

## NEWS RELEASES - 2006

14 DEC 2006

### Ascott Residence Trust Expands Portfolio In Vietnam

ART Acquires Stake In Serviced Residence In Ho Chi Minh City

Acquisitions Of An Aggregate Of 40 Percent Of The Issued Share Capital Of (1) East Australia Trading Company (S) Pte Ltd; And (2) East Australia Trading Company Limited

Presentation slides: Acquisition of Somerset Chancellor Court, Ho Chi Minh City

**Singapore, 14 December 2006** – Ascott Residence Trust (ART) has entered into conditional sale and purchase agreements with Coral Holdings Limited and Sparkle Limited to purchase their effective 26.8 percent stake in Saigon Office and Serviced Apartment Company Limited (SOSACL), the owner of Somerset Chancellor Court, Ho Chi Minh City in Vietnam, at a total purchase consideration of US\$5.2 million (about S\$8.0 million<sup>1</sup>). The property is valued at US\$45 million (about S\$69.3 million<sup>1</sup>).

The Ascott Group Limited (Ascott) owns an effective 40.2 percent stake in SOSACL while the remaining 33 percent is held by Import-Export And Service Company District 1, a Vietnamese local enterprise. Somerset Chancellor Court, Ho Chi Minh City is managed by Ascott International Management (AIM).

The acquisition is yield-accretive to ART, providing an annualised property yield<sup>2</sup> of more than 8 percent compared to ART's annualised portfolio property yield<sup>3</sup> of 4.9 percent and its current trading yield<sup>4</sup> of 4.4 percent. The transaction will be funded by equity and/ or debt.

With the addition of the 172-unit Somerset Chancellor Court, Ho Chi Minh City, ART has expanded its portfolio in Vietnam to three properties. Its two other properties are the 165-unit Somerset Ho Chi Minh City and the 185-unit Somerset Grand Hanoi. Both of these properties are also managed by AIM. With this acquisition, ART's asset portfolio expands to 17 properties in seven countries with an asset size of S\$1.07 billion.

Mr Lim Jit Poh, chairman of Ascott Residence Trust Management Limited (ARTML), said, "Foreign investments are a key demand driver for serviced residences. To date this year, multinational corporations (MNCs) have invested US\$8.27 billion in Vietnam, a 47 percent increase over the same period last year. The increased presence of MNCs has led to an influx of business travellers into Vietnam, with almost half a million entering the country in the first 10 months of this year. The buoyant demand and limited supply of good quality serviced residences in Vietnam have put ART in a good position to maximise yields from its properties in Ho Chi Minh City and Hanoi."

Mr Chong Kee Hiong, ARTML's chief executive officer, said, "Somerset is a very well-recognised serviced residence brand in Ho Chi Minh City as The Ascott Group has been in Vietnam for more than 10 years. In fact, Somerset Chancellor Court, Ho Chi Minh City was awarded 'Best Service In Serviced Apartments - Ho Chi Minh City' at this year's Guide Awards organised by business newspaper Vietnam Economic Times. The serviced residence's appeal will be further enhanced when the renovation and upgrading work in progress is completed early next year before ART takes ownership of the property."

Mr Chong added, "Vietnam's economic growth is the second-fastest in Asia after China<sup>5</sup>. With its entry into the World Trade Organisation early next year, more sectors of its economy are set to open up to foreign investments. Intel Corp. has already announced plans to build a US\$1 billion chip plant in Ho Chi Minh City, scheduled to start construction in March next year<sup>6</sup>. AT&T is also expanding its global networking services for multinational corporations to Vietnam<sup>6</sup>. Therefore, we are looking to further increase the number of assets in our Vietnam portfolio to tap into the expected growth in demand for quality serviced residences."

#### Somerset Chancellor Court, Ho Chi Minh City

Somerset Chancellor Court, Ho Chi Minh City is an 18-storey building with one basement level, and 42 carpark lots. The property has been in operation since 1995 and enjoys an occupancy level of about 80 percent.

Centrally located in District 1 in Ho Chi Minh City's prime commercial, diplomatic and major shopping district, Somerset Chancellor Court, Ho Chi Minh City is within walking distance of many businesses, consulates and shopping centres, and attractions like the Notre Dame Cathedral and the Saigon Zoological and Botanical Garden.

The 172-unit Somerset Chancellor Court, Ho Chi Minh City offers facilities such as a business centre, swimming pool and steam room, fully-equipped gymnasium, hair and beauty salon, 24-hour reception and security, and a residents' lounge with a library.

<sup>1</sup>Based on an exchange rate of US\$1 = S\$1.54.

<sup>2</sup>For the forecast year 2007.

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

<sup>4</sup>As at 13 December 2006. Based on an annualised distribution of S\$0,0611 for the forecast year 2006 and based on the assumptions as set out in the Prospectus.

<sup>5</sup>Source: The Associated Press, November 2006.

<sup>6</sup>Source: International Herald Tribune, November 2006.

### **About Ascott Residence Trust**

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 is the largest international serviced residence owner-operator outside the United States with over 18,000 serviced residence units in key cities of Asia Pacific, Europe and the Gulf region. 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>.

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### **Issued by:**

#### **Ascott Residence Trust Management Limited**

8 Shenton Way, #13-01, Singapore 068811  
Tel : (65) 6389 9388 Fax : (65) 6389 9399  
Website: <http://www.ascottreit.com>

### **For more information, please contact:**

Goh Lilian  
Director, Investor Relations and Communications  
Tel: (65) 6586 7231 Hp: (65) 9795 5225  
Email: [lilian.goh@the-ascott.com](mailto:lilian.goh@the-ascott.com)

Sonia Meyer  
Assistant Manager, Investor Relations and Communications  
Tel: (65) 6389 9310 Hp: (65) 9724 8748  
Email: [sonia.meyer@the-ascott.com](mailto:sonia.meyer@the-ascott.com)

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.