



(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 January 2006)

ANNOUNCEMENT

PURCHASE OF SHOAN HEIGHTS SERVICED APARTMENT, MELBOURNE, AUSTRALIA

The Board of Directors of Ascott Residence Trust Management Limited (“**ARTML**”), as manager of Ascott Residence Trust (“**ART**”), wishes to announce that a special purpose unit trust known as “Somerset Gordon Heights (Melbourne) Unit Trust” (“**Unit Trust**”) has been constituted in Victoria, Australia pursuant to a unit trust deed dated 11 December 2006 (“**Unit Trust Deed**”).

Pursuant to the Unit Trust Deed, Somerset Gordon Heights (Melbourne) Pty. Ltd. (“**Trustee Co**”), a special purpose limited liability company incorporated in Victoria, Australia and an indirectly wholly owned subsidiary of ART, is appointed as the trustee of the Unit Trust.

The Trustee Co, in its capacity as trustee of the Unit Trust, has today entered into a conditional sale and purchase agreement (the “**Agreement**”) for the purchase of a freehold property, Shoan Heights Serviced Apartment, located at 19-25 Little Bourke Street, Melbourne, Australia (the “**Property**”) at a consideration of A\$11.6 million (or S\$13.9 million) (the “**Acquisition**”). The Trustee Co will be the registered owner of the Property.

Somerset Gordon Heights (S) Pte. Ltd. (“**SGHPL**”), a Singapore incorporated limited liability company and a wholly owned subsidiary of ART, owns (i) 100 percent of the issued share capital of the Trustee Co; and (ii) 100 percent of the issued units of the Unit Trust. SGHPL will hold the beneficiary trust interest in the Property.

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 Advisor, Sole Global Coordinator and Sole Lead Underwriter.
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The Property with a site area of 504 square metres, to be re-branded as Somerset Gordon Heights, will be managed by Ascott International Management (Australia) Pty Ltd, an indirectly wholly owned subsidiary of The Ascott Group Limited ("**TAGL**"), on completion of the Acquisition.

The purchase consideration of A\$11.6 million (or S\$13.9 million) for the Acquisition ("**Purchase Consideration**") will be funded by equity and/or debt. Details of equity fund raising will be disclosed at a later date.

The completion of the Acquisition is subject to the fulfilment of certain conditions precedent set out in the Agreement and the completion of the Acquisition is expected to take place on or about 21 April 2007.

The Acquisition is not expected to have any material impact on the net tangible assets or earnings per unit of ART for the financial year ending 31 December 2006.

Upon completion of the Acquisition, an acquisition fee of 1.0 percent of the Purchase Consideration ("**Acquisition Fee**") is payable to ARTML.

The Acquisition is in line with the ART's strategy of investing in quality yield accretive assets with growth potential in the Pan Asian Region.

TAGL is a substantial unitholder of ART holding about 27 percent of the total issued units of ART.

None of the Directors of ARTML has any interest, direct or indirect, in the Acquisition. Save for the Acquisition Fee payable to ARTML as referred to paragraph above, the Directors are not aware of any controlling unitholder of ART having any interest, direct or indirect, in the Acquisition and have not received any notification of interest in the Acquisition from any controlling unitholders of ART.

By Order of the Board

Doreen Nah
Company Secretary

Singapore, 12 December 2006

Note: The following exchange rate was used in this Announcement A\$1.00 = S\$1.20