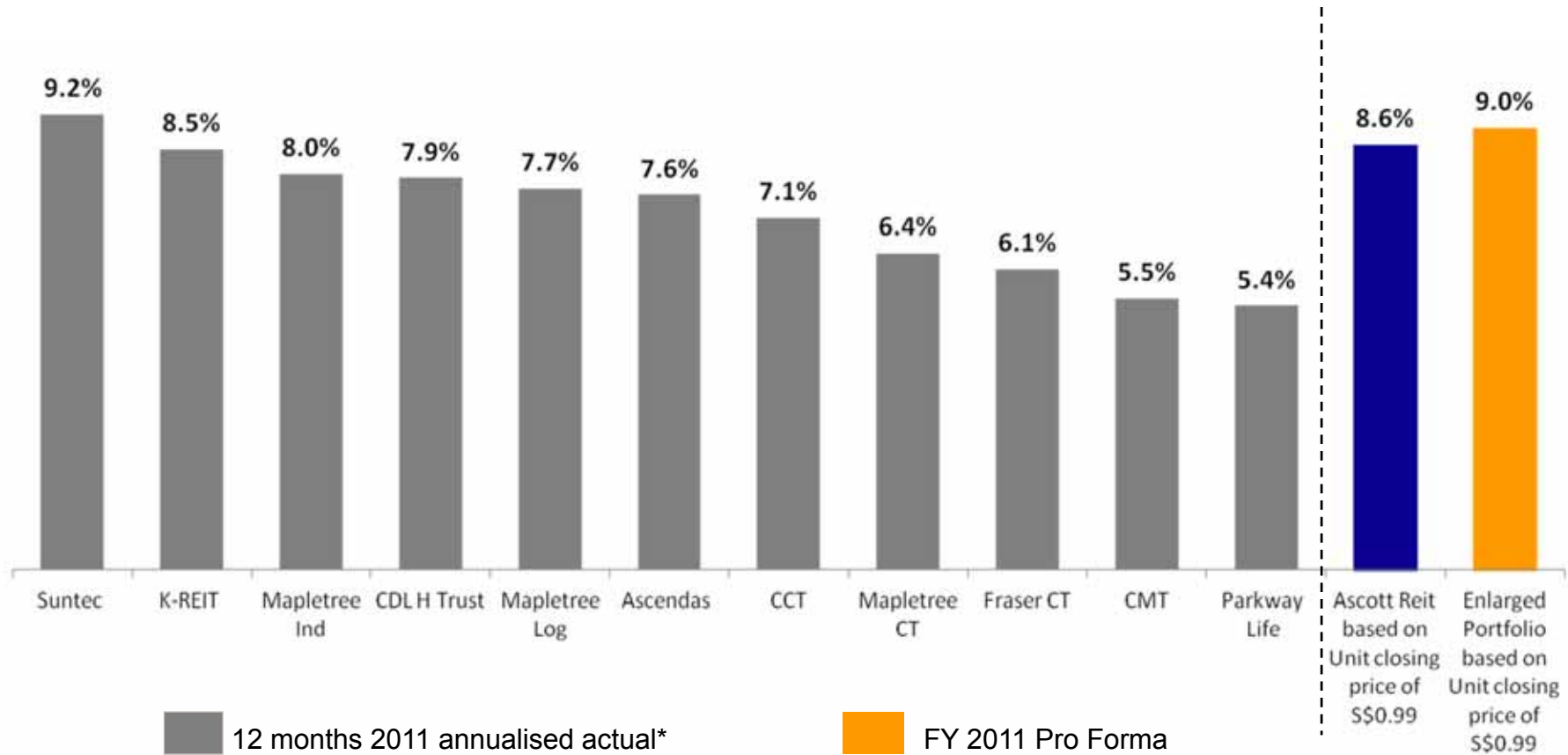
(1) Existing portfolio as at 31 March 2012.

(2) Portfolio as at 31 March 2012 including Divestment and Target Acquisitions. Expected delivery of New Cairnhill SR in 2017.



S-Reits: Annualised Distribution Yield

Annualised distribution yield of enlarged Ascott Reit versus S-Reits with market capitalization > S\$1.0bn⁽¹⁾



Source: Financial results as announced on the respective company's websites and Reit presentations.

(1) Unit price as at 30 December 2011 (Bloomberg).

* Yield calculated based on annualised DPU as at 30 December 2011.



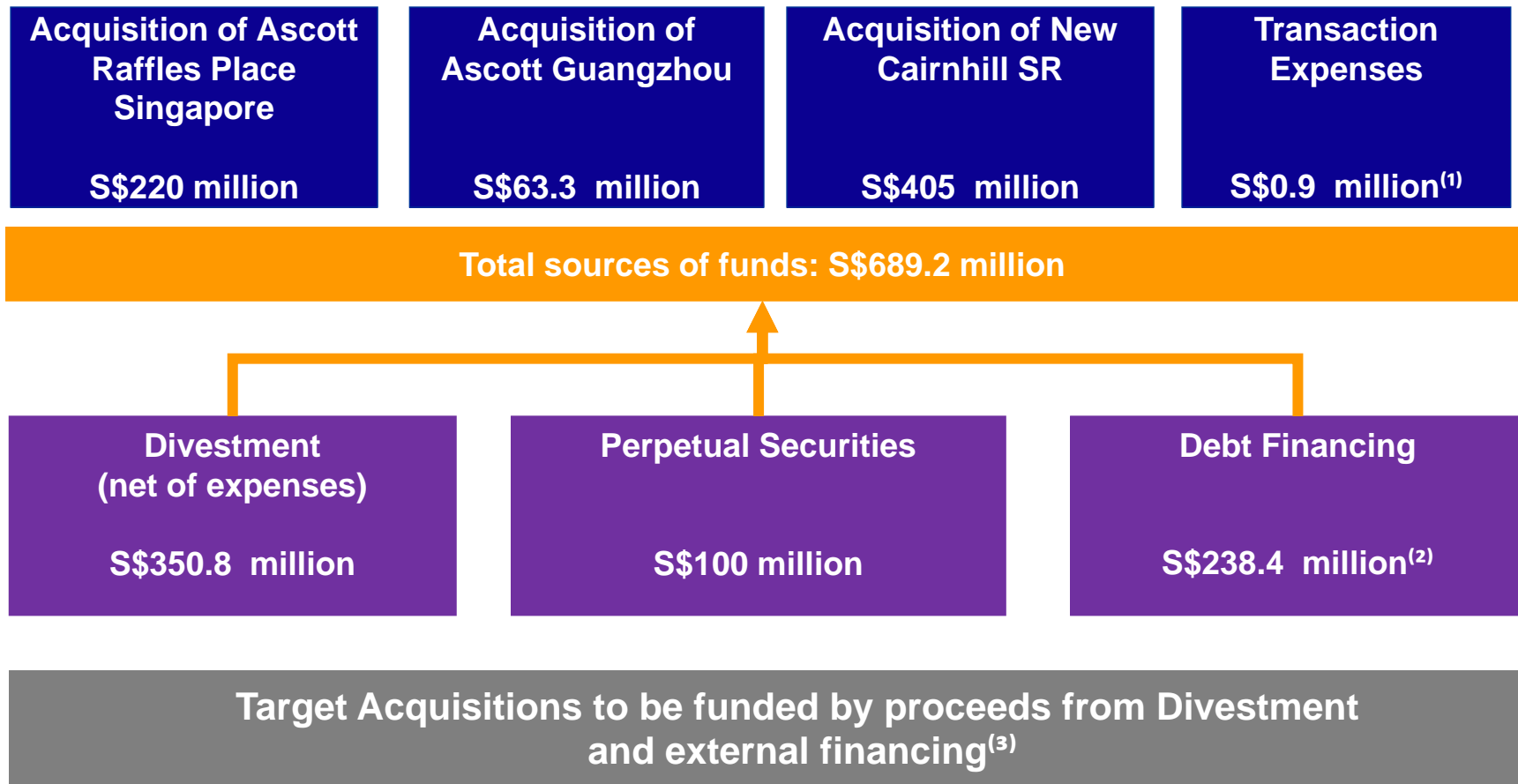
Overview of the Funding Structure



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Proposed Funding Structure



- (1) Excludes divestment fees of approximately S\$1.8 million and acquisition fees of approximately S\$3.1 million which will be payable in Units. The Manager has agreed to waive the acquisition fees of approximately S\$4.1 million in relation to the New Cairnhill SR acquisition.
- (2) Ascott Reit has existing debt facilities, and has in place a S\$1 billion secured MTN programme and a US\$2 billion Euro MTN programme.
- (3) The debt financing and/or the issuance of the perpetual securities are expected to be carried out prior to the delivery of the New Cairnhill SR.

Conclusion



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Conclusion

Divestment Unlocks Value

- Divestment of Somerset Grand Cairnhill Singapore unlocks value.
- Divestment price of S\$359 million at 32% above valuation.
- Proceeds can be immediately re-invested in Ascott Raffles Place Singapore and Ascott Guangzhou.
- Gross divestment gain of S\$87.1 million.

Yield Accretion

- Transactions are yield accretive.
- Yield accretion for the Transactions (excluding the New Cairnhill SR) from 8.53 cents to 8.55 cents.
- Increase in FY 2011 pro forma DPU by 4.1% from 8.53 cents to 8.88 cents post Transactions.
- Divestment of one property, and acquisition of two other properties with no equity call⁽¹⁾.

Quality Assets in Key Global Cities

- Asia likely to outperform global growth.
- Strengthen presence in growing markets - Singapore and China.
- Good opportunity to acquire strategically located assets and expand footprint into another new city – Guangzhou.
- Acquisition of Target Properties will increase asset size to S\$3.3 billion.

Income Certainty

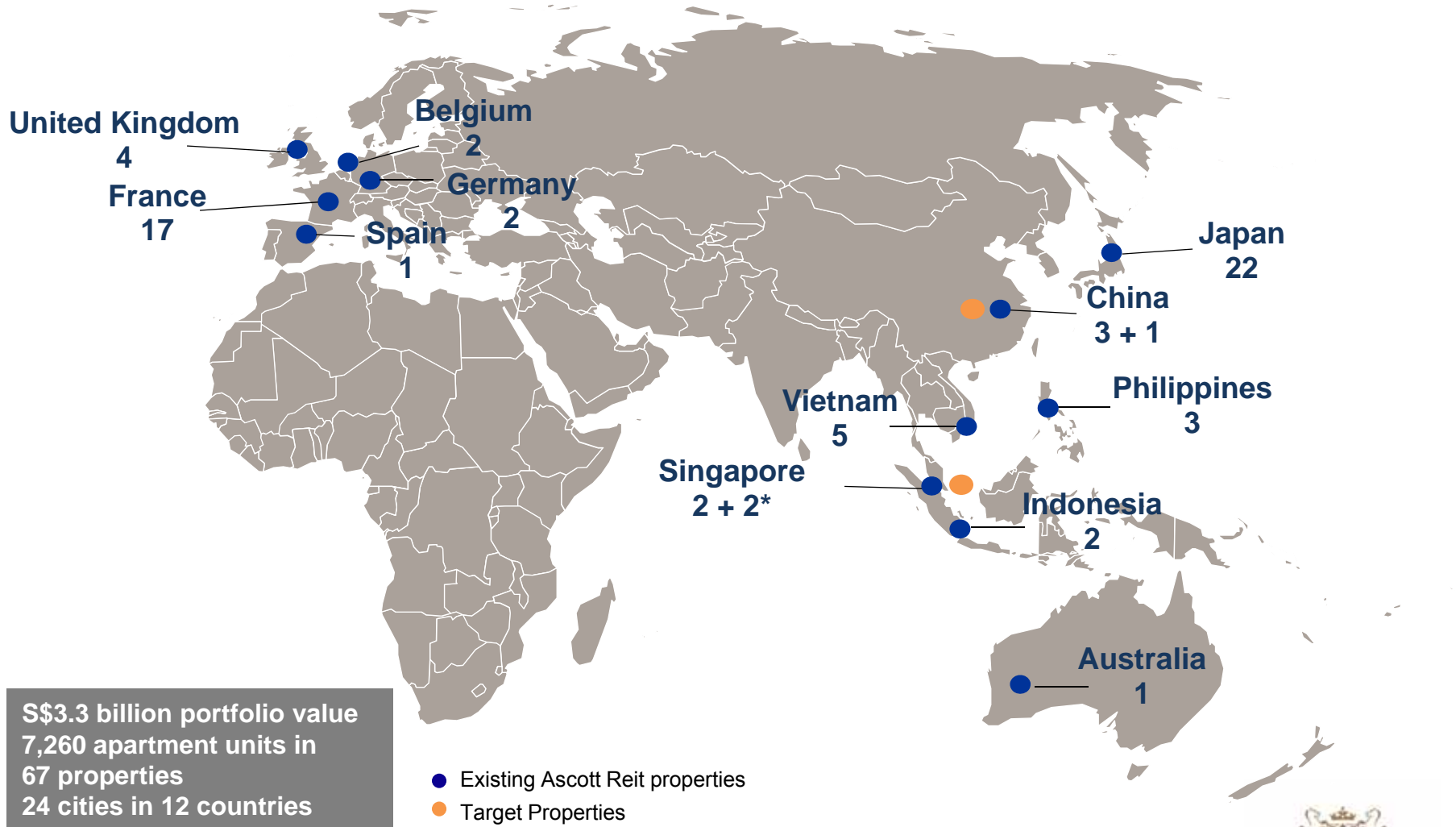
- Under the Master Lease arrangement, fixed rent component constitutes approximately 70% of total lease payment, provides certainty to Ascott Reit's income and limits potential downside risks.
- Variable rent component of Master Lease enables Ascott Reit to enjoy any upside from a rising market.



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Ascott Reit's Footprint Post Transactions



Target Acquisitions will strengthen Ascott Reit's existing presence in Asia



Thank You



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