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

# DIVESTMENT OF COUNTRY WOODS

## 1. TRANSACTION

Ascott Residence Trust Management Limited, the **Manager** wishes to announce that **Ascott Reit** has, through its indirect subsidiary, P.T. Indonesia America Housing, agreed to sell the **Property** to the **Purchaser** for the **Sale Consideration** of US$24.18 million (approximately S$33.9 million).

## 2. SALE CONSIDERATION

The **Sale Consideration** was agreed to on a willing buyer willing seller basis taking into account, amongst other factors, the independent valuation of the **Property** (conducted by Savills (Singapore) Pte Ltd) at US$15.1 million (approximately S$21.2 million) as at 30 June 2010, using the discounted cash flow method. This valuation was commissioned by the **Trustee**, as part of **Ascott Reit's** half year valuation exercise of its portfolio of properties.

## 3. PRINCIPAL TERMS OF THE SALE

The Purchaser has paid an amount equivalent to 15% of the **Sale Consideration** as deposit and will pay the balance of the **Sale Consideration** on completion of the **Sale.** Subject to satisfaction of conditions precedent, including the approval of relevant authorities, completion of the **Sale** is expected to take place in the fourth quarter of 2010.

## 4. RATIONALE FOR THE SALE

The **Property** is currently operated as a rental housing business. The **Divestment** is in line with the **Ascott Reit's** strategy to unlock the underlying value of a property that has reached a stage that offers limited growth and re-deploy proceeds to optimise the yield of the portfolio. Moreover, the **Property** would require significant capital expenditure in order for it to compete with the increased competition in the vicinity.

## 5. USE OF SALE PROCEEDS

The **Sale Consideration** of S$33.9 million is 60% above the S$21.2 million valuation of the **Property** as at 30 June 2010. After providing for taxes and transaction related expenses such as compensation for early termination of existing contracts, sale agent and other professional fees, the estimated net gain from the **Sale** is approximately S$5.7 million. Proceeds from the **Sale** will be used to pare down the **Group's** debts or for funding future acquisitions.

## 6. FINANCIAL EFFECTS

### 6.1 Assumptions

The pro forma financial effects of the **Sale** presented below are strictly for illustration purposes and do not reflect the actual financial position of the **Group** after completion of the **Sale**. They have been prepared based on the unaudited financial statements of the **Group** as at 30 June 2010, taking into account the **Sale Consideration**.

### 6.2 Net Gain

**Ascott Reit** is expected to recognise an estimated net gain on the **Sale** of approximately S$5.7 million.

### 6.3 Pro forma NAV

Assuming that the **Sale** had been completed on 30 June 2010, the **Sale** would have increased the **NAV** per **Unit** by S$0.01 or 0.7%.

| Adjusted NAV per Unit | As at 30 June 2010 |
|---|---|
| Before adjusting for the Sale: | S$1.38 |
| After adjusting for the Sale: | S$1.39 |

### 6.4 Pro Forma DPU

Assuming that the **Sale** had been completed on 1 January 2010, the **DPU** would have increased by 0.01 cents or 0.3% for the financial period 1 January 2010 to 30 June 2010.

| Distribution per Unit | Period ended 30 June 2010 |
|---|---|
| Before adjusting for the Sale: | 3.53 cents |
| After adjusting for the Sale: | 3.54 cents |

None of the directors of the **Manager** or the controlling unitholders of **Ascott Reit** has any interest, direct or indirect, in the **Sale**.

**Definitions:**

**Ascott Reit** Ascott Residence Trust

**DPU** Distribution per Unit

**Divestment** Divestment of the Property

**Group** Ascott Reit and its subsidiaries

**Manager** Ascott Residence Trust Management Limited, as manager of Ascott Reit

**NAV** Net asset value

**Property** The property known as “Country Woods” comprising of 36 townhouses, 78 bungalows and 137 apartment units located in Jalan W.R. Supratman, Pondok Ranji, Ciputat, South Tangerang, Banten, Indonesia

| | |
|---|---|
| **Purchaser** | An unrelated party |
| **Sale** | Sale of the Property to the Purchaser |
| **Sale Consideration** | Cash consideration payable to Ascott Reit for the Divestment, being US$24.18 million (approximately S$33.9 million) |
| **SGX-ST** | Singapore Exchange Securities Trading Limited |
| **Trustee** | DBS Trustee Limited, as trustee of Ascott Reit |
| **Units** | Units in Ascott Reit |

BY ORDER OF THE BOARD
Ascott Residence Trust Management Limited
(Company Registration No: 200516209Z)

As Manager of Ascott Residence Trust

Lam Chee Kin / Kang Siew Fong
Joint Company Secretaries
6 August 2010