

## NEWS RELEASES - 2006

4 SEP 2006

### Ascott Residence Trust Makes A Second Acquisition, A Property In Japan

Its first in Japan and the first S-REIT to invest in Japan

Presentation slides: Acquisition of Somerset Roppongi Tokyo, Japan

Announcement: Acquisition Of The Entire Issued Share Capital Of Somerset Roppongi (Japan) Pte. Ltd. And Assignment Of Receivables

**Singapore, 4 September 2006** – Ascott Residence Trust (ART) has entered into a conditional sale and purchase agreement with The Ascott Holdings Limited (TAHL) to purchase its 40 per cent stake in Somerset Roppongi Tokyo in Japan at a proportionate enterprise value<sup>1</sup> of ¥1.48 billion (approximately S\$20.7 million). TAHL is a directly wholly owned subsidiary of The Ascott Group Limited (Ascott).

The purchase consideration of S\$9.1 million is based on a proportionate (40 per cent) enterprise value of S\$20.7 million (or ¥1.48 billion) and other consolidated net assets of Somerset Roppongi (Japan) Pte Ltd (SRJPL), and after deducting the consolidated bank debt of approximately S\$12 million (or ¥0.86 billion). SRJPL is an indirectly wholly owned subsidiary of Ascott which presently owns a 40 per cent stake in Somerset Roppongi Tokyo.

The acquisition is yield-accretive to ART at an annualised property yield<sup>2</sup> of 5.0 per cent when compared to the annualised portfolio property yield<sup>3</sup> of 4.7 per cent. The transaction will be funded by equity and assumption of bank debt. More details will be announced at an appropriate time.

Somerset Roppongi Tokyo, a freehold property, is currently managed by Ascott International Management Japan Co., Ltd, a 60:40 joint venture between Ascott and Mitsubishi Estate Co., Ltd, one of Japan's largest real estate developers and a long time joint venture partner of Ascott.

Mr Lim Jit Poh, chairman of ARTML, said, "With the purchase of Somerset Roppongi Tokyo, ART has again demonstrated its tremendous potential for growth through the established pipeline of serviced residence assets from Ascott. In Japan, the Japanese government is committed to attract more foreign direct investment (FDI) into the country which in turn has attracted an increased number of foreign investors to establish their businesses in one of the largest economies in the world. Looking ahead, as ART extends its geographical coverage in the Asia Pacific region, it can continue to tap on Ascott's established serviced residence management expertise and brand equity in the booming Asian hospitality business in the region including Japan."

Mr Liew Mun Leong, deputy chairman of ARTML, and President and CEO of CapitaLand Group, "Within six months since its listing this year, ART has strengthened its asset base with two yield-accretive acquisitions, this time in Japan. It is not only its first investment in Japan but it will be the first S-REIT to invest in Japan. ART has also extended its geographical diversification of its Pan-Asian portfolio and increased the portfolio asset value to S\$952 million<sup>4</sup>. In the years ahead, ART will explore further opportunities in countries where it is already present, and in other Pan-Asian countries such as Australia, India, Malaysia and Thailand."

Mr Chong Kee Hiong, ARTML's CEO, said, "Somerset Roppongi Tokyo, an established serviced residence in the heart of Tokyo's central business district, gives us an important foothold in the Japanese market and allows us to tap into Tokyo's strong demand for serviced residences by both expatriates and affluent locals. The consistent and strong performance of Somerset Roppongi Tokyo makes it a good fit into ART's portfolio, and will support stable distributions now and in the future."

Mr Chong added, "ART will also certainly benefit from the economic revival in Japan. Inward FDI into Japan is expected to grow 9% to reach US\$3.5 billion in 2006, with double-digit growth projected for 2007-2009<sup>5</sup>. Rental rates and property prices have also bottomed out and are positioned to rise over the years ahead."

#### Somerset Roppongi Tokyo

In operation since 2002, Somerset Roppongi Tokyo is a 13-storey building with one basement level. Comprising 64 studio, one-bedroom and two-bedroom apartments, the property enjoys an average occupancy level of about 85 per cent and features facilities such as a fitness centre, residents' lounge, 24-hour convenience store, café and car park.

Located in the heart of Minato-Ku within Tokyo's Central Business District, Somerset Roppongi Tokyo is a 5-minute walk from the Roppongi subway station, and is close to multinational companies, embassies, restaurants and the Roppongi Hills shopping mall.

The freehold property has a site area of approximately 662 sqm and a gross floor area (GFA) of approximately 4,868 sqm.

<sup>1</sup>Based on two independent valuations of Somerset Roppongi Tokyo appointed by the manager and the trustee of ART separately as at 30 June 2006.

<sup>2</sup>For the forecast year 2006.

<sup>3</sup>Based on initial portfolio of 12 properties for the forecast year 2006.

<sup>4</sup>Includes the proposed acquisition of Somerset Olympic Tower in Tianjin, China announced on 24 July 2006.

<sup>5</sup>Source: Economic Intelligence Unit ("EIU") July 2006.

## **About Ascott Residence Trust**

The Ascott Residence Trust is the first Pan-Asian serviced residence real estate investment trust (REIT) established with the objective of investing primarily in real estate and real estate-related assets which are income-producing and which are used or predominantly used, as serviced residences or rental housing properties in the Pan-Asian Region.

Comprising an initial asset portfolio of over 2,000 units in 12 strategically located serviced residences and rental housing property in Singapore, China, Indonesia, The Philippines and Vietnam, ART was listed with an asset size of about S\$856 million.

Launched in March 2006, ART is managed by the Ascott Residence Trust Management Limited, a wholly-owned subsidiary of The Ascott Group Limited. Listed on the mainboard of the Singapore Exchange, The Ascott Group Limited is a leading international serviced residence company with close to 17,000 serviced residence units in key cities of the Asia-Pacific region, Europe and the Middle East. Ascott boasts a 22-year industry track record and serviced residence brands that enjoy recognition worldwide.

For more information about Ascott Reit, please visit <http://www.ascottreit.com>.

## **Important Notice**

The value of units in ART and the income derived from them may fall as well as rise. Units in ART are not obligations of, deposits in, or guaranteed by the Manager or any of its affiliates. An investment in the units in ART is subject to investment risks, include the possible loss of the principal amount invested. The past performance of ART is not necessarily indicative of its future performance.

This press release 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. Investors 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.

Investors have no right to request the Manager to redeem their units in ART while the units in ART are listed. It is intended that unitholders may only deal in their units in ART through trading on the SGX-ST. Listing of the units in ART on the SGX-ST does not guarantee a liquid market for the units in ART.

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In relation to the preferential offering by The Ascott Group Limited of units in Ascott Residence Trust, J.P. Morgan (S.E.A.) Limited acted as the Joint Financial Adviser, Sole Global Coordinator and Sole Lead Underwriter.

