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# Ascott Residence Trust

## *1Q 2013 Financial Results*



**26 April 2013**



# Agenda

- **Results Highlights**
- **Portfolio Performance**
- **Capital and Risk Management**
- **Portfolio Information**
- **Prospects**
- **Appendix**



# Disclaimer

## IMPORTANT NOTICE

The value of units in Ascott Residence Trust (“Ascott Reit”) (the “Units”) and the income derived from them may fall as well as rise. The Units 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 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 presentation 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. Prospective investors and Unitholders 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.



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# Results Highlights



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# 1Q 2013 Performance Highlights

	1Q 2013	1Q 2012	Change
Revenue (S\$'m)	69.2	71.6	-3% ↓
Gross Profit (S\$'m)	33.8	37.2	-9% ↓
Unitholders' Distribution (S\$'m)	27.6	24.2	14% ↑
Distribution Per Unit (S cents)	2.25	2.14	5% ↑
Revenue Per Available Unit (S\$/day) – serviced residences	124	138	-10% ↓

- Revenue decreased by S\$2.4 million or 3% due to the divestments<sup>1</sup> and lower contribution from existing properties, mainly in Singapore, Vietnam and Japan (arising from depreciation of JPY against SGD), partially offset by additional revenue from the acquisitions<sup>2</sup>.
- Gross profit decreased by S\$3.4 million or 9%. On a same store basis, gross profit decreased by S\$3.6 million mainly due to lower revenue, higher staff costs and depreciation expense.
- Unitholders' distribution was higher in 1Q 2013 as it included a realised exchange gain of S\$8.1 million arising from repayment of foreign currency bank loans using the placement proceeds (pending its deployment to fund future potential acquisitions).
- RevPAU decreased due to weaker performance in Singapore and Philippines.

1. Divestments include Somerset Grand Cairnhill Singapore and Somerset Gordon Heights Melbourne.
2. Acquisitions include Ascott Raffles Place Singapore, Ascott Guangzhou, Citadines Karasuma-Gojo Kyoto and Madison Hamburg.



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# Portfolio Performance



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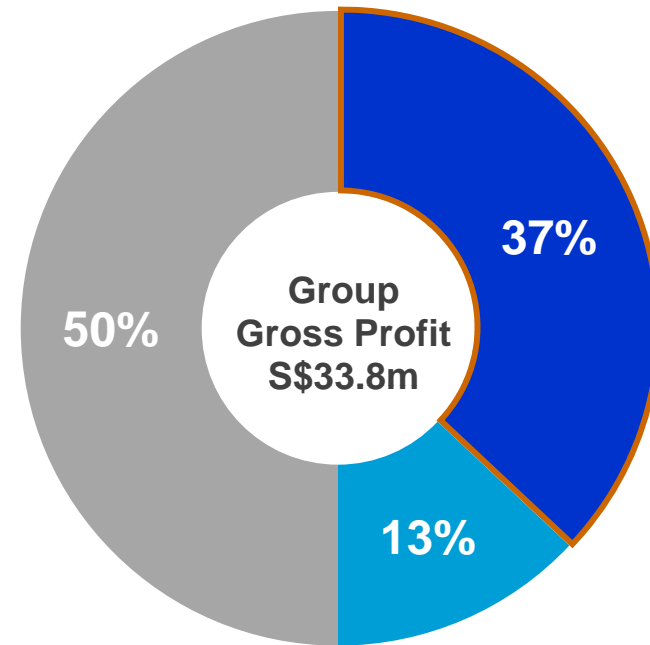
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# Master Leases

**37%** of Group's gross profit contributed by master leases

**21** out of 68<sup>1</sup> properties on master leases

**5** years average weighted remaining tenure



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts



# Master Leases



*Citadines  
Suites  
Louvre Paris*



*Citadines  
Prestige Les  
Halles Paris*



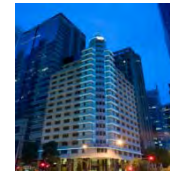
*Citadines  
Croisette  
Cannes*



*Citadines  
Arnulfpark  
Munich*



*Madison  
Hamburg*



*Ascott  
Raffles Place  
Singapore*

Local Currency	Revenue ('mil)		Gross Profit ('mil)	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012
<b>France (EUR)</b>				
17 Properties	5.7	5.5	5.3	5.2
<b>Germany (EUR)</b>				
3 Properties <sup>1</sup>	1.2	0.5	1.2	0.5
<b>Philippines (PHP)</b>				
Salcedo Residences <sup>2</sup>	-	8.1	-	6.6
<b>Singapore (SGD)</b>				
Ascott Raffles Place Singapore <sup>3</sup>	2.2	-	1.8	-

Revenue and gross profit increased due to contributions from Madison Hamburg and Ascott Raffles Place Singapore.

1. 1Q 2013 includes contribution from Madison Hamburg which was acquired in November 2012.
2. Somerset Salcedo Property Makati was converted from master lease to management contract, and renamed to Salcedo Residences in July 2012.
3. Ascott Raffles Place was acquired in September 2012.



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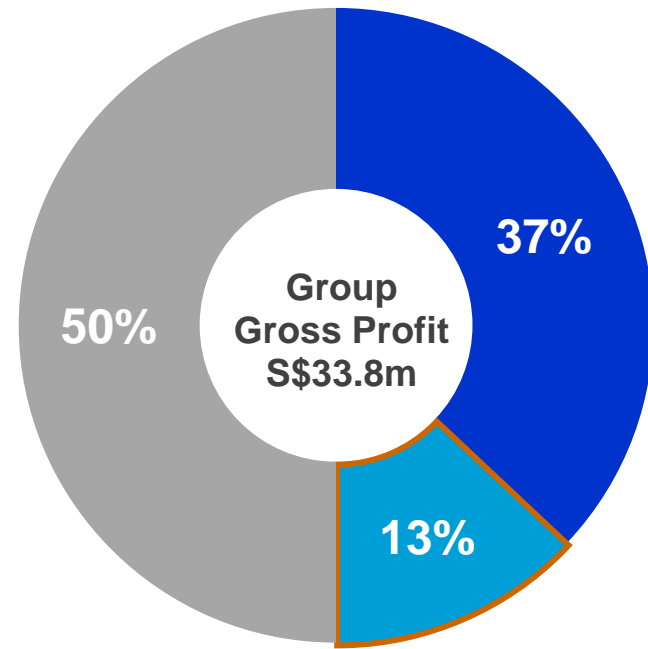


# Management Contracts with Minimum Guaranteed Income

**13%** of Group's gross profit contributed by management contracts with minimum guaranteed income

**8** out of 68<sup>1</sup> properties on management contracts with minimum guaranteed income

**6** years average weighted remaining tenure



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts



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# Management Contracts with Minimum Guaranteed Income

Local Currency	Revenue ('mil)			Gross Profit ('mil)			RevPAU		
	1Q 2013	1Q 2012		1Q 2013	1Q 2012		1Q 2013	1Q 2012	
<b>Belgium (EUR)</b>	1.4	1.5	↓	0.1	0.2	↓	44	45	↓
<b>Spain (EUR)</b>	0.7	0.8	↓	0.2	0.3	↓	47	50	↓
<b>United Kingdom (GBP)</b>	4.9	4.7	↑	1.7	1.9	↓	85	84	↑
<b>Vietnam (VND<sup>1</sup>)</b>	17.0	17.3	↓	11.3	10.2	↑	1,335	1,403	↓

1. Revenue and Gross Profit figures for VND are stated in billions, RevPAU figures are stated in thousands.



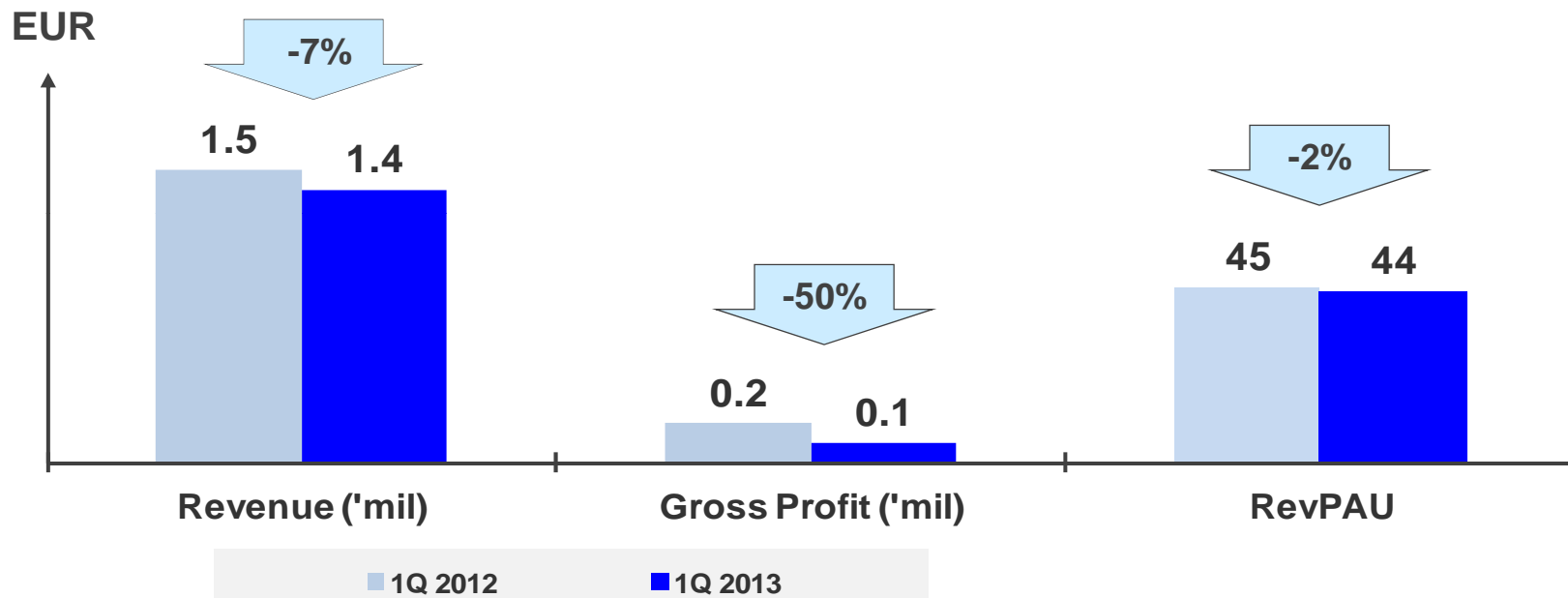
# Belgium



*Citadines  
Sainte-Catherine  
Brussels*



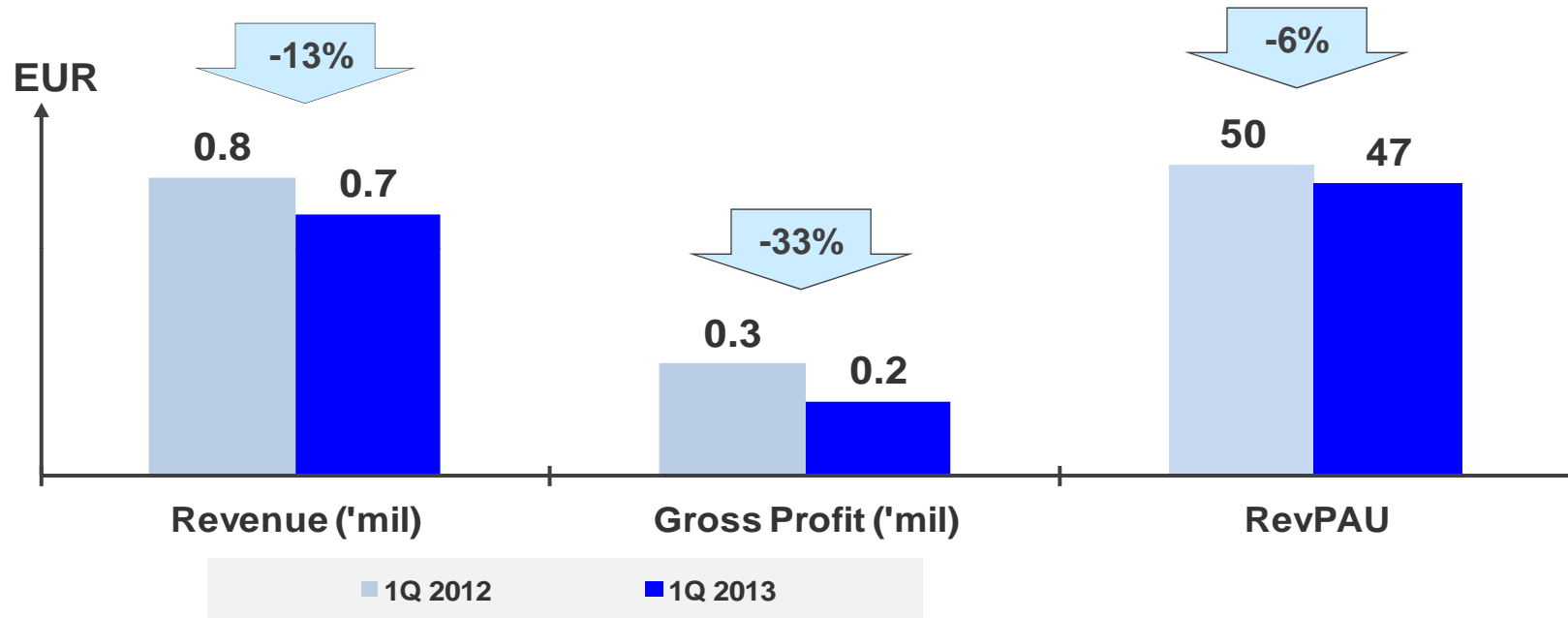
*Citadines  
Toison d'Or  
Brussels*



Revenue, gross profit and RevPAU decreased mainly due to refurbishment of Citadines Toison d'Or Brussels during the quarter, expected to be completed in 2Q 2013.



Citadines  
Ramblas  
Barcelona



Revenue, gross profit and RevPAU decreased mainly due to weaker market demand arising from a union strike that lasted 15 days in Barcelona.



# United Kingdom



*Citadines  
Barbican  
London*



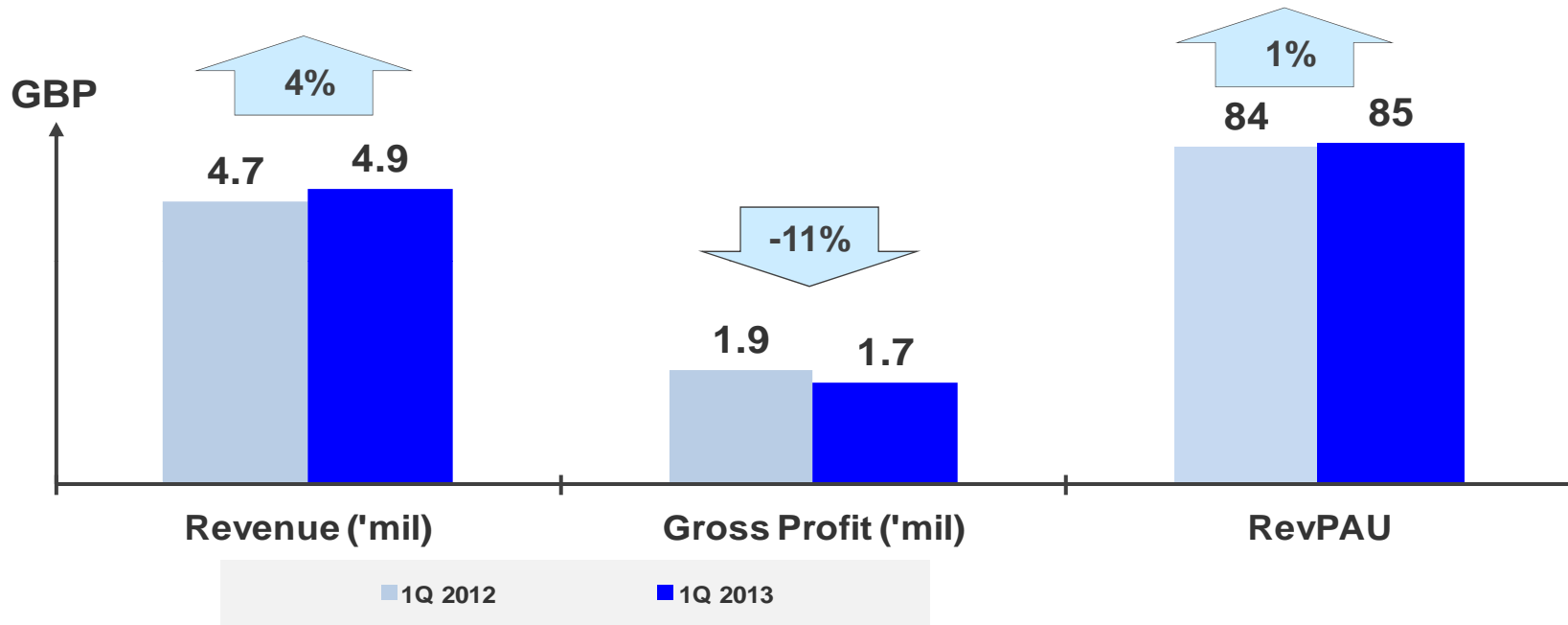
*Citadines  
Prestige Holborn-  
Covent Garden  
London*



*Citadines  
Prestige South  
Kensington  
London*



*Citadines  
Prestige Trafalgar  
Square London*



Revenue and RevPAU increased mainly due to stronger performance from the rebranded Citadines Prestige Trafalgar Square. Gross profit decreased mainly due to higher depreciation arising from the completed refurbishment and higher staff costs, partially offset by stronger underlying performance.

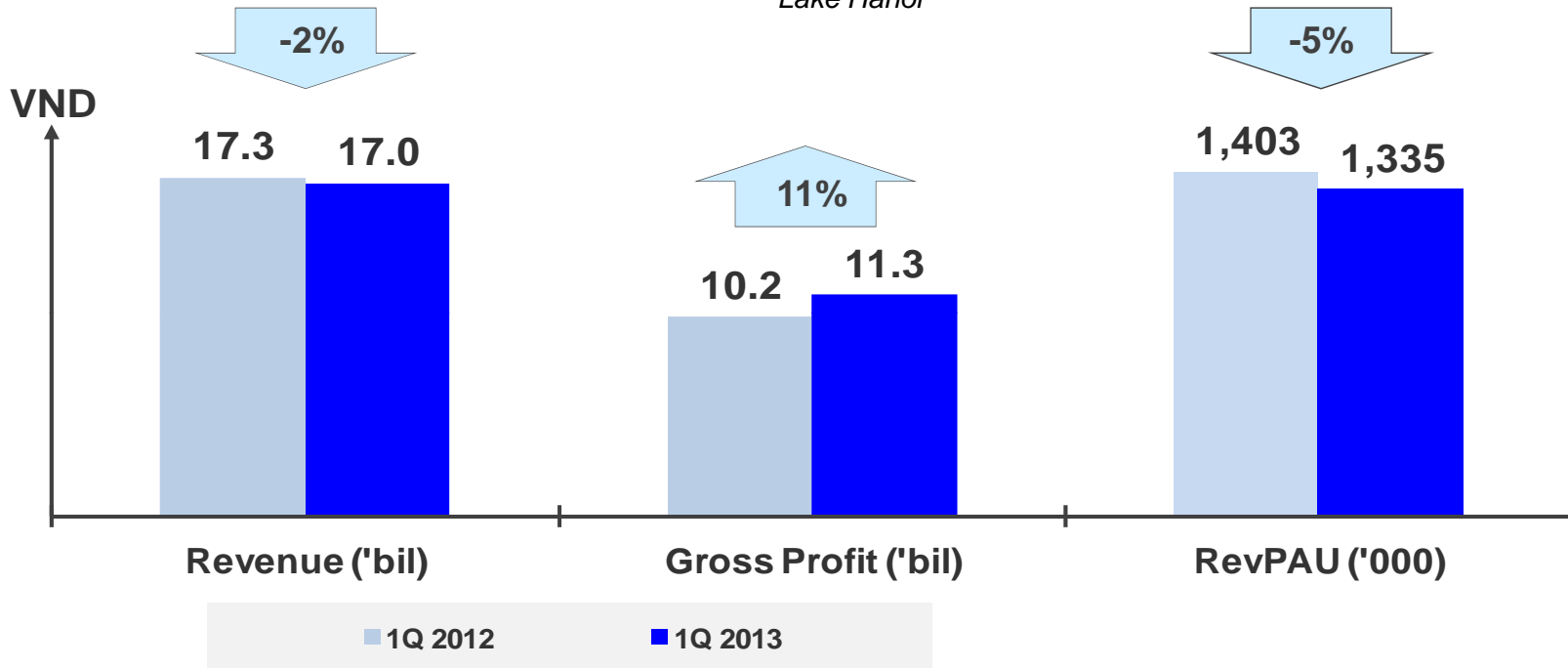


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Somerset West  
Lake Hanoi

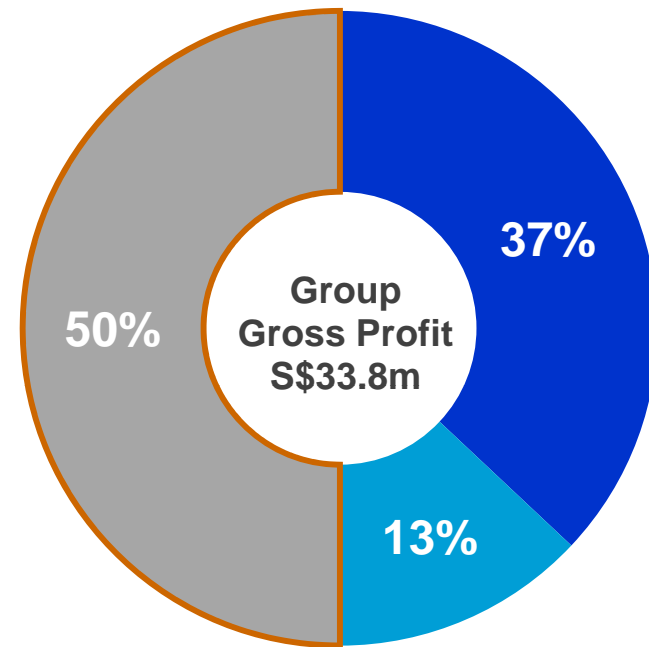


Revenue decreased due to weaker market demand. However, gross profit increased mainly due to lower depreciation expense.

# Management Contracts

**50%** of Group's gross profit contributed by management contracts

**38** out of 68<sup>1</sup> properties on management contracts



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts



# Management Contracts

Local Currency	Revenue ('mil)			Gross Profit ('mil)			RevPAU <sup>1</sup>		
	1Q 2013	1Q 2012		1Q 2013	1Q 2012		1Q 2013	1Q 2012	
Australia (AUD)	1.2	1.8	↓	0.4	0.7	↓	146	144	↑
China (RMB)	35.3	25.4	↑	10.7	8.7	↑	572	602	↓
Indonesia (USD)	3.0	3.0	-	0.8	1.0	↓	80	79	↑
Japan (JPY)	467.3	365.8	↑	213.7	174.1	↑	8,120	7,018	↑
Philippines (PHP)	271.9	269.1	↑	102.4	110.1	↓	5,156	5,917	↓
Singapore (SGD)	6.1	12.4	↓	2.4	7.1	↓	193	235	↓
Vietnam (VND) <sup>2</sup>	149.0	154.1	↓	83.6	84.8	↓	1,562	1,597	↓

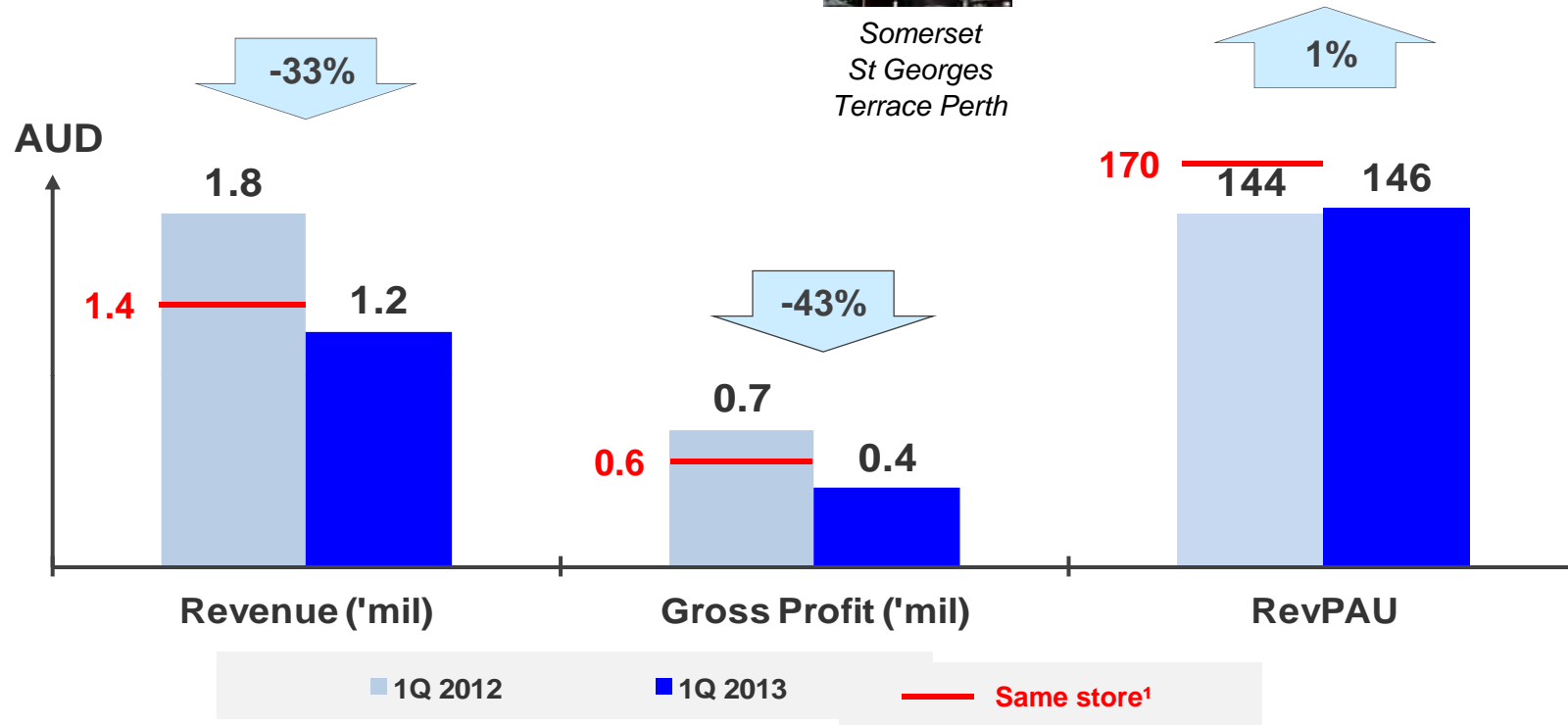
1. RevPAU for Japan refers to serviced residences and excludes rental housing.

2. Revenue and Gross Profit figures for VND are stated in billions, RevPAU figures are stated in thousands.





Somerset  
St Georges  
Terrace Perth



Revenue and gross profit decreased mainly due to the divestment of Somerset Gordon Heights Melbourne. On a same store basis, revenue, gross profit and RevPAU decreased due to more severe cyclones in 1Q 2012 which resulted in more repair works required in the oil and gas industry, leading to higher corporate demand for serviced residences.



# China



Somerset Xu Hui Shanghai



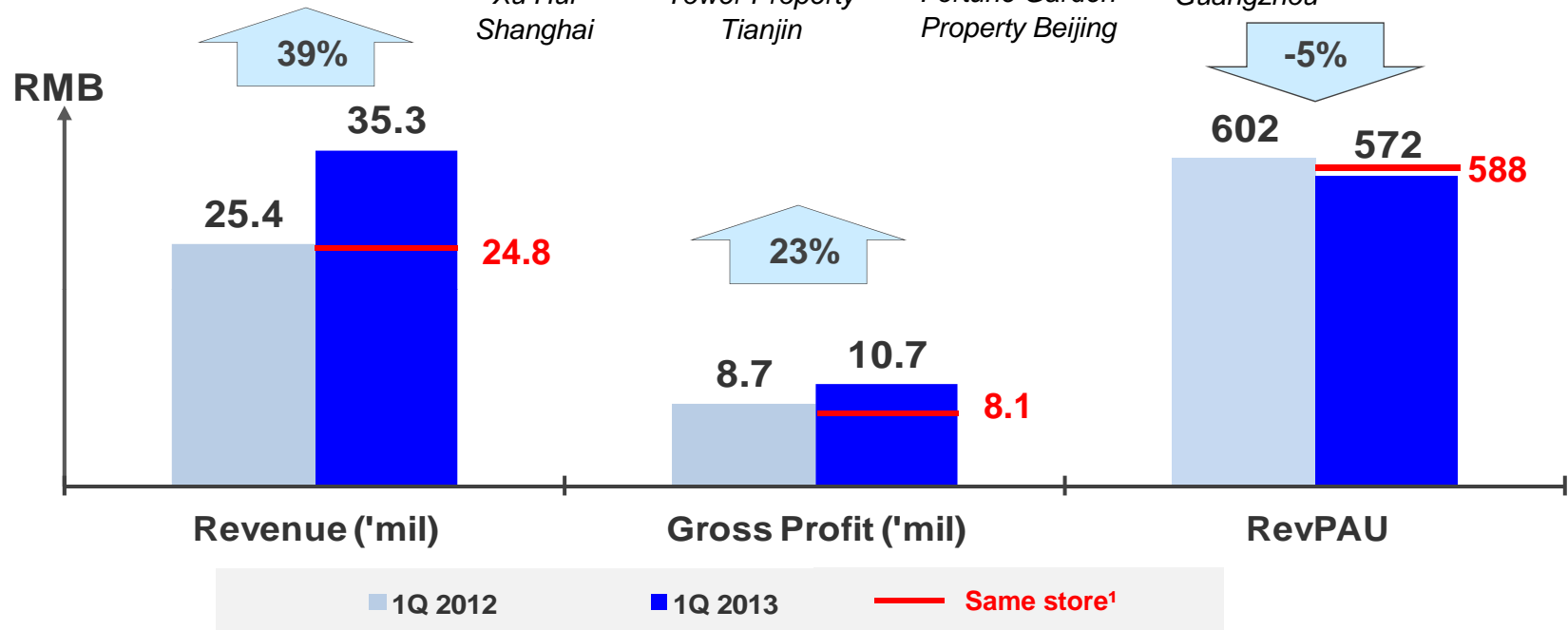
Somerset Olympic Tower Property Tianjin



Somerset Grand Fortune Garden Property Beijing



Ascott Guangzhou



Revenue and gross profit increased mainly due to contribution from the newly acquired Ascott Guangzhou. On a same store basis, both revenue and gross profit decreased due to the refurbishment of Somerset Xu Hui Shanghai during 1Q 2013.

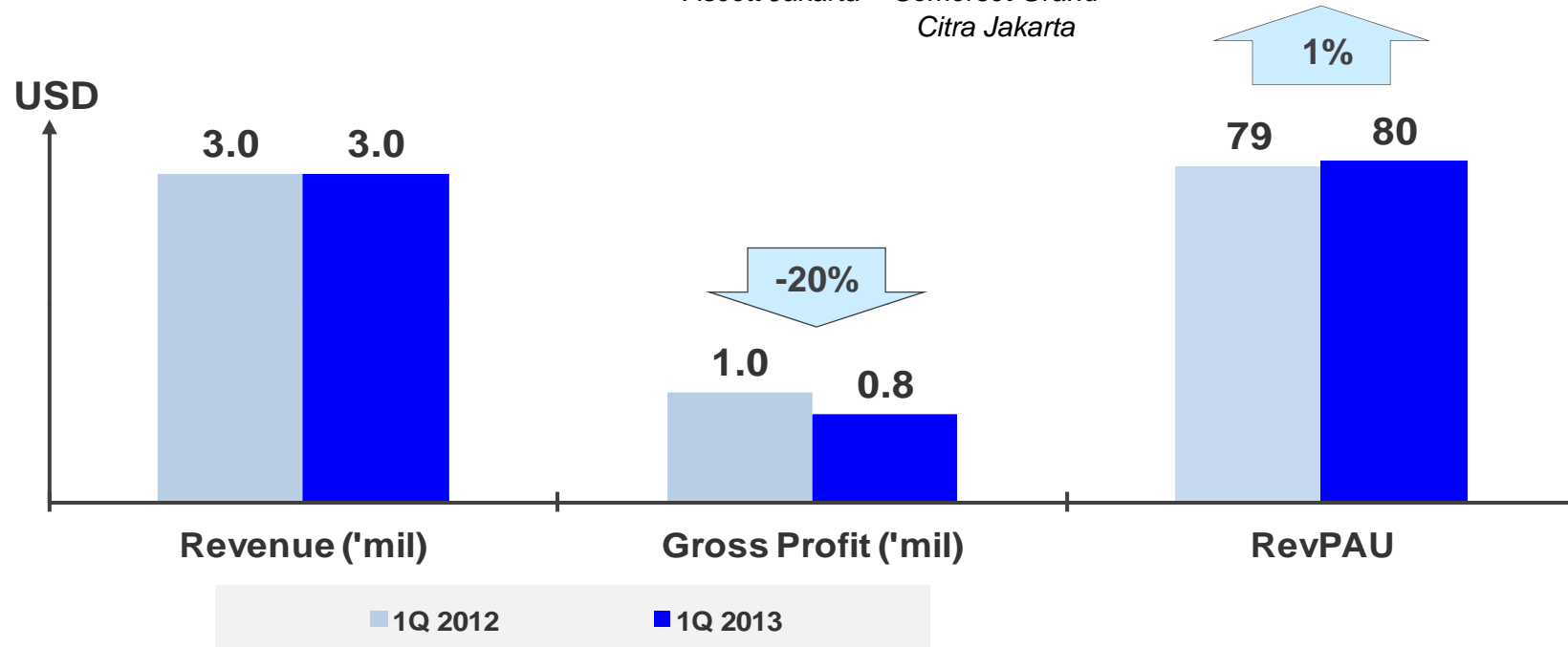
1. Excludes Ascott Guangzhou (acquired in September 2012).



Ascott Jakarta



Somerset Grand Citra Jakarta



Revenue remained at the same level. Gross profit decreased mainly due to one-off provision of post employment benefits.



# Japan



Somerset  
Azabu East  
Tokyo



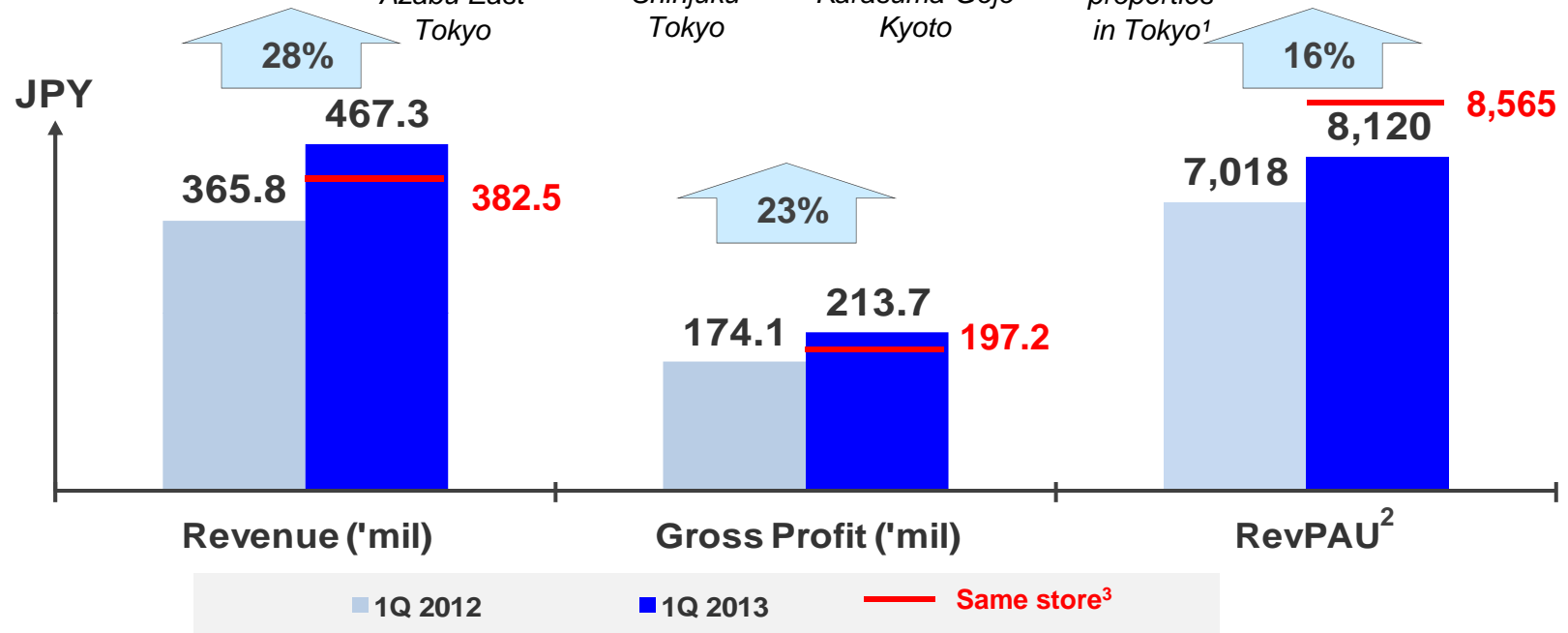
Citadines  
Shinjuku  
Tokyo



Citadines  
Karasuma-Gojo  
Kyoto



19 rental housing  
properties  
in Tokyo<sup>1</sup>



Revenue and gross profit increased mainly due to the contribution from Citadines Karasuma-Gojo Kyoto acquired in March 2012. On a same store basis, both revenue and gross profit increased due to improved market sentiments.

1. Somerset Roppongi Tokyo was converted to rental housing in April 2012.
2. RevPAU for serviced residence properties only.
3. Excludes Citadines Karasuma-Gojo Kyoto.



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# The Philippines



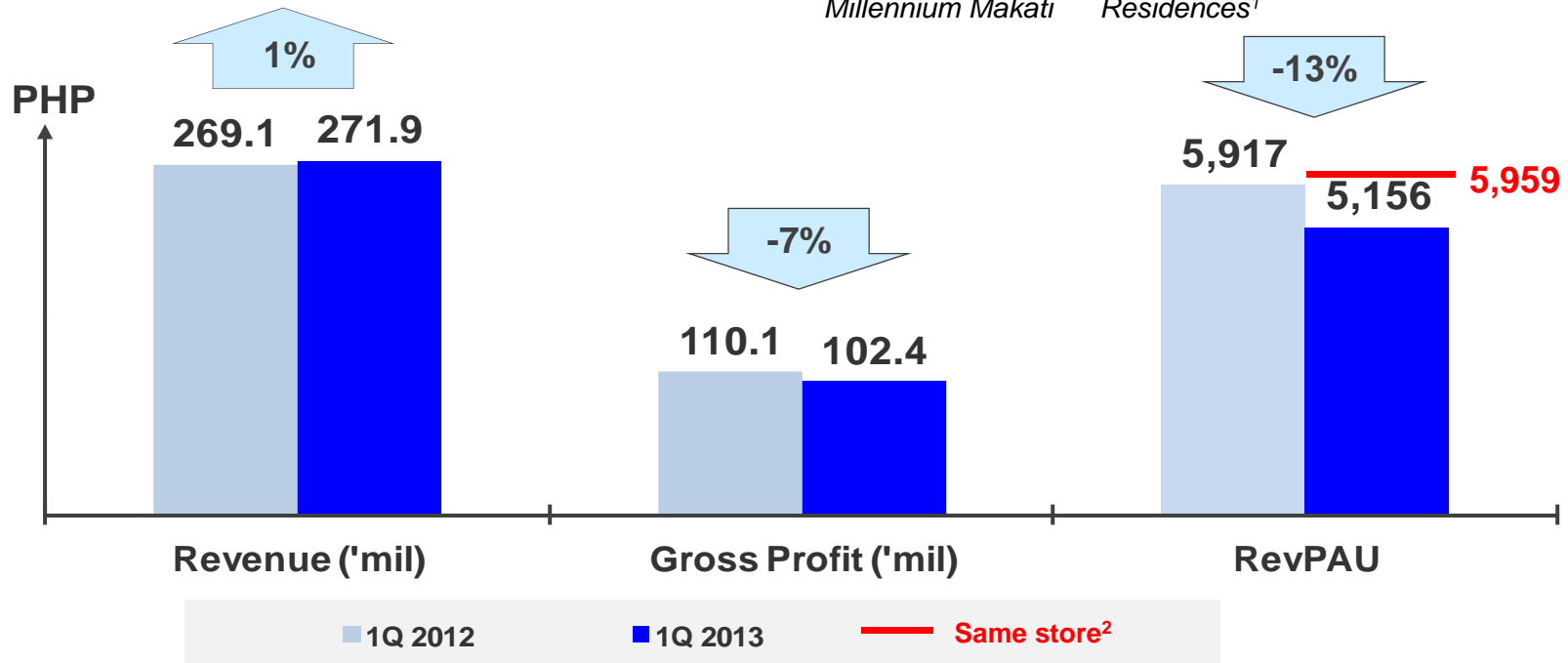
Ascott Makati



Somerset Millennium Makati



Salcedo Residences<sup>1</sup>



Revenue increased mainly due to higher demand from business process outsourcing industries as well as increased room inventory at Somerset Millennium Makati. Gross profit decreased mainly due to higher operation and maintenance expense. RevPAU decreased due to lower RevPAU from Salcedo Residences<sup>3</sup>. On a same store basis, RevPAU increased by 1%.

1. Somerset Salcedo Property Makati was converted from master lease to management contract, and renamed to Salcedo Residences in July 2012.
2. Excludes Salcedo Residences.
3. Contribution from Salcedo Residences was reclassified from "Master Leases" category after conversion from a master lease arrangement to a management contract.



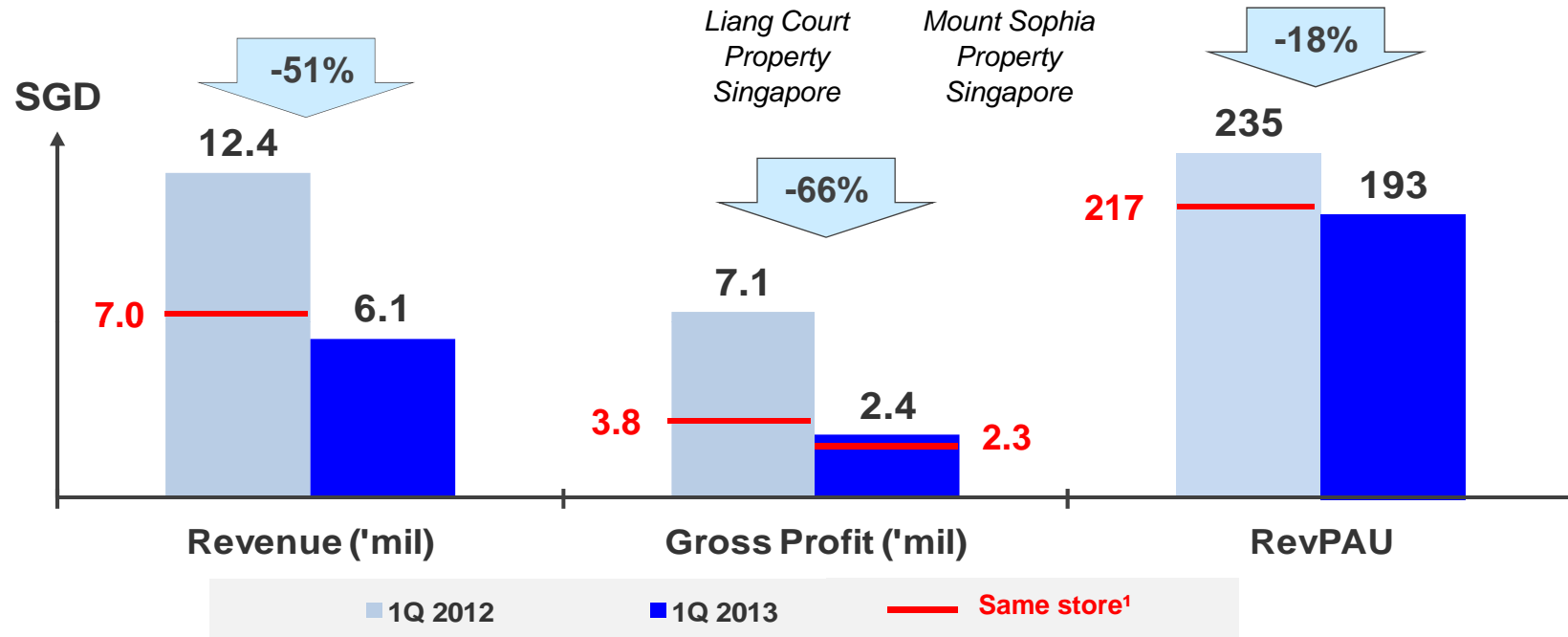
# Singapore



Somerset  
Liang Court  
Property  
Singapore



Citadines  
Mount Sophia  
Property  
Singapore



Revenue decreased mainly due to the divestment of Somerset Grand Cairnhill Singapore on 28 September 2012. On a same store basis, revenue, gross profit and RevPAU decreased mainly due to lower occupancy as a result of disruption from the construction<sup>2</sup> near Somerset Liang Court and weaker demand from project groups, as well as higher non-refundable GST.



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Somerset  
Grand Hanoi



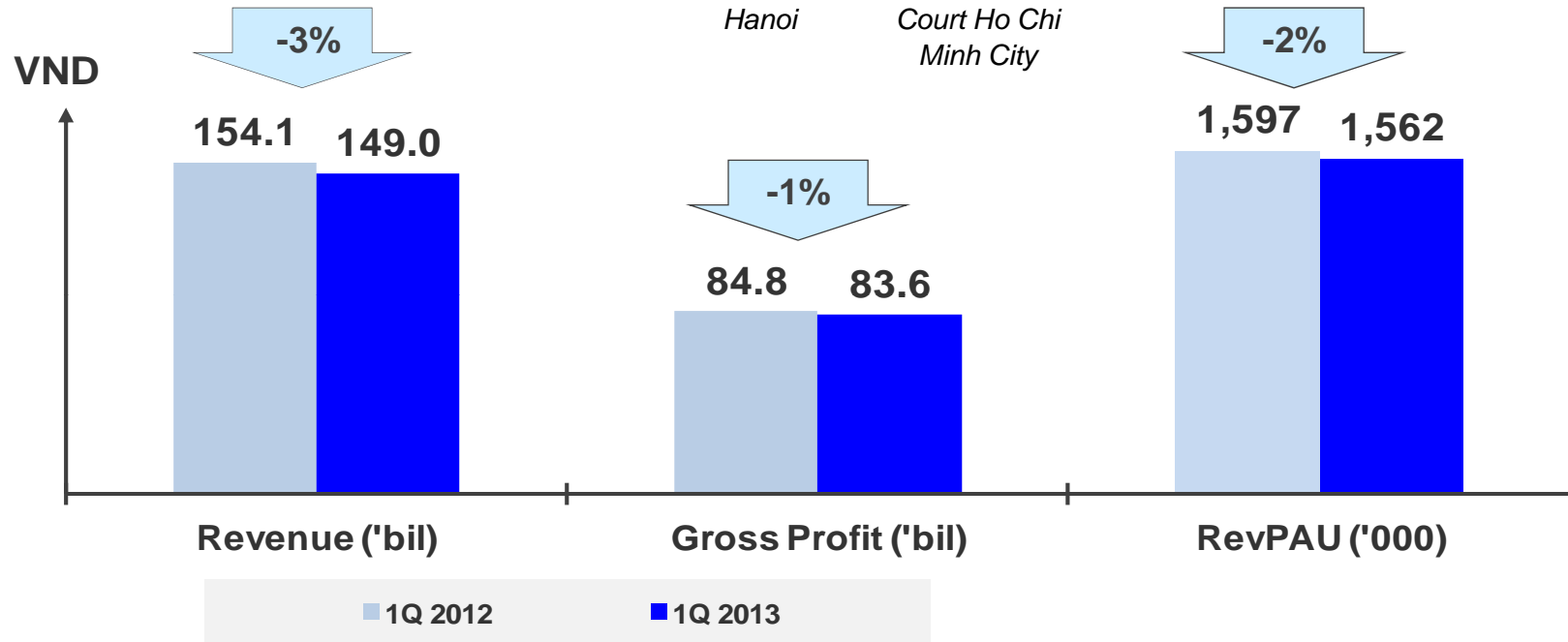
Somerset  
Hoa Binh  
Hanoi



Somerset  
Chancellor  
Court Ho Chi  
Minh City



Somerset Ho  
Chi Minh City



Revenue and gross profit decreased due to lower office rental income and weaker market demand arising from an oversupply situation and reduction in corporate accommodation budgets. Gross profit decreased by a lesser extent due to lower depreciation expense, arising from a one-off adjustment from the change in functional currency from USD to VND in 1Q 2012.



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# Capital & Risk Management



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# Equity Placement

On 6 February 2013, Ascott Reit completed an equity placement of 114.9 million new units at an issue price of S\$1.305 per unit, raising total gross proceeds of S\$150 million.



## **Fund Ascott Reit's growth opportunities**

- Greater financial capacity to capitalise on growth opportunities to deliver value accretion to existing Unitholders



## **Strengthen balance sheet and capital structure**

- Reduction of gearing to 36% (as at 31 March 2013) will strengthen Ascot Reit's capital structure and credit profile



## **Increase trading liquidity of units**

- Free float increased from 50% to 55%
- Market capitalization increased from 1.56 billion to 1.83 billion



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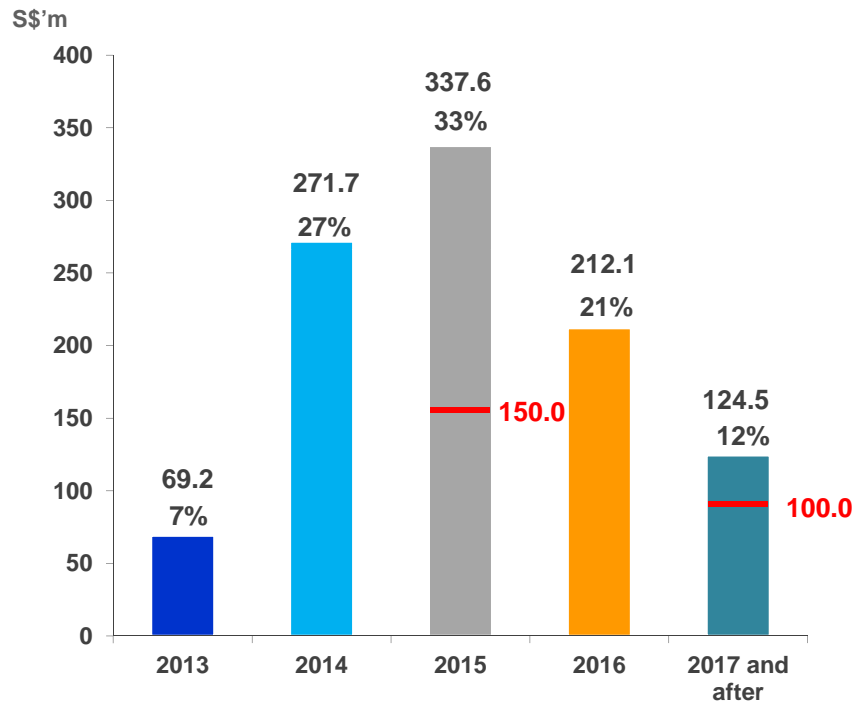
# Healthy Balance Sheet & Credit Metrics

Credit Metrics as at 31 Mar 2013			
<b>Gearing</b>	<b>36.0%</b>	<b>Interest Cover</b>	<b>3.7x</b>
<b>NAV/Unit</b>	<b>S\$1.32</b>	<b>Effective Borrowing Rate</b>	<b>3.1%</b>
<b>Moody's Rating</b>	<b>Baa3</b>	<b>Weighted Avg Debt to Maturity</b>	<b>2.7 years</b>

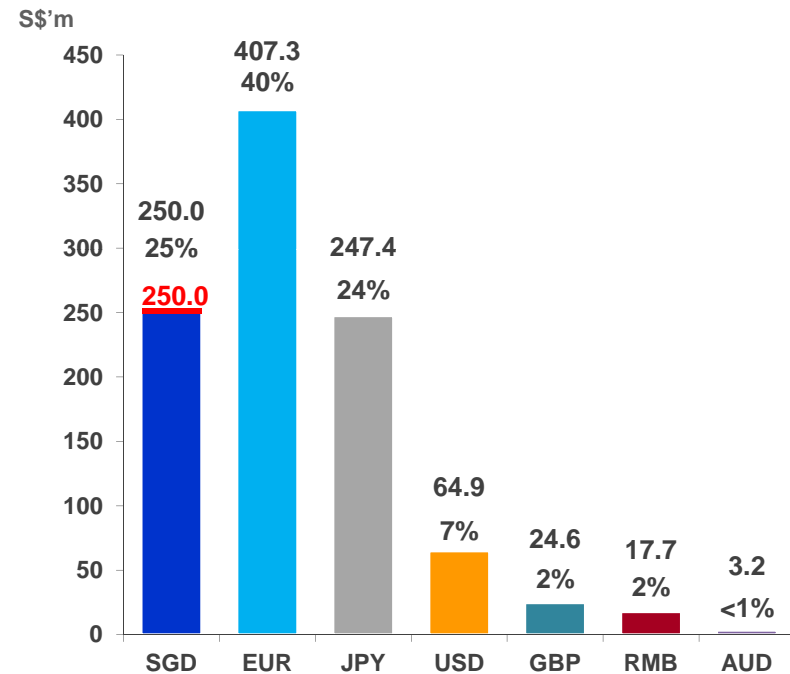


# Debt Profile

## By Maturity As at 31 Mar 2013



## By Currency As at 31 Mar 2013



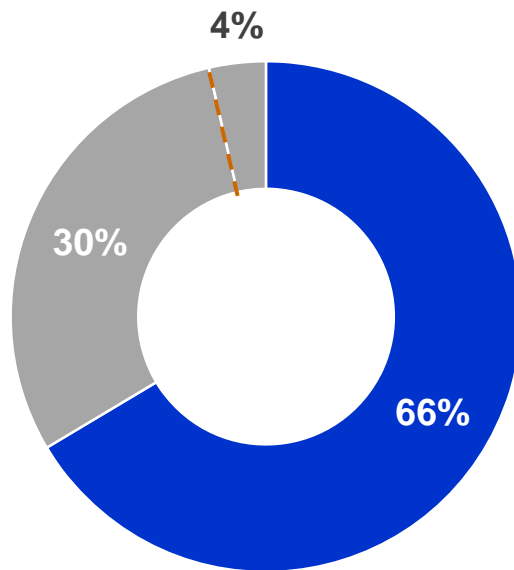
**Ascott Reit's Share of Bank Loans = S\$1,015.1 million**

— Medium term note



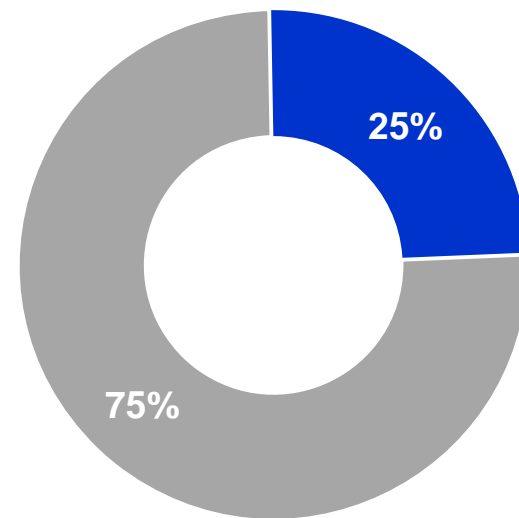
# Interest Rate and Debt Mix Profile

**Interest Rate Profile  
As at 31 Mar 2013**



- Fixed 66%
- Floating 30%
- Floating with interest rate caps 4%

**Debt Type  
As at 31 Mar 2013**



- Medium Term Note 25%
- Bank Loans 75%



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# Foreign Exchange Profile

## Ascott Reit's Share of Gross Profit 1Q 2013

Asia-Pacific	54.4%	Europe	45.6%
Singapore	13.0%	France	27.5%
Vietnam	13.1%	UK	10.3%
Japan	7.9%	Germany	6.2%
Philippines	9.8%	Spain	1.1%
China	6.7%	Belgium	0.5%
Indonesia	2.3%		
Australia	1.6%		

## Exchange Rate Movement Mar 2013 vs Dec 2012

Currency	Share of Gross Profit	Exchange Rate Movement
SGD	13%	-
EUR	35%	3.3%
VND	13%	-
GBP	10%	-1.2%
PHP	10%	1.0%
JPY	7%	-7.7%
RMB	7%	1.1%
USD	3%	1.0%
AUD	2%	-0.1%
<b>Total</b>	<b>100%</b>	<b>0.6%</b>



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# Portfolio Information



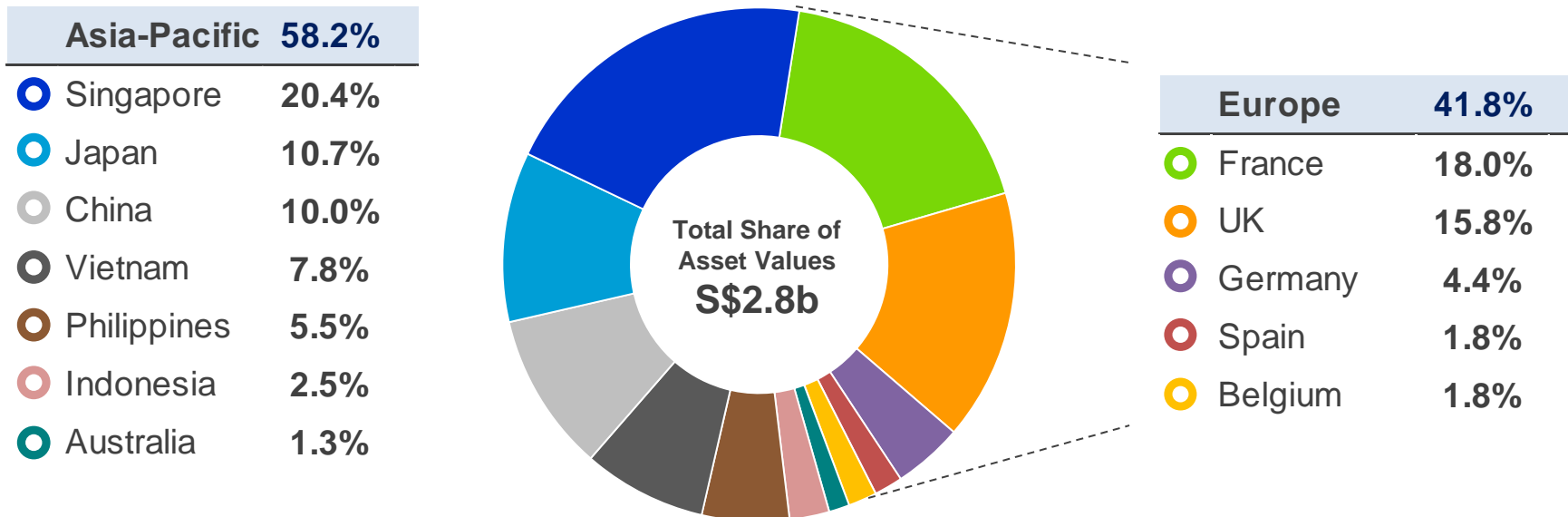
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# Geographical Diversification

## Ascott Reit's Share of Asset Values 31 Mar 2013



Portfolio diversified across economic cycles.



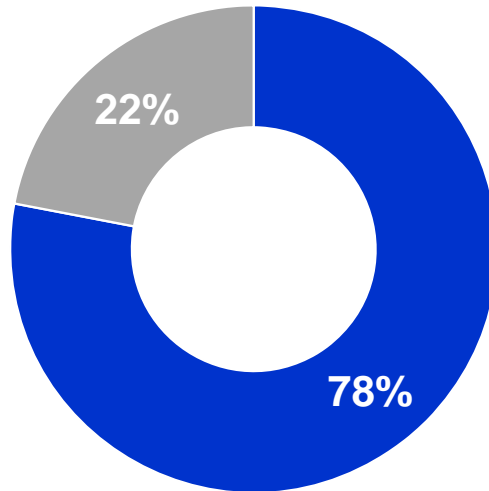
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# Apartment Rental Income<sup>1</sup>

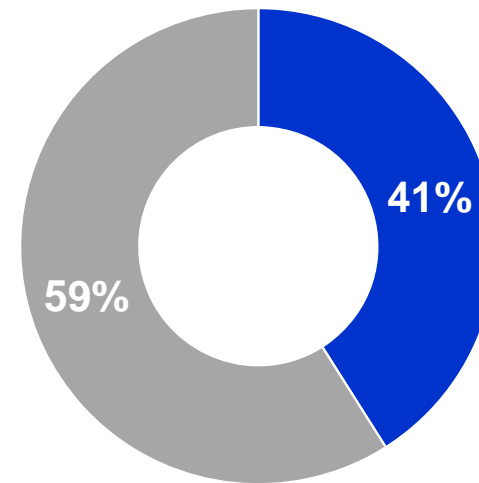
By Market Segment  
1Q 2013

### Asia-Pacific



● Corporate Travel 78%  
● Leisure 22%

### Europe



● Corporate Travel 41%  
● Leisure 59%



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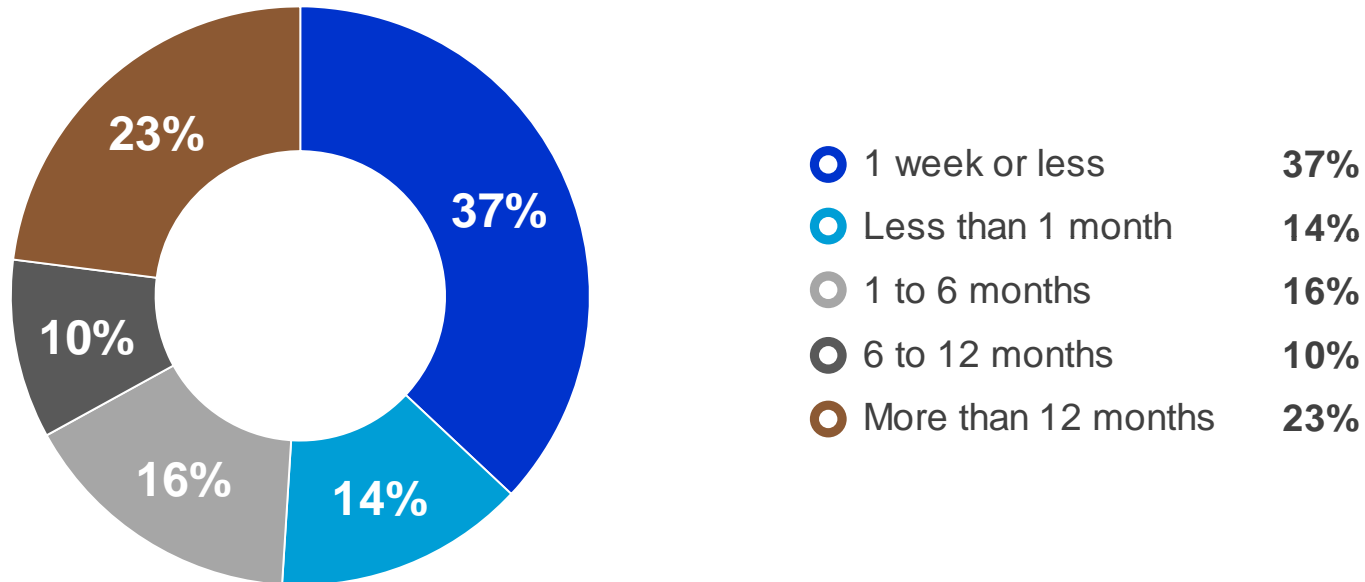
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# Apartment Rental Income<sup>1</sup>

By Length of Stay  
1Q 2013



Average apartment rental income by length of stay is about 4 months.



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# Prospects



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# Outlook and Prospects

The recovery of the global economy has been slower because of the on-going global uncertainties. It has impacted the hospitality industry. Ascott Reit's extended stay business model, geographical diversification and resilience through stable income base have and will continue to help to mitigate such impact.

On 6 February 2013, Ascott Reit completed an equity placement of 114.9 million new units at S\$1.305 per unit, raising total gross proceeds of S\$150 million. The proceeds will be used to fund potential future acquisitions in key gateway cities. This will enable us to further grow and enhance Ascott Reit's portfolio to boost Unitholders' returns. In the interim, part of the proceeds has been used to pay down bank loans.

We will continue to actively look for accretive acquisitions in key gateway cities in Asia as well as London, Paris and key cities in Germany.

The Group is progressively executing our asset enhancement programmes on selected properties to capture RevPAU growth when the market conditions improve. Ascott Jakarta, Citadines Toison d'Or Brussels and Citadines Ramblas Barcelona are currently undergoing refurbishment which is expected to be completed in 2013.

The Group's operating performance for FY 2013 is expected to remain profitable.



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# Appendix



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# Completed Asset Enhancements

## Citadines Suites Louvre Paris

Refurbishment of 51 units completed in 1Q 2013



Apartment (Pre-refurbishment)



Apartment (Post-refurbishment)



# Completed Asset Enhancements

## Citadines City Centre Lille

Phase 2 refurbishment of 49 units completed in 1Q 2013



Studio (Pre-refurbishment)



Studio (Post-refurbishment)



# Completed Asset Enhancements

## Citadines Croisette Cannes

Refurbishment of 58 units and lobby completed in 1Q 2013



Studio (Pre-refurbishment)



Studio (Post-refurbishment)



# Asset Enhancement Programmes

Properties under Management Contract		Total No of Units	Start Date	Expected Completion Date
1	<b>Citadines Toison d'Or Brussels</b> Phase 1 – 101 units	154	1Q 2013	2Q 2013
2	<b>Somerset Xu Hui Shanghai</b> Phase 1 – Lobby and 2 Floors	167	2Q 2013	3Q 2013
3	<b>Ascott Jakarta</b>	198	3Q 2012	4Q 2013
4	<b>Citadines Ramblas Barcelona</b>	131	2Q 2013	4Q 2013
5	<b>Somerset St Georges Terrace Perth</b>	84	2Q 2013	4Q 2013

Properties under Master Lease <sup>1</sup>		Total No of Units	Start Date	Expected Completion Date
1	<b>Citadines Place d'Italie Paris</b>	169	4Q 2012	1Q 2014

1. Asset enhancements for properties on master lease will be undertaken by the Master Lessee.



# Thank You



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