



ASCOTT
RESIDENCE
TRUST

An Associate of CapitaLand

ASCOTT REIT TO ACQUIRE YIELD ACCRETIVE ASSETS IN KEY GROWTH MARKETS OF SINGAPORE AND CHINA

Somerset Grand Cairnhill Singapore to be divested at S\$359 million for a gross divestment gain of S\$87.1 million

To acquire three prime properties in Singapore and Guangzhou for S\$688.3 million

Singapore, 9 July 2012 – Ascott Residence Trust (Ascott Reit) has entered into a conditional agreement with The Ascott Limited (Ascott) and CapitaLand Residential Singapore Pte Ltd (CapitaLand Residential), both wholly-owned subsidiaries of CapitaLand Limited (CapitaLand), to divest Somerset Grand Cairnhill Singapore¹ at S\$359 million. This translates to a 3.8% implied exit EBITDA yield which enables Ascott Reit to recognise a gross divestment gain of S\$87.1 million.

In addition, Ascott Reit has also entered into conditional agreements with CapitaLand to acquire the premier Ascott Raffles Place Singapore, Ascott Guangzhou in China and a new serviced residence with a hotel licence (New Cairnhill SR). The New Cairnhill SR will be built together with high-end residential units for sale by CapitaLand as part of the redevelopment of Somerset Grand Cairnhill Singapore.

Ascott Reit was granted Outline Planning Permission (OPP) and Provisional Permission (PP)² by the Urban Redevelopment Authority to redevelop Somerset Grand Cairnhill Singapore into an integrated development comprising 40% for hotel use and 60% for residential use. However, Ascott Reit is not permitted to undertake the redevelopment due to restrictions under the Property Funds Appendix in the Code on Collective Investment Schemes.

The divestment of Somerset Grand Cairnhill Singapore, and acquisition of Ascott Raffles Place Singapore, Ascott Guangzhou and the New Cairnhill SR (the Transactions) are yield accretive. On a pro forma basis, FY 2011 Distribution Per Unit is expected to increase 4.1% from 8.53 cents to 8.88 cents. The Transactions, excluding the acquisition of the New Cairnhill SR which is expected to be delivered to Ascott Reit in 2017, are also yield accretive.

The total investment for the yield accretive acquisitions is S\$688.3 million. Ascott Raffles Place Singapore will be acquired at S\$220 million at 4.1% EBITDA yield. Ascott Guangzhou's purchase price is S\$63.3 million at 5% EBITDA yield. Ascott Reit will acquire the New Cairnhill SR at 4.5% EBITDA yield at an agreed price of S\$405 million.

¹ A mixed development property which includes serviced residence units, retail and car park station. It is currently known as Cairnhill Place.

² OPP was granted on 9 June 2011 and PP was granted on 31 August 2011.

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The acquisition of Ascott Raffles Place Singapore and Ascott Guangzhou will be fully funded with the proceeds from the sale of Somerset Grand Cairnhill Singapore. The acquisition of the New Cairnhill SR is expected to be funded by a combination of proceeds from the divestment and external financing upon delivery in 2017.

Ascott Raffles Place Singapore and the New Cairnhill SR will be operated under master leases to Ascott with fixed and variable rent components. Ascott Guangzhou will continue to operate under a pre-existing management agreement.

Mr Lim Jit Poh, Ascott Residence Trust Management Limited's (ARTML) Chairman, said: "Asia is Ascott Reit's key region for growth. The acquisition of yield accretive assets in the growing markets of Singapore and China will broaden Ascott Reit's earnings base and strengthen our presence in both key markets."

Mr Lim added: "Ascott Raffles Place will be Ascott Reit's first Ascott-branded property in Singapore, while the acquisition of Ascott Guangzhou is another milestone for us as we will expand our footprint into another first-tier city in China. By acquiring the New Cairnhill SR, Ascott Reit will retain its presence in Singapore's prime shopping belt in the heart of Orchard Road with a brand new property. With CapitaLand's strong development and hospitality capabilities, we are confident that it will deliver an international-class serviced residence that caters to the needs of discerning travellers."

Mr Ronald Tay, ARTML's Chief Executive Officer, said: "The Transactions are in line with Ascott Reit's strategy to constantly evaluate Ascott Reit's portfolio for potential enhancements to optimise value. The divestment of Somerset Grand Cairnhill allows us to unlock the underlying value of a property and redeploy proceeds to acquire higher yielding assets to enhance the returns of the portfolio. Ascott Reit's portfolio quality will be further improved through the acquisition of two Ascott-branded properties and the New Cairnhill SR. The yield accretive Transactions are also expected to raise Ascott Reit's FY 2011 pro forma net asset value by 4.4% to S\$1.42."

Mr Tay added: "The acquisitions will increase Ascott Reit's income stability. Under the master leases for Ascott Raffles Place and the New Cairnhill SR, 70% of the rent will be fixed which provides certainty to Ascott Reit's income, while the remaining variable rent enables Ascott Reit to enjoy upside from a rising market. We will continue to seek yield accretive acquisitions in key markets like Singapore, China, India and Vietnam to enhance returns to Unitholders."

The divestment of Somerset Grand Cairnhill Singapore, the acquisition of Ascott Raffles Place Singapore and Ascott Guangzhou and the execution of the agreement for the New Cairnhill SR are inter-conditional. Ascott Reit will seek Unitholders' approval for the Transactions at an extraordinary general meeting to be held on 27 July 2012.

Please refer to Annex for more information on the properties for acquisitions and divestment.

About Ascott Residence Trust (www.ascottreit.com)

Ascott Reit was 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 and rental housing properties.

Ascott Reit's asset size has more than tripled to about S\$2.81 billion since it was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in March 2006. With the completion of the acquisitions and divestment, Ascott Reit's international portfolio will expand to S\$3.3 billion comprising 67 properties with 7,260 units in 24 cities across 12 countries in Asia Pacific and Europe. Ascott Reit's serviced residences are operated under the Ascott, Citadines and Somerset brands, and are mainly located in key gateway cities such as Beijing, Shanghai, Singapore, Tokyo, London, Paris, Berlin, Brussels, Barcelona, Munich, Hanoi, Ho Chi Minh City, Jakarta, Manila and Perth.

Ascott Reit is managed by Ascott Residence Trust Management Limited, a wholly-owned subsidiary of The Ascott Limited and an indirect wholly-owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies. ARTML is the winner of World Finance Magazine's "Best Real Estate Investment Fund Manager 2011" in South Eastern Asia in their inaugural Real Estate Awards.

About The Ascott Limited (www.the-ascott.com)

The Ascott Limited is the world's largest international serviced residence owner-operator with about 22,000 operating serviced residence units in key cities of Asia Pacific, Europe and the Gulf region, as well as about 8,000 units which are under development, making a total of more than 29,000 units.

The company operates three brands – Ascott, Citadines and Somerset. Its portfolio spans over 70 cities across more than 20 countries, 15 of which are new cities in Ascott's portfolio where its serviced residences are being developed.

Ascott, a wholly-owned subsidiary of CapitaLand Limited, is headquartered in Singapore. It pioneered Asia Pacific's first international-class serviced residence in 1984. In 2006, it established the world's first Pan-Asian serviced residence real estate investment trust, Ascott Residence Trust. Today, the company boasts a 28-year industry track record and award-winning serviced residence brands that enjoy recognition worldwide.

Recent awards include DestinAsian Readers' Choice Awards 2012 for 'Best Serviced Apartment', TTG China Travel Awards 2012 for 'Best Serviced Residence Operator in China', TTG Travel Awards 2011 for 'Best Serviced Residence Operator', Business Traveller Asia-Pacific Awards 2011 for 'Best Serviced Residence Brand' and 'Best Serviced Residence in Asia-Pacific', and Business Traveller UK Awards 2011 for 'Best Serviced Apartment Company'.

About CapitaLand Residential Singapore (www.capitalandresidential.com)

CapitaLand Residential Singapore is a leading developer in Singapore. The company has established a leadership position through building homes that offer lasting value, with an emphasis on product leadership and continual innovation.

From condominiums to landed housing, CapitaLand's homes are beautifully designed and cater to a broad spectrum of homebuyers across all market segments. Its portfolio of homes includes Sky Habitat, Bedok Residences, d'Leedon, The Nassim, The Interlace, The Seafront on Meyer, Urban Resort Condominium, Urban Suites, The Wharf Residence and Latitude.

CapitaLand Residential Singapore is a strategic business unit of CapitaLand Group, one of Asia's largest real estate companies.

About CapitaLand Limited (www.capitaland.com)

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, the multi-local company's core businesses in real estate, hospitality and real estate financial services are focused in growth cities in Asia Pacific and Europe.

The company's real estate and hospitality portfolio, which includes homes, offices, shopping malls, serviced residences and mixed developments, spans more than 110 cities in over 20 countries. CapitaLand also leverages on its significant asset base, real estate domain knowledge, financial skills and extensive market network to develop real estate financial products and services in Singapore and the region.

The listed entities of the CapitaLand Group include Australand, CapitaMalls Asia, CapitaMall Trust, CapitaCommercial Trust, Ascott Residence Trust, CapitaRetail China Trust, CapitaMalls Malaysia Trust and Quill Capita Trust.

Important Notice

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 Ascott Residence Trust Management Limited, the Manager of Ascott Reit (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 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 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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ANNEX

Somerset Grand Cairnhill Singapore

Somerset Grand Cairnhill Singapore is strategically located in Singapore's main shopping and entertainment district, Orchard Road, and is within walking distance from the Somerset Mass Rapid Transit station. It has total gross floor area (GFA) of about 33,000 square metres and comprises 146 fully-furnished apartment units ranging from studios to three-bedrooms.

Ascott Raffles Place Singapore

Ascott Raffles Place Singapore enjoys a prime location in the heart of Singapore's financial district. Formerly known as the Asia Insurance Building, the property underwent major restoration in 2006 and was gazetted by the Urban Redevelopment Authority (URA) as a conservation building in the subsequent year. Since its opening in 2008, Ascott Raffles Place Singapore has won the URA Architectural Heritage Award for its carefully preserved 1950s heritage features and transformation into a premier serviced residence. With a GFA of about 16,000 square metres, Ascott Raffles Place Singapore offers 146 fully-furnished apartment units comprising studios, one- and two-bedrooms.

Ascott Guangzhou

Ascott Guangzhou is strategically located within the Tianhe financial district and is surrounded by high-end office towers and major shopping malls. The serviced residence is also near the Guangzhou East Railway Station which offers convenient access to various destinations. Ascott Guangzhou has a GFA of about 20,000 square metres and comprises 208 fully-furnished apartment units ranging from one- to three-bedrooms.

The following table shows key information relating to the target property for divestment:

Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Proposed Price (S\$ million)	Title
Somerset Grand Cairnhill Singapore	15 Cairnhill Road Singapore 229650	146	32,954	359 ⁽¹⁾	Leasehold estate of 99 years commencing from 11 June 1983

Note:

- (1) Based on the average of the two independent valuations by the independent valuers undertaken as of 15 May 2012 in relation to a direct interest of 100% in Somerset Grand Cairnhill Singapore.

The following table shows key information relating to the three target properties for acquisition:

	Property Name	Address	Number of Apartment Units	Gross Floor Area (sq m)	Proposed Price⁽¹⁾ (\$ million)	Title
Singapore						
1.	Ascott Raffles Place Singapore	2 Finlayson Green, Singapore 049247	146	15,694	220	Leasehold estate of 999 years commencing from 1 January 1892 and 1 January 1894 and an estate in perpetuity
2.	New Cairnhill SR	15 Cairnhill Road Singapore 229650	371 ⁽²⁾	17,333	405	A fresh leasehold estate of 99 years ⁽³⁾
China						
3.	Ascott Guangzhou ⁽⁴⁾	No 73 Tianhe Dong Road, Tianhe District, Guangzhou 510630, China	208	19,797	63.3 ⁽⁵⁾	Leasehold estate of 70 years commencing from 27 December 2004

Notes:

- (1) Based on the average of the two independent valuations by the independent valuers undertaken as of 15 May 2012 in relation to: (a) a direct interest of 100% in Ascott Raffles Place Singapore; (b) a direct interest of 100% in the New Cairnhill SR; and (c) an indirect interest of 100% in Ascott Guangzhou through an acquisition of a 100% stake in Hong Kong Yong Zheng (which indirectly owns Ascott Guangzhou through its wholly-owned subsidiary Guangzhou Hai Yi).
- (2) Expected number of units based on the current Cairnhill Development plan and subject to such adjustments as may be agreed between the parties.
- (3) Commencing from the effective date of lease extension.
- (4) Ascott Guangzhou is managed by Ascott Property Management (Shanghai) Co., Ltd. under the pre-existing serviced residence management agreement.
- (5) The purchase consideration is based on the agreed value of RMB 431 million for Ascott Guangzhou.