



Ascott Residence Trust

The Proposed Acquisition of Interests in Serviced Residence Properties in Germany From Interested Persons

Extraordinary General Meeting
19 April 2017



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.

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Unitholders of Ascott REIT (the "**Unitholders**") 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 through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

- 1 Overview of the Target Acquisitions
- 2 Rationale for the Target Acquisitions
- 3 Overview of Funding Structure
- 4 Impact on Ascott REIT
- 5 Conclusion



Overview of the Target Acquisitions

Ascott Raffles Place Singapore

ation July 2013



Overview of the Target Acquisitions

Summary of the Target Acquisitions

	Citadines Michel Hamburg	Citadines City Centre Frankfurt	Total
Purchase Consideration ¹	€29.7m (S\$44.1m) ²	€35.7m (S\$53.1m) ²	S\$97.2m
No. of Apartment Units	127	165	292
Master Lease	On completion, the two properties will be leased back to The Ascott Limited (“ Ascott ”) for an initial term of 15 years ³ for fixed lease rental.		
Pro forma FY 2016 EBITDA yield = 5.4% ⁴			
Interested Person/Party Transactions	Unitholders’ approval is required for the proposed transactions at the extraordinary general meeting (the “ EGM ”). The notice of EGM, together with the circular containing further details of the Target Acquisitions has been issued to Unitholders on 8 March 2017.		

Notes:

1. Proposed acquisition for effective interest of 93% for both properties and the purchase consideration is adjusted for 93% of the agreed property value for the respective properties
2. Based on an exchange rate of €1.00 to \$1.4861
3. The master lessee has the right to extend the term of the lease by another five years
4. Based on agreed property value



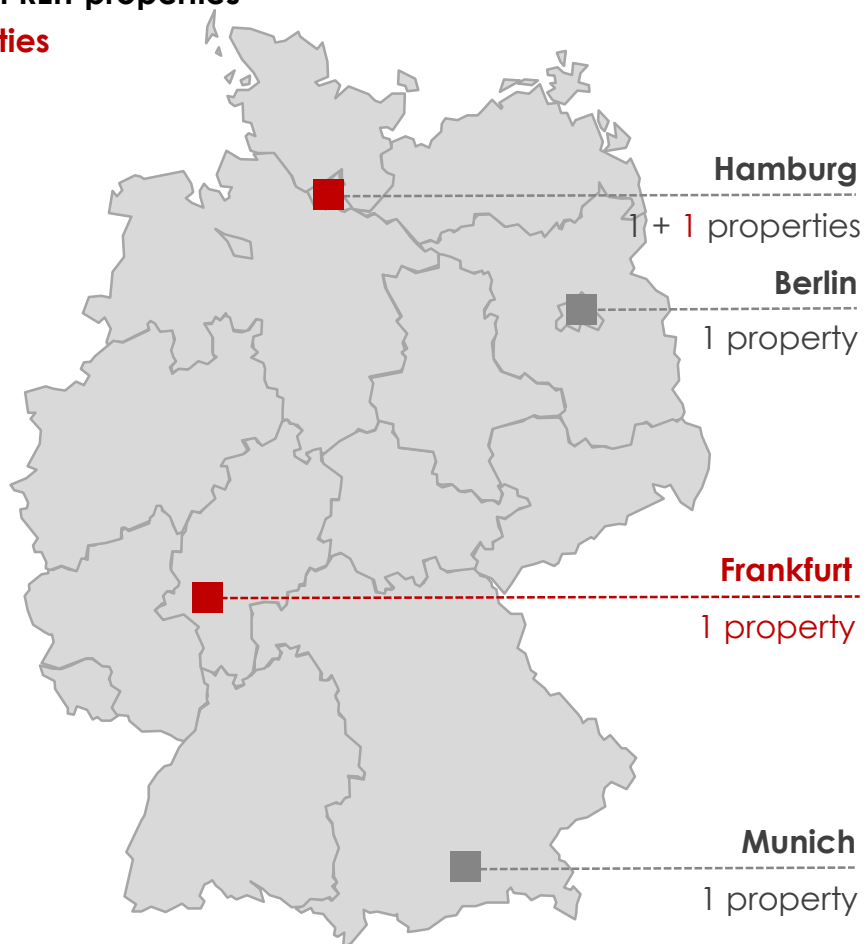
Overview of the Target Acquisitions

Overview of the Target Properties

Map of Germany

■ Existing Ascott REIT properties

■ Target properties



Citadines Michel Hamburg



Citadines City Centre Frankfurt





Overview of the Target Acquisitions

Citadines Michel Hamburg⁽¹⁾

Location	Ludwig-Erhard-Straße 7 20459 Hamburg, Germany	
Land Tenure	99-year leasehold, starting from 2012	
Gross Floor Area	6,577 sq m	
Description	- Located in the heart of Hamburg's business district with close proximity to the St Michael's Church, city's busy port on Elbe River and major trade fair venue, Hamburg Messe - HafenCity, a newly developed district for working, living and shopping, and Reeperbahn, the city's most popular nightlife district, are also in the vicinity	
Year of Opening	2014	
Appraised Value ⁽²⁾	€31.3m (equivalent to S\$46.5m) ⁽³⁾	
Agreed Property Value	€31.2m (equivalent to S\$46.4m) ⁽³⁾	
Purchase Consideration ⁽⁴⁾	€29.7m (equivalent to S\$44.1m) ⁽³⁾	
Proposed Master Lessee	Ascott ⁽⁵⁾	
Pro Forma FY2016 EBITDA Yield	5.4%	
Lease Terms	- Fixed lease rental of €1.7m p.a. - Term of 15 + 5 years⁽⁶⁾	
Method of Financing	Net proceeds from the Rights Issue and debt	

Notes:

(1) Based on an effective interest of 93% in Citadines Michel Hamburg

(2) Based on the average of two independent valuations by Cushman & Wakefield VHS Pte. Ltd. and CBRE Pte. Ltd. as at 15 January 2017

(3) Based on an exchange rate of €1.00 to S\$1.4861

(4) Purchase Consideration takes into account 93% of the Agreed Property Value

(5) Through Ascott's indirect wholly-owned subsidiary, Citadines Betriebs GmbH

(6) The Master Lessee has the right to extend the term of the lease by another five years



Overview of the Target Acquisitions

Competitive strengths of Citadines Michel Hamburg

- 1 Located in the heart of Hamburg's business district, the property enjoys close proximity to the St Michael's Church, city's busy port on Elbe River and major trade fair venue, Hamburg Messe
- 2 HafenCity a newly developed district for working, living and shopping, and Reeperbahn, the city's most popular nightlife district are also in the vicinity



Key Landmarks

- 1 Rödingsmarkt Metro Station
- 2 Messe Hamburg Trade Fair
- 3 Hamburg Airport
- 4 St. Michael's Church
- 5 Port of Hamburg



Studio



2-Bedroom – Living Room



Overview of the Target Acquisitions

Citadines City Centre Frankfurt⁽¹⁾

Location	Europa-Allee 23 60327 Frankfurt am Main, Germany	 Citadines City Centre Frankfurt
Land Tenure	Freehold	
Gross Floor Area	8,499 sq m	
Description	- Located at Europaviertel, a district across the renowned Messe Frankfurt Trade Fair area with close proximity to Frankfurt Central Railway Station - Surrounded by retail and commercial developments including the Messturm office tower, Skyline Plaza shopping mall and congress center Kap Europa	
Year of Opening	2014	
Appraised Value ⁽²⁾	€37.7m (equivalent to S\$56.0m) ⁽³⁾	
Agreed Property Value	€37.4m (equivalent to S\$55.6m) ⁽³⁾	
Purchase Consideration ⁽⁴⁾	€35.7m (equivalent to S\$53.1m) ⁽³⁾	
Proposed Master Lessee	Ascott ⁽⁵⁾	
Pro Forma FY2016 EBITDA Yield	5.4%	
Lease Terms	- Fixed lease rental of €2.0m p.a. - Term of 15 + 5 years⁽⁶⁾	
Method of Financing	Net proceeds from the Rights Issue and debt	

Notes:

(1) Based on an effective interest of 93% in Citadines City Centre Frankfurt

(2) Based on the average of two independent valuations by Cushman & Wakefield VHS Pte. Ltd. and CBRE Pte. Ltd. as at 15 January 2017

(3) Based on an exchange rate of €1.00 to S\$1.4861

(4) Purchase Consideration takes into account 93% of the Agreed Property Value

(5) Through Ascott's indirect wholly-owned subsidiary, Citadines Betriebs (Frankfurt) GmbH

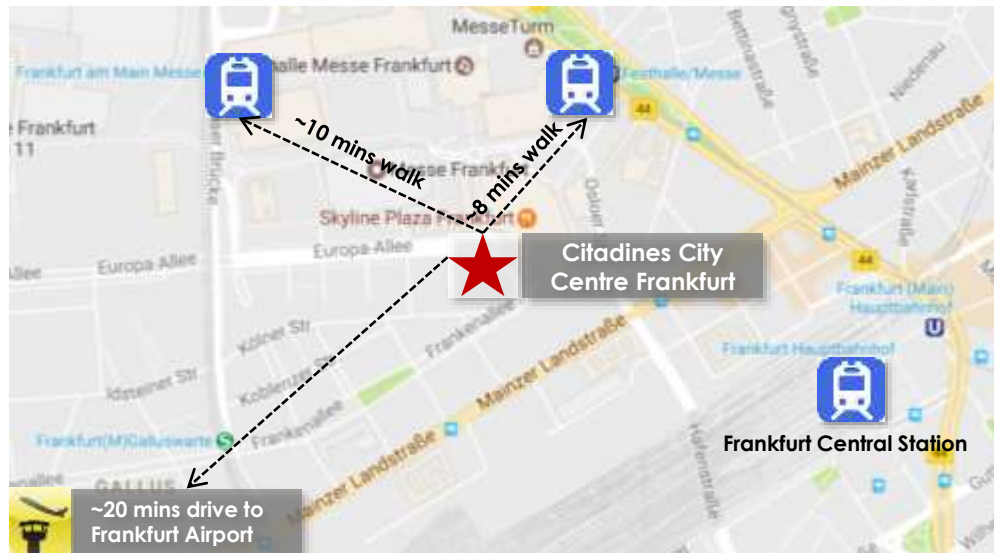
(6) The Master Lessee has the right to extend the term of the lease by another five years



Overview of the Target Acquisitions

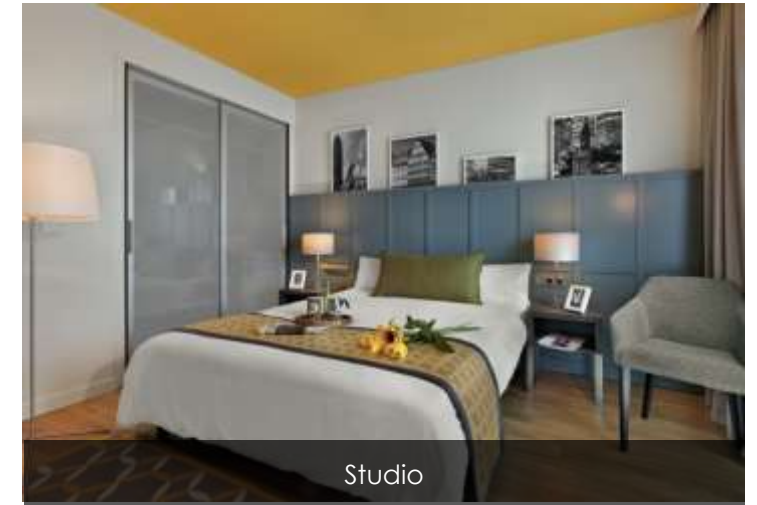
Competitive strengths of Citadines City Centre Frankfurt

- 1 Strategically located at Europaviertel, a district across the renowned Messe Frankfurt Trade Fair area and in close proximity to the Frankfurt Central Railway Station
- 2 Surrounded by retail and commercial developments including the Messturm office tower, Skyline Plaza shopping mall and congress center Kap Europa

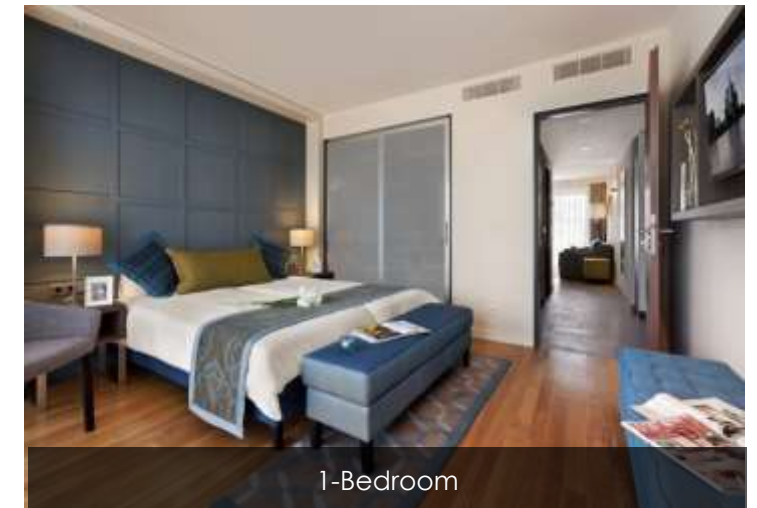


Key Landmarks

- | | |
|---|-----------------------------------|
| 1 | Frankfurt Central Railway Station |
| 2 | Frankfurt Messe Trade Fair |
| 3 | Frankfurt Airport |
| 4 | Skyline Plaza Shopping Mall |
| 5 | Frankfurt Financial District |



Studio



1-Bedroom



Rationale for the Target Acquisitions



Rationale for the Target Acquisitions

Key Rationale

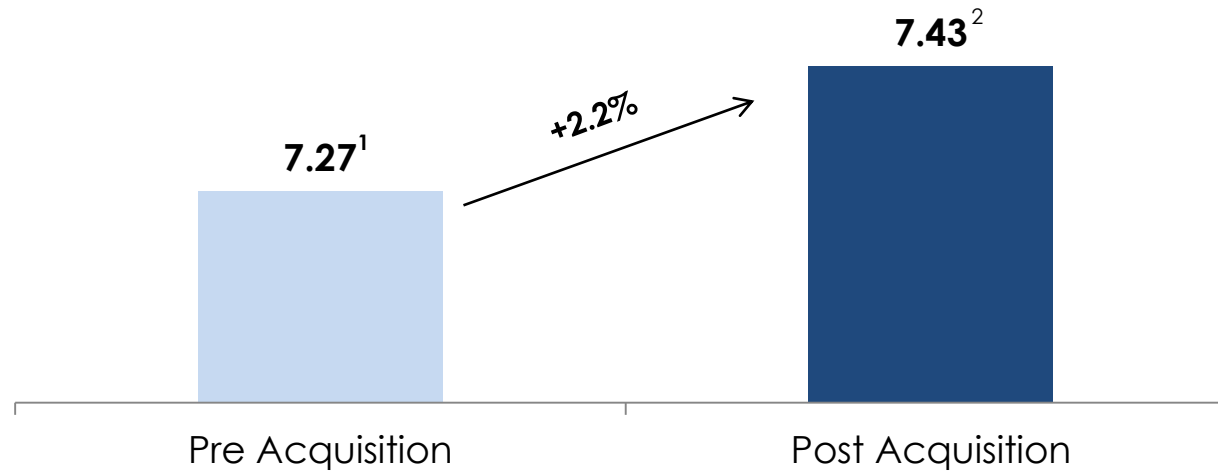
- 1 Enhance DPU to Unitholders
- 2 Broaden earnings base with increased portfolio scale
- 3 Deepen presence in Germany
- 4 Expand footprint to the city of Frankfurt
- 5 Enhance income stability of Ascott REIT



Rationale for the Target Acquisitions

1 Enhance DPU to Unitholders

Distribution Per Unit (\$ cents)



FY2016 pro forma DPU will increase by 2.2% from 7.27 cents to 7.43 cents post acquisition

Note:

1. Pre-acquisition DPU is based on FY2016 audited consolidated financial statements, adjusted for the pro forma financial effects of the acquisition of Ascott Orchard Singapore and the rights issue as announced on 6 March 2017
2. Ascott RET intends to finance the acquisitions with debt financing and proceeds from the rights issue

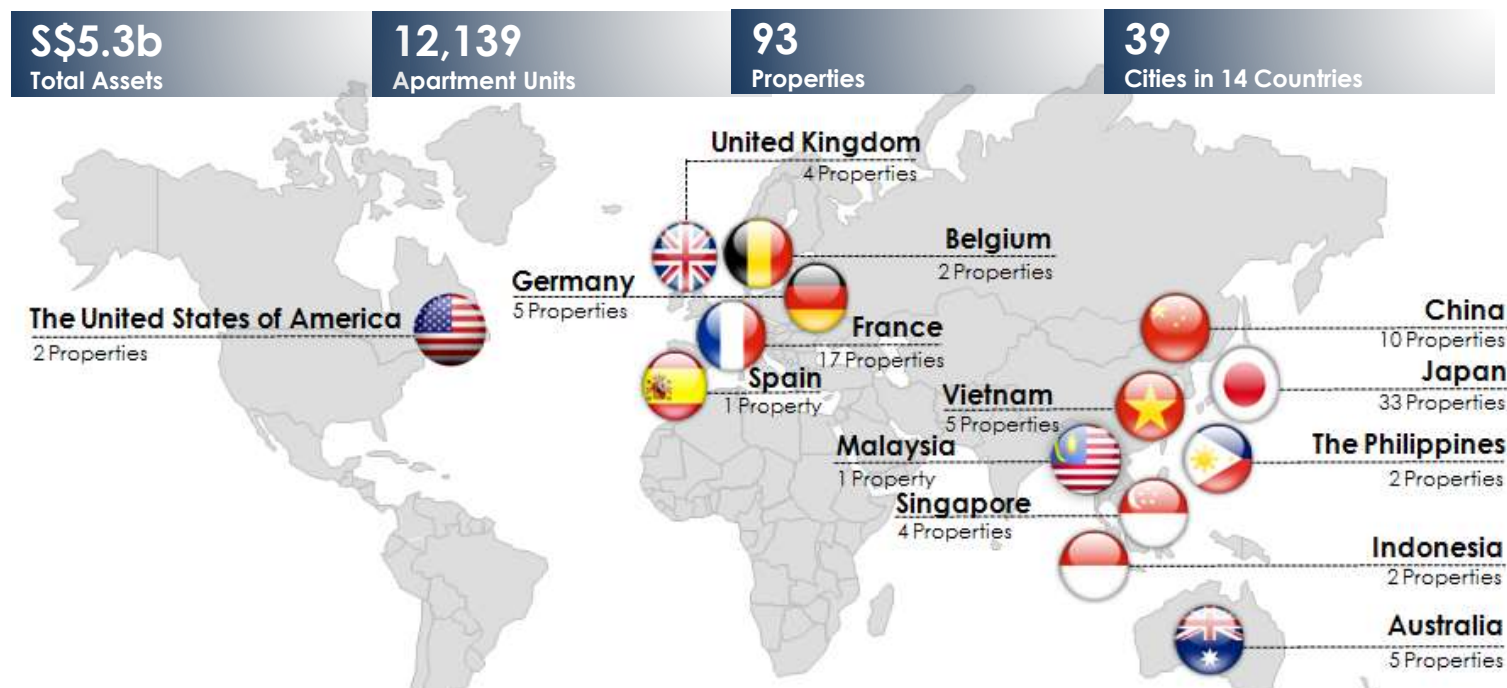


Rationale for the Target Acquisitions

2 Broaden earnings base with increased portfolio scale

- Ascott REIT's total assets will increase from S\$5.2b¹ to S\$5.3b post-acquisition
- The number of apartment units will increase to 12,139 in 93 properties in 39 cities across 14 countries

Overview of Ascott REIT's Portfolio Post Acquisition



Maintaining market leadership in terms of asset size of S\$5.3b post acquisition

Note:

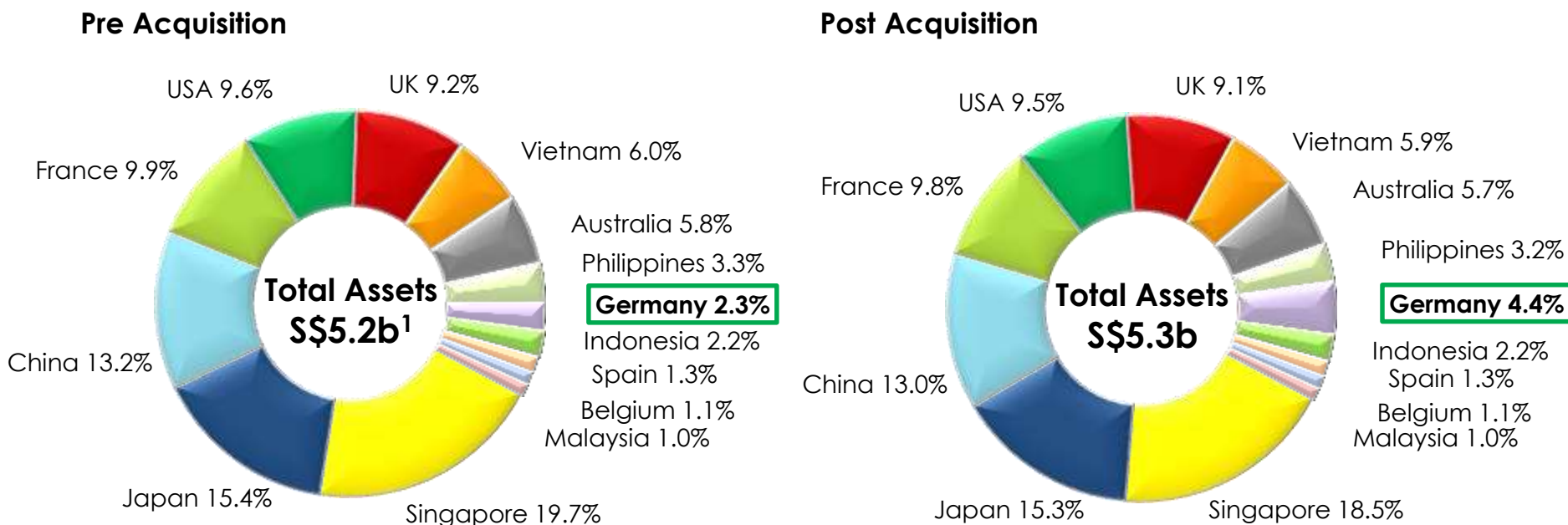
1. Based on total asset value as at 31 December 2016 and adjusted for the acquisition of Ascott Orchard Singapore



Rationale for the Target Acquisitions

3 Deepen presence in Germany

Breakdown of Ascott REIT's Assets by Geography



Ascott REIT's portfolio exposure to Germany based on total assets will increase from 2.3% to 4.4% post acquisition

Note:

1. Based on total asset value as at 31 December 2016 and adjusted for the acquisition of Ascott Orchard Singapore

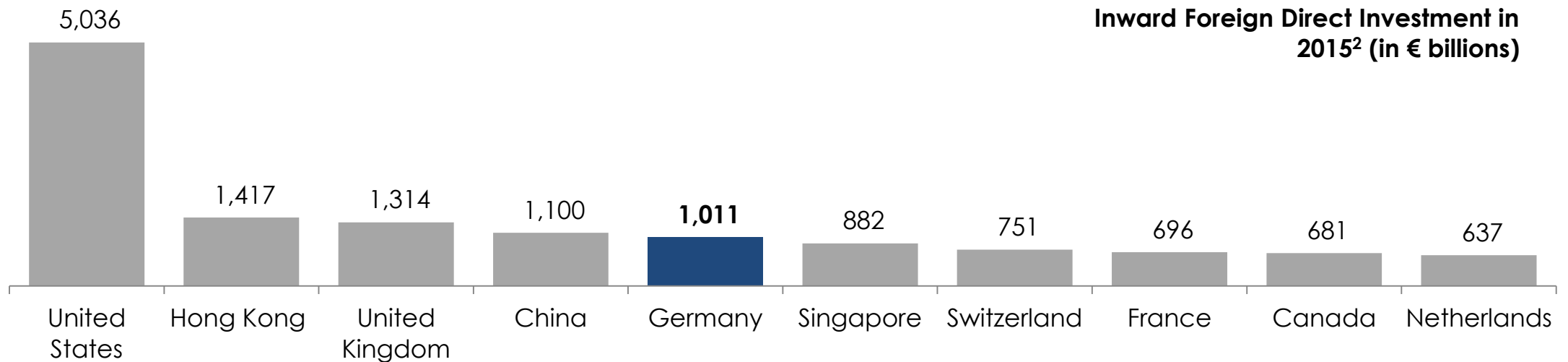


Rationale for the Target Acquisitions

3 Deepen presence in Germany (cont'd)

Deepen Ascott REIT's presence in the mature and stable market of Germany

- Largest market in Europe by GDP¹ and consistently ranked as one of the most attractive destinations for foreign direct investment
- Existing properties in Germany exhibited stable and strong operational performance, with occupancy exceeding 80.0% for FY 2016



Notes:

1. Source: Eurostat (<http://ec.europa.eu/eurostat>)

2. Source: United Nations Conference on Trade and Development, 2016

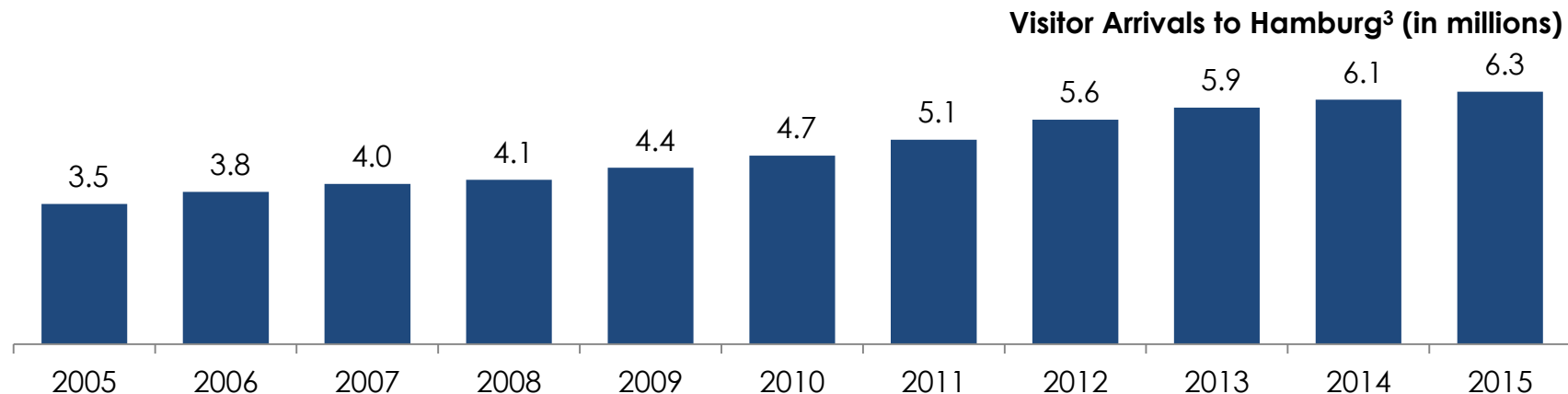


Rationale for the Target Acquisitions

3 Deepen presence in Germany (cont'd)

Strengthen presence and increase economies of scale with the acquisition of a second property in Hamburg, the second largest city in Germany

- Strategically located as a hub for international trade and Germany's gateway to the rest of the world, Hamburg is ranked second-best European city to invest after Berlin¹
- Home to the third largest container port in Europe, the openness of the port city continues to draw domestic and international investors
- Other key economic sectors include aviation, maritime technology, media and life sciences²
- Existing property, Madison Hamburg, exhibited stable and strong operational performance with occupancy of about 85% for FY2016
- Registered an average of 6.2% year-on-year growth from 2005 – 2015



Notes:

1. Source: 2016 Emerging Trends in Real Estate report published by PricewaterhouseCoopers LLP and the Urban Land Institute

2. Source: HWF Hamburg Business Development Corporation (<http://www.hamburg-economy.de>)

3. Source: Tourismus, Hamburg

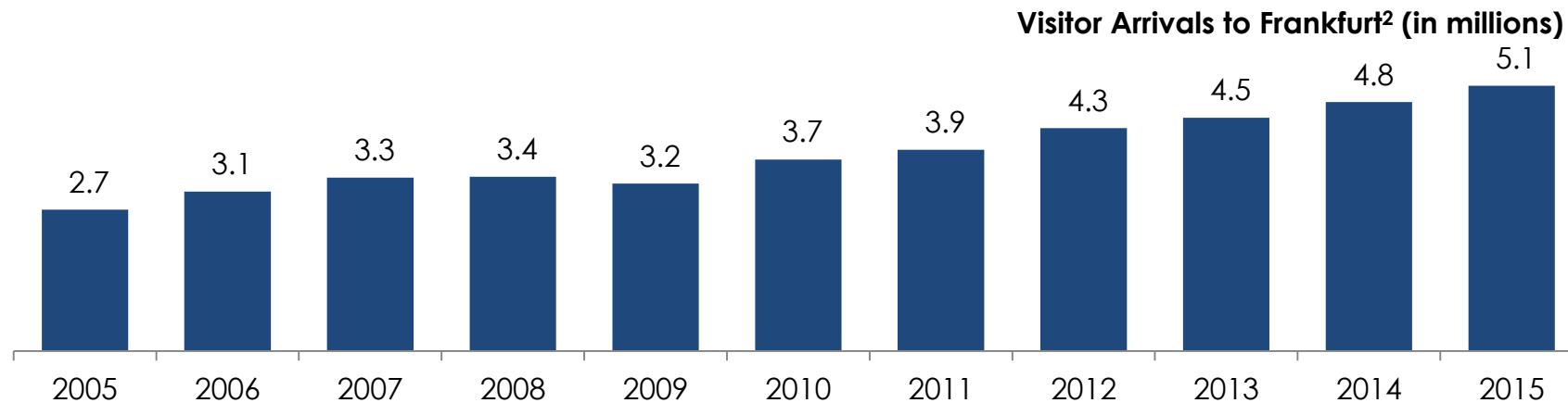


Rationale for the Target Acquisitions

4 Expand footprint to the city of Frankfurt

Extend Ascott REIT's presence to Frankfurt, a key gateway city in Germany

- Largest financial centre in continental Europe where the European Central Bank is headquartered
- Home to many other important sectors such as the creative industry, information technology, telecommunications, biotechnology and life sciences, logistics and manufacturing industry¹
- One of Europe's leading cities for international and regional trade fairs, attracting millions of visitors each year
- Registered more than 5 million visitor arrivals in 2015, an average of 6.5% year-on-year growth from 2005 – 2015



Notes:

1. Source: Frankfurt Economic Development GmbH (http://www.frankfurt.de/sixcms/detail.php?id=stadtfrankfurt_eval01.c.125162.en)

2. Source: Tourismus, Congress GmbH Frankfurt am Main



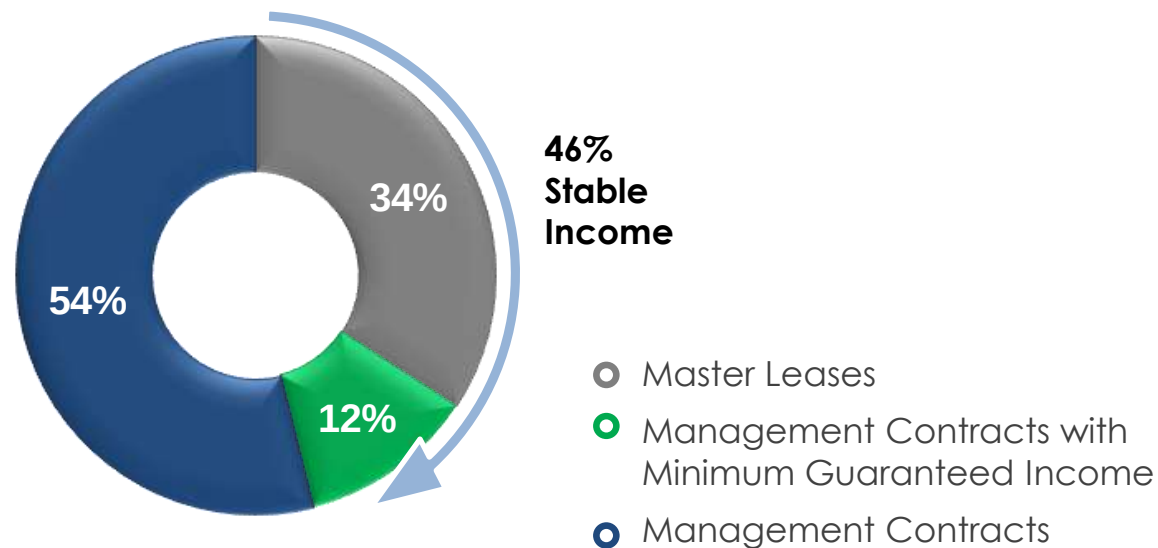
Rationale for the Target Acquisitions

5 Enhance income stability of Ascott REIT

100% fixed leases provide certainty to Ascott REIT's income

- Not exposed to operating risks
- Payment under the master leases guaranteed by Ascott

Post Acquisition Contribution by Gross Profit



Post acquisition, proportion of stable income generated by Ascott REIT's master leases will increase from 32.71% to 34.2%

Note:

1. Adjusted for the acquisition of Ascott Orchard Singapore

Overview of Funding Structure





Overview of Funding Structure

Debt financing and proceeds from rights issue¹



Citadines Michel Hamburg

S\$44.1m²



Citadines City Centre Frankfurt

S\$53.1m²

**Transaction
and
Associated
Costs**

\$1.1m³

Use of funds: S\$98.3m

Ascott REIT intends to finance the proposed acquisitions with 43% debt financing and 57% proceeds from the rights issue

Notes:

1. As announced on 6 March 2017
2. Based on an exchange rate of €1.00 to S\$1.4861
3. Excludes acquisition fees of approximately S\$1.0 million, which will be payable in Units to the Manager

Impact on Ascott REIT

Somerset Liang Court Singapore



Impact on Ascott REIT

Pro Forma Financial Effects

	Pre Acquisition	Post Acquisition
DPU	7.27 cents ¹	7.43 cents ²
Net Asset Value Per Unit	S\$1.24	S\$1.24
Gearing	36.5%	37.0%

Notes:

1. Pre-acquisition DPU is based on FY2016 audited consolidated financial statements, adjusted for the pro forma financial effects of the acquisition of Ascott Orchard Singapore and the rights issue as announced on 6 March 2017
2. Ascott RET intends to finance the acquisitions with debt financing and proceeds from the rights issue

Conclusion





Conclusion

The Proposed Acquisitions of Serviced Residence Properties in Germany From Interested Persons

1	Enhance DPU to Unitholders	FY2016 pro forma DPU will increase by 2.2% from 7.27 cents¹ to 7.43 cents post acquisition
2	Broaden earning base with increased portfolio scale	- Total assets is expected to increase from S\$5.2b to S\$5.3b post acquisition - The number of apartment units will increase to 12,139 in 93 properties in 39 cities across 14 countries
3	Deepen presence in Germany	- Ascott REIT's presence in Germany will increase from 2.3%² to 4.4% - Strengthen presence and increase economies of scale with the acquisition of a second property in Hamburg, the second largest city in Germany
4	Expand footprint to the city of Frankfurt	- Largest financial centre in continental Europe where the European Central Bank is headquartered - One of Europe's leading cities for international and regional trade fairs
5	Enhance income stability of Ascott REIT	Proportion of stable income generated by Ascott REIT's master leases will increase from 32.7¹% to 34.2%

Notes:

1. Pre-acquisition DPU is based on FY2016 audited consolidated financial statements, adjusted for the pro forma financial effects of the acquisition of Ascott Orchard Singapore and the rights issue as announced on 6 March 2017
2. Based on total asset value as at 31 December 2016 and adjusted for the acquisition of Ascott Orchard Singapore