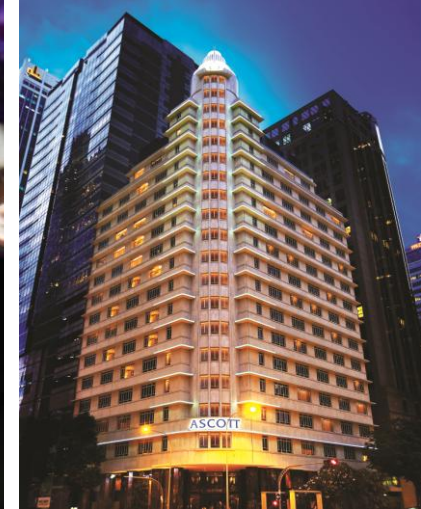
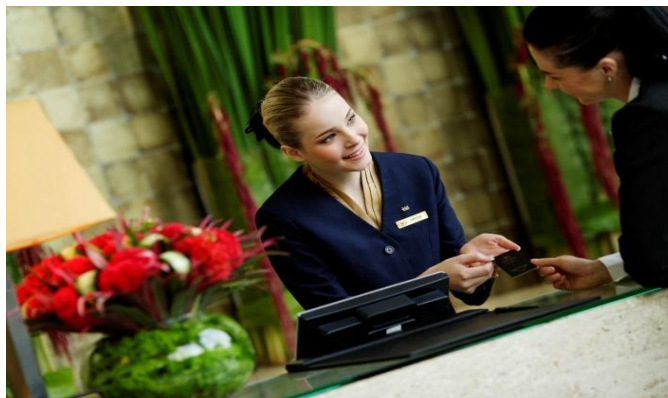




  
**ASCOTT**  
RESIDENCE  
TRUST  
A Member of CapitaLand

# Ascott Residence Trust

A Leading Global Serviced Residence REIT

## Investor Presentation

October 2014

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- 1 Overview of Ascott REIT
- 2 Portfolio Information
- 3 Strategies
- 4 Capital and Risk Management



# Overview of Ascott REIT



Ascott Raffles Place Singapore



# Overview of Ascott REIT<sup>1</sup>

Leading global serviced residence real estate investment trust

**S\$1.9b<sup>2</sup>**

Market Capitalisation

**S\$4.0b**

Total Asset Size

**9,985**

Apartment Units

**86**

Properties

**36**

Cities in 13 Countries



## Notes:

- Figures as at 30 June 2014 and including the acquisition of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014).
- Market capitalisation as at 10 October 2014.



# Overview of Ascott REIT

## Key features of Ascott REIT

### Investment Mandate

- Invests primarily in real estate and real estate-related assets which are income-producing and which are used, or predominantly used, as serviced residences, rental housing properties and other hospitality assets

### Leverage

- Based on regulatory requirements, Ascott REIT's **aggregate leverage limit cannot exceed 60%**<sup>1</sup>
- Historically, Ascott REIT's aggregate leverage has been at c.34%-42%<sup>2</sup>

### Minimum Distribution Payout Ratio

- **Required to distribute at least 90% of its taxable income to Unitholders** to qualify for the Inland Revenue Authority of Singapore tax transparency treatment for REITs
- Since its listing, Ascott REIT has distributed 100% of Unitholders' distribution

### Sponsor-aligned Interest

- **CapitaLand Limited is a substantial Unitholder** of Ascott REIT (c.46% interest in Ascott REIT)

### Corporate Governance

- Externally managed by Ascott Residence Trust Management Limited<sup>3</sup>
  - **Majority Independent Non-Executive Directors on the Board**

#### Notes:

1. Ascott REIT is governed by the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore. Under the CIS Code, a property fund's aggregate leverage limit cannot exceed 60% if the property fund has a credit rating from Moody's, Fitch or S&P. Ascott REIT has been assigned a "Baa3" corporate family investment grade rating by Moody's.
2. Based on Ascott REIT's gearing for financial years 2011 – 2013.
3. Wholly-owned subsidiary of The Ascott Limited, which in turn is wholly-owned by CapitaLand Limited.



# Overview of Ascott REIT

Strong Sponsor, The Ascott Limited (a wholly-owned subsidiary of CapitaLand)



World's largest international serviced residence owner-operator with more than 36,000 units in over 200 properties

30 year track record having pioneered Pan-Asia's first international-class serviced residence property in 1984

Award-winning brands with worldwide recognition



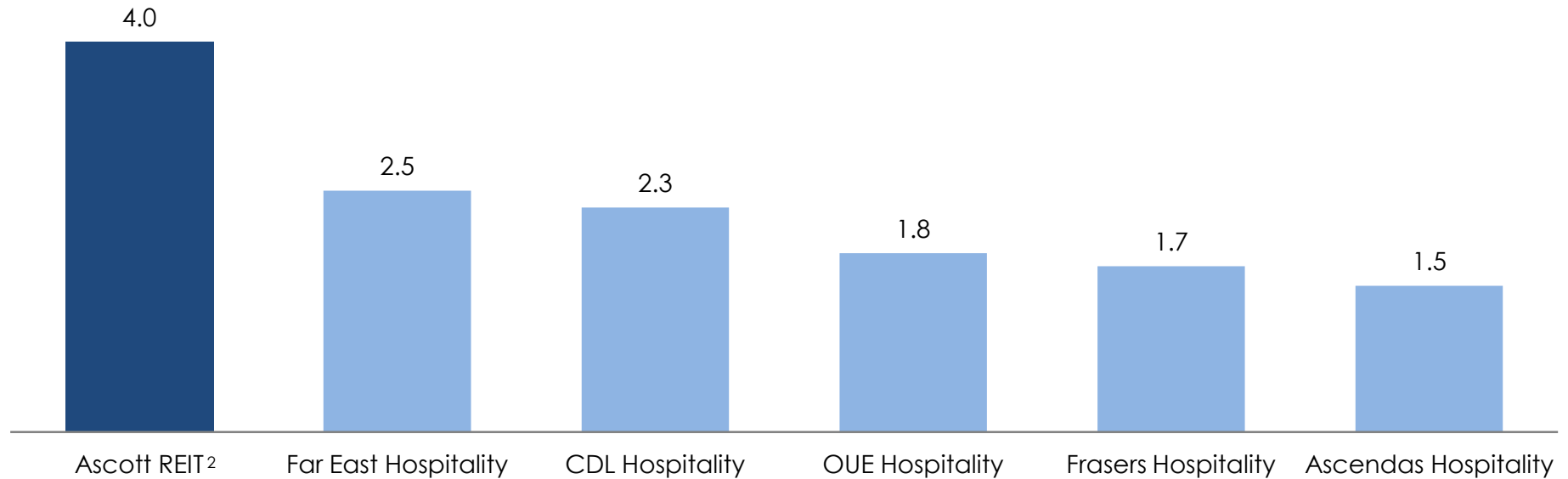
Sponsor – c.46% CapitaLand ownership in Ascott REIT



# Overview of Ascott REIT

Largest hospitality trust listed on the SGX-ST by total asset value

Total asset value<sup>1</sup> (\$\$ b)



Notes:

1. Based on latest available company filings.
2. Figures as at 30 June 2014 and including the acquisition of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014).



# Portfolio Information



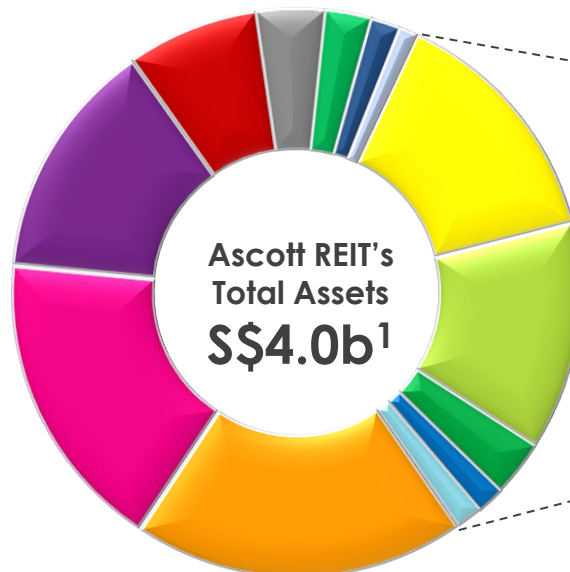
Somerset Liang Court, Singapore



# Geographically Diversified Portfolio

Strategically located across key international gateway cities

| Asia-Pacific | 65.6% |
|--------------|-------|
| China        | 19.3% |
| Singapore    | 15.4% |
| Japan        | 14.2% |
| Vietnam      | 7.4%  |
| Philippines  | 4.0%  |
| Indonesia    | 2.7%  |
| Malaysia     | 1.7%  |
| Australia    | 0.9%  |



| Europe  | 34.4% |
|---------|-------|
| France  | 14.1% |
| UK      | 14.0% |
| Germany | 3.3%  |
| Spain   | 1.5%  |
| Belgium | 1.5%  |

Portfolio diversified across economic and property cycles

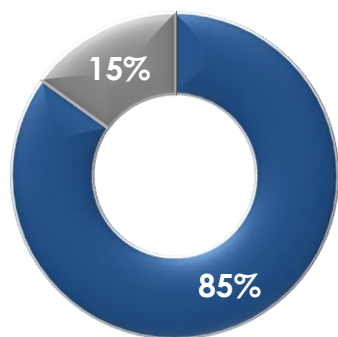
Note:

- Figures as at 30 June 2014 and including the acquisition of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014).

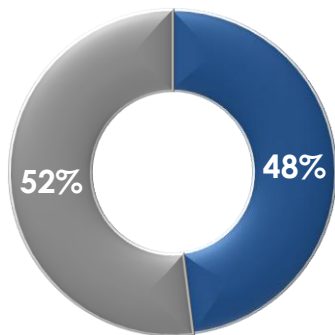
# Income Diversification

## Breakdown of apartment rental income<sup>1</sup>

### By Market Segment



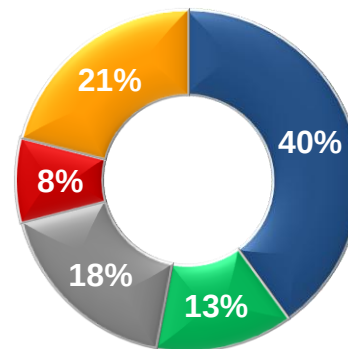
Asia-Pacific



Europe

- Corporate Travel
- Leisure

### By Length of Stay



- 1 week or less 40%
- Less than 1 month 13%
- 1 to 6 months 18%
- 6 to 12 months 8%
- More than 12 months 21%

Diversified across corporate travel and leisure segments

Average length of stay is about 4 months

Note:  
1. Apartment rental income for 2Q 2014; Portfolio information relates to properties on management contracts and rental housing properties only. Information for properties on master leases are not included.

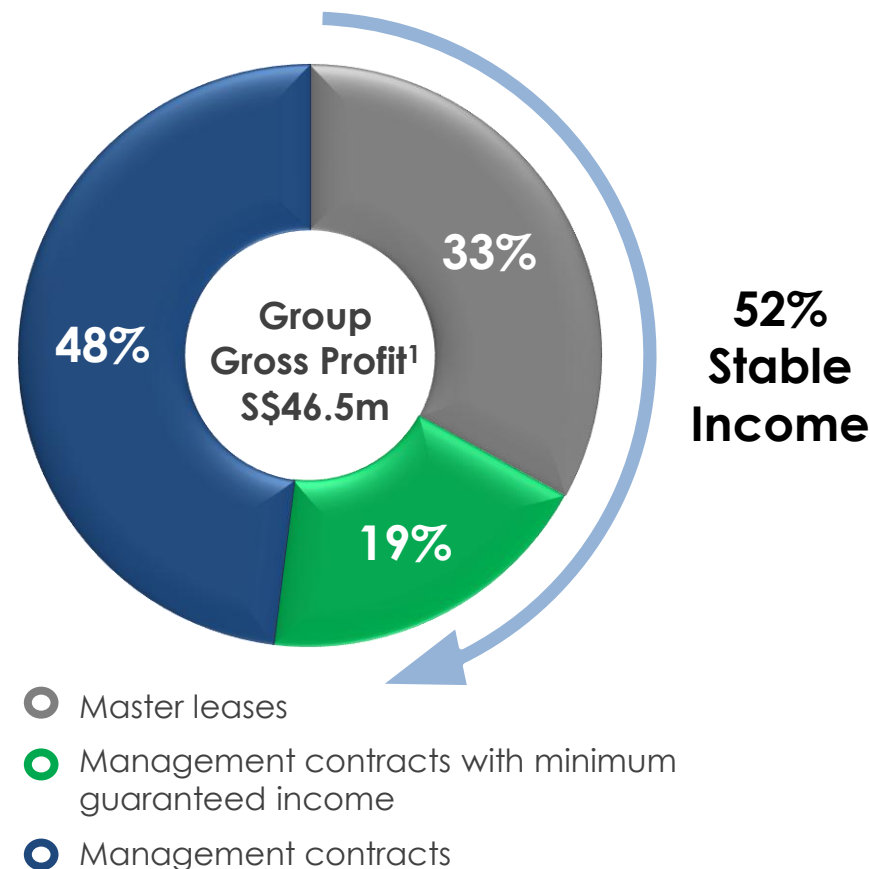
Enhanced income visibility from master leases and minimum guaranteed income

## Group's gross profit contribution<sup>1</sup>:

**33%** by master leases

**19%** by management contracts with minimum guaranteed income

**48%** by management contracts

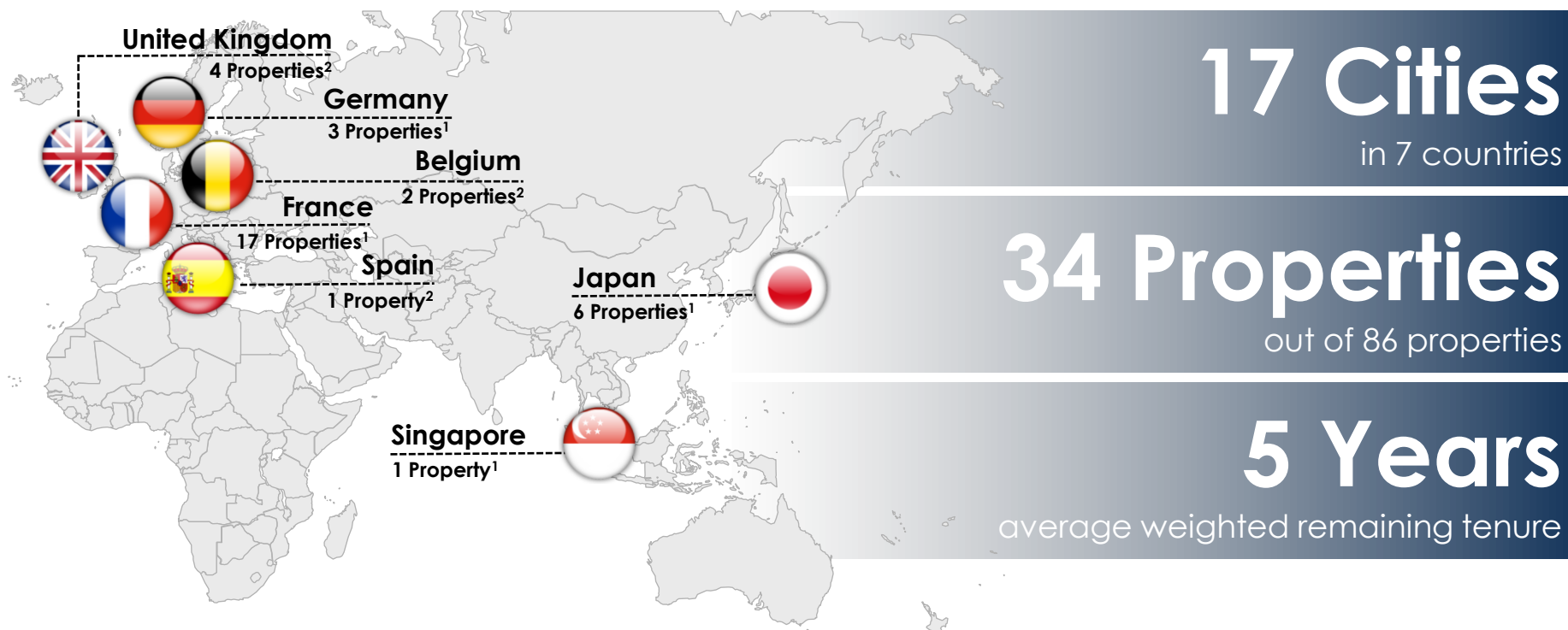


Note:

1. Gross profit contribution for 2Q 2014.



Enhanced income visibility from master leases and minimum guaranteed income



**52%** of the Group's gross profit for 2Q 2014 is contributed by master leases and management contracts with minimum guaranteed income

Notes:

1. Properties under master leases.
2. Properties under management contracts with minimum guaranteed income.



# Strategies



Citadines Suites Louvre Paris



# Ascott REIT's Strategies



## Well-defined acquisition strategy to grow portfolio

- Well-defined acquisition criteria
- Potential acquisitions through ROFR from The Ascott Limited
- Explore acquisitions of suitable properties from third-party owners

## Active asset management to create real estate value

- Robust asset management programme
- Asset enhancement initiatives
- Unlocking values

## Prudent capital and risk management

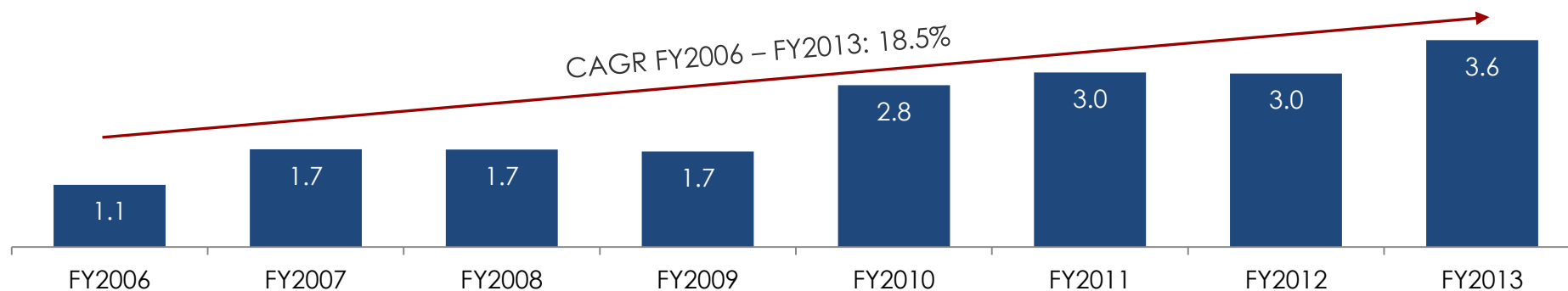
- Maintain strong balance sheet and target gearing range
- Adopt a proactive interest rate management strategy
- Manage exposure to foreign exchange fluctuations
- Access to diversified funding sources



# Well-defined acquisition strategy to grow portfolio

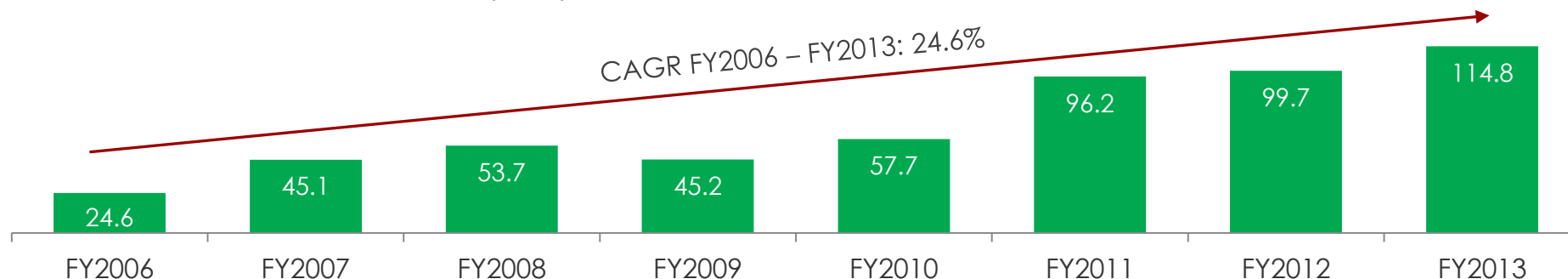
Ascott REIT has quadrupled its total assets since its listing in 2006...

■ Ascott REIT Total Asset Value (\$\$ b)



... and achieved strong growth in Unitholders' distribution

■ Ascott REIT Unitholders' distribution (\$\$ m)







# Active asset management to create real estate value

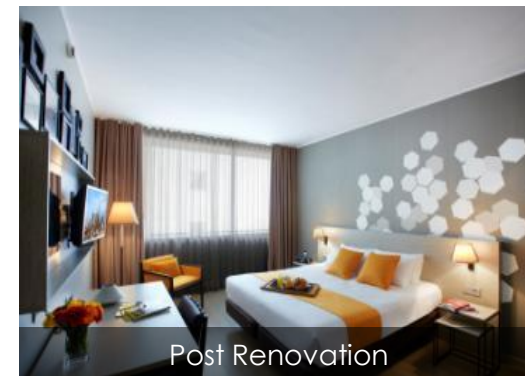
Continue to rejuvenate portfolio to create new value

## Completed AEI YTD 2014: Citadines Prestige Ramblas Barcelona

**Capex incurred** €3.3m<sup>1,2</sup> (\$\$5.8m)

**Capex work done** Renovation of 131 units

**ADR uplift for renovated rooms** ~17%

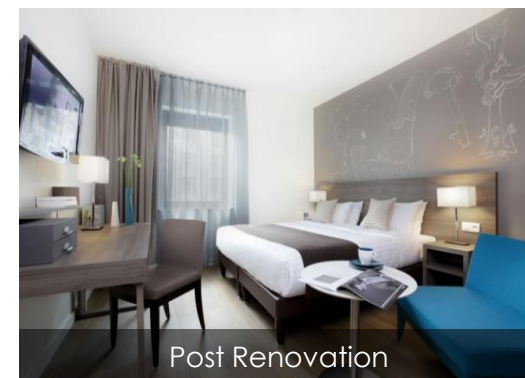


## Completed AEI YTD 2014: Citadines Toison d'Or Brussels

**Capex incurred** €2.8m<sup>1</sup> (\$\$4.9m)

**Capex work done** Renovation of 154 units

**ADR uplift for renovated rooms** ~17%



About 85% of serviced residence properties have undergone or are undergoing AEI

Notes:

1. €1 = \$\$1.75

2. For the entire refurbishment project which includes the renovation of the lobby.

# Capital and Risk Management



Citadines Mount Sophia, Singapore





# Prudent Capital and Risk Management

## Healthy balance sheet and credit metrics<sup>1</sup>

|                                       | As at<br>30 Jun 2014 | As at<br>31 Dec 2013     | As at<br>31 Dec 2012 | As at<br>31 Dec 2011 |
|---------------------------------------|----------------------|--------------------------|----------------------|----------------------|
| Total borrowings (\$\$ m)             | <b>\$S1,353</b>      | <b>\$S1,202</b>          | <b>\$S1,175</b>      | <b>\$S1,210</b>      |
| Gearing                               | <b>36.4%</b>         | <b>34.0%<sup>2</sup></b> | <b>40.1%</b>         | <b>40.8%</b>         |
| Interest Cover                        | <b>4.4X</b>          | <b>4.0X</b>              | <b>3.9X</b>          | <b>3.8X</b>          |
| Effective Borrowing Rate              | <b>2.9%</b>          | <b>3.2%</b>              | <b>3.3%</b>          | <b>3.2%</b>          |
| Weighted Avg Debt to Maturity (years) | <b>3.9</b>           | <b>4.2</b>               | <b>3.0</b>           | <b>3.4</b>           |
| NAV/ Unit                             | <b>\$S1.38</b>       | <b>\$S1.37</b>           | <b>\$S1.35</b>       | <b>\$S1.36</b>       |
| Ascott REIT's Issuer Rating           | <b>Baa3</b>          | <b>Baa3</b>              | <b>Baa3</b>          | <b>Baa3</b>          |

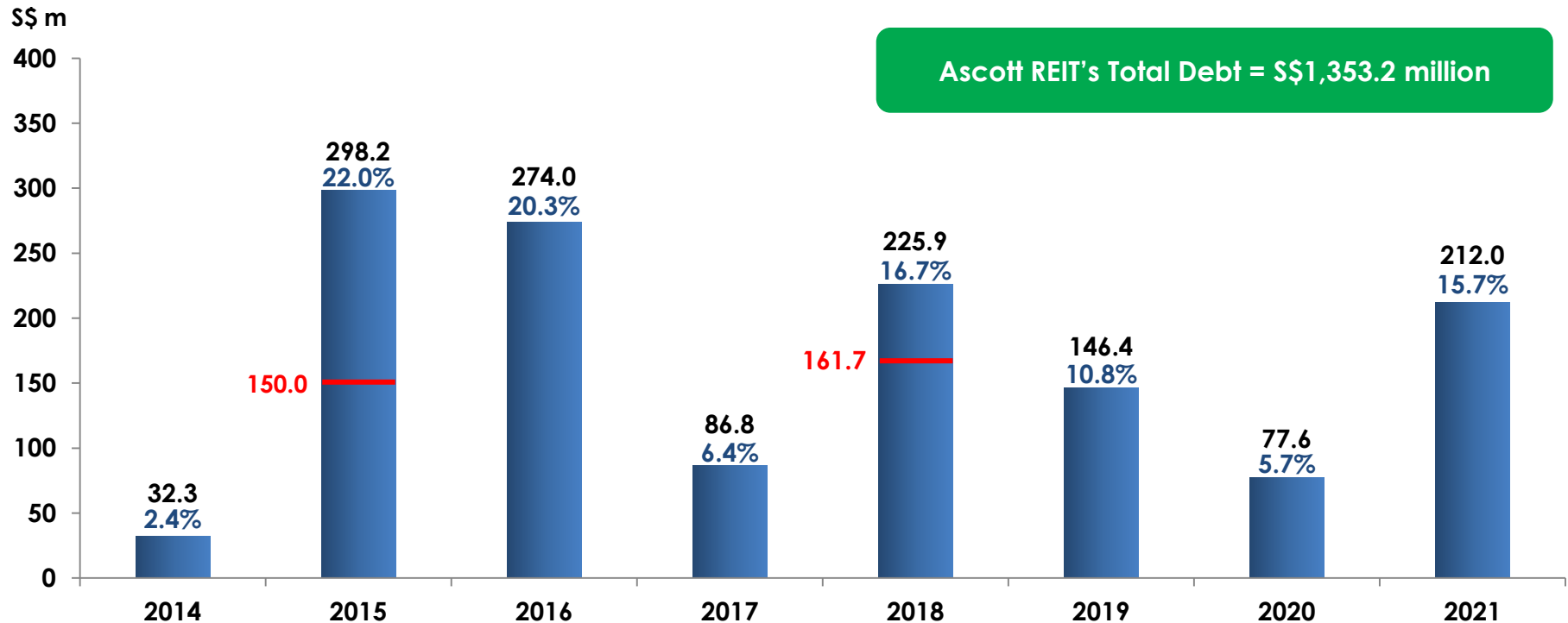
Notes:

- Figures have not been adjusted for Ascott REIT's acquisitions of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014). The total acquisition costs and aggregate purchase consideration of these acquisitions is approximately \$S133.3 m (excluding acquisition fee of approximately \$S1.7m, which were payable in Units to the Manager).
- Ascott REIT's gearing decreased to 34.0% as at 31 Dec 2013 as a result of its renounceable 1-for-5 rights issue undertaken in December 2013.



# Prudent Capital and Risk Management

## Debt maturity profile (as at 30 June 2014)



## Ascott REIT's weighted average debt to maturity of 3.9 years

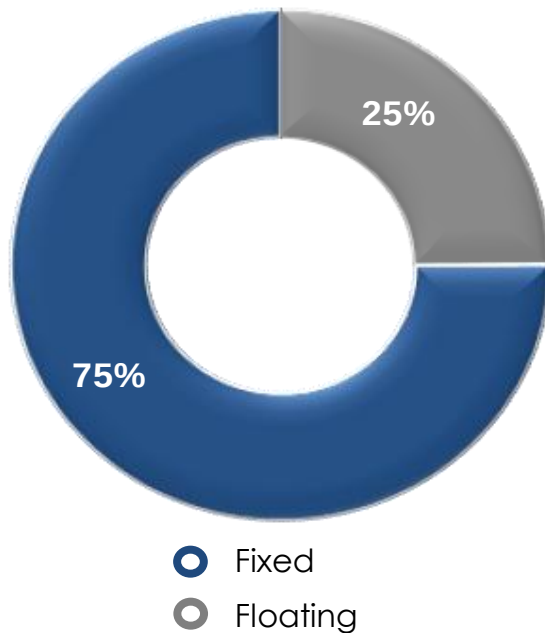
— S\$311.7m medium term note arising from the S\$1.0 billion Medium Term Note Programme has been issued

Note: Figures have not been adjusted for Ascott REIT's acquisitions of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014). The total acquisition costs and aggregate purchase consideration of these acquisitions is approximately S\$133.3 m (excluding acquisition fee of approximately S\$1.7m, which were payable in Units to the Manager).

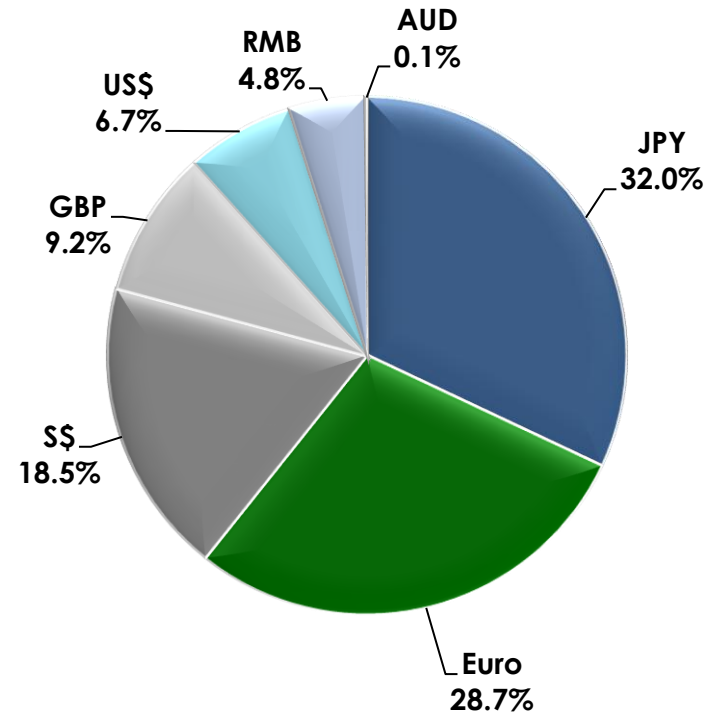


# Prudent Capital and Risk Management

Interest Rate Profile  
(as at 30 June 2014)



Debt by Currency  
(as at 30 June 2014)



Ascott REIT's Total Debt = S\$1,353.2 million

As at 30 June 2014, 75% of total borrowings are on fixed interest rates

Note: Figures have not been adjusted for Ascott REIT's acquisitions of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014). The total acquisition costs and aggregate purchase consideration of these acquisitions is approximately S\$133.3 m (excluding acquisition fee of approximately S\$1.7m, which were payable in Units to the Manager).



# Prudent Capital and Risk Management

Approximately 40% of estimated FY2014 Unitholders' distribution had been hedged

| Currency | Gross Profit Contribution<br>YTD June 2014 | Exchange Rate Movement<br>From 31 Dec 2013 to 30 June 2014 |
|----------|--------------------------------------------|------------------------------------------------------------|
| S\$      | 11%                                        | -                                                          |
| Euro     | 30%                                        | 0.3%                                                       |
| JPY      | 15%                                        | -0.6%                                                      |
| VND      | 13%                                        | -                                                          |
| GBP      | 12%                                        | 0.6%                                                       |
| RMB      | 8%                                         | 0.6%                                                       |
| PHP      | 6%                                         | -1.3%                                                      |
| US\$     | 4%                                         | 0.6%                                                       |
| AUD      | 1%                                         | 0.2%                                                       |
| Total    | 100%                                       | 0.1%                                                       |

Entered into foreign currency forward contracts to hedge part of its Unitholders' distribution derived in EUR, GBP and JPY for FY2014





# Key Highlights

1

**Strong Sponsor, The Ascott Limited**

2

**Geographically diversified portfolio strategically located across key international gateway cities**

3

**Enhanced income visibility from master leases and management contracts with minimum guaranteed income**

4

**Disciplined and prudent capital management**

# Appendix

Ascott Raffles Place Singapore



# Financial Highlights

## Unitholders' distribution

2Q 2014

1H 2014

**S\$33.5m**

↑8% YoY

**S\$60.2m**

↑3% YoY

## Gross profit

2Q 2014

1H 2014

**S\$46.5m**

↑14% YoY

**S\$85.7m**

↑15% YoY

## Portfolio valuation

As at 30 Jun 2014

**S\$3,507.8m**

↑7%

from S\$3,264.1m as at 31 Dec 2013

## Net asset value per unit

As at 30 Jun 2014

**S\$1.38**

↑1%

from S\$1.37 as at 31 Dec 2013



# Financial Highlights – 1H 2014 vs 1H 2013

|                                                                     | 1H 2014 | 1H 2013           | % Change |
|---------------------------------------------------------------------|---------|-------------------|----------|
| Revenue (\$\$'m)                                                    | 168.5   | 146.6             | 15% ↑    |
| Gross Profit (\$\$'m)                                               | 85.7    | 74.7              | 15% ↑    |
| Unitholders' Distribution (\$\$'m)                                  | 60.2    | 58.5              | 3% ↑     |
| Distribution Per Unit (\$ cents)                                    | 3.94    | 4.70              | -16% ↓   |
| Adjusted Distribution Per Unit (\$ cents)<br>(For information Only) | 3.94    | 3.76 <sup>1</sup> | 5% ↑     |
| Revenue Per Available Unit<br>(\$\$/day) – serviced residences      | 131     | 133               | -2% ↓    |

- **Revenue and gross profit increased by 15%**

- Additional contribution from the properties acquired in FY2013<sup>2</sup> and 1H 2014<sup>3</sup> as well as existing properties
- Partially offset by absence of revenue due to cessation of operations for Somerset Grand Fortune Garden Property Beijing arising from the ongoing strata sale of units

- **On a same store basis, revenue and gross profit increased by 5%**

- Stronger underlying performance from properties in Europe
- Appreciation of EUR and GBP against SGD

1. Adjusted for the effects from the Rights Issue and excluded one-off items of approximately \$S\$12.1 million

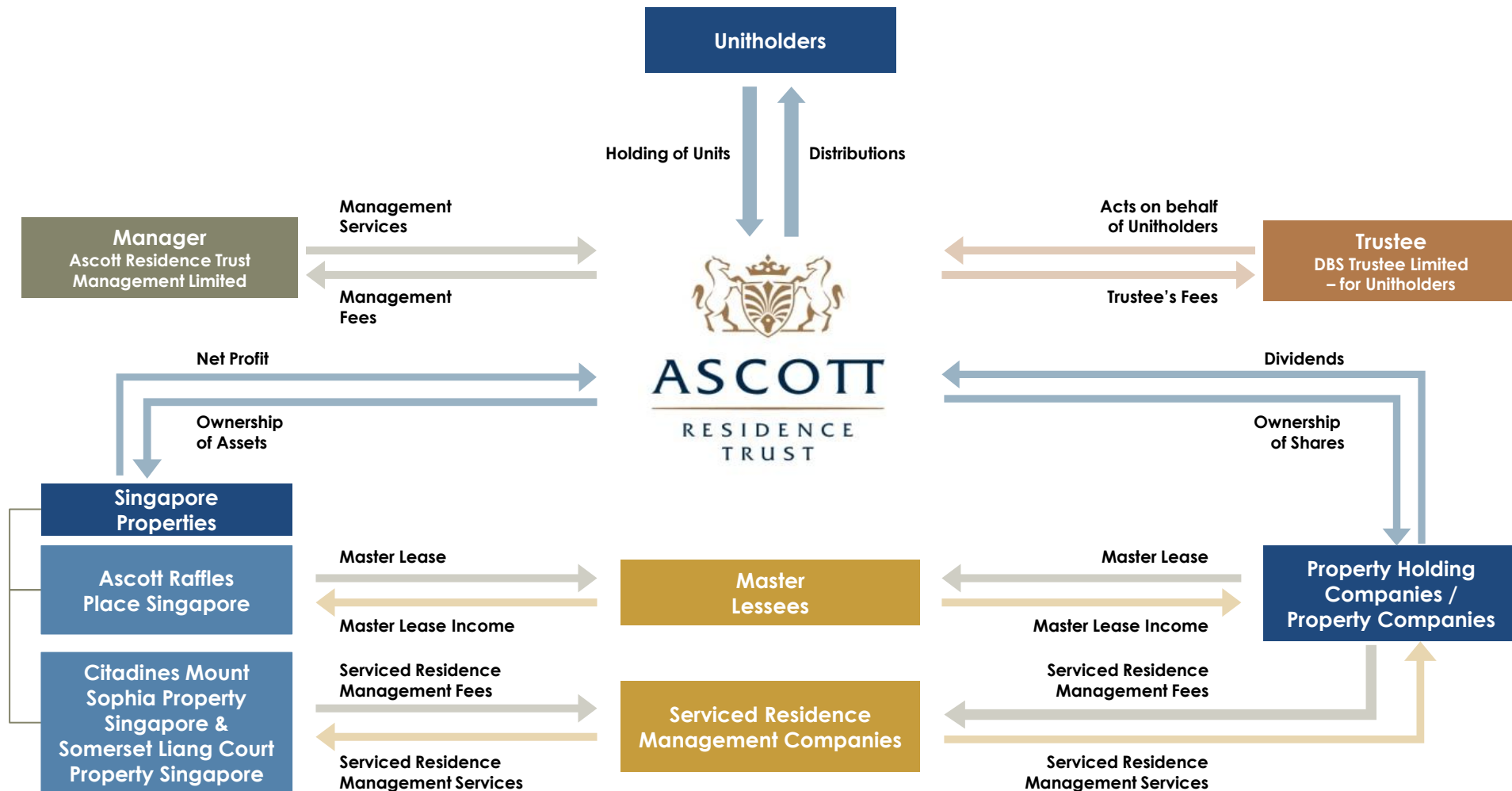
2. Acquisition of Somerset Heping Shenyang, Citadines Biyun Shanghai, Citadines Xinghai Suzhou and 11 rental housing properties in Japan were completed in June 2013

3. Acquisition of Infini Garden and Somerset Grand Central Dalian were completed in March 2014 and June 2014 respectively





# Trust Structure





# Income Stability<sup>1</sup>

|             | Properties under Master Lease                                                                                                                                 | Properties under Management Contracts with Minimum Income Guarantee                                                           | Properties on Management Contracts                                                                                                              |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Description | Master Lessees (which include third parties and subsidiaries of Ascott) pay <b>fixed rental per annum<sup>2</sup></b> to Ascott REIT                          | Properties on management contracts that enjoy <b>minimum guaranteed income</b> (from subsidiaries of Ascott)                  | No fixed or guaranteed rental but Ascott as operator manages Ascott REIT's properties for a fee                                                 |
| Tenure      | Average weighted remaining tenure of <b>about 5 years</b>                                                                                                     | Average weighted remaining tenure of <b>about 5 years</b>                                                                     | <b>Generally on a 10-year basis</b>                                                                                                             |
| Location    | <b>27 properties</b> <ul style="list-style-type: none"> <li>- 17 in France</li> <li>- 6 in Japan</li> <li>- 3 in Germany</li> <li>- 1 in Singapore</li> </ul> | <b>7 properties</b> <ul style="list-style-type: none"> <li>- 4 in UK</li> <li>- 2 in Belgium</li> <li>- 1 in Spain</li> </ul> | <b>52 properties</b> <ul style="list-style-type: none"> <li>- 28 in Japan</li> <li>- 23 in Asia (ex-Japan)</li> <li>- 1 in Australia</li> </ul> |

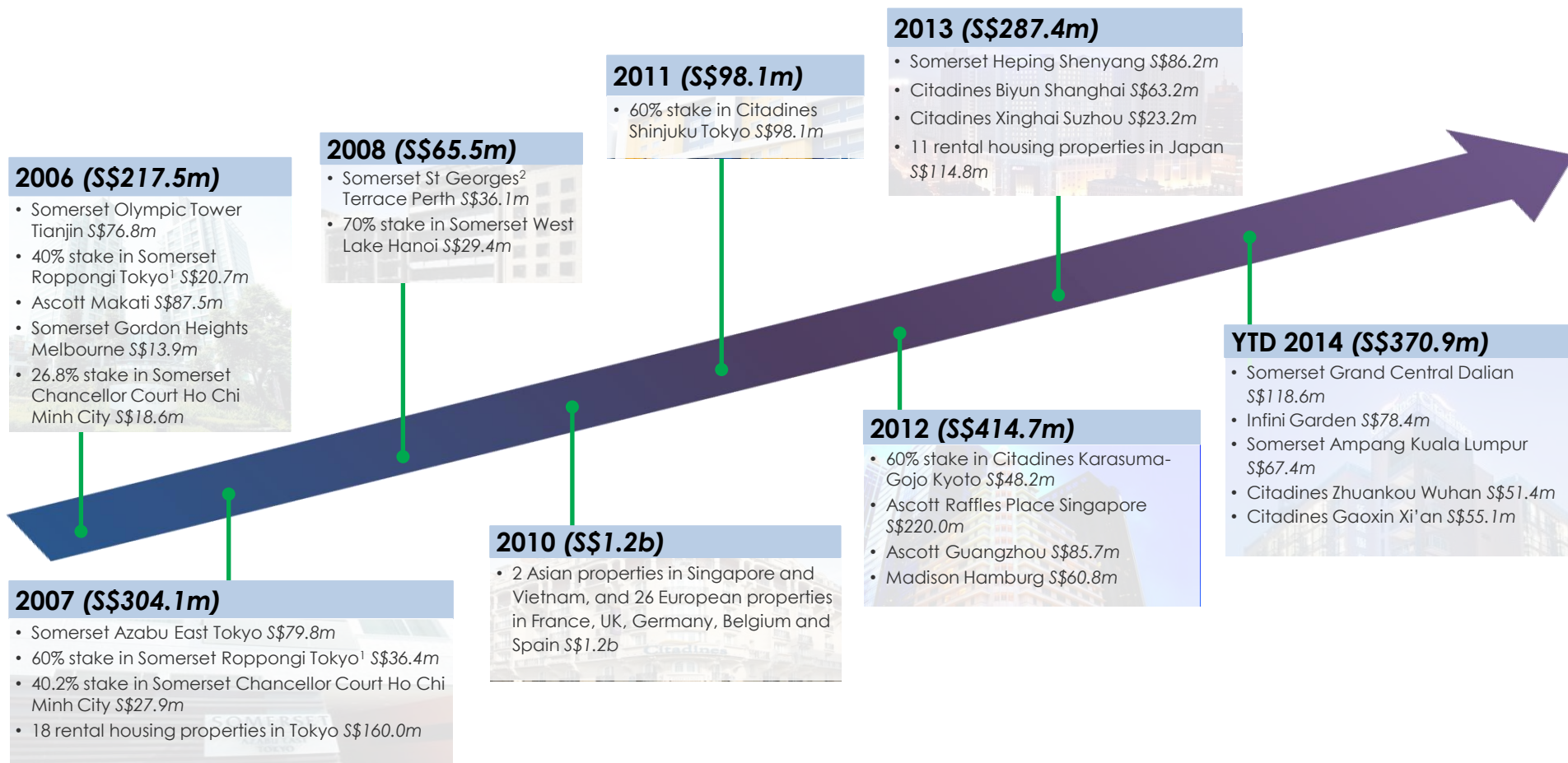
## Notes:

- Figures as at 30 June 2014 and including the acquisition of Somerset Ampang Kuala Lumpur, Citadines Zhuankou Wuhan and Citadines Gaoxin Xi'an (completed on 18 August 2014).
- The rental payments under the master leases are generally fixed for a period of time. However, the master leases provide for annual rental revisions pegged to indices representing construction costs, inflation or commercial rental prices according to market practice. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors.



# Well-defined acquisition strategy to grow portfolio

## Strong acquisition track record



### Notes:

Figures above are based on agreed property value

- Renamed as Roppongi Residences Tokyo after conversion from a serviced residence to rental housing in April 2012.
- Rebranded as Citadines St Georges Terrace Perth in January 2014.



# Active asset management to create real estate value

## Recycle capital to optimise portfolio

**2010 (\$\$335.7m)**

- Ascott Beijing \$301.8m
- Country Woods Jakarta \$33.9m



Ascott Beijing      Country Woods Jakarta

**2012 (\$\$374.6m)**

- Somerset Gordon Heights Melbourne \$15.6m
- Somerset Grand Cairnhill Singapore \$359.0m



Somerset Gordon Heights Melbourne      Somerset Grand Cairnhill Singapore

**2014 (ongoing)**

- Somerset Grand Fortune Garden Property Beijing
- Salcedo Residences



Somerset Grand Fortune Garden Property Beijing      Salcedo Residences

*Note: Figures above are based on agreed sale price.*