

Ascott Residence Trust

**Serviced Residence: An Attractive Asset Class
with Balance of Stability and Growth**



**Morgan Stanley 11th Annual Asia Pacific Summit 2012
8 November 2012**



Agenda

- **Business Overview**
- **Results Highlights**
- **Portfolio Performance**
- **Portfolio Information**
- **Capital & Risk Management**
- **Prospects**
- **Appendix**



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.

Business Overview



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Ascott Reit Overview

Business Overview

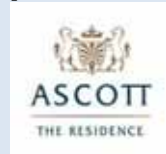
Ascott Residence Trust (Ascott Reit) invests primarily in real estate and real estate related assets, which are income-producing and used predominantly as serviced residences, rental housing properties and other hospitality assets.

Sponsor

Ascott Reit's Sponsor, The Ascott Limited is the world's largest serviced apartment owner-operator with over 30,000 apartment units in key cities of Asia Pacific, Europe and the Gulf region

Portfolio

Owns 7,427 apartments in 25 cities across 12 countries in Asia Pacific and Europe⁽¹⁾
Operates under Ascott, Citadines and Somerset Brands



Portfolio Value

S\$3.40 billion

Market Cap

S\$1.46 billion
as at 6 November 2012

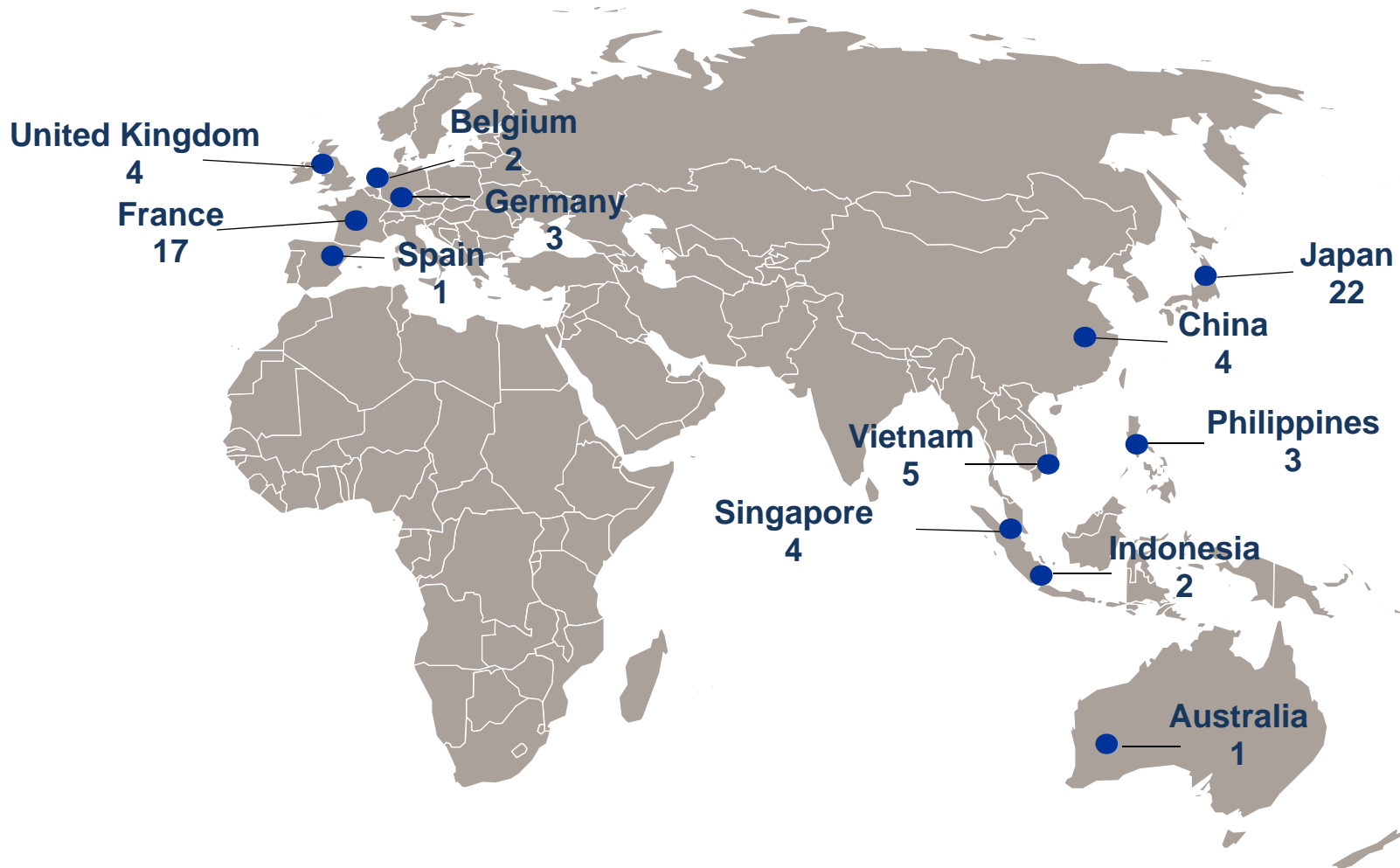
Major Unitholder

CapitaLand's ownership is 49.2%
as at 6 November 2012

(1) Includes acquisition of New Cairnhill SR and Madison Hamburg.



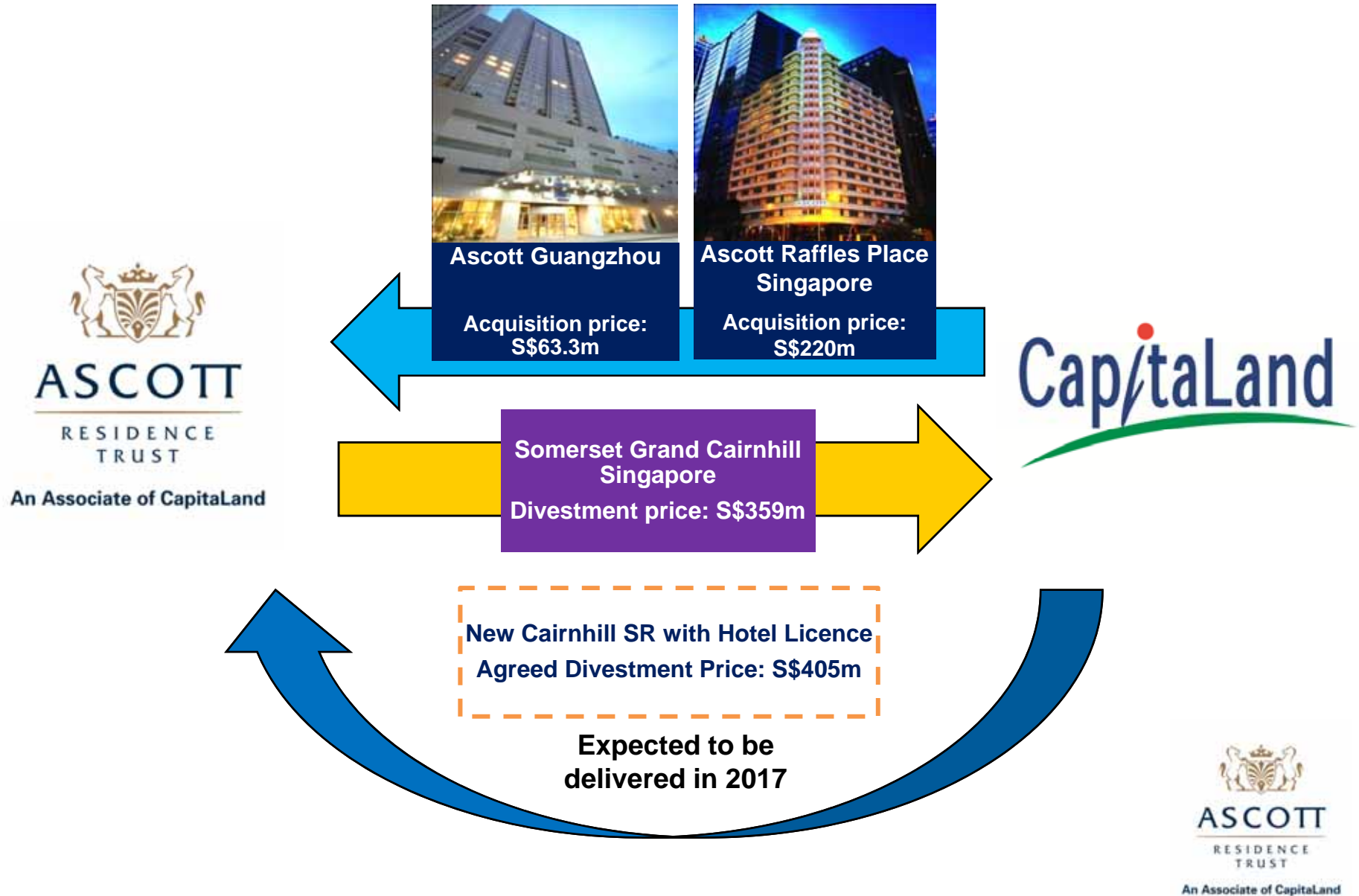
Ascott Reit's Global Footprint⁽¹⁾



Portfolio diversified across economic cycles

(1) Includes acquisition of New Cairnhill SR and Madison Hamburg.

Divestment of Somerset Grand Cairnhill and Acquisition of 3 Target Properties





Acquisition of Madison Hamburg, Germany

- Acquisition of 166-unit Madison Hamburg for a consideration of €37.5 million (or approximately S\$59.4 million)
- Acquisition is yield-accretive and expected to deliver a stable and attractive EBITDA yield of 7.0%
- Property will operate under an existing master lease with fixed rental component comprising about 80% of total annual rental



Suite



Studio



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Results Highlights



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3Q 2012 vs 3Q 2011 Performance

	3Q 2012	3Q 2011	Change
Revenue (S\$m)	77.4	73.0	6% ↑
Gross Profit (S\$m)	40.7	40.0	2% ↑
Unitholders' Distribution (S\$m)	25.6	25.3	1% ↑
Distribution Per Unit (S cents)	2.24	2.23	-
Revenue Per Available Unit (S\$/day) – serviced residences	148	146	1% ↑

- Revenue increased by S\$4.4 million or 6%. This was mainly due to the contribution from Citadines Shinjuku and Citadines Kyoto, and stronger performance from the Group's serviced residences in United Kingdom and China.
- In line with the increase in revenue, gross profit increased by S\$0.7 million or 2%.
- RevPAU growth was mainly driven by the strong performance of United Kingdom and China serviced residences.

Portfolio Performance



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Master Leases



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Overview of Master Leases

-  **20 out of Ascott Reit's 66 serviced residences are on master leases**
-  **These serviced residences contributed 22% of the Group's gross profit for 3Q 2012**
-  **These master leases have an average weighted remaining tenure of about 6 years**



Master Leases



*Citadines
Louvre
Paris*



*Citadines
Prestige
Les Halles
Paris*



*Citadines
Place
d'Italie
Paris*



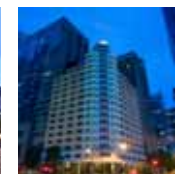
*Citadines
Croisette
Cannes*



*Citadines
Arnulfpark
Munich*



*Citadines
Kurfurste-
damm
Berlin*



*Ascott
Raffles
Place
Singapore*

	Revenue		Gross Profit	
	3Q 2012 S\$'M	3Q 2011 S\$'M	3Q 2012 S\$'M	3Q 2011 S\$'M
France <i>(17 properties)</i>	8.7	9.3	8.1	8.7
Germany <i>(2 properties)</i>	0.9	0.9	0.9	0.9
Singapore <i>(Ascott Raffles Place)</i>	0.1	-	0.1	-
The Philippines <i>(Somerset Salcedo Property Makati*)</i>	-	0.2	-	0.2
Master Leases Total	9.7	10.4	9.1	9.8

Revenue and gross profit decreased as compared to 3Q 2011 due to depreciation of EUR against SGD. In EUR terms, revenue and gross profit increased by 6% and 4% for properties in France.

* As of July 2012, Somerset Salcedo Property Makati has been renamed Salcedo Residences after conversion from a master lease arrangement to a management contract.

Management Contracts with Minimum Guaranteed Income



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Overview of Management Contracts with Minimum Guaranteed Income

-  8 out of Ascott Reit's 66 serviced residences are on management contracts that provide minimum guaranteed income
-  These serviced residences contributed 22% of the Group's gross profit for 3Q 2012
-  These management contracts have an average weighted remaining tenure of about 6 years



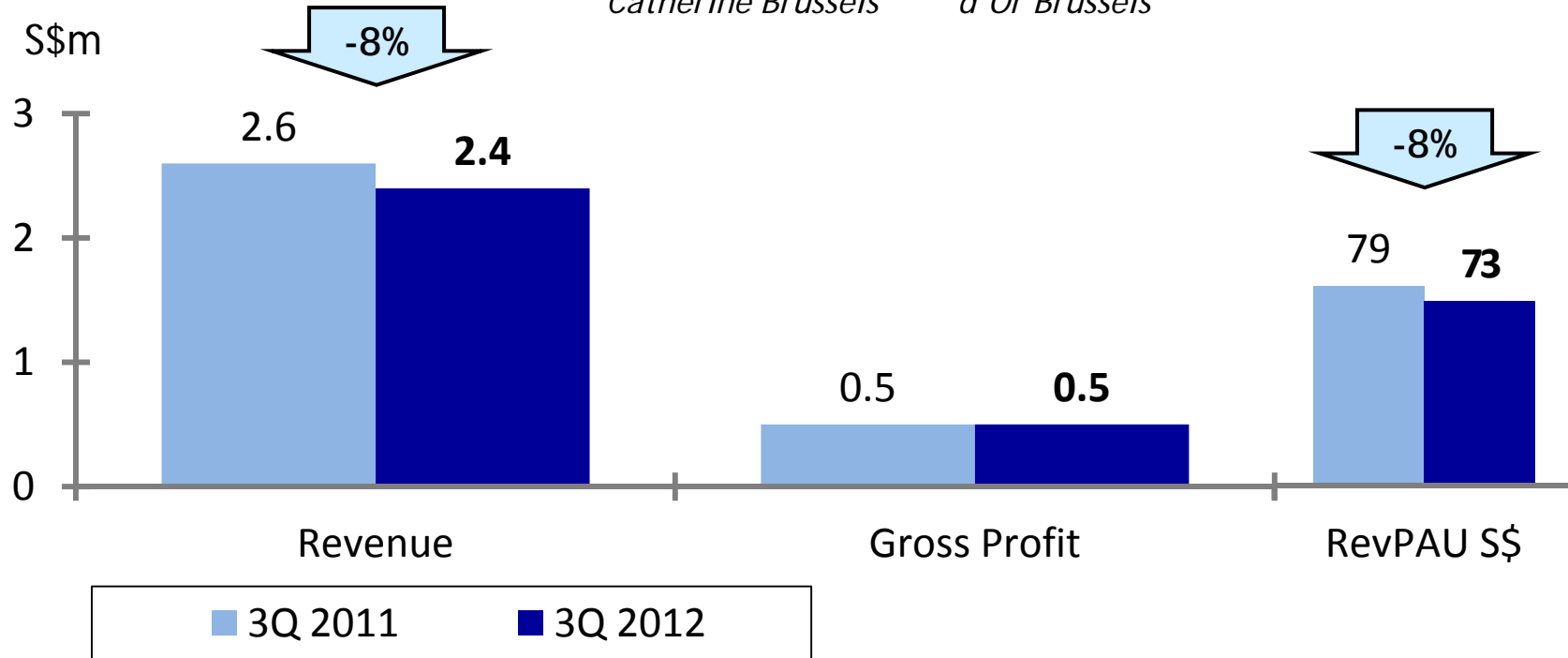
Belgium



Citadines Sainte-Catherine Brussels



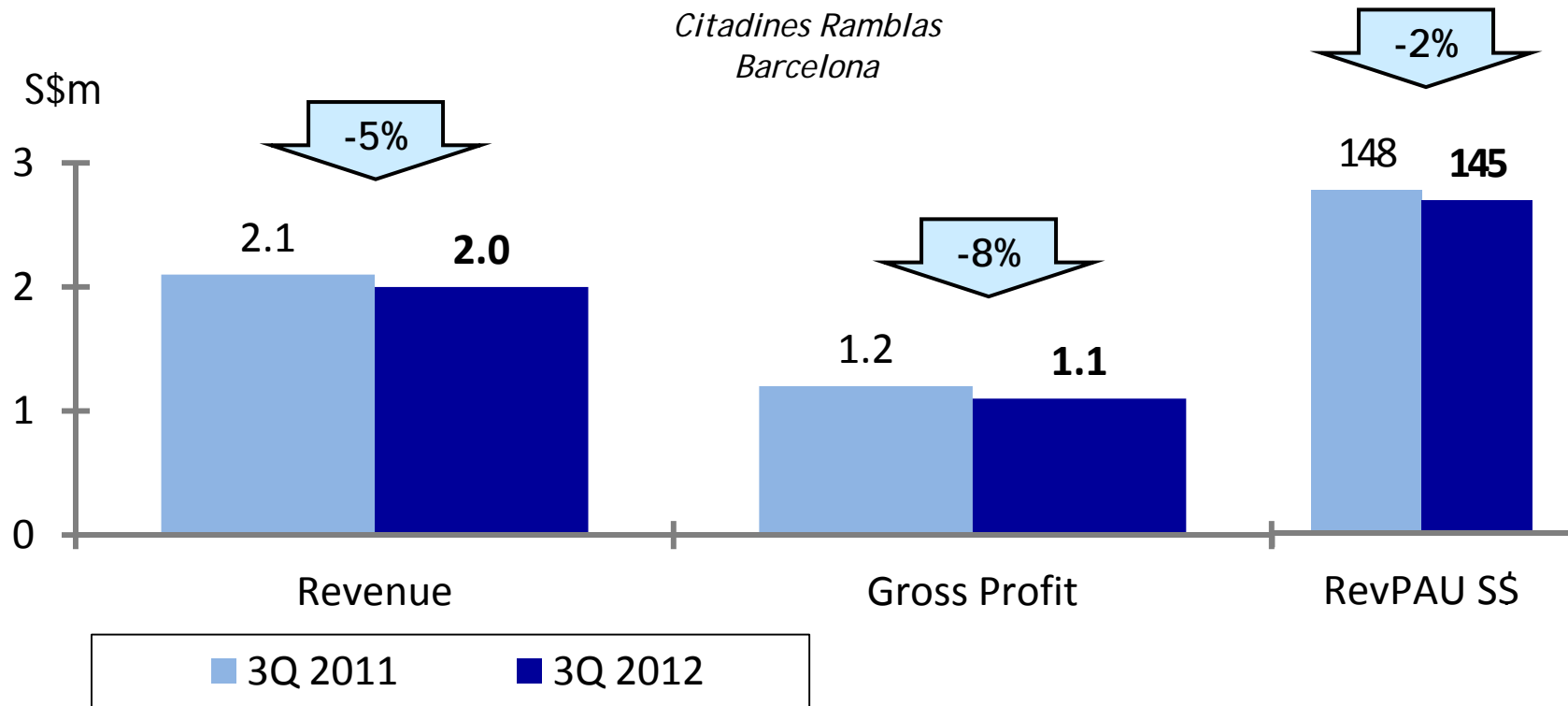
Citadines Toison d'Or Brussels



Revenue and RevPAU were lower due to depreciation of EUR against SGD. In EUR terms, revenue and gross profit remained at the same level as 3Q 2011.



*Citadines Ramblas
Barcelona*



Revenue, gross profit and RevPAU were lower due to depreciation of EUR against SGD. In EUR terms, revenue, gross profit and RevPAU increased by 8%, 17% and 8% respectively. Increase was mainly due to stronger leisure market. Revenue and gross profit included a top-up of S\$0.1 million.



United Kingdom



*Citadines
Barbican
London*



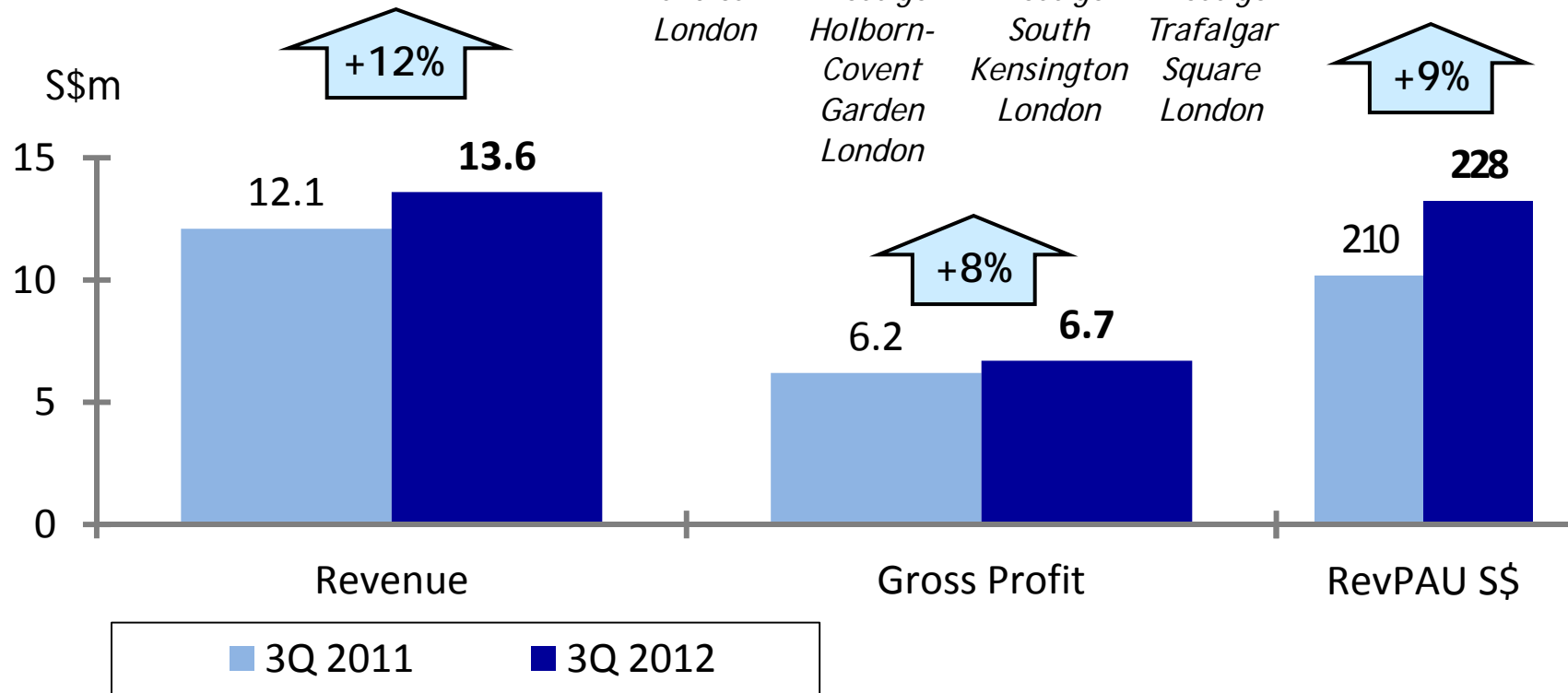
*Citadines
Prestige
Holborn-
Covent
Garden
London*



*Citadines
Prestige
South
Kensington
London*



*Citadines
Prestige
Trafalgar
Square
London*



Revenue, gross profit and RevPAU increased mainly due to positive market response to the rebranded Citadines Prestige Trafalgar Square, enabling the refurbished apartments to achieve higher rental rates.

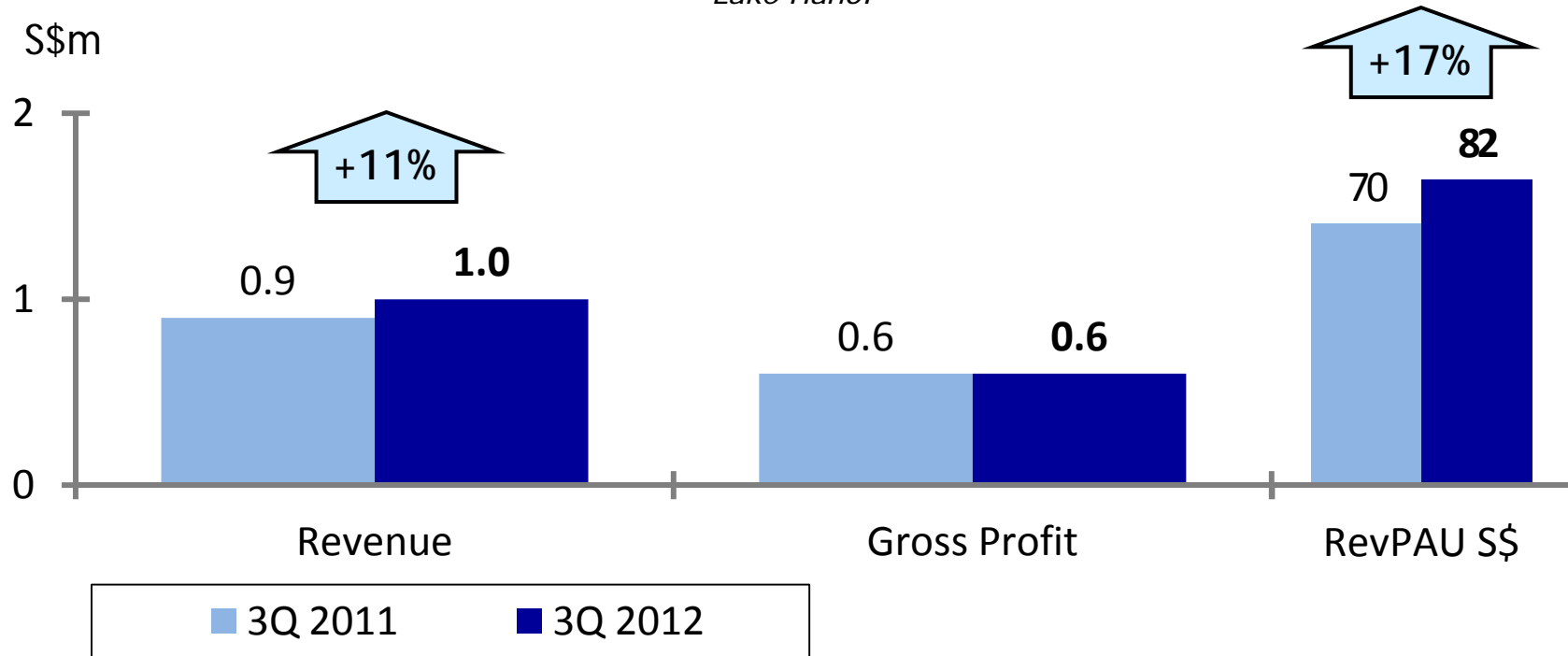


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*Somerset West
Lake Hanoi*



Revenue increased due to higher demand from Japanese corporates. However, gross profit remained at the same level as 3Q 2011 mainly due to higher operation and maintenance expense.
 Revenue and gross profit included a yield protection of S\$0.3 million.

Management Contracts



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Overview of Management Contracts



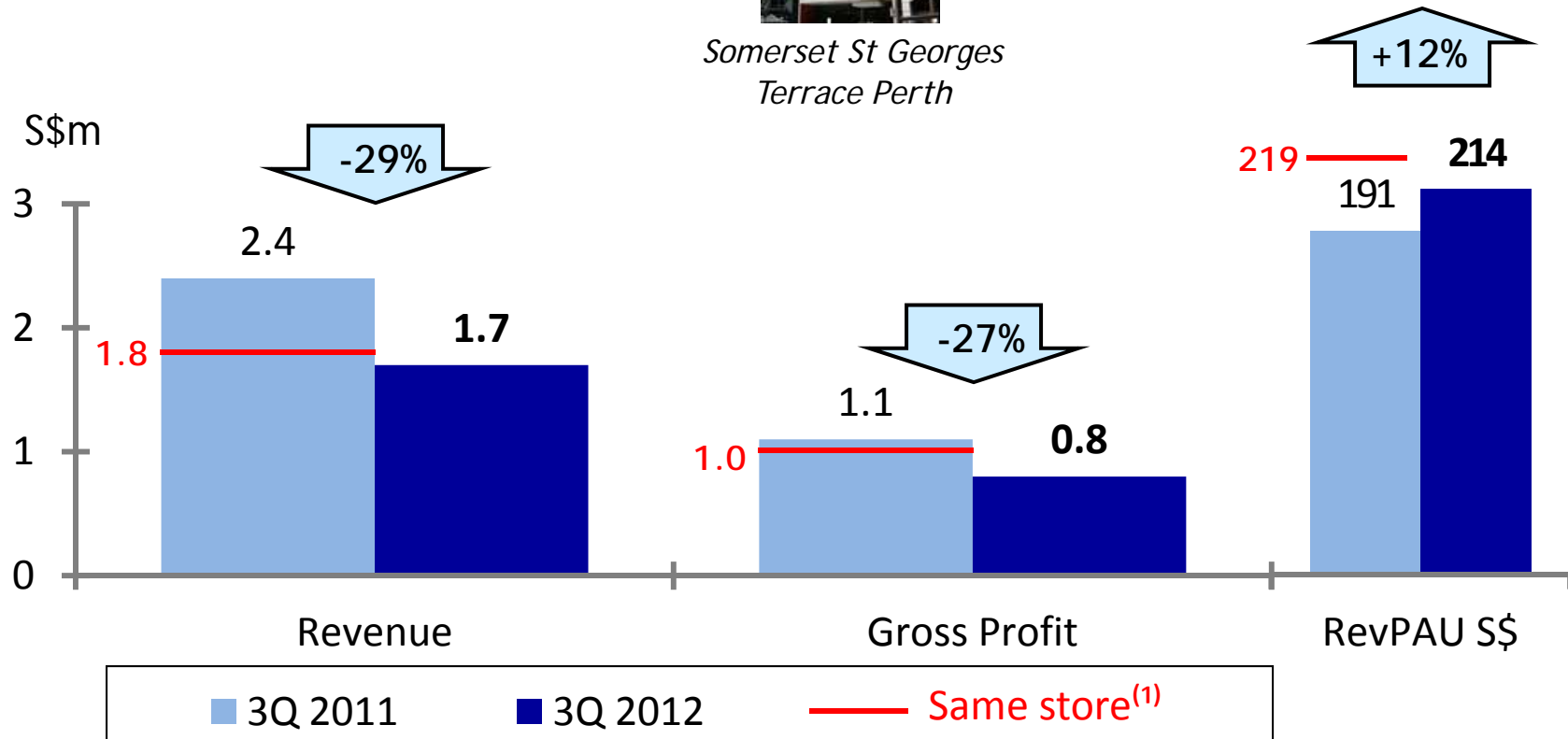
38 out of Ascott Reit's 66 serviced residences are on management contracts



These serviced residences contributed 56% of the Group's gross profit for 3Q 2012



Somerset St Georges
Terrace Perth



Revenue decreased mainly due to the divestment of Somerset Gordon Heights Melbourne. On a same store basis, revenue and gross profit was higher in 3Q 2011 due to preparation for Commonwealth Heads of Government Meeting and a one-off reversal of costs.



China



*Somerset
Xu Hui
Shanghai*



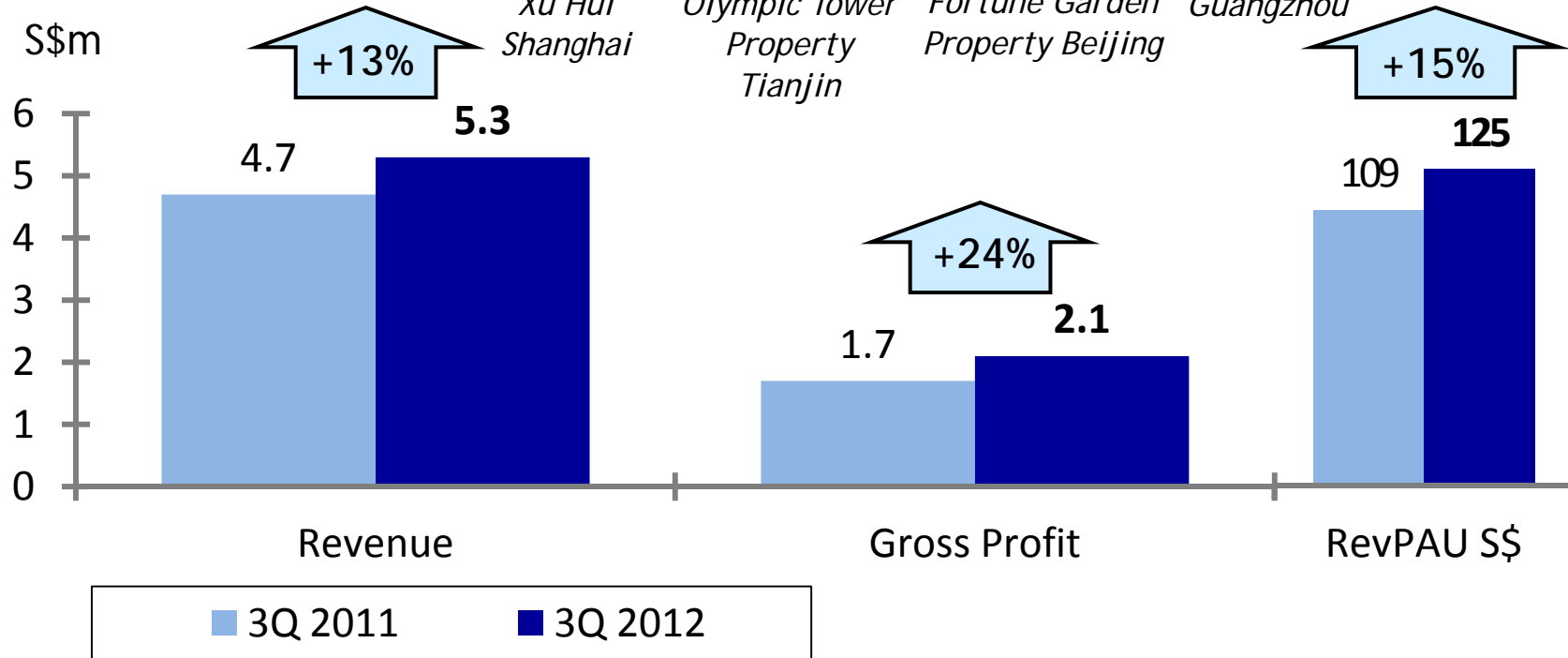
*Somerset
Olympic Tower
Property
Tianjin*



*Somerset Grand
Fortune Garden
Property Beijing*



*Ascott
Guangzhou*



Revenue, gross profit and RevPAU improved mainly due to stronger demand for the refurbished apartments of Somerset Olympic Tower and higher demand from the project and relocation business.



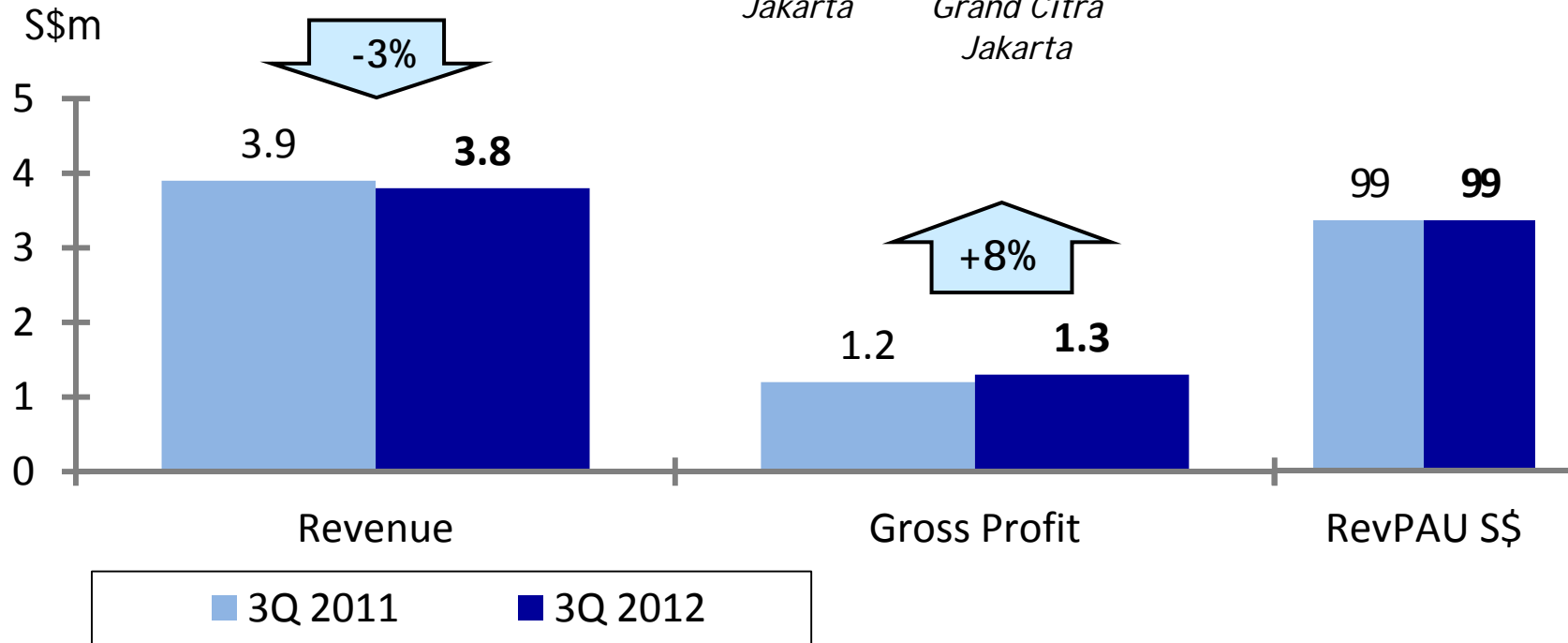
Indonesia



*Ascott
Jakarta*



*Somerset
Grand Citra
Jakarta*



Revenue decreased mainly due to the refurbishment of Ascott Jakarta commencing from July 2012. However, gross profit improved due to lower operation and maintenance expense.



Somerset
Azabu East
Tokyo



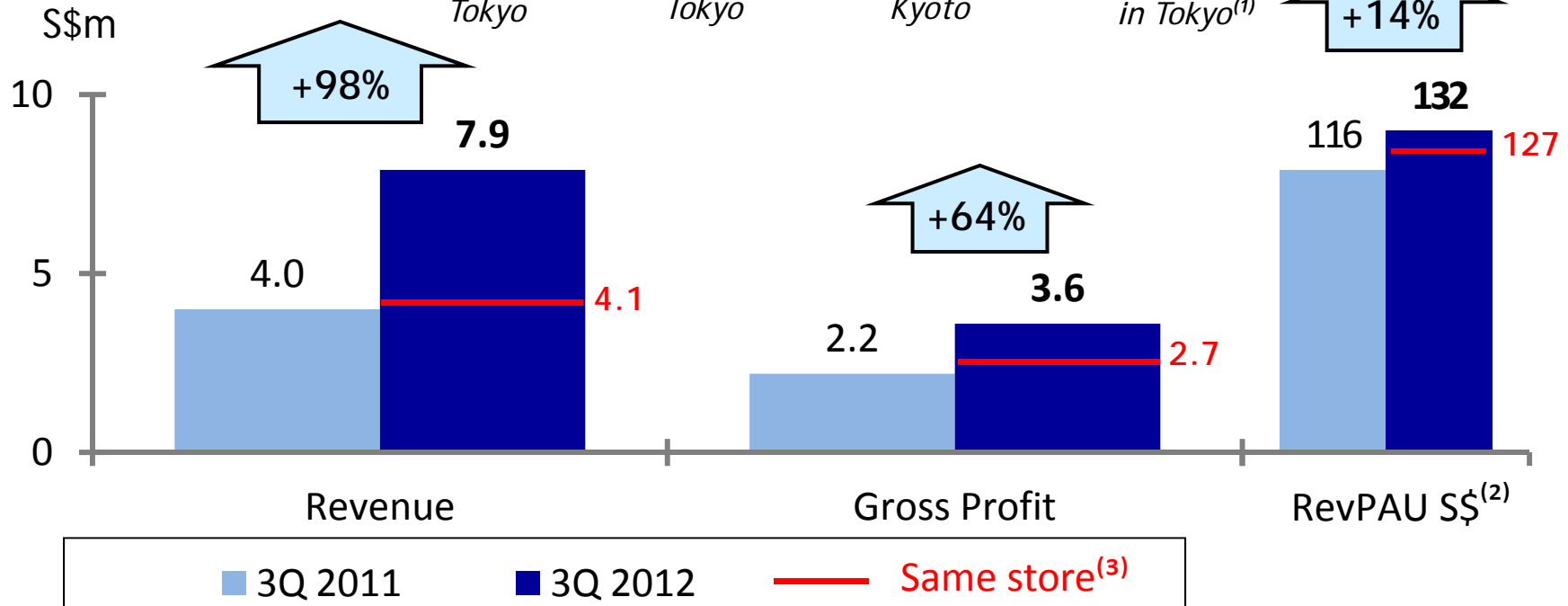
Citadines
Shinjuku
Tokyo



Citadines
Karasuma-Gojo
Kyoto



19 rental housing
properties
in Tokyo⁽¹⁾



Revenue and gross profit increased mainly due to contribution from Citadines Shinjuku and Citadines Kyoto. On a same store basis, revenue and RevPAU increased due to improved market conditions in 3Q 2012.

- (1) Somerset Roppongi Tokyo was converted to rental housing in April 2012.
- (2) RevPAU for serviced residence properties only.
- (3) Excludes Citadines Shinjuku and Citadines Kyoto.



The Philippines



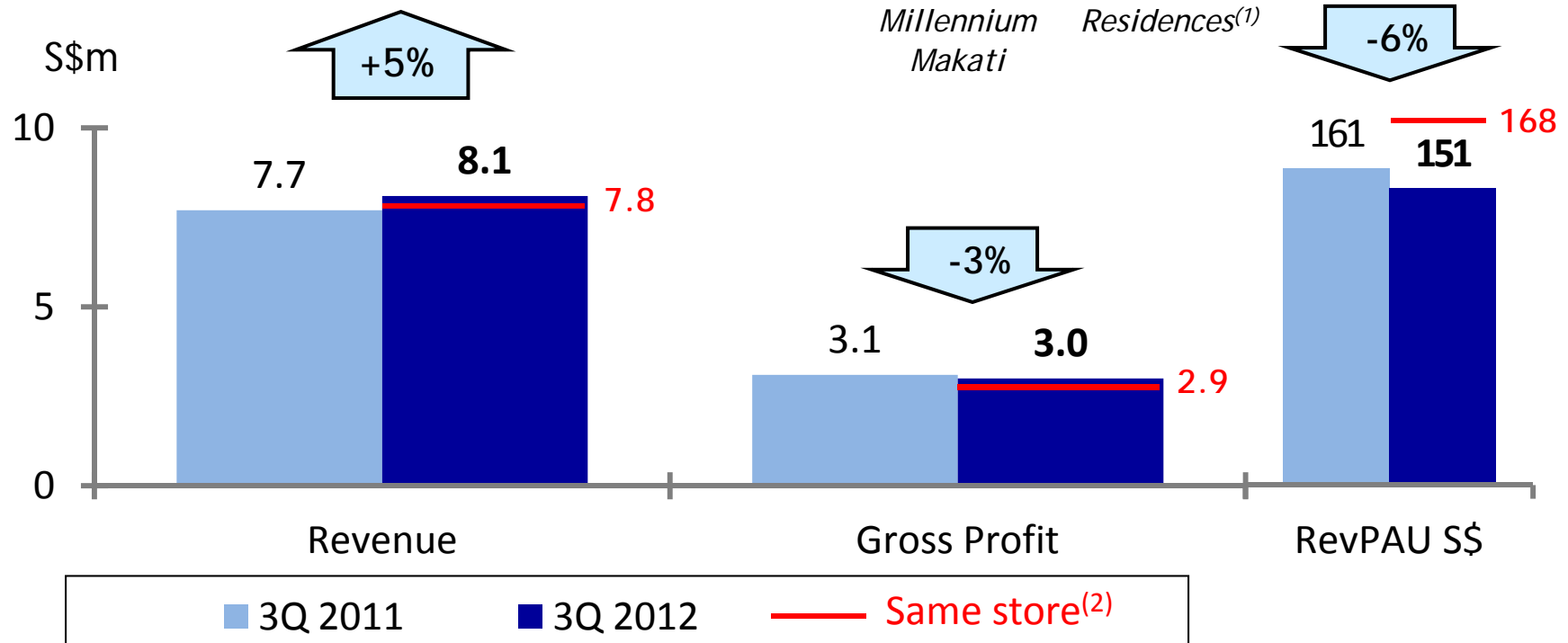
Ascott Makati



Somerset Millennium Makati



Salcedo Residences⁽¹⁾



Revenue increased mainly due to higher demand from business process outsourcing industries and inclusion of Salcedo Residences. Gross profit declined due to higher utility and staff costs.

(1) As of July 2012, Somerset Salcedo Property Makati has been renamed Salcedo Residences after conversion from a master lease arrangement to a management contract.

(2) Excludes Salcedo Residences.



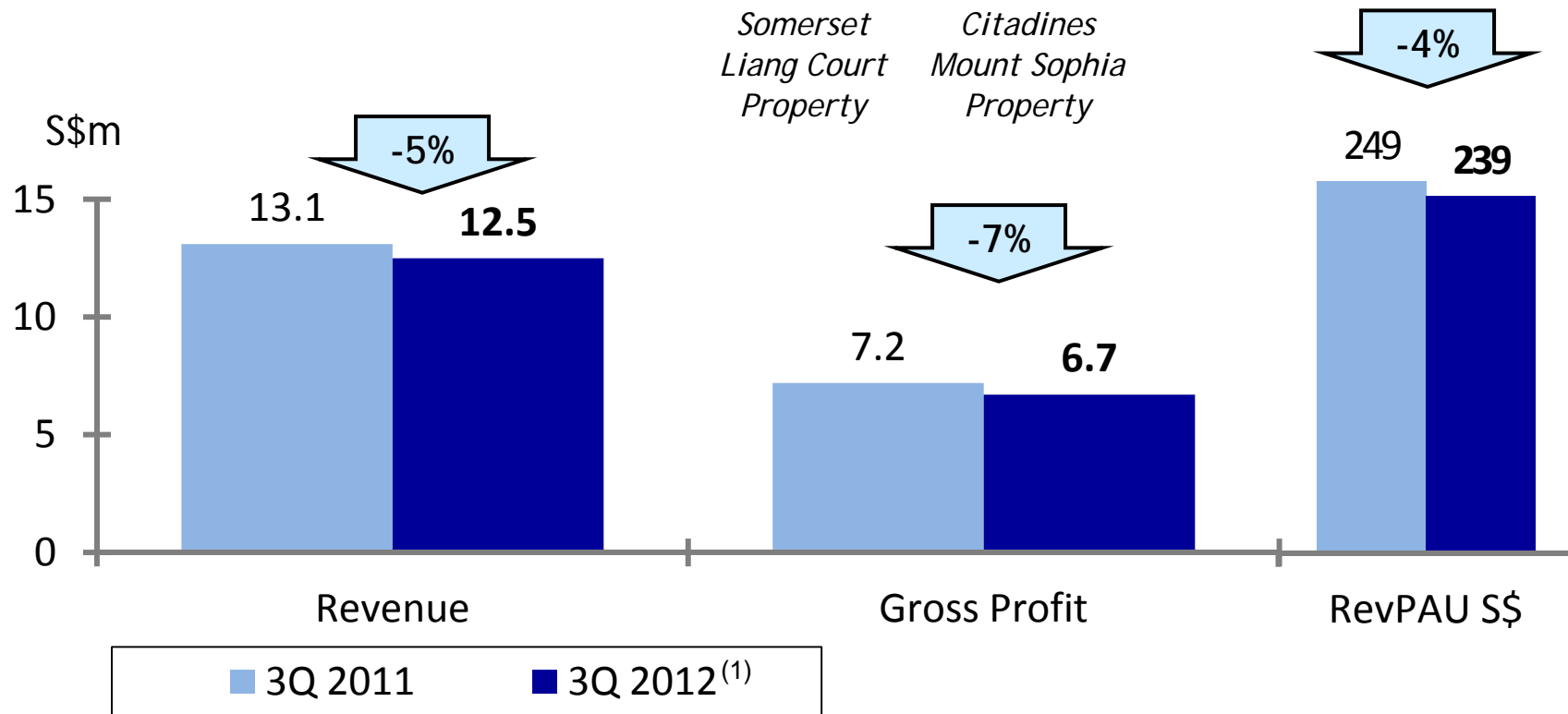
Singapore



Somerset
Liang Court
Property



Citadines
Mount Sophia
Property



Revenue, gross profit and RevPAU decreased due to lower occupancy at Somerset Grand Cairnhill arising from the impending closure of the property on 27 September 2012.

(1) Includes contribution from Somerset Grand Cairnhill.



*Somerset
Grand Hanoi*



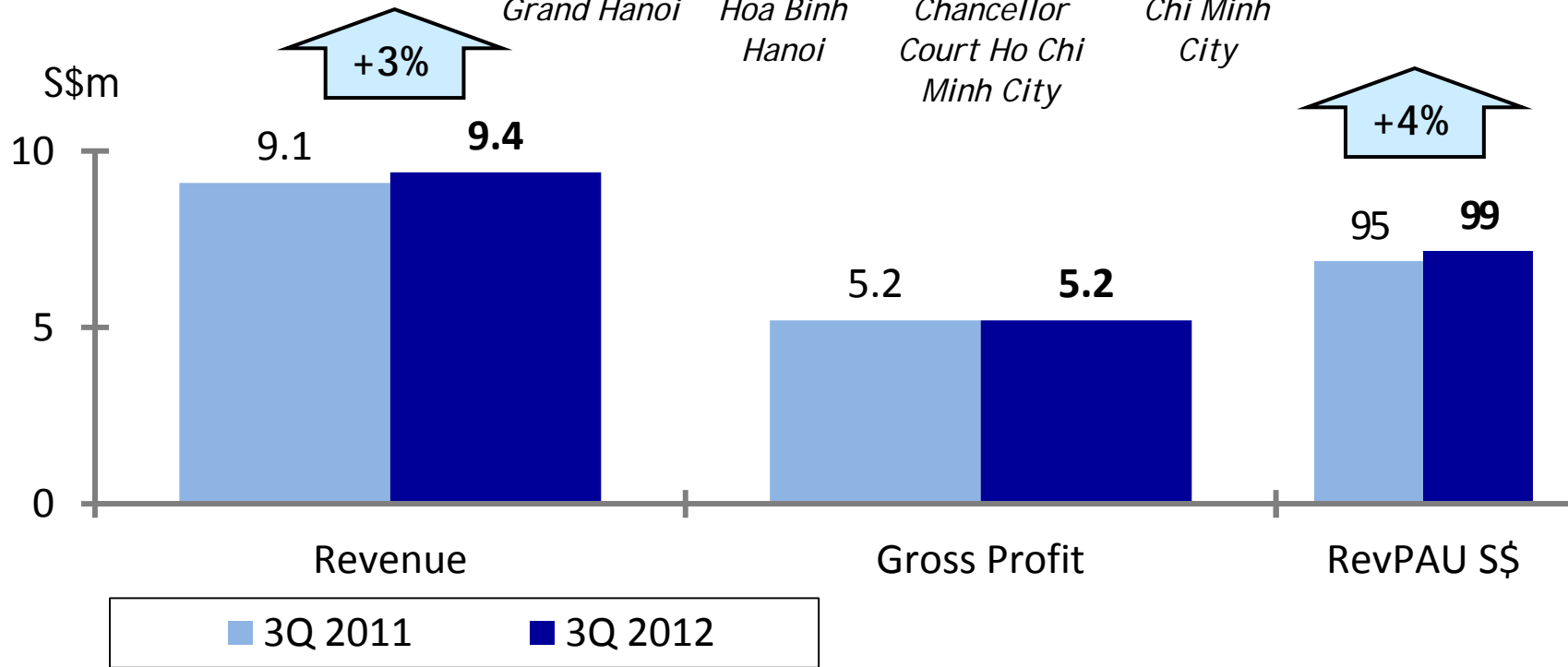
*Somerset
Hoa Binh
Hanoi*



*Somerset
Chancellor
Court Ho Chi
Minh City*



*Somerset Ho
Chi Minh
City*



Revenue increased mainly due to appreciation of VND against SGD. In VND terms: revenue declined 1% due to lower office rental income partially offset by stronger serviced residence revenue; gross profit declined 5% because of higher utility and staff costs.

Portfolio Information

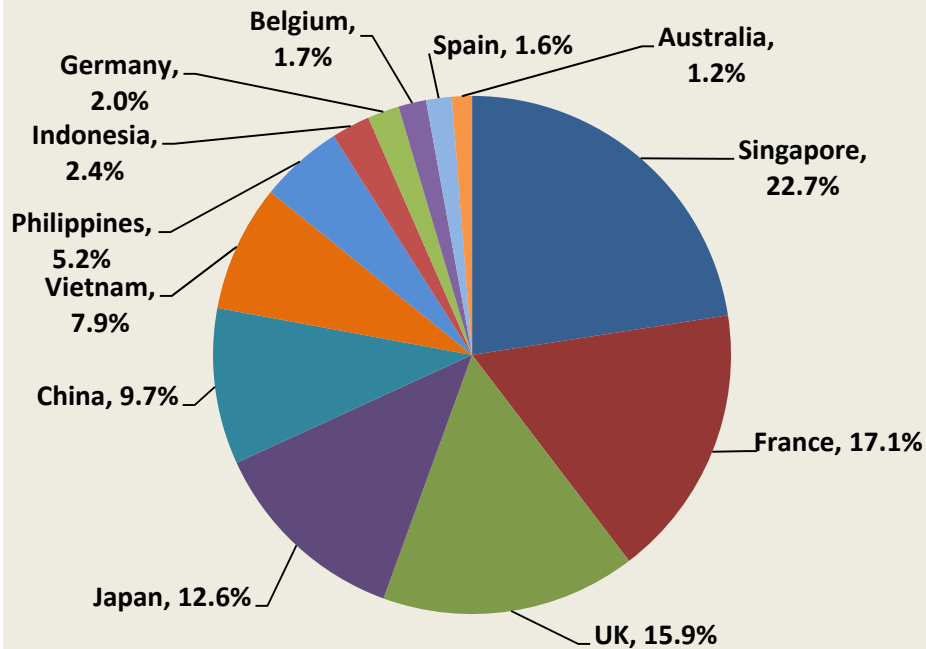


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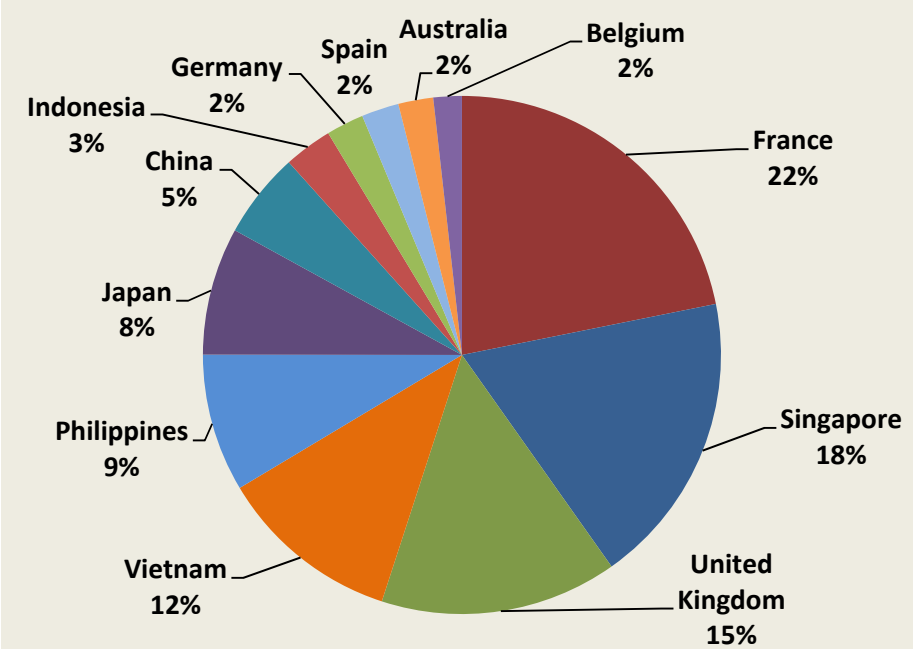
Geographical Diversification

Ascott Reit's Share of Asset Values As at 30 September 2012



Total= S\$2.92 billion

Ascott Reit's Share of Gross Profit YTD 30 September 2012

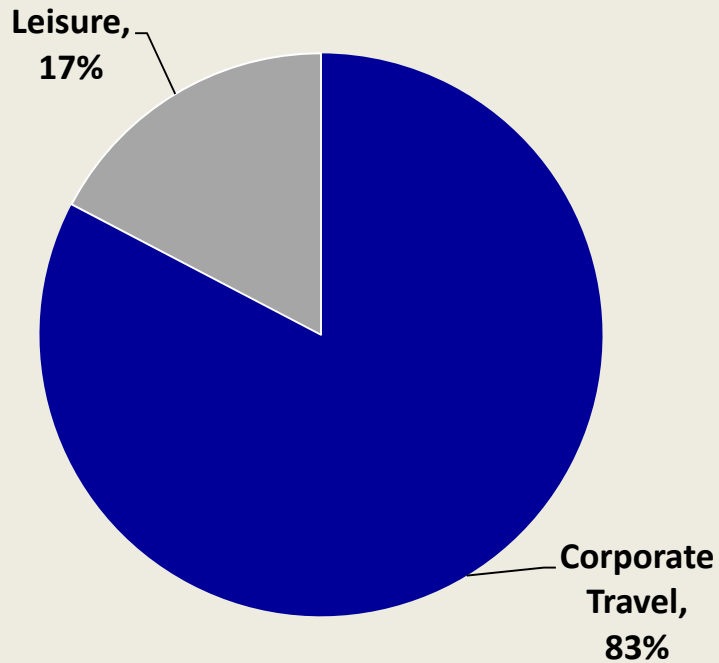


Total = S\$114.5 million

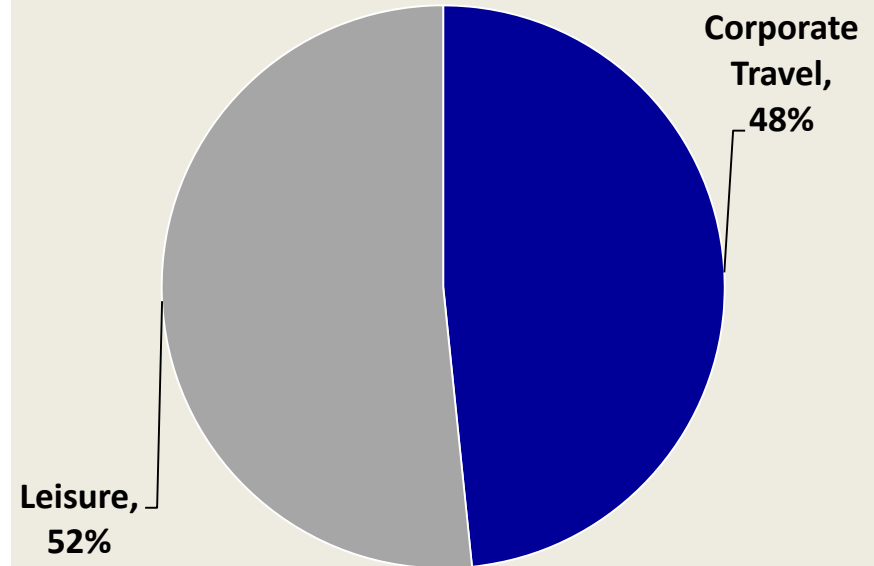


Apartment Rental Income by Market Segment⁽¹⁾

**Asia-Pacific Portfolio
YTD 30 September 2012**



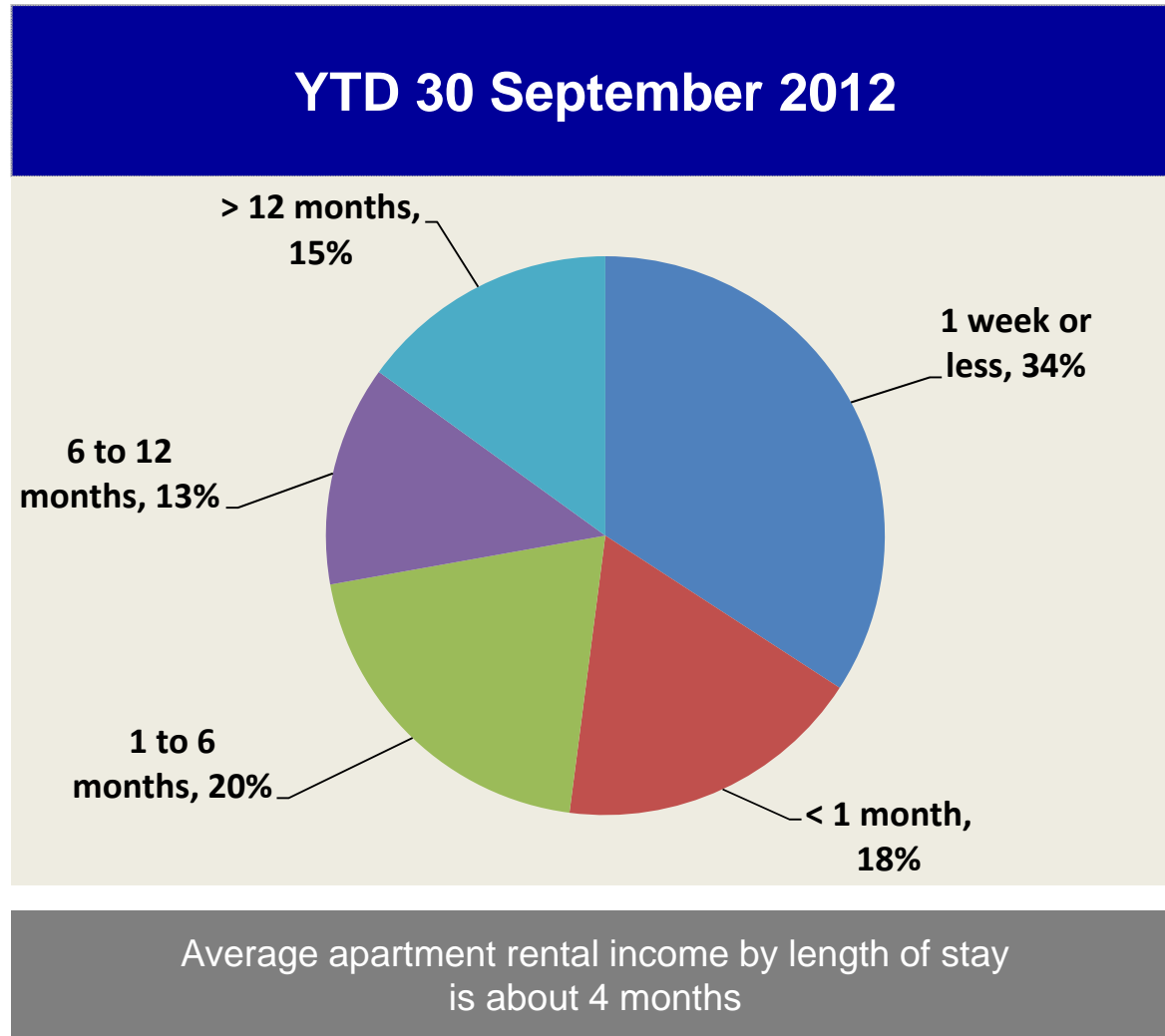
**Europe Portfolio
YTD 30 September 2012**



(1) Information for properties on management contracts and rental housing only. Information for properties on master leases is not included.



Apartment Rental Income by Length of Stay⁽¹⁾

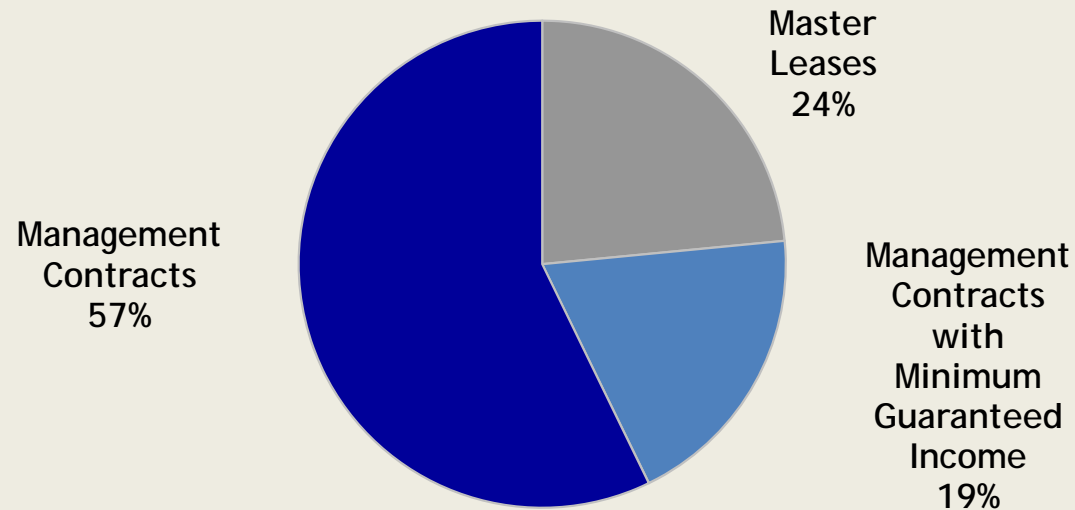


(1) Information for properties on management contracts and rental housing only. Information for properties on master leases is not included.



Balance of Income Stability and Growth

YTD 30 September 2012 Gross Profit



Total = S\$120.6 million

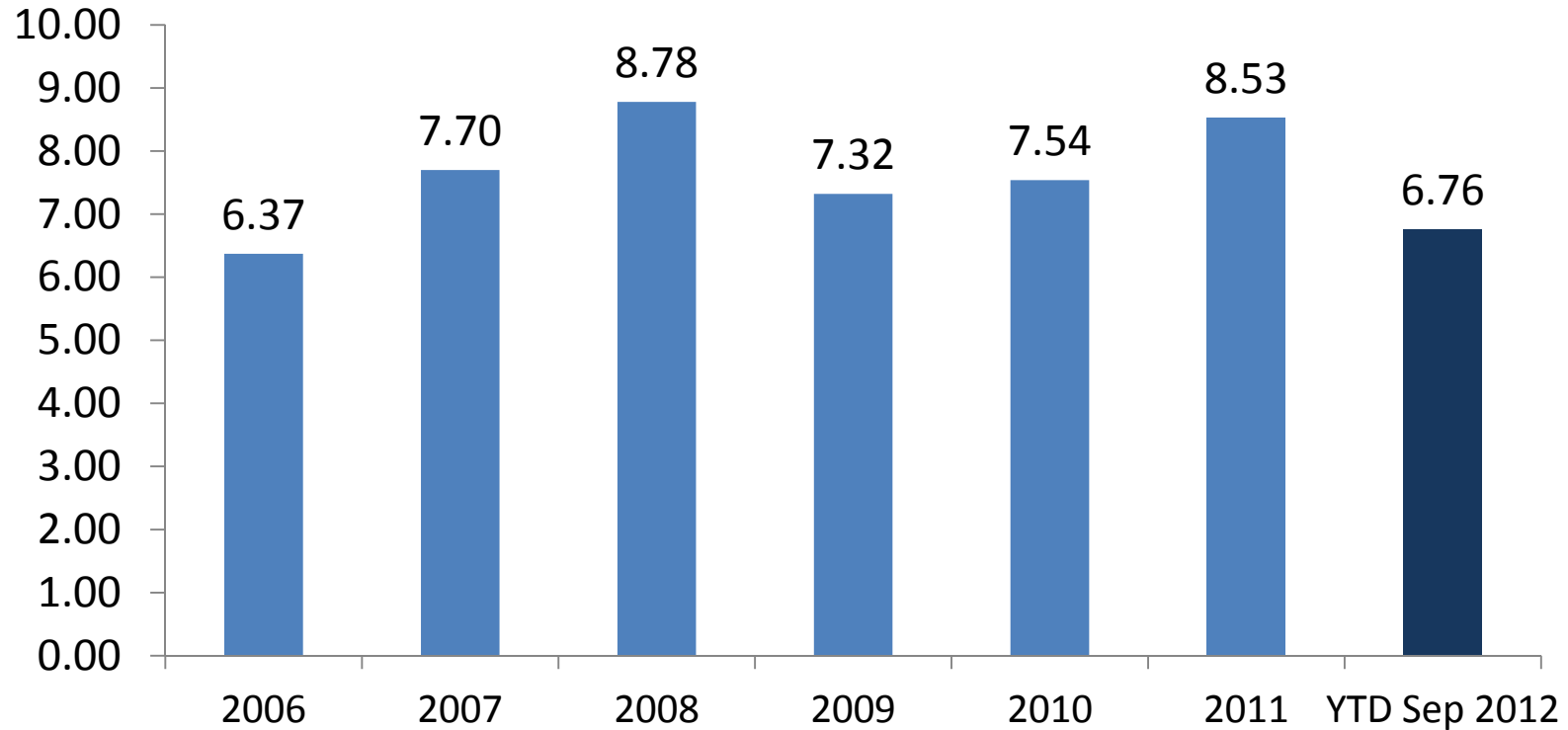
Both master leases and management contracts with minimum guaranteed income have average weighted remaining tenures of about 6 years



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Serviced Residences – Distribution to unit holders



Delivered stable distributions since listing in 2006

Capital & Risk Management



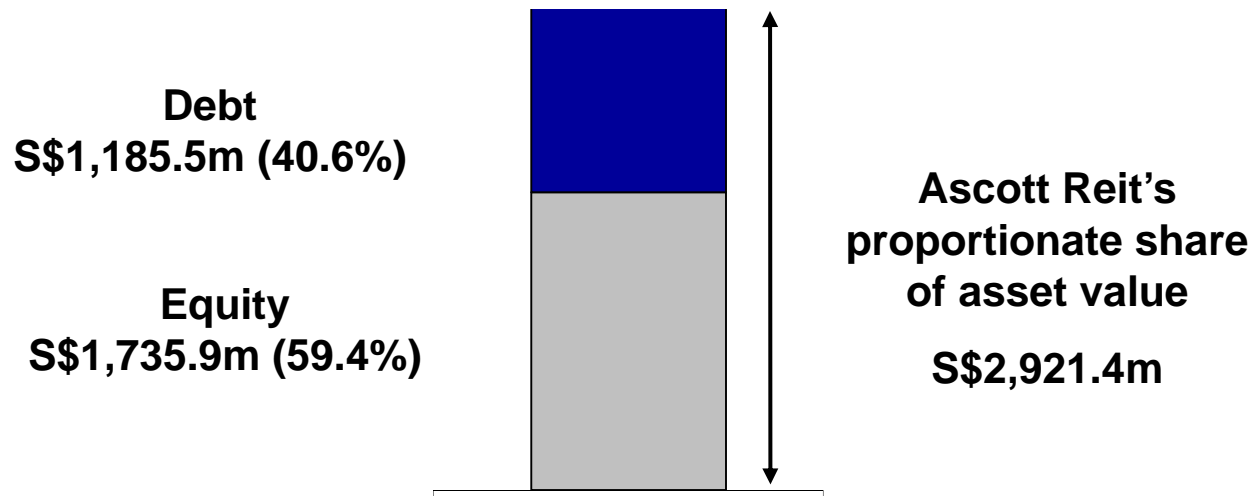
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Healthy Balance Sheet

Gearing of 40.6%, well within the 60% gearing limit allowable under MAS property fund guidelines

Ascott Reit Gearing Profile As at 30 September 2012

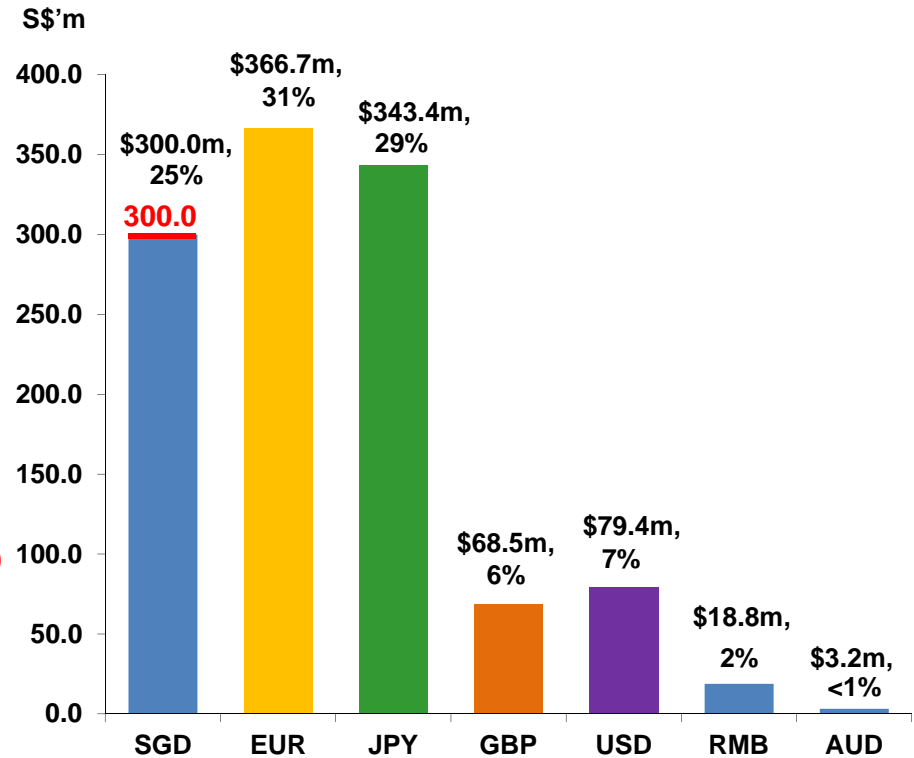
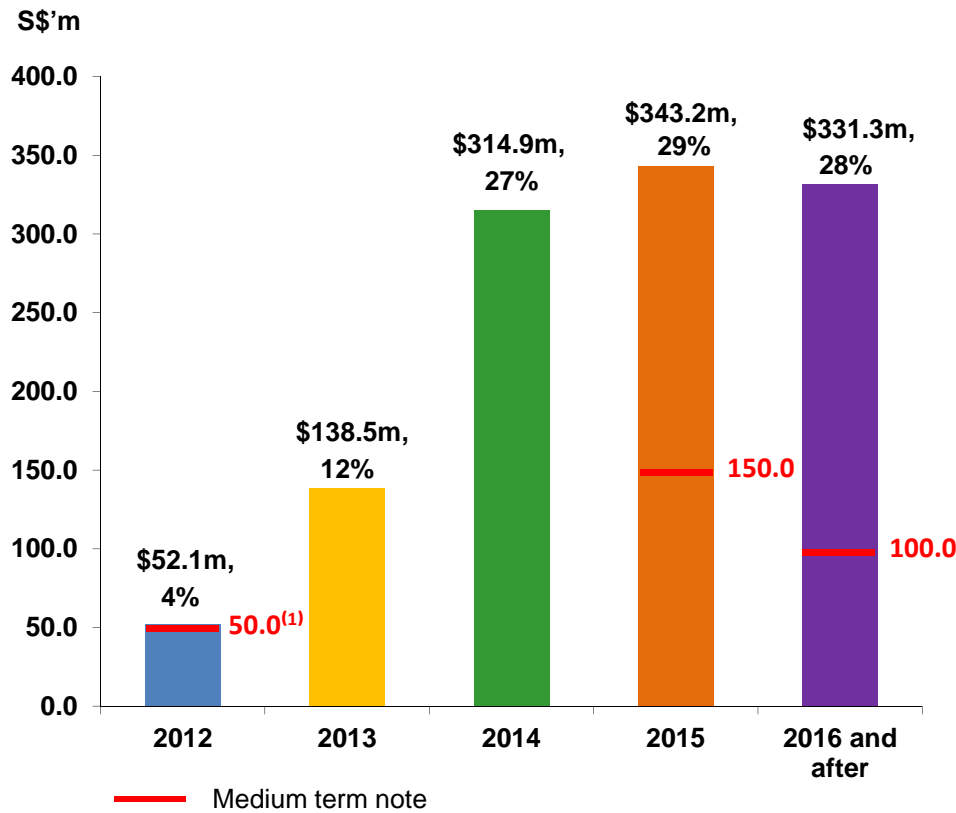




Debt Profile

By Maturity As at 30 September 2012

By Currency As at 30 September 2012



(1) Repaid in October 2012.

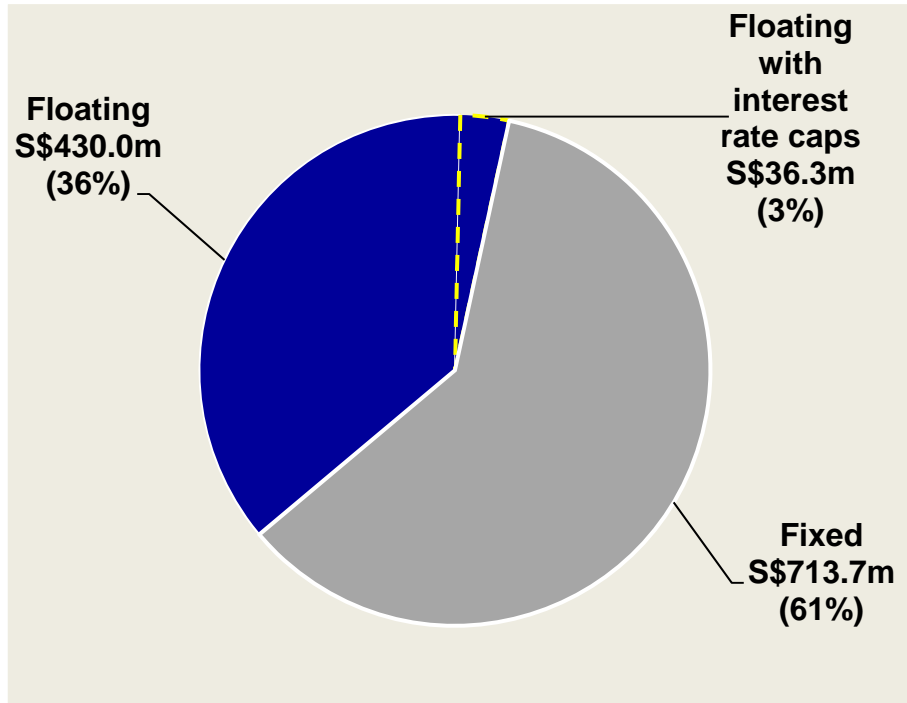
Ascott Reit's Share of Bank Loans = S\$1,180 million



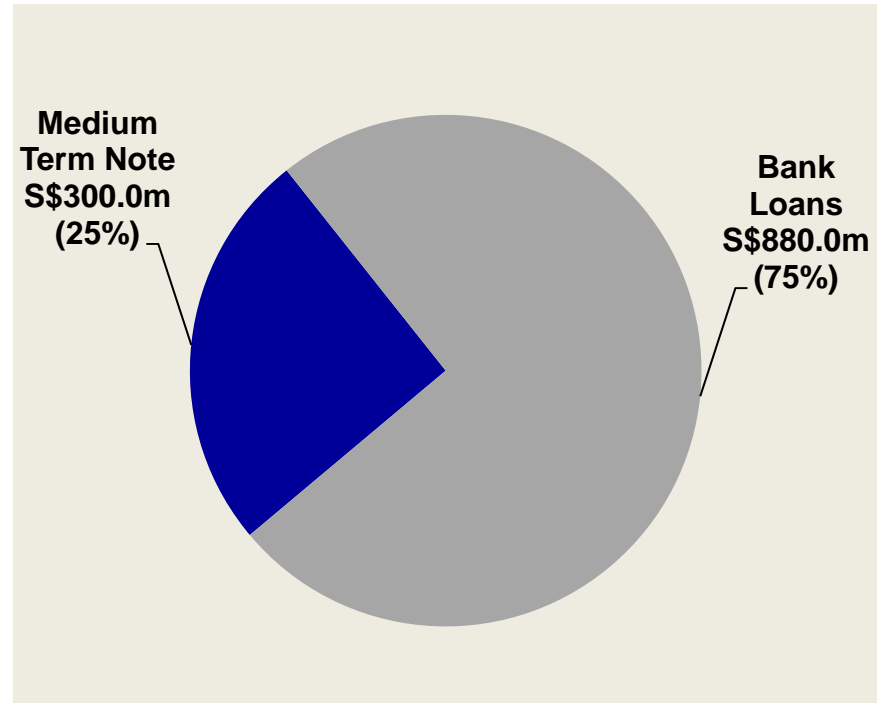


Interest Rate and Debt Mix Profile

Interest Rate Profile As at 30 September 2012



Debt Type As at 30 September 2012





Capital and Risk Management Strategy

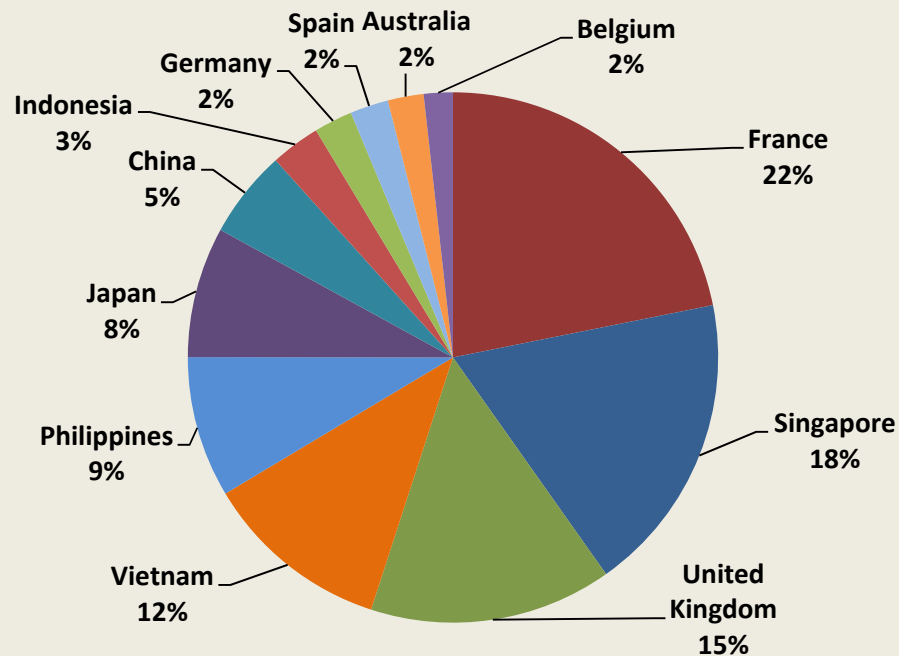
Credit Metrics as at 30 September 2012

Gearing	40.6%
Interest Cover	3.9x
Effective Borrowing Rate	3.4%
Weighted Avg Debt to Maturity	3.2 years
Moody's Rating	Baa3



Foreign Exchange Profile

Ascott Reit's Share of Gross Profit YTD 30 September 2012



Total = S\$114.5 million

Foreign Exchange Movements

Currency	Percentage of Ascott Reit's share of gross profit YTD Sep 2012	Percentage movement of exchange rates from Dec'11 to Sep '12
SGD	18	-
EUR	28	-6.5
GBP	15	-1.7
JPY	8	-4.0
VND	12	-1.8
RMB	5	-1.6
PHP	9	-0.4
USD	3	-2.3
AUD	2	0.2
Total	100	-2.8



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Prospects



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Prospects

- Global economic conditions continue to remain uncertain. Nevertheless, the Group's income remains sustainable because of our extended stay business model and geographically diversified portfolio with exposure across different economic cycles.
- Our properties, particularly in Europe, are also underpinned by master leases and serviced residence contracts with minimum guaranteed income.
- Acquisition of Ascott Raffles Place and Ascott Guangzhou and divestment of Somerset Grand Cairnhill, completed in 3Q 2012.
- Portfolio will be further enlarged with the acquisition of Madison Hamburg in 4Q 2012.
- **Continue to focus on yield accretive acquisitions in countries where we operate.**
 - Explore opportunities in Asia as well as London, Paris and key cities in Germany.
- **On-going asset enhancement programmes to increase returns to Unitholders:**
 - Embarked on the 2nd phase refurbishment of Citadines Sainte-Catherine Brussels as well as Ascott Jakarta in 3Q 2012.
- **The Group remains confident in the markets it operates in.**
 - Operating performance for FY2012 is expected to remain profitable.



Completed Asset Enhancements

Citadines Sainte-Catherine Brussels

Phase 1 refurbishment of 80 units completed in 1Q 2012



Apartment (pre-renovation)



Apartment (post-renovation)



Completed Asset Enhancements

Citadines Prestige Trafalgar Square London

Refurbishment of apartment and lobby completed in 1Q 2012



Apartment (pre-renovation)



Apartment (post-renovation)



Completed Asset Enhancements

Somerset Grand Hanoi

Refurbishment of lobby completed in 3Q 2012



Lobby (pre-renovation)



Lobby (post-renovation)



Ongoing/Proposed Asset Enhancements⁽¹⁾

S/N	Property	Total No of Units	Start Date	Expected Completion Date
1	Ascott Jakarta	198	Jul 2012	4Q 2013
2	Citadines Sainte-Catherine Brussels Phase 2 – 89 units	169	Jul 2012	4Q 2012
3	Citadines Toison d'Or Brussels	154	Dec 2012	1Q 2014

(1) Asset enhancements for properties on master lease are not included.



Ongoing/Proposed Asset Enhancements⁽¹⁾

S/N	Property	Total No of Units	Start Date	Expected Completion Date
1	Citadines City Centre Grenoble Phase 2 – 58 units	106	Jul 2012	4Q 2012
2	Citadines Louvre Paris	51	Jul 2012	1Q 2013
3	Citadines Croisette Cannes	58	Oct 2012	1Q 2013
4	Citadines Place d'Italie Paris	169	Nov 2012	1Q 2014
5	Citadines City Centre Lille Phase 2 – 49 units	101	Dec 2012	1Q 2013

(1) Asset enhancements for properties on master lease will be undertaken by the Master Lessee.

Thank You



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Appendix



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Serviced Residences – An Attractive Asset Class

	Apartments for Rent	Serviced Residences	Hotels
Lease Structure & Terms	Long-term leases	<ul style="list-style-type: none"> Hybrid between hotels and apartments/condominiums Variable lease terms from one week to one year or longer 	Short-term accommodation
Range of Services	No service provided	Limited services provided <ul style="list-style-type: none"> Role and involvement of property manager less intensive compared to hotels 	Full range of hospitality services <ul style="list-style-type: none"> Including food & beverage (F&B) Role and involvement of property manager most intensive
Cost Structure	<ul style="list-style-type: none"> Low investment cost Unfurnished Less common facilities Low operating costs Minimal staffing 	<ul style="list-style-type: none"> Low investment cost <ul style="list-style-type: none"> High building efficiency No F&B outlets Low operating costs Less intensive staffing requirements as only limited services are provided Lower marketing and maintenance costs as average length of stay is longer 	<ul style="list-style-type: none"> High investment cost <ul style="list-style-type: none"> Land (premium location) Lower building efficiency (more common facilities) High operating costs More intensive staffing requirements due to complete range of services High maintenance due to significant wear and tear
Seasonality	Dependent on general property sector conditions	<ul style="list-style-type: none"> Some seasonality of hospitality industry, though longer lease terms provide certain level of rental support Correlated to GDP growth and FDI inflows 	<ul style="list-style-type: none"> Seasonal nature of hotel industry Highly correlated with the tourism industry



Ascott Reit Sources of Income

	Master Leases	Management Contract with Minimum Income	Management Contract
Description	<ul style="list-style-type: none"> Master Lessees (subsidiaries of Ascott) pay fixed net rental per annum to Ascott Reit 	<ul style="list-style-type: none"> Serviced residence contracts that offer minimum guaranteed net operating profit 	<ul style="list-style-type: none"> Ascott manages Ascott Reit's portfolio in return for a fee
Tenure	<ul style="list-style-type: none"> Average weighted remaining tenure of about 6 years 	<ul style="list-style-type: none"> Average weighted remaining tenure of about 6 years 	<ul style="list-style-type: none"> Average weighted remaining tenure of about 5 years
Location	<ul style="list-style-type: none"> 22 properties - 20 in France and Germany⁽¹⁾ - 2 in Singapore⁽²⁾ 	<ul style="list-style-type: none"> 8 properties - 7 across UK, Belgium and Spain - 1 in Vietnam that offers minimum EBITDA guarantee 	<ul style="list-style-type: none"> 38 properties - 15 in Asia ex Japan - 1 in Australia - 22 in Japan⁽³⁾

(1) Includes acquisition of Madison Hamburg.

(2) Includes acquisition of New Cairnhill SR. Master lease structure has a fixed and variable component.

(3) 19 properties in Tokyo are under Rental Housing.

Brand Introduction



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Ascott The Residence

- **Defining Exclusive Living**
 - Luxurious, exclusive, discreet
 - Located in prime business districts of key cities
 - Provides efficient business support services, in an exclusive and luxurious environment



Citadines Apart'hotel

- ***Defining Vibrant Living***
 - Vibrancy of independent city living
 - Oasis of calm in key bustling cities
 - Personalised conveniences for savvy and vibrant individuals on the go
 - Range of services and amenities to complement different lifestyles
 - Modern comforts, business connectivity and customised services





Somerset Serviced Residence

- **Defining Balanced Living**

- A serviced residence for executives and their families looking for work life balance
- A stylish home with recreational facilities, lifestyle activities and business support services
- A place to make friends, share family experiences, get help to quickly settle into the city

