

## NEWS RELEASES - 2007

24 JAN 2007

### Ascott Residence Trust Acquires Three Serviced Residences In Japan And Vietnam

Its Portfolio Value In Japan Increases More Than Sixfold In Value

Acquisitions of (a) 100% interest in Somerset Azabu East, Tokyo; (b) the remaining 60% interest in Somerset Roppongi Tokyo; and (c) the remaining 60% interest in East Australia Company Trading (S) Pte Ltd

**Singapore, 24 January 2007** – Ascott Residence Trust (ART) has entered into conditional sale and purchase agreements to acquire Somerset Azabu East, Tokyo, the remaining 60 percent stake in Somerset Roppongi, Tokyo and an effective 40.2 percent stake in Somerset Chancellor Court, Ho Chi Minh City.

ART had earlier completed the acquisition of a 40 percent stake in Somerset Roppongi, Tokyo and an effective 26.8 percent stake in Somerset Chancellor Court, Ho Chi Minh City.

With the completion of these latest acquisitions, ART will own 100 percent of both Somerset Azabu East, Tokyo and Somerset Roppongi, Tokyo, and an effective 67 percent stake in Somerset Chancellor Court, Ho Chi Minh City. The remaining effective 33 percent stake in Somerset Chancellor Court, Ho Chi Minh City is held by a local Vietnamese enterprise.

ART will acquire 100 percent of Somerset Azabu East, Tokyo in Japan from Mitsubishi Estate Co., Ltd. (MEC) at a property value of ¥5.7 billion (about S\$79.8 million[1]). For Somerset Roppongi, Tokyo, ART will acquire the remaining 60 percent stake owned by MEC and MEC Roppongi Funding Corporation at a proportionate property value of ¥2.6 billion (about S\$36.4 million[1]).

In addition, ART will acquire an effective 40.2 percent stake in Somerset Chancellor Court, Ho Chi Minh City in Vietnam from The Ascott Holdings Limited, a direct wholly-owned subsidiary of The Ascott Group Limited (Ascott), at a proportionate property value of US\$18.1 million (about S\$27.9 million[2]).

Each of these acquisitions is yield-accretive to ART. The blended annualised property yield[3] of the two Tokyo properties is 4.3 percent and the annualised property yield[3] of Somerset Chancellor Court, Ho Chi Minh City is 8.1 percent, exceeding ART's current trading yield[4] of 3.6 percent. The three transactions will be funded by equity and debt.

Mr Lim Jit Poh, chairman of Ascott Residence Trust Management Limited (ARTML), said, "These three new acquisitions have expanded ART's portfolio asset size to S\$1.2 billion and demonstrate its ability to execute an aggressive growth strategy. With a balanced proportion of assets in mature as well as emerging markets, we are better able to diversify our portfolio across geographic locations and economic cycles."

"ART has been able to leverage on The Ascott Group's long-standing relationship with Mitsubishi Estate Co., Ltd, one of Japan's largest real estate developers, to expand its portfolio in Japan. We look forward to building on this relationship to explore future opportunities with MEC as Japan is a key growth market for ART. ART has also been able to leverage on its relationship with Ascott to grow in Vietnam. The purchase of Somerset Chancellor Court, Ho Chi Minh City is ART's second acquisition from Ascott since listing, and reinforces its strong growth potential from the established pipeline of quality serviced residence assets from Ascott," added Mr Lim.

Mr Chong Kee Hiong, ARTML's chief executive officer, said, "More foreign investors are looking to establish their businesses in Japan, and inward foreign direct investment (FDI) into the country is forecasted to increase by over 40 percent to reach US\$5 billion in 2007. This will in turn drive demand for serviced residences in Japan, making it an attractive investment destination for ART. ART will continue to seek investment opportunities in key Japanese cities. With these acquisitions, ART's portfolio in Japan will increase more than sixfold to reach S\$140 million, and Japanese assets will now make up 12 percent of ART's total portfolio value."

He added, "Inward FDI into Vietnam hit a record high of US\$2.85 billion[5] in 2006. Vietnam's entry into the World Trade Organisation early this month, its consistently high economic growth and political stability will continue to attract more foreign investors to the country. In particular, international Information and Communications Technologies (ICT) companies and financial institutions are expected to establish a presence in Vietnam, particularly in Ho Chi Minh City[6]. Increasing our assets in Vietnam will allow us to tap into the growing demand for quality serviced residences in the country."

#### Somerset Azabu East, Tokyo

Somerset Azabu East, Tokyo is a 14-storey building with one basement level. The property has been in operation since 2003 and enjoys an average occupancy level of more than 80 percent.

Located in the upscale Azabu district of Minato-ku in Tokyo's Central Business District, Somerset Azabu East, Tokyo is within walking distance to the Akabanebashi, Shibakoen and Kamiyacho subway stations, and is close to various embassies, consulates, restaurants and tourist attractions like Zojo-ji Temple, Minato City Hall and the public library.

Comprising 79 fully-furnished studio and one-bedroom apartments, Somerset Azabu East, Tokyo offers facilities such as an indoor swimming pool, fitness centre, roof-top barbeque terrace, 24-hour

reception and security, residents' lounge and car park.

The freehold property has a site area of approximately 727 sqm and a gross floor area (GFA) of approximately 6,190 sqm.

Somerset Azabu East, Tokyo is a freehold property which is currently managed by Ascott International Management (Japan) Company Limited, a 60:40 joint venture between Ascott and MEC.

### **Somerset Roppongi, Tokyo**

In operation since 2002, Somerset Roppongi, Tokyo is a 13-storey building with one basement level. Comprising 64 fully-furnished studio, one-bedroom and two-bedroom apartments, the property enjoys an average occupancy level of more than 80 percent and features facilities such as a fitness centre, 24-hour reception and security, residents' lounge, 24-hour convenience store, café and car park.

Located in the bustling Roppongi district in the heart of Minato-Ku, Somerset Roppongi, Tokyo is a five-minute walk from the Roppongi and Roppongi-itchome subway stations and is close to multinational corporations, embassies, restaurants and the Roppongi Hills shopping and entertainment complex.

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

Somerset Roppongi, Tokyo is a freehold property which is currently managed by Ascott International Management (Japan) Company Limited.

### **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.

Somerset Chancellor Court, Ho Chi Minh City is managed by Ascott International Management (AIM). AIM is an indirect wholly owned subsidiary of Ascott.

<sup>1</sup>Based on an exchange rate of ¥100 = S\$1.40.

<sup>2</sup>Based on an exchange rate of US\$1 = S\$1.54.

<sup>3</sup>For the forecast year 2007.

<sup>4</sup>Based on a unit price of S\$1.81 as at 23 January 2007, an annualised distribution of S\$0.0643 for the forecast year 2007 and the assumptions as set out in the Prospectus.

<sup>5</sup>Source: Economist Intelligence Unit.

<sup>6</sup>Source: Jones Lang LaSalle.

<sup>7</sup>Based on the assumptions that the Ascott Group maintains its pre-placement unitholding in percentage terms, an illustrative Issue Price of S\$1.70 per New Unit and that 117.1 million New Units are issued under the Equity Fund Raising, and other assumptions set out in the Circular, including 0.8 million units to be issued to the Manager prior to the commencement of Equity Fund Raising in respect of management fees and acquisition fees payable in units.

## **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. As at 31 December 2006, ART's asset portfolio has since expanded to S\$927 million, comprising 14 properties with about 2,300 units in nine cities in Singapore, China, Indonesia, Japan, The Philippines and Vietnam. br /> 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 over 18,000 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>.

### **Important Notice**

This news release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. This news release is qualified in its entirety by, and should be read in conjunction with, the full text of the Circular. Terms not defined in this news release adopt the meanings in the Circular.

An offer information statement in relation to the offer of New Units will be made available when the offer is made, subsequent to approval by the Unitholders for, inter alia, the Equity Fund Raising. The Offer Information Statement is expected to be available and a copy may be obtained on request, subject to availability, from the Joint Lead Managers, Bookrunners and Underwriters as may be appointed for the Equity Fund Raising. A potential investor should read the Offer Information Statement before deciding whether to subscribe for or purchase New Units.

The value of the Units and the income from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the ART Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of ART is not necessarily indicative of the future performance of ART.

Neither this Announcement, nor any copy or portion of it, may be sent, taken, transmitted or distributed, directly or indirectly, in or into the United States, Japan or Canada, or to any U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended). It is not an offer of securities for sale into the United States. The New Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless they are registered or exempt from registration. The New Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state of the United States. There will be no public offer of securities in the United States.

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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.