

Ascott Residence Trust

Acquisition of 3 Serviced Residence Properties in
China and 11 Rental Housing Properties in Japan



Press Conference
2 May 2013



Disclaimer

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Agenda

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

Overview of Transactions



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Summary of Transactions

Transactions		Acquisition of Citadines Biyun Shanghai	Acquisition of Somerset Heping Shenyang	Acquisition of Citadines Xinghai Suzhou	Acquisition of Japan Rental Housing Properties	Total
	Purchase Consideration	S\$53.8m ¹	S\$59.4m ²	S\$14.7m ³	S\$37.1m ⁴	\$165.0m
	No. of Apartment Units	180 units	270 units	167 units	959 units	1,576 units

■ EBITDA yield of 5.4%⁵.

Extraordinary General Meeting

The Transactions constitute an Interested Person Transaction under the Listing Manual and Interested Party Transactions under the Property Funds Appendix.

■ EGM to be held on 30 May 2013.

1. Based on the agreed property value of RMB 321m (equivalent to approx S\$63.2m).
2. Based on the agreed property value of RMB 438m (equivalent to approx S\$86.2m).
3. Based on the agreed property value of RMB 118m (equivalent to approx S\$23.2m).
4. Based on the agreed property value of JPY 9.2b (equivalent to approx S\$114.8m).
5. On a FY 2012 pro forma basis.



Target Properties – China & Japan

Overview of Target Properties

CHINA		
Somerset	Citadines	Citadines
Heping	Biyun	Xinghai
Shenyang	Shanghai	Suzhou



CHINA
3 Target Properties

JAPAN
11 Target Properties

- Sapporo (1)
 - Sendai (2)
 - Kyoto (2)
 - Hiroshima (3)
 - Fukuoka (1)
 - Saga (2)
 - Shanghai (1)
 - Suzhou (1)
- Target Properties

JAPAN

Actus Hakata V-Tower	Big Palace Kita 14jo	Grand Mire Miyamachi	Grand Mire Shintera	Gravis Court Kakomachi	Gravis Court Kokutaiji	Gravis Court Nishi-haraekimae	Grand E'terna Saga	Grand E'terna Saga Idaidori	Grand E'terna Nijojomae	Grand E'terna Chioninmae



Increase Portfolio Scale in Two of the World's Largest Economies

China

Growth Driver

One of the world's fastest-growing economies

- Strengthen existing presence in Shanghai
- Expand footprint to growing cities of Shenyang & Suzhou

Apartment units increase by 617 to 1,258 units

Japan

Long-term Income Stability

Expand to key gateway cities of Fukuoka & Sapporo, Entrench presence in Kyoto

- Fukuoka is the capital city of Fukuoka Prefecture and the economic transportation hub for the Kyushu region
- Sapporo is the fourth most populated city in Japan and the largest city of Hokkaido Prefecture
- Fukuoka, Sapporo & Kyoto properties constitute ~60% of portfolio value & EBITDA contribution of 11 rental housing properties

5 out of 11 properties on Master Leases

- Master Leases contribute ~30% of portfolio value & EBITDA contribution

Apartment units increase by 959 to 1,895 units



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Citadines Biyun Shanghai

- ✓ Purchase consideration of S\$53.8m
- ✓ Shanghai is China's key gateway city for investments, attracting a 21% increase in FDI in 2012¹
- ✓ Strengthen existing presence in Shanghai
- ✓ Quality asset in a key location
 - Strategically located within the Jinqiao Export Processing Zone
- ✓ Managed by Ascott, under pre-existing SR Management Agreement



Living Room



1 Bedroom Studio



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Somerset Heping Shenyang

- ✓ Purchase consideration of S\$59.4m
- ✓ Shenyang is the largest city in Northeast China, with consecutive 18% GDP growth in 2010 & 2011¹
- ✓ Ascott Reit's first entry into Shenyang
- ✓ Part of an integrated development with serviced residence block & shopping mall
 - Located in heart of CBD & shopping district
- ✓ Managed by Ascott, under pre-existing SR Management Agreement





Citadines Xinghai Suzhou

- ✓ Purchase consideration of S\$14.7m
- ✓ Suzhou exhibited strong economic growth in 2012, GDP growth was 10% in 2012¹
- ✓ Ascott Reit's first entry into Suzhou
- ✓ Quality asset in a key location
 - Strategically located within the Suzhou Industrial Park
- ✓ Managed by Ascott, under pre-existing SR Management Agreement



Lobby



1 Bedroom Studio

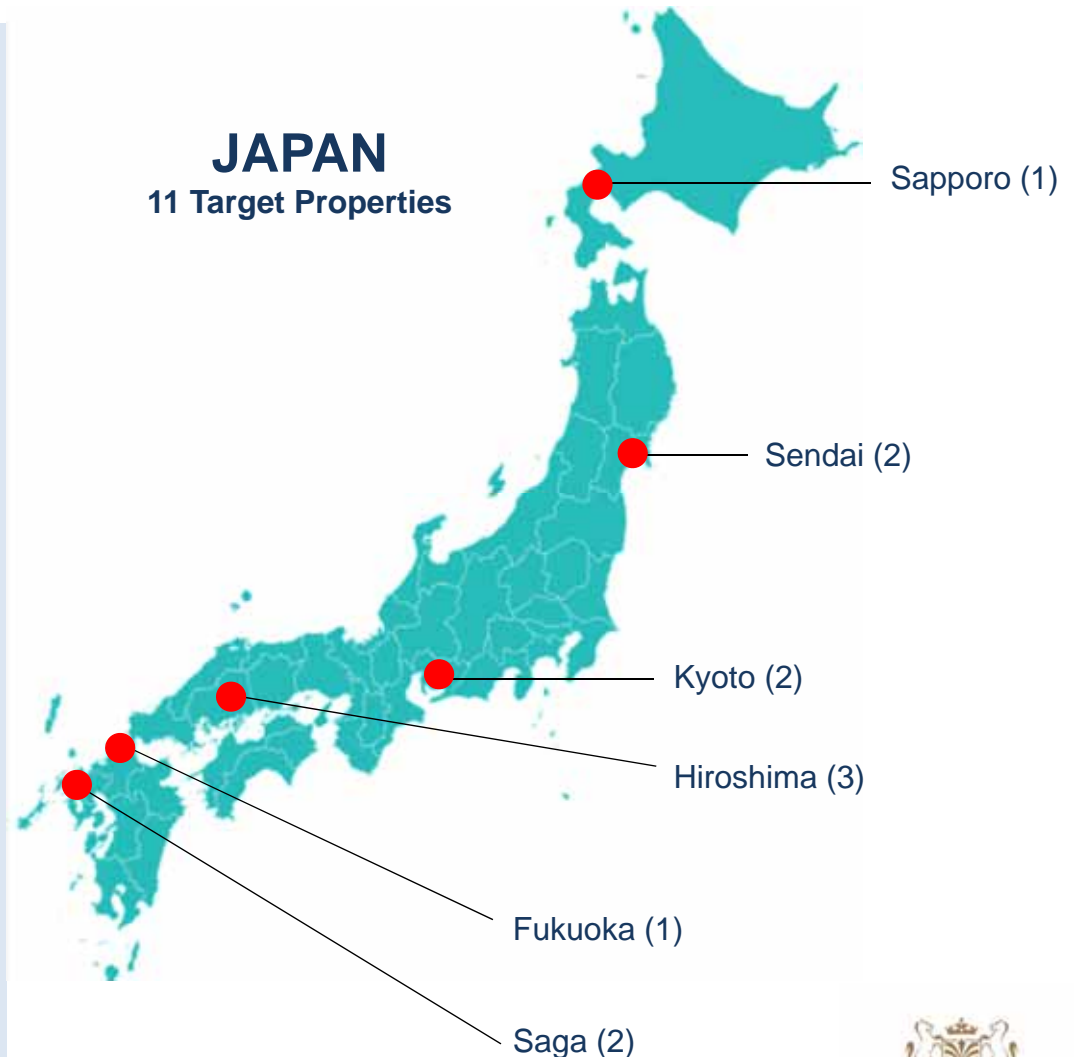


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Japan Rental Housing Properties

- ✓ Purchase consideration of S\$37.1m
- ✓ 11 rental housing properties across 6 cities
- ✓ Well-located near subway stations, shopping malls, governmental offices, universities & hospitals
- ✓ >95% occupancy with resilient rental rates
- ✓ Improve stability of income stream
 - 5 out of 11 properties are on master leases to external parties
- ✓ Remaining tenures of master leases of approx. 5-8 yrs
- ✓ End-tenant leases average 1-2 yrs





Valuation of Target Acquisitions

China Target Properties	Appraised Value ¹ (RMB'm)	Agreed Value ² (RMB'm)	Agreed Value (S\$m)
Citadines Biyun Shanghai	321.5	321.0	63.2
Somerset Heping Shenyang	441.0	438.0	86.2
Citadines Xinghai Suzhou	120.0	118.0	23.2
Total	882.5	877.0	172.6

Japan Target Properties	Appraised Value (JPY'm)	Agreed Value (JPY'm)	Agreed Value (S\$m)
Total Appraised Value of 11 Japan Rental Housing Properties	9,202	9,200	114.8

Total Agreed Property Value of Target Acquisitions is S\$287.4m

1. Average of independent valuations by HVS and Colliers as at 15 March 2013.
2. Agreed value is lower than the appraised value.

Rationale of Transactions



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Rationale of Transactions

1

Enhance DPU to Unitholders

- FY2012 pro forma DPU **↑** 2.9% from 8.76 cts to 9.01 cts

2

Broaden Earnings Base with Increase in Portfolio Scale

- Total agreed property value of Target Acquisitions is S\$287.4m
- Asset base **↑** 11% from S\$2.8b to S\$3.1b, raising the profile of Ascott Reit among global investors
- Apartment units **↑** 1,576 to 8,632 units

3

Strengthen Presence in Asia

- Asia share of assets **↑** from 59% to 63%
- Good opportunity to acquire strategically-located quality assets
- China & Japan are two of world's largest economies
 - Presence in China will grow from 10% to 15%
 - Presence in Japan will grow from 12% to 15%



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Rationale of Transactions

4

Deepen Presence in Key Growth Market of China

- Strong FDI, growth in tourism & domestic travel will continue to drive demand for quality accommodation
- Strengthen existing presence in Shanghai
- Expand footprint to growing cities of Shenyang & Suzhou

5

Expand Footprint in Stable Japanese Market

- Stable portfolio of 11 rental housing properties across 6 cities
- Well-located near subway stations, shopping malls, governmental offices, universities & hospitals

6

Stable Income Stream From Japan

- Stable & strong occupancy > 95%
- Resilient rental rates, with term of leases averaging 1-2 yrs
- 5 out of 11 properties are under master leases of about 5-8 yrs, which will provide long-term income stream certainty



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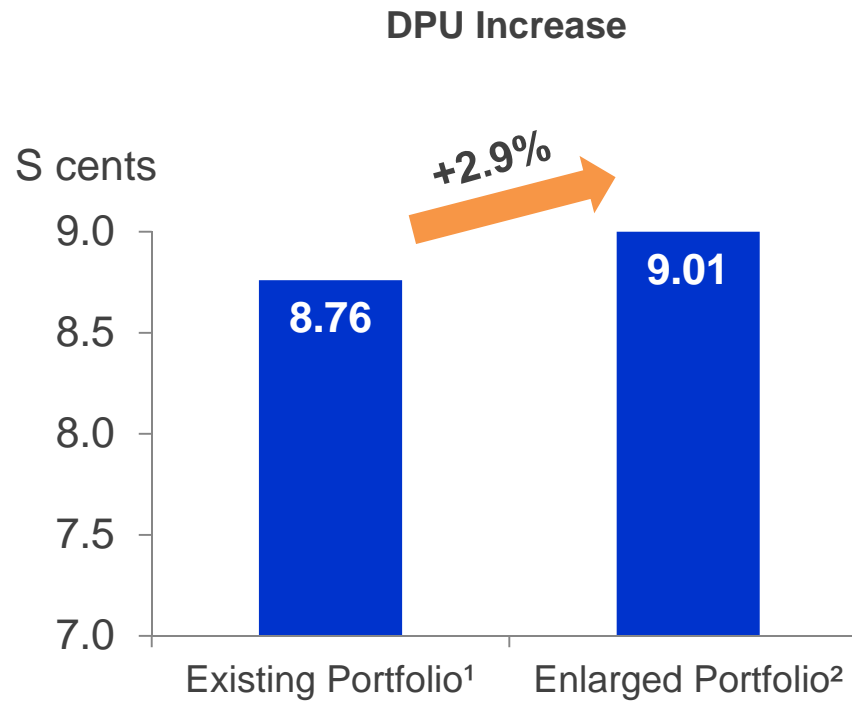
Impact on Ascott Reit



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DPU Enhancing Transactions



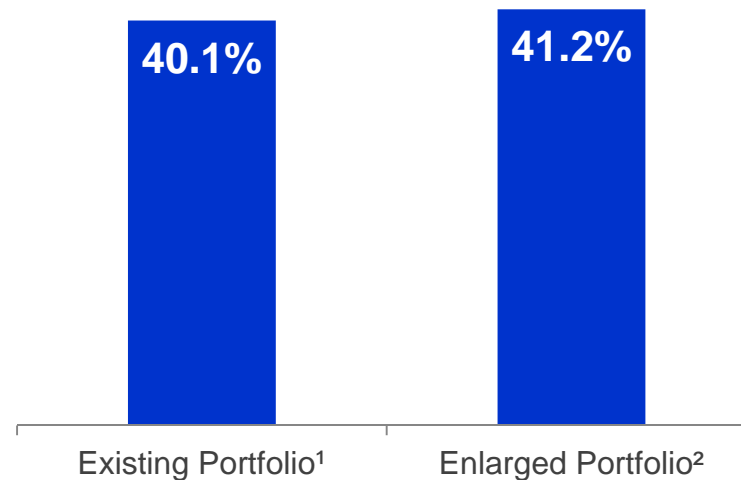
FY 2012 Pro Forma DPU Increase by 0.25 cts or 2.9%

1. Based on FY 2012 Audited Consolidated Financial Statements.
2. Existing portfolio and target acquisitions.



Healthy Balance Sheet

Ascott Reit's Gearing



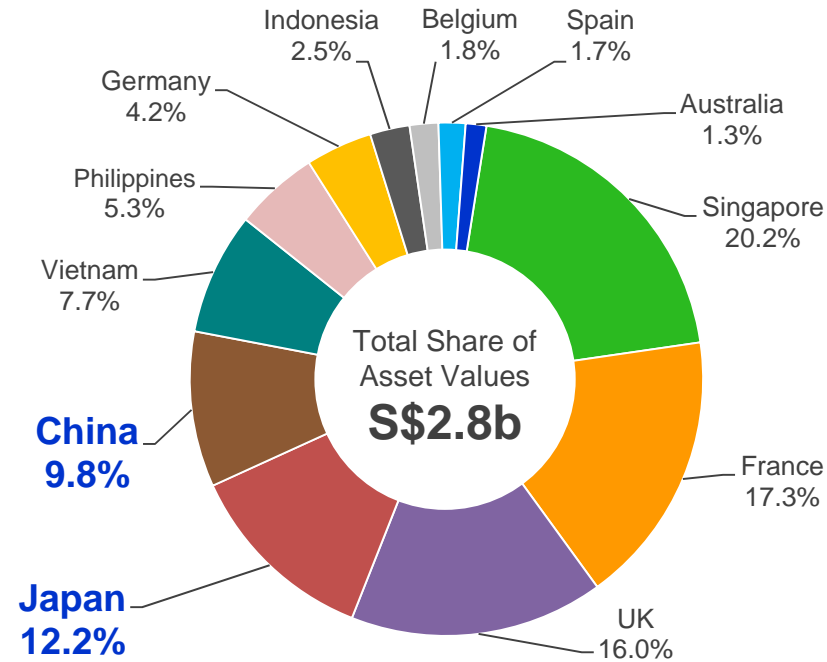
Gearing Remains Well Within the 60% Gearing Limit Under MAS Property Fund Appendix

1. Based on FY 2012 Audited Consolidated Financial Statements.
2. Existing portfolio and target acquisitions.

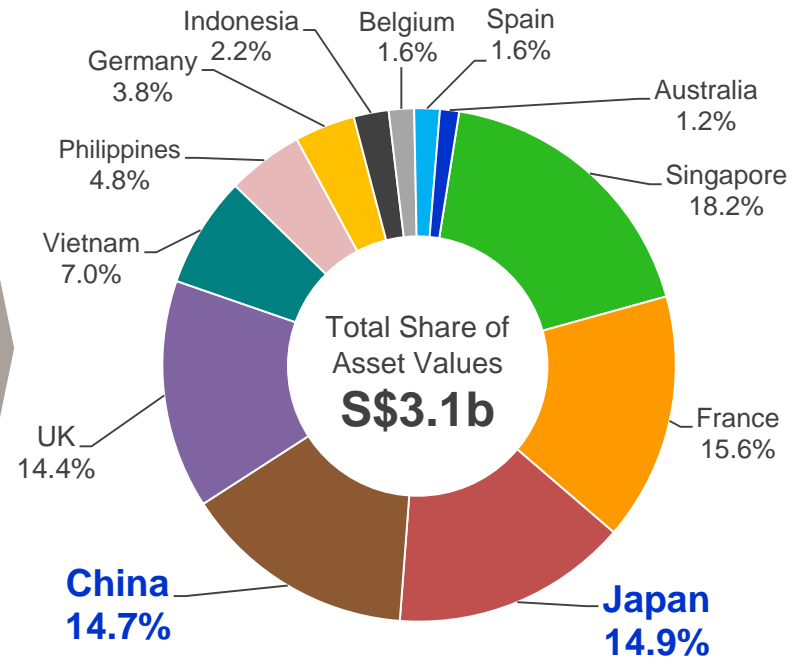


Ascott Reit's Share of Assets

Existing Portfolio¹



Enlarged Portfolio²



Target Acquisitions to Increase Asset Base by 11%



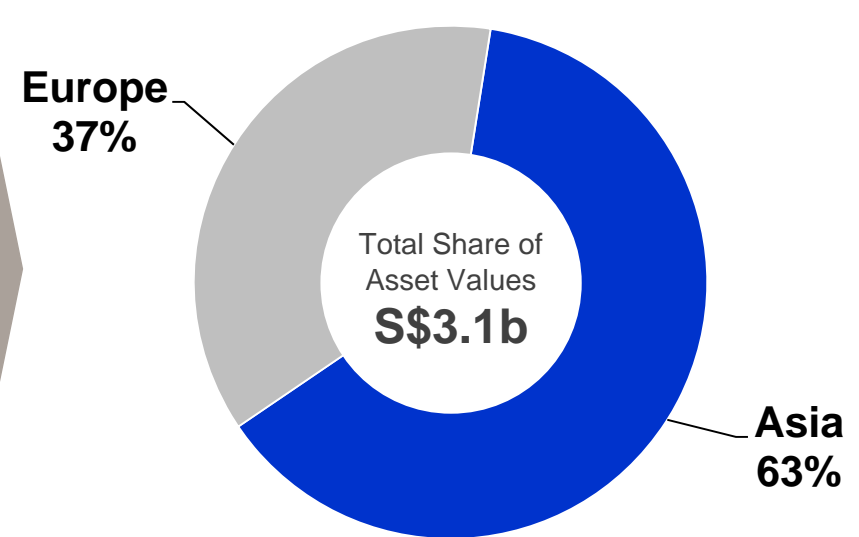
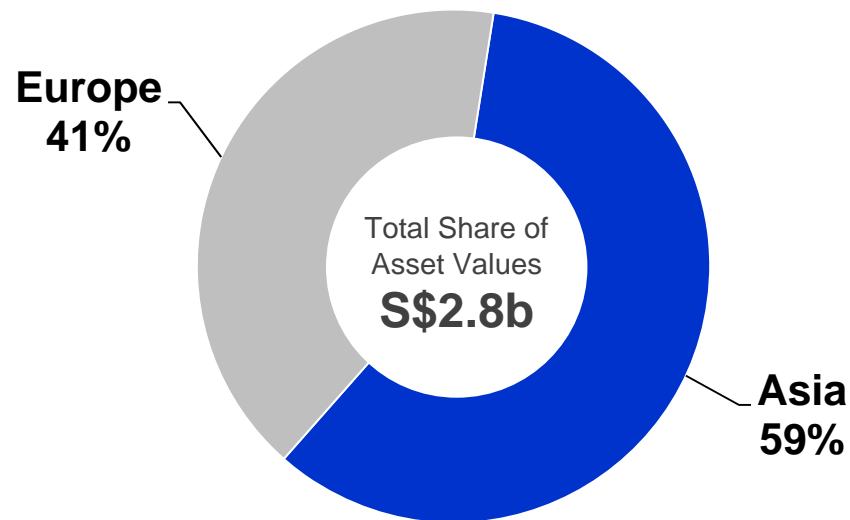
- Existing portfolio as at 31 December 2012.
- Existing portfolio and target acquisitions.



Ascott Reit's Share of Assets by Region

Existing Portfolio¹

Enlarged Portfolio²



Continue to Focus on Key Growth Markets in Asia

1. Existing portfolio as at 31 December 2012.
2. Existing portfolio and target acquisitions.

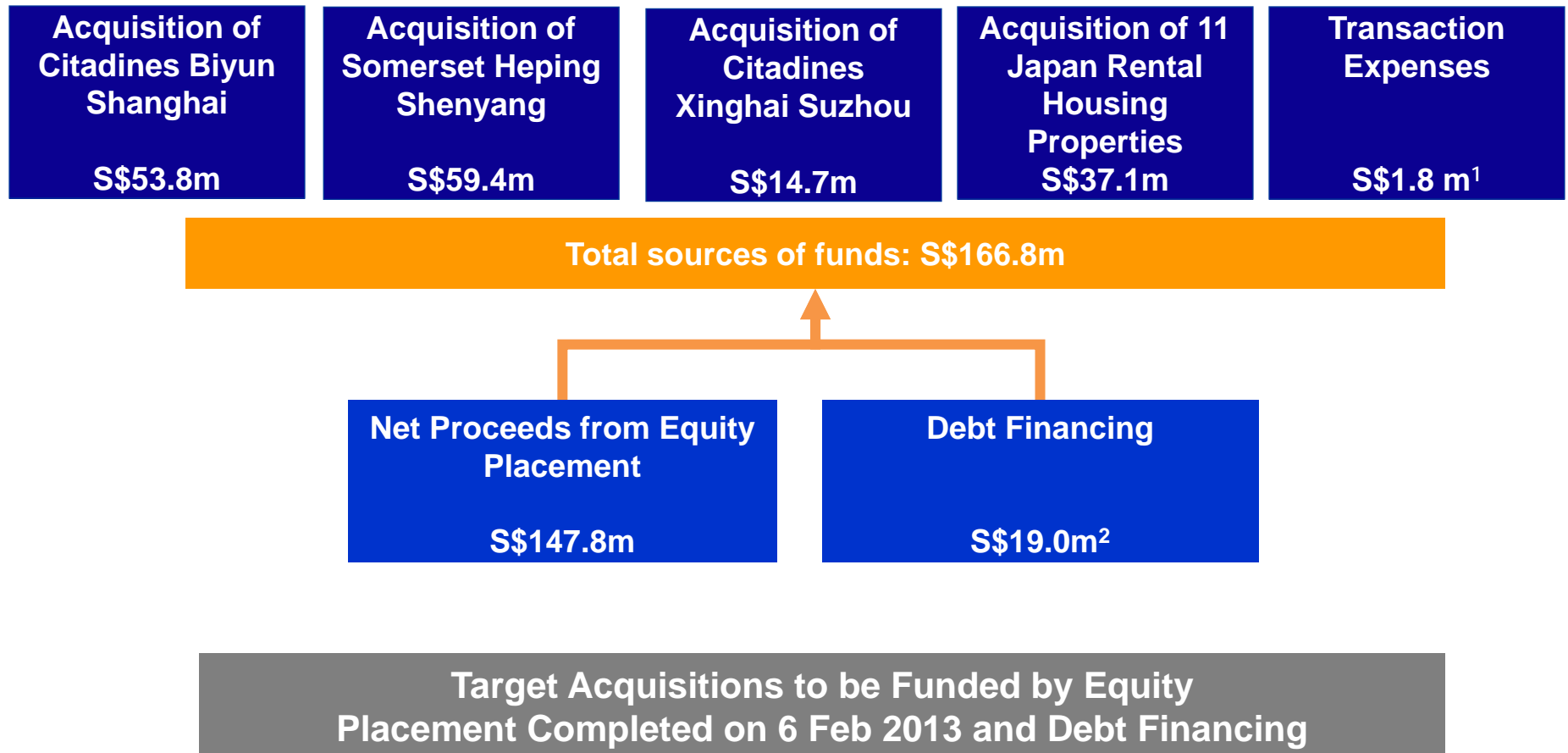
Overview of Funding Structure



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Funding Structure



1. Excludes acquisition fees of approximately S\$2.9 million, which will be payable in units.
2. Debt financing from the existing debt facilities available to Ascott Reit.

Conclusion



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Conclusion

Enhance DPU

- FY 2012 pro forma DPU increase from 8.76 cts to 9.01 cts

Increase Portfolio Scale

- Total agreed property value of Target Acquisitions is S\$287.4m
- Increase asset base by 11% from S\$2.8b to S\$3.1b
- Increase apartment units by 1,576 to 8,632 units

Strengthen Presence in Asia

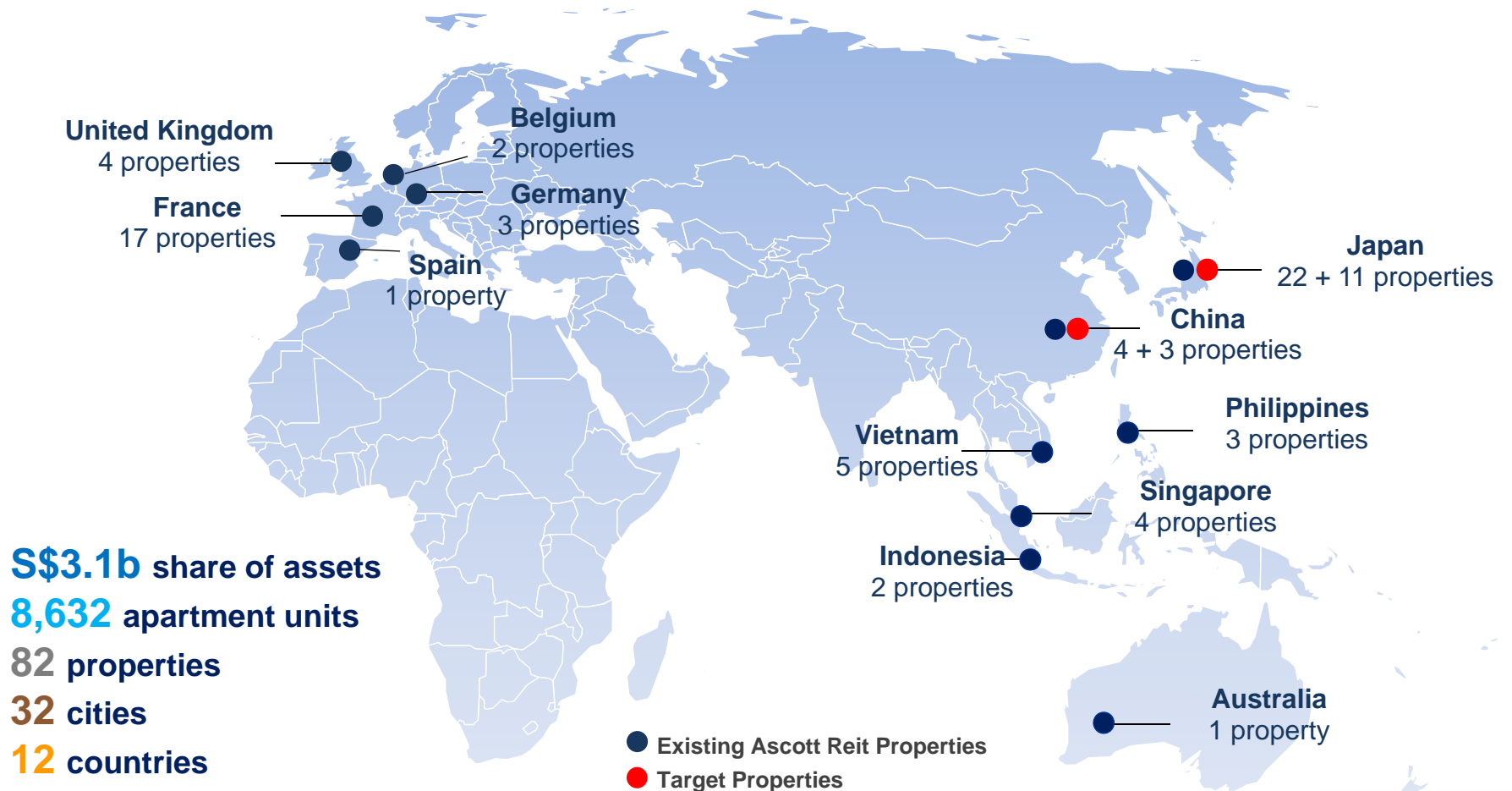
- Deepen presence in key growth market of China
 - Strengthen existing presence in Shanghai
 - Expand footprint to growing cities of Shenyang and Suzhou
- Expand footprint in stable Japanese market
 - 11 rental housing properties across 6 cities

Stable Income Stream from Japan

- Stable and strong occupancy > 95%
- Long-term income stability
 - 5 out of 11 rental housing properties in Japan on master leases
- Remaining tenures of master leases of approx. 5-8 yrs
- Resilient rental rates, with term of leases averaging 1-2 yrs



Overview of Existing Portfolio & Target Properties



\$3.1b share of assets
8,632 apartment units
82 properties
32 cities
12 countries

Target Acquisitions will Strengthen Ascott Reit's Presence in Asia



Thank You



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