

NEWS RELEASES - 2007

12 NOV 2007

ART Expands Into Tokyo's Rental Housing Market

Through acquisition of 18 properties in Tokyo, Japan

Acquisition Of 18 Rental Housing Properties In Tokyo, Japan

Presentation slides: Acquisition of 18 Rental Housing Properties in Tokyo, Japan

Singapore, 12 November 2007 – Ascott Residence Trust (ART) has signed a conditional sales and purchase agreement to acquire 18 rental housing properties in Tokyo from a local private equity firm for a total purchase price of ¥12.2 billion (S\$158.6 million). The properties comprise a total of 509 units in eight wards in Tokyo, namely Shinjuku, Bunkyo, Meguro, Setagaya, Nakano, Suginami, Nerima and Taito Ku.

The properties are acquired at an estimated annualised property yield of 4.1% in the forecast year 2008. The transaction will be funded by borrowings, which will bring ART's gearing to 36.8%. This is well within the 60% gearing limit allowable under the Monetary Authority of Singapore's property fund guidelines.

Upon legal completion, all 18 rental housing properties will be managed by Ascott International Management Japan Co. Ltd (AIM Japan). AIM Japan is a 60:40 joint venture between The Ascott Group Ltd and Mitsubishi Estate Co. Ltd, one of Japan's largest and leading real estate developers.

Mr Lim Jit Poh, Chairman of Ascott Residence Trust Management Limited (ARTML), said: "The expansion of ART's portfolio to include more rental housing properties is in line with its investment mandate to acquire yield accretive and quality serviced residence and rental housing assets. Japan enjoys an established and growing rental housing market as owner-occupancy of residential properties is relatively low. According to the Tokyo Metropolitan Government, half of Japan's publicly listed corporations are headquartered in Tokyo, and numerous Fortune Global 500 companies have established their Asian regional subsidiaries in the city. Thus ART's acquisition of 18 properties in Tokyo's most populous wards will offer investors added exposure to the strong rental housing market in one of the world's most important economic centres."

Mr Chong Kee Hiong, ARTML's Chief Executive Officer, said: "The longer tenancy leases of the rental housing model and high average occupancy of 90% across the 18 properties ART is acquiring provide good income stability and potential for organic growth in ART's Japan and overall portfolio. In addition, ART will be able to enlarge the customer base for its Tokyo portfolio as it now offers both serviced residence and rental housing options to cater to a wider range of budgets and customer needs."

He added: "Rental housing is an integral part of the long stay accommodation market and is an attractive investment proposition in more developed economies. ART's diversified portfolio will now comprise 22% rental housing units and 78% serviced residence units. With this acquisition, ART's length of stay profile will improve from an average of seven months to eight months¹."

Description of Properties

The 18 freehold rental housing properties have an average age of 18 months and a total net lettable area of 13,318 square metres. The properties comprise purpose-built studio and one-bedroom apartment units which are popular with the growing singles customer segment. All 18 properties are within walking distance to the Tokyo subway, other public transportation, restaurants and supermarkets.

The apartments are currently managed under a mixture of four local rental housing brands, namely Zesty, Joy City, Gala and Asyl Court. All are well equipped with broadband internet access, security access phones, air-conditioners, fully-fitted kitchens, built-in wardrobes and water heaters. The table below provides more information about the 18 properties:

No.	Property Name	Ward	No. of Units
1.	Zesty Akebonobashi	Shinjuku	12
2.	Zesty Gotokuji	Setagaya	15
3.	Zesty Higashi Shinjuku	Shinjuku	19
4.	Zesty Kagurazaka I	Shinjuku	20
5.	Zesty Kagurazaka II	Shinjuku	20
6.	Zesty Kasugacho	Nerima	32

7.	Zesty Koishikawa	Bunkyo	15
8.	Zesty Komazawa II	Meguro	29
9.	Zesty Nishi Shinjuku III	Shinjuku	29
10.	Zesty Sakura	Setagaya	17
11.	Zesty Shin Ekoda	Nerima	18
12.	Zesty Shoin Jinja	Setagaya	16
13.	Zesty Shoin Jinja II	Setagaya	17
14.	Joy City Koishikawa	Bunkyo	36
15.	Joy City Kuramae	Taito	60
16.	Gala Hachimanyama I	Suginami	76
17.	Gala Hachimanyama II	Suginami	16
18.	Asyl Court Nakano Sakaue	Nakano	62
	Total	8 wards	509

ART's existing properties in Japan are Somerset Azabu East and Somerset Roppongi, located in Tokyo's Minato ward. Upon completion of the acquisition, ART's total portfolio value will stand at S\$1.34 billion, comprising 3,463 units in 36 properties in 10 cities across seven countries. ART's assets in Japan will make up 21% of the total portfolio value, an increase from 11% before this acquisition.

¹Based on apartment rental income by length of stay of customers for the period YTD September 2007.

About Ascott Residence Trust

Ascott Residence Trust (Ascott Reit) is the first Pan-Asian serviced residence real estate investment trust 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 12 strategically located properties in seven Pan-Asian cities, ART was listed with an asset size of about S\$856 million. Upon completion of the latest acquisitions, ART's portfolio will expand to S\$1.2 billion, comprising 18 properties with 2,904 units in ten cities across seven countries.

Launched in March 2006, ART is managed by the Ascott Residence Trust Management Limited, a wholly-owned subsidiary of The Ascott Group Limited (Ascott). Listed on the Main Board of the Singapore Exchange, Ascott is the largest international serviced residence owner-operator outside the United States, with about 19,000 serviced residence units in key cities of Asia Pacific, Europe and the Gulf region. Ascott boasts a 23-year industry track record and serviced residence brands that enjoy recognition worldwide.

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

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The value of units in Ascott Reit and the income derived from them may fall as well as rise. Units in Ascott Reit are not obligations of, deposits in, or guaranteed by the Manager or any of its affiliates. An investment in the units in Ascott Reit 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 announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in

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Investors 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 in Ascott Reit through trading on the SGX-ST. Listing of the units in Ascott Reit on the SGX-ST does not guarantee a liquid market for the units in Ascott Reit.

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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.