



# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

Presentation for  
UOB Kay Hian Investor Centre CEO Seminar

6 September 2016



# 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.

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.



# Content

- Overview of Ascott REIT
- Portfolio Highlights
- Strategies
- Conclusion
- Appendix



# Overview of Ascott REIT

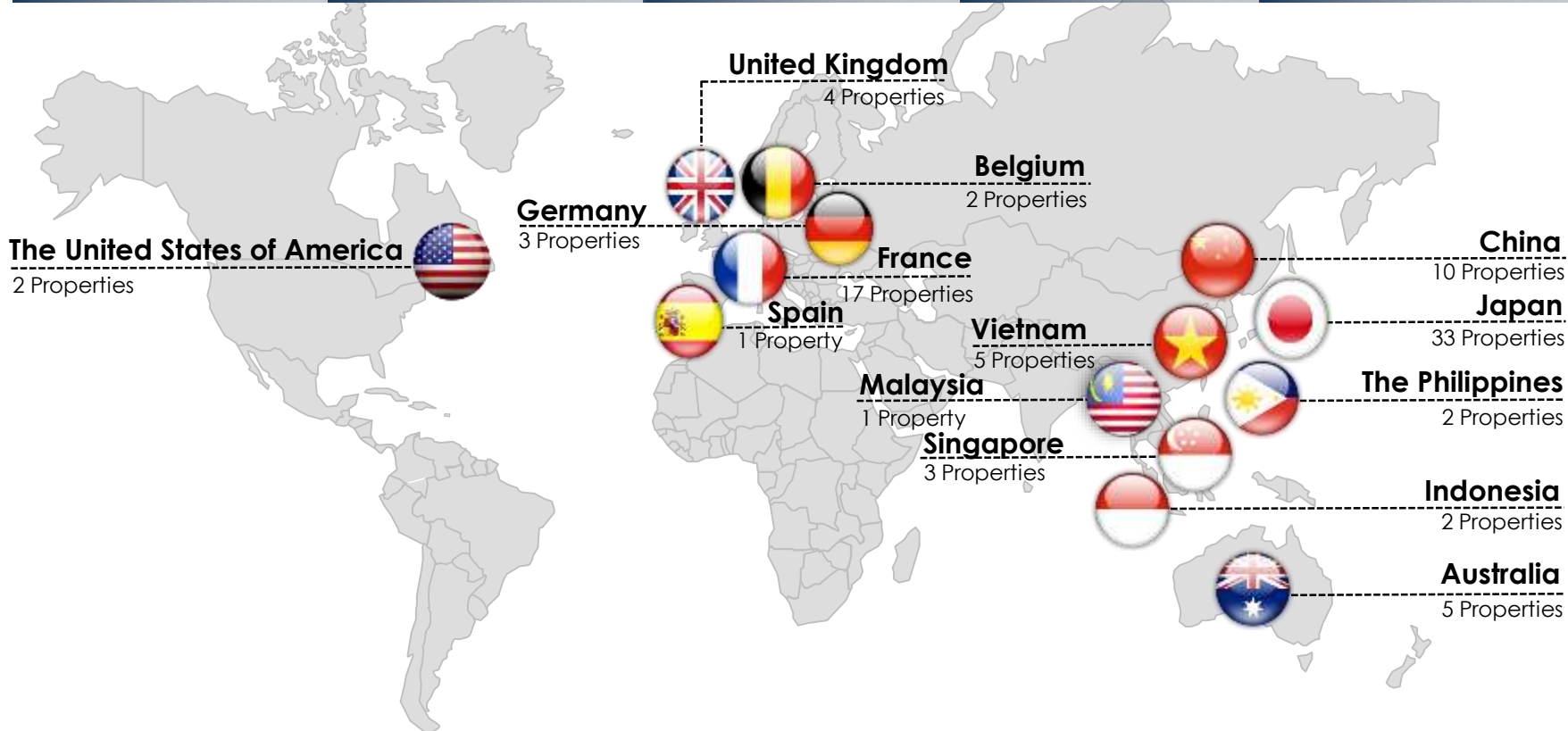
Ascott Raffles Place Singapore



# Overview of Ascott REIT

## A Leading Global Serviced Residence REIT

<b>S\$1.9b<sup>1</sup></b> Market Capitalisation	<b>S\$4.9b<sup>2</sup></b> Total Assets	<b>11,649</b> Apartment Units	<b>90</b> Properties	<b>38</b> Cities in 14 Countries
---	--	----------------------------------	-------------------------	-------------------------------------



Notes:

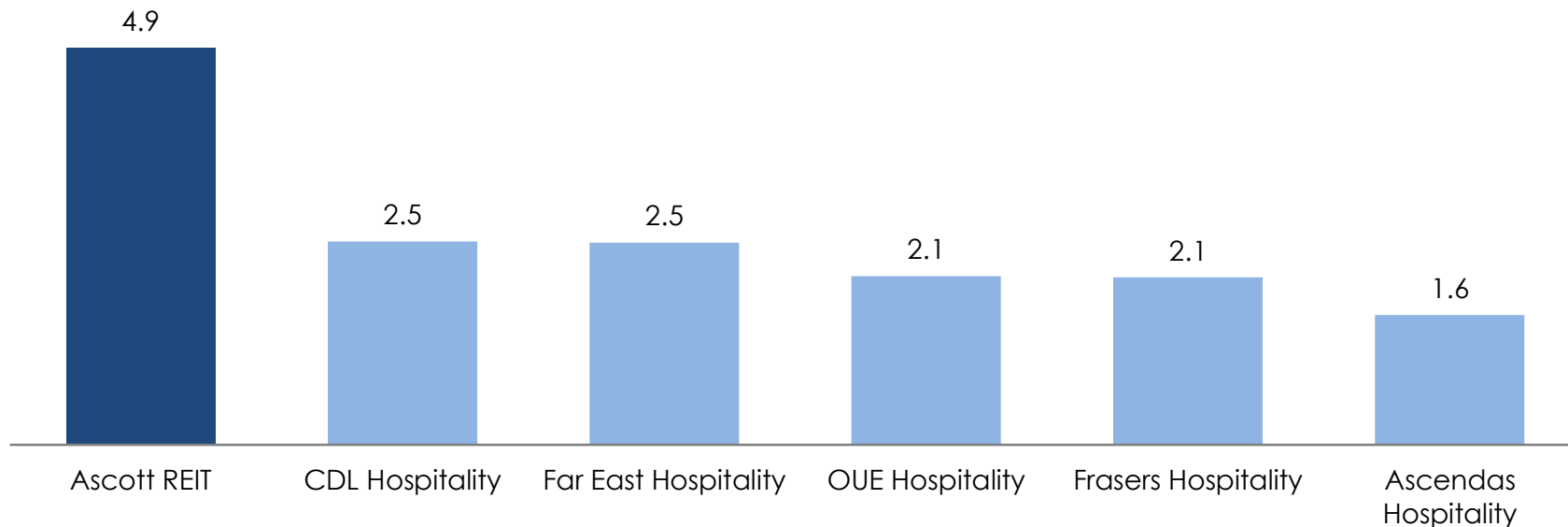
Figures above as at 30 June 2016

1. Market capitalisation as at 31 August 2016
2. Excludes Ascott Orchard Singapore, which acquisition is targeted to be completed in 2017. If Ascott Orchard Singapore were included, the portfolio of Ascott REIT would be approximately S\$5.3 billion.

# Overview of Ascott REIT

Largest hospitality REIT listed on the SGX-ST by total asset value

Total Assets<sup>1</sup> (S\$ b)



Note:

1. Based on latest available company filings

# Overview of Ascott REIT

Strong Sponsor, The Ascott Limited (a wholly-owned subsidiary of CapitaLand)



World's largest international serviced residence owner-operator with over 46,000 units in more than 270 properties

Over 30 year track record having pioneered Pan-Asia's first international-class serviced residence property in 1984

Award-winning brands with worldwide recognition



Sponsor – c.44% CapitaLand ownership in Ascott REIT



# Portfolio Highlights

Ascott Raffles Place Singapore



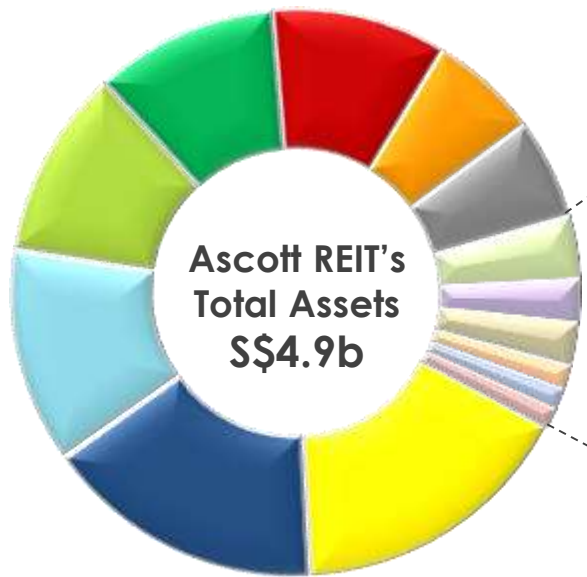


# Geographical Diversification

Key Markets<sup>1</sup> contributed 87.8% of the Group's Gross Profit in 2Q 2016

## Breakdown of Total Assets by Geography As at 30 June 2016

Key Markets	87.9%
Japan	16.5%
China	16.0%
Singapore	12.3%
France	10.8%
UK	10.4%
USA	10.0%
Vietnam	6.2%
Australia	5.7%



Rest of the World	12.1%
Philippines	3.5%
Indonesia	2.5%
Germany	2.4%
Spain	1.4%
Belgium	1.2%
Malaysia	1.1%

Portfolio diversified across property and economic cycles

Note:  
1. Key markets relate to countries that contribute to more than 5% of Ascott REIT's total assets

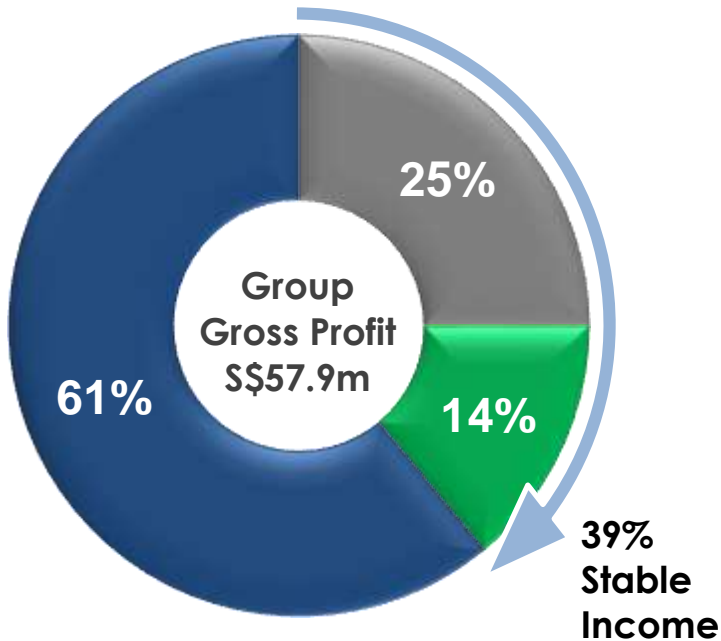
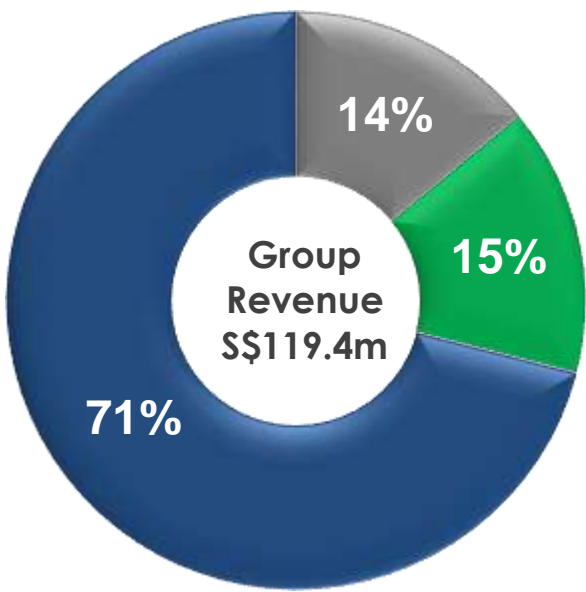


# Portfolio Highlights

## Revenue and Gross Profit (by category)

Revenue  
2Q 2016

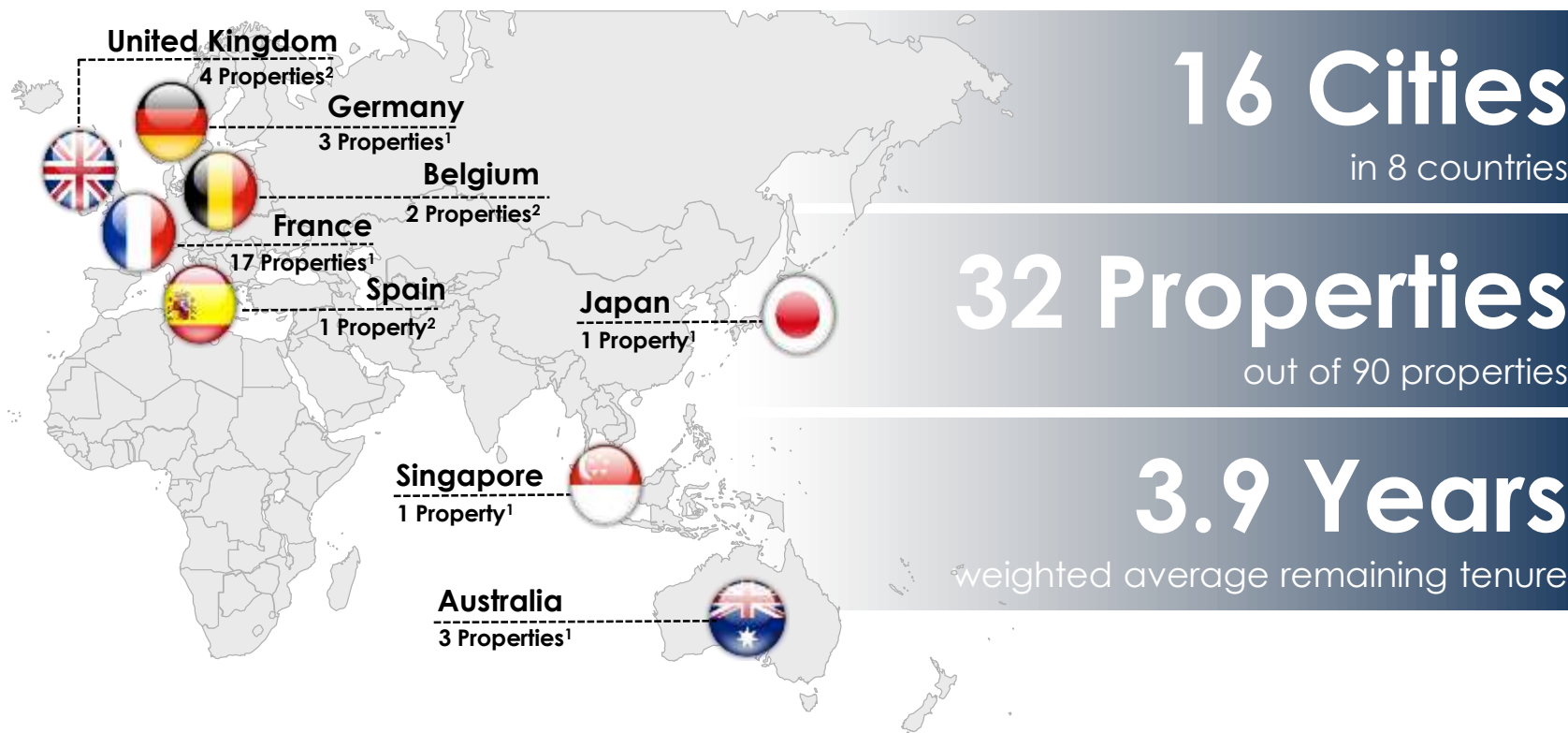
Gross Profit  
2Q 2016



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

# Income Stability

39% of the Group's gross profit for 2Q 2016 is contributed by master leases and management contracts with minimum guaranteed income

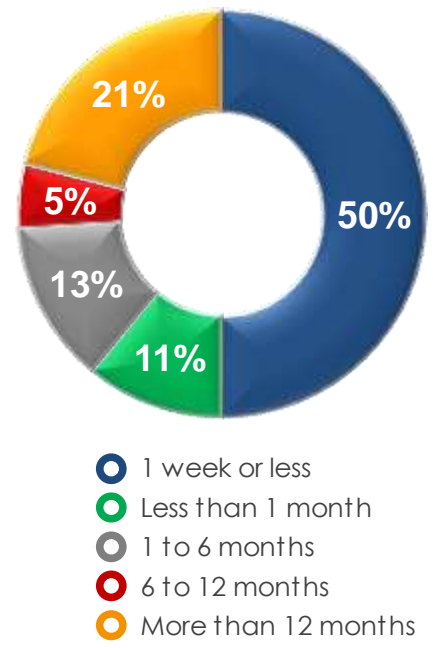


Notes:

1. Properties under master leases
2. Properties under management contracts with minimum guaranteed income

## Focus on Long Stay Segments

### Breakdown of Apartment Rental Income<sup>1</sup> by Length of Stay



**Average length of stay is about 4 months**

Note:  
1. Apartment rental income for YTD June 2016. Information for properties on master leases are not included.



# Strategies



Ascott Raffles Place Singapore



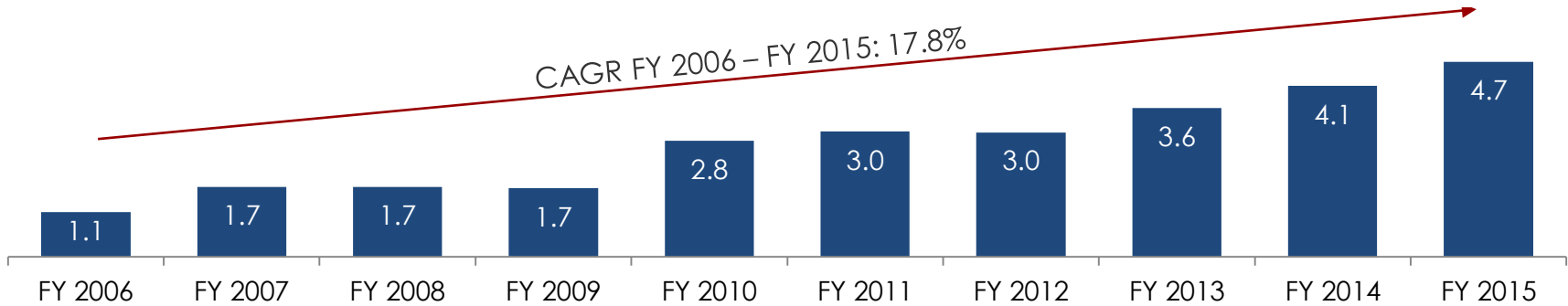
# Ascott REIT's Strategies



# Growth By Acquisition

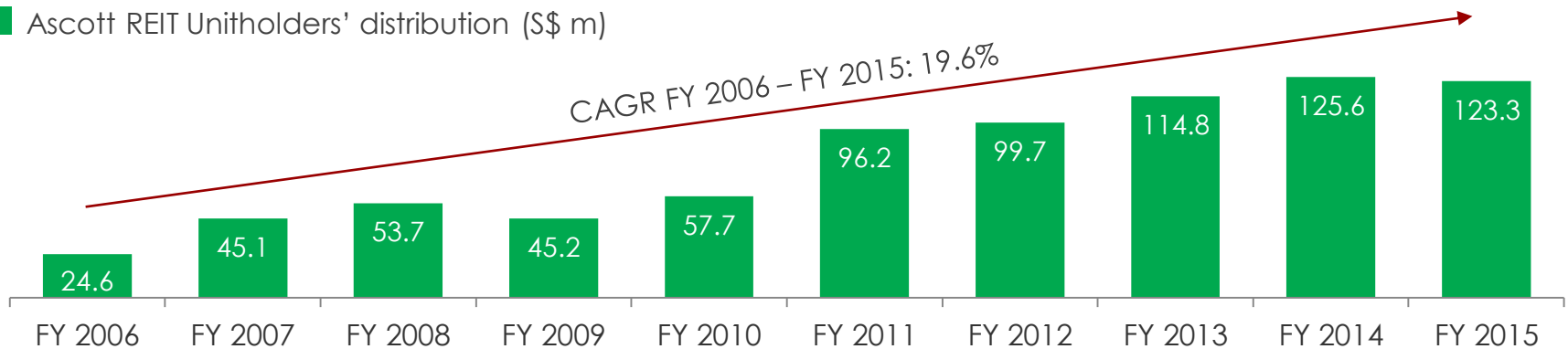
Ascott REIT has more than quadrupled its total assets since its listing in 2006...

■ Ascott REIT Total Assets (S\$ b)



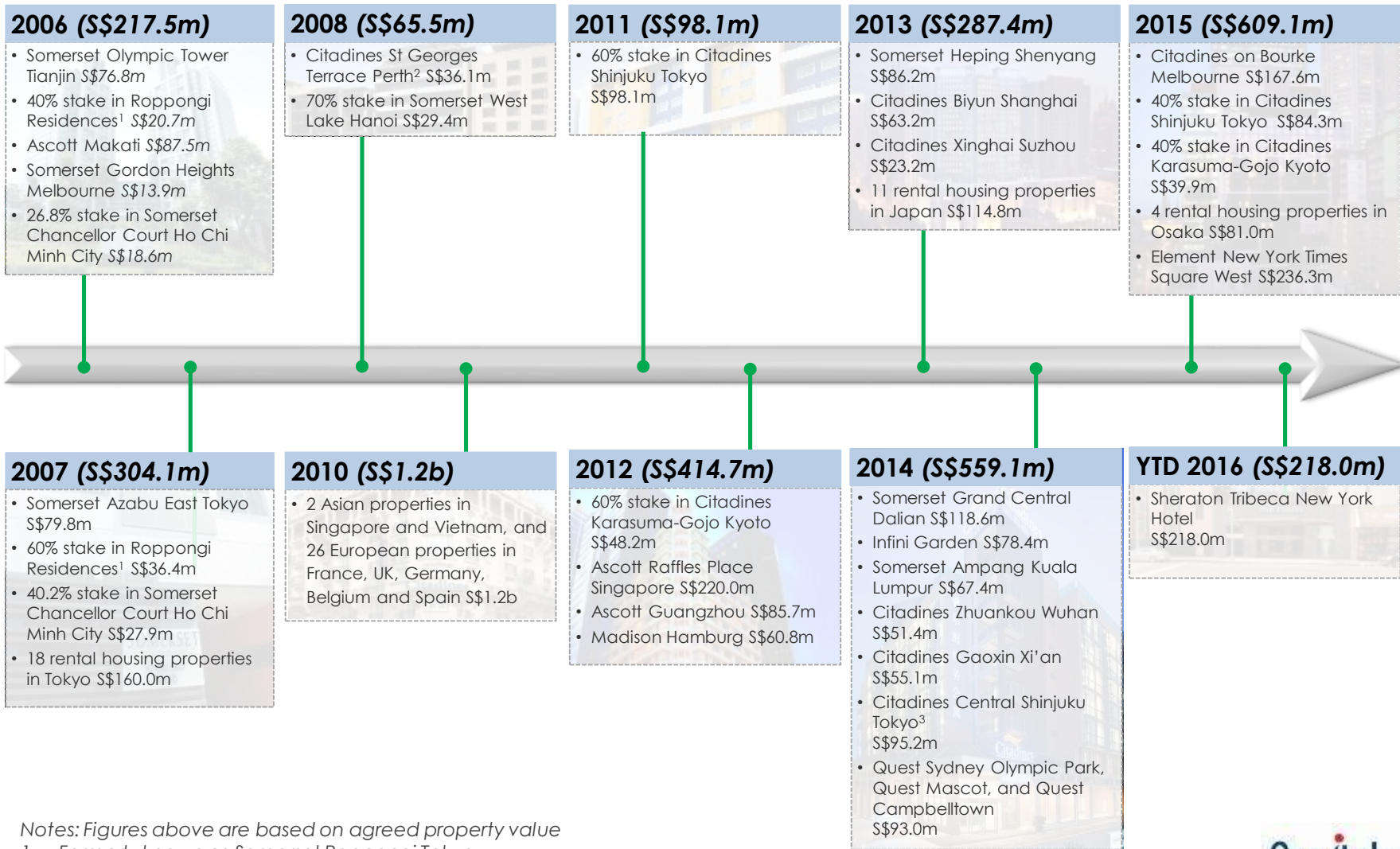
... and achieved strong growth in Unitholders' distribution

■ Ascott REIT Unitholders' distribution (S\$ m)



# Growth By Acquisition

Ascott REIT remains on track to achieve target portfolio size of S\$6.0b by 2017



Notes: Figures above are based on agreed property value

1. Formerly known as Somerset Roppongi Tokyo
2. Formerly known as Somerset St Georges Terrace Perth
3. Formerly known as Best Western Shinjuku Astina Hotel



# Growth By Acquisition

## Ascott REIT acquires a second property in New York, USA



<b>Property</b>	Sheraton Tribeca New York Hotel
<b>Location</b>	350 and 370-372 Canal Street, New York, NY 10013
<b>No. of Units</b>	369 units
<b>Title</b>	99-yr leasehold (expiring Oct 2112)
<b>Brand</b>	Franchised under the 'Sheraton' brand by Starwood
<b>Property Manager</b>	FC-Canal Management LLC, an unrelated third party
<b>Year of Opening</b>	October 2010
<b>Acquisition Price</b>	US\$158.0m (S\$218.0m <sup>1</sup> ) US\$428,000/key (S\$591,000 <sup>1</sup> /key)
<b>Valuation<sup>2</sup></b>	US\$166.0m (S\$229.1m <sup>1</sup> ) US\$450,000/key (S\$621,000 <sup>1</sup> /key)
<b>FY 2015 Pro Forma EBITDA Yield<sup>3</sup></b>	6.8%
<b>FY 2015 Pro Forma DPU Impact<sup>4</sup></b>	1.5% accretion

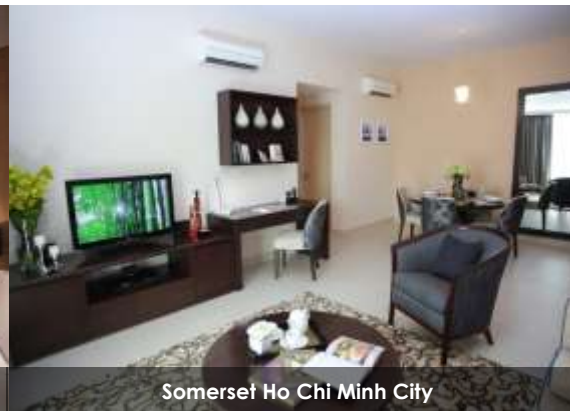
**Notes:**

1. Based on exchange rate of US\$1.00 to S\$1.38
2. Valuation, appointed by DBS Trustee Limited, in its capacity as trustee of Ascott REIT, derived by Jones Lang LaSalle Americas, Inc with effective date as of 22 February 2016
3. Based on the acquisition price of US\$158.0m
4. Assuming acquisition is funded by a combination of debt financing and part of the proceeds from the private placement as announced on 15 March 2016

# Active Asset Management

Approximately 85% of Ascott Reit's serviced residence properties have undergone, or are undergoing, AEI

- AEI at Somerset Grand Central Dalian, Somerset Ho Chi Minh City, Somerset Xu Hui Shanghai and Somerset Olympic Tower Property Tianjin have uplifted ADR of renovated apartment units by 27-35%.
- The first phase of renovation at Ascott Makati is on track for completion this year. We expect to complete the refurbishment at Citadines Barbican London and Somerset Ho Chi Minh City in 2017.



## Proactive Portfolio Reconstitution Over The Years

### 2010 (S\$335.7m)

- Ascott Beijing S\$301.8m
- Country Woods Jakarta S\$33.9m



Ascott Beijing

Country Woods  
Jakarta

The proceeds from the 2012 divestments were deployed to fund the yield accretive acquisitions of

- Ascott Raffles Place Singapore
- Ascott Guangzhou

### 2014

- Fortune Garden Apartments<sup>1</sup> (Ongoing)



Fortune Garden  
Apartments<sup>1</sup>

### 2015 (S\$60.3m)

- 6 Rental Housing Properties in Japan S\$53.1m
- Salcedo Residence S\$7.2m



Salcedo Residences

The proceeds from the 2010 divestments were used to partly fund the yield accretive acquisitions of

- Citadines Mount Sophia Property Singapore,
- Somerset Hoa Binh Hanoi
- 26 European properties in France, UK, Germany, Belgium and Spain

### 2012 (S\$374.6m)

- Somerset Gordon Heights Melbourne S\$15.6m
- Somerset Grand Cairnhill Singapore S\$359.0m



Somerset Gordon  
Heights  
Melbourne



Somerset Grand  
Cairnhill  
Singapore

Ascott REIT has commenced strata sale of 81 apartment units as announced in October 2013.

To date, all the units have been sold or have letter of intent signed.

Ascott REIT Divested

- Six Rental Housing Properties In Japan
- Salcedo Residences in Philippines

Note: Figures above are based on agreed sale price.

1. Formerly known as Somerset Grand Fortune Garden Property Beijing



# Capital and Risk Management

## Healthy Balance Sheet and Credit Metrics

	As at 30 June 2016	As at 31 March 2016
Gearing	41.0%	38.9%
Interest Cover	4.1X	3.7X
Effective Borrowing Rate	2.5%	2.5%
Total Debts on Fixed Rates	80%	78%
Weighted Avg Debt to Maturity (Years)	4.9	5.1
NAV/Unit	S\$1.32	S\$1.34
Ascott REIT's Issuer Rating by Moody's	Baa3	Baa3





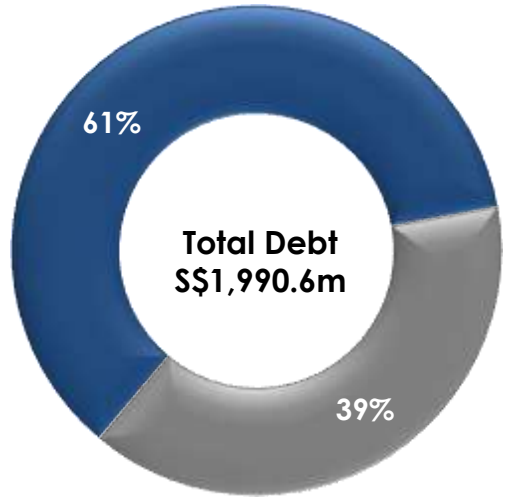
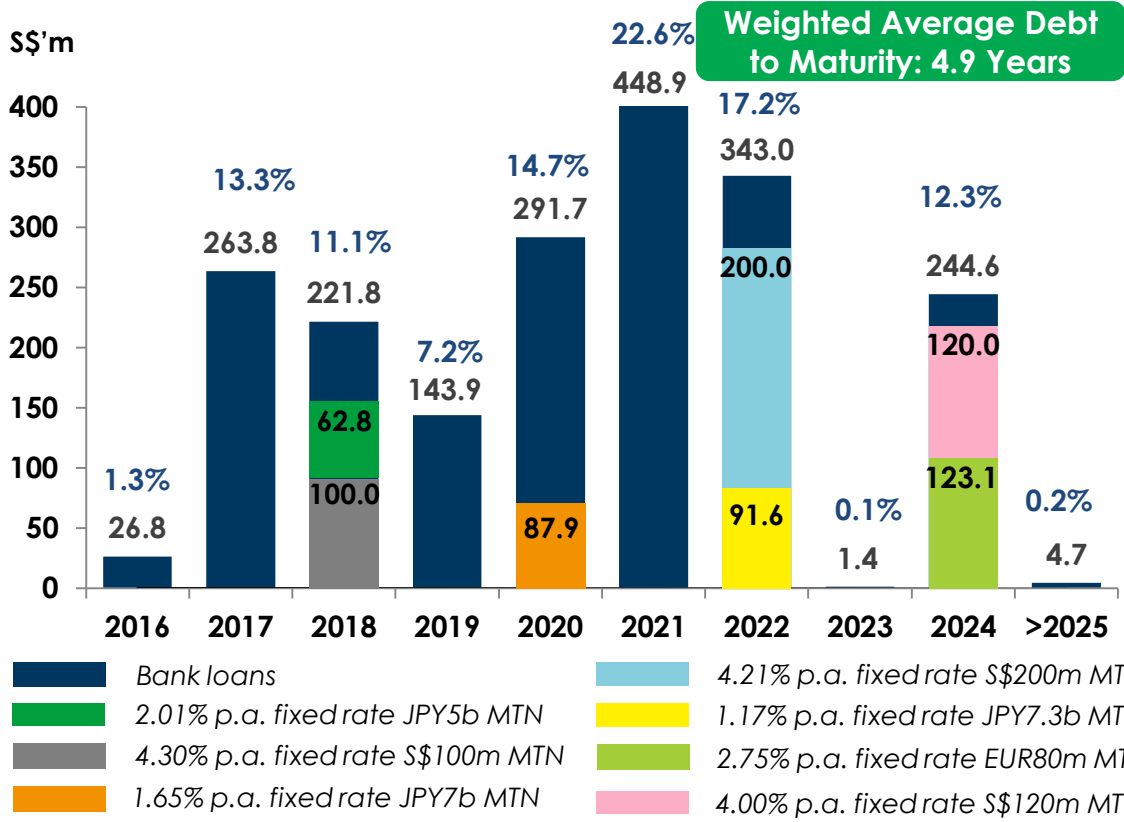
# Capital and Risk Management



## Debt Profile as at 30 June 2016

Debt Maturity Profile

By Debt Type



**Ascott REIT seeks to diversify funding sources and secure long-term financing at an optimal cost.**

**Notes:**

1. S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 1.81% p.a. over the same tenure
2. S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 2.15% p.a. over the same tenure



## Ascott REIT continues to diversify funding sources

### **Issuance of eight-year fixed rate notes under its S\$1b MTN Programme**

- Successfully raised S\$120m fixed rate notes due 2024 which was subsequently swapped into Euros at an overall effective fixed rate of 2.15% p.a

### **Successfully raised gross proceeds of S\$100m through a private equity placement**

- Proceeds were deployed to finance yield-accretive acquisition in United States of America

### **Entered into a cross currency swap to swap USD into JPY**

- Successfully swapped a USD50.9 million bank loan into JPY at an overall effective interest rate of 0.082%

**Ascott REIT continues to seek diversified funding sources at optimal costs so as to enhance its financial flexibility to pursue growth opportunities**

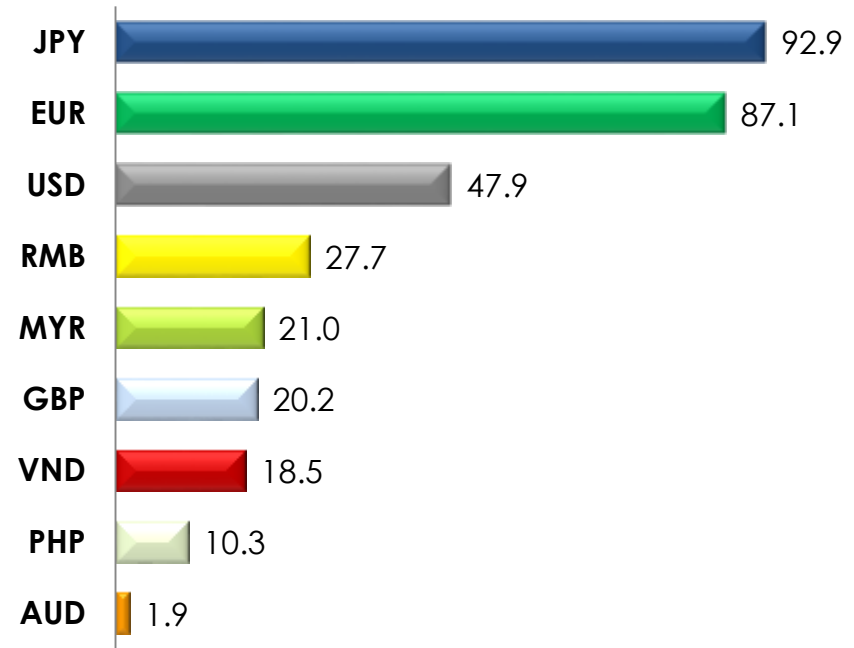
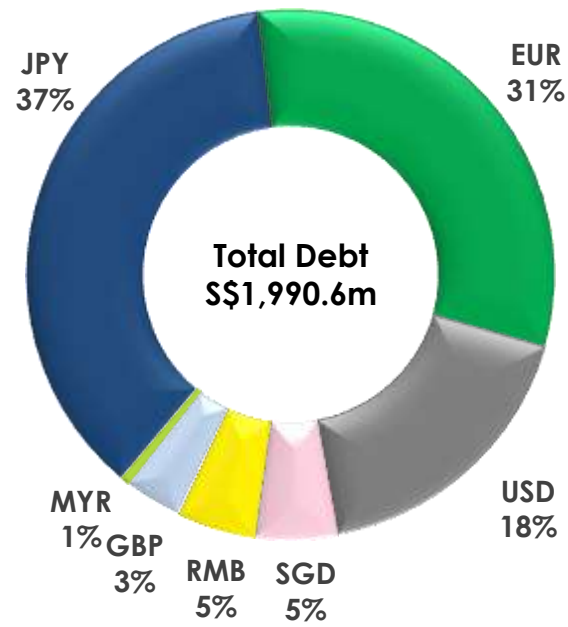


# Capital and Risk Management

## Foreign Currency Risk Management

**Debt By Currency (%)**  
As at 30 June 2016

**Balance Sheet Hedging (%)**  
As at 30 June 2016



Ascott REIT adopts a natural hedging strategy to the extent possible.



# Capital and Risk Management

## Foreign Currency Risk Management

Currency	Gross Profit YTD Jun 2016 (%)	Exchange Rate Movement From 31 Dec 2015 to 30 Jun 2016 (%)
EUR	21.5	3.7
JPY	17.7	2.0
USD	10.8	-1.8
GBP	10.2	-5.7
VND	10.0	-1.6
RMB	8.8	-3.8
AUD	8.6	-
SGD	8.3	-
PHP	3.1	-1.5
MYR	1.0	1.7
<b>Total</b>	<b>100.0</b>	<b>-0.2</b>

We have entered into foreign currency forward contracts to hedge distribution income derived in EUR and JPY. On a portfolio basis, 30% of FY 2016 foreign currency distribution income had been hedged.



# Conclusion



Ascott Raffles Place Singapore



# Conclusion

1

## Actively seek accretive acquisition

- The acquisition of the 369-unit Sheraton Tribeca New York Hotel, Ascott REIT's second property in New York, USA, was completed on 29 April 2016.
- Remains on track to achieve target portfolio size of S\$6.0 billion by 2017 as it continues to seek accretive acquisitions in Australia, Japan, Europe and the United States of America

2

## Focus on rejuvenating and creating value for portfolio

- To date, all the units in Fortune Garden Apartments have been sold or have letter of intent signed.
- Continues to create new value through AEI for certain properties in China, Vietnam, Philippines and the United Kingdom following successful AEI at properties in China and Vietnam which uplifted ADR by 27-35%

3

## Maintain disciplined and prudent capital management

- Maintained effective borrowing rate at 2.5% p.a. with 80% of the Group's borrowings on fixed interest rates.
- Continues to remain vigilant to changes in macro and credit environment that may impact Ascott REIT's financing plans

# Conclusion

## A Leading Global Serviced Residence REIT

**S\$1.9b<sup>1</sup>**

Market Capitalisation

**S\$4.9b<sup>2</sup>**

Total Assets

**11,649**

Apartment Units

**90**

Properties

**38**

Cities in 14 Countries



Notes:

Figures above as at 30 June 2016

1. Market capitalisation as at 11 August 2016
2. Excludes Ascott Orchard Singapore, which acquisition is targeted to be completed in 2017. If Ascott Orchard Singapore were included, the portfolio of Ascott REIT would be approximately S\$5.3 billion.



# Appendix



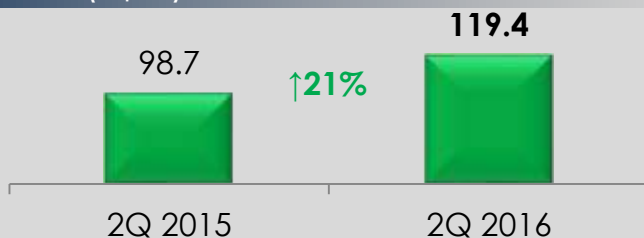
Ascott Raffles Place Singapore



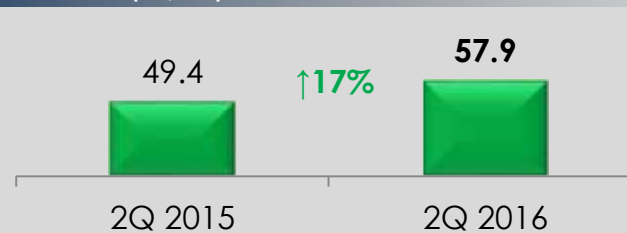
# Financial Highlights for 2Q 2016

## 2Q 2016 vs 2Q 2015 Financial Performance

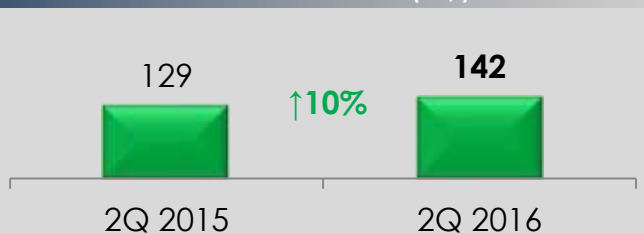
### Revenue (\$m)



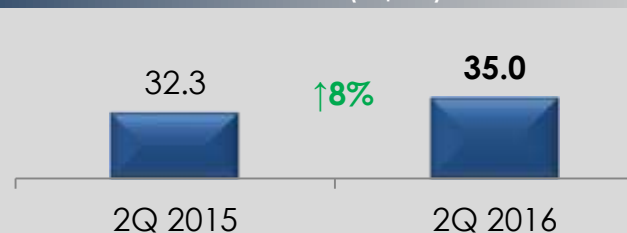
### Gross Profit (\$m)



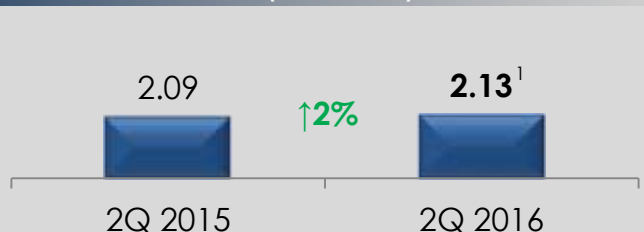
### Revenue Per Available Unit (\$)



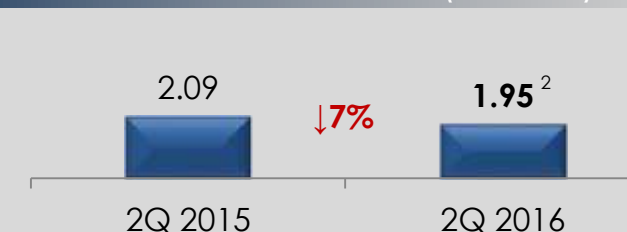
### Unitholders' Distribution (\$m)



### Distribution Per Unit (\$ cents)



### Adjusted Distribution Per Unit (\$ cents)



Notes:

1. DPU adjusted for effect of equity placement would be 2.16 cents for 2Q 2016.
2. Unitholders' distribution in 2Q 2016 included a realised exchange gain of \$3.5 million arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.

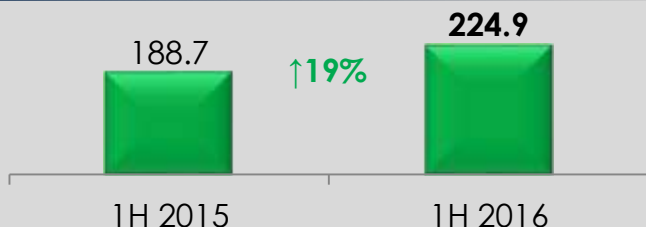




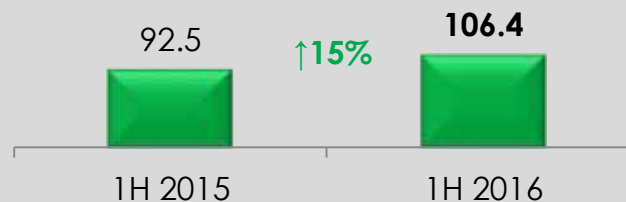
# Financial Highlights for 1H 2016

## 1H 2016 vs 1H 2015 Financial Performance

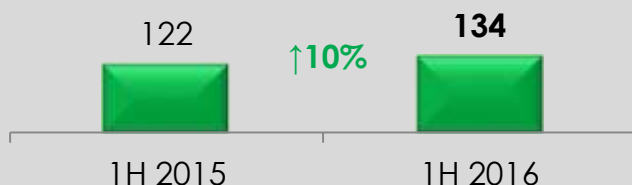
### Revenue (\$m)



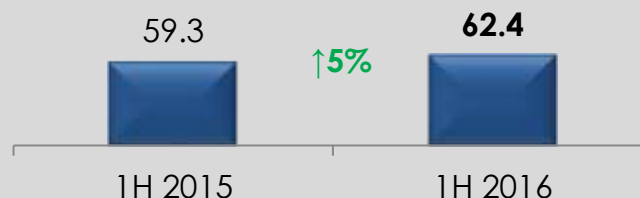
### Gross Profit (\$m)



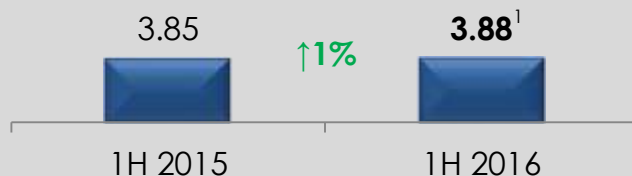
### Revenue Per Available Unit (\$)



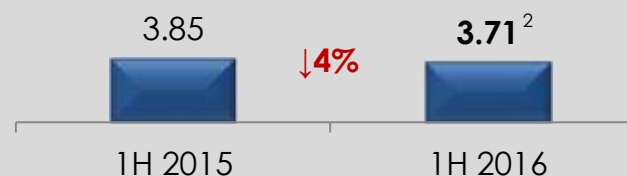
### Unitholders' Distribution (\$m)



### Distribution Per Unit (\$ cents)



### Adjusted Distribution Per Unit (\$ cents)



#### Notes:

1. DPU adjusted for effect of equity placement would be 3.92 cents for 1H 2016.
2. Unitholders' distribution in 1H 2016 included a realised exchange gain of \$3.5 million arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments.



# Portfolio Value Up by 4%<sup>1</sup>

Higher valuation from properties in Japan, Spain, UK and USA

- Portfolio valuation as at 30 June 2016 of S\$4,562.6m
- Portfolio value increased mainly due to acquisition of Sheraton Tribeca New York Hotel as well as higher valuation from properties in Japan, Spain, UK and USA, partially offset by lower valuation from properties in Malaysia, Indonesia and Singapore.



1. As compared to valuation as at 31 December 2015



Somerset Grand Central Dalian



Citadines Zhuankou Wuhan



Citadines Gaoxin Xi'an



Somerset Heping Shenyang



Ascott Guangzhou



Somerset Olympic Tower Property Tianjin



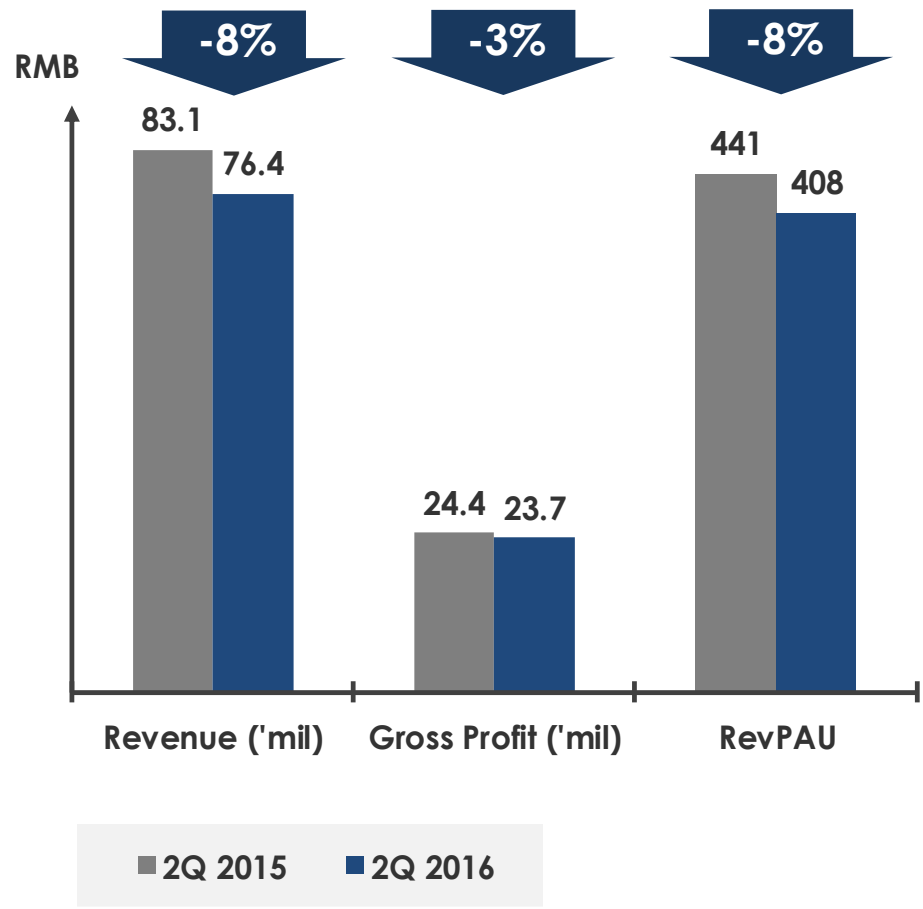
Citadines Xinghai Suzhou



Citadines Biyun Shanghai



Somerset Xu Hui Shanghai



### Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to weaker demand from project groups.
- Gross profit decreased due to lower revenue, partially offset by lower business tax and depreciation expense.
- ADR of refurbished apartment units at Somerset Xu Hui Shanghai was uplifted by approximately 27% in Phase 2C. Phase 2D, the final phase of AEI, was completed in June 2016.



Somerset Azabu East Tokyo



Citadines Shinjuku Tokyo



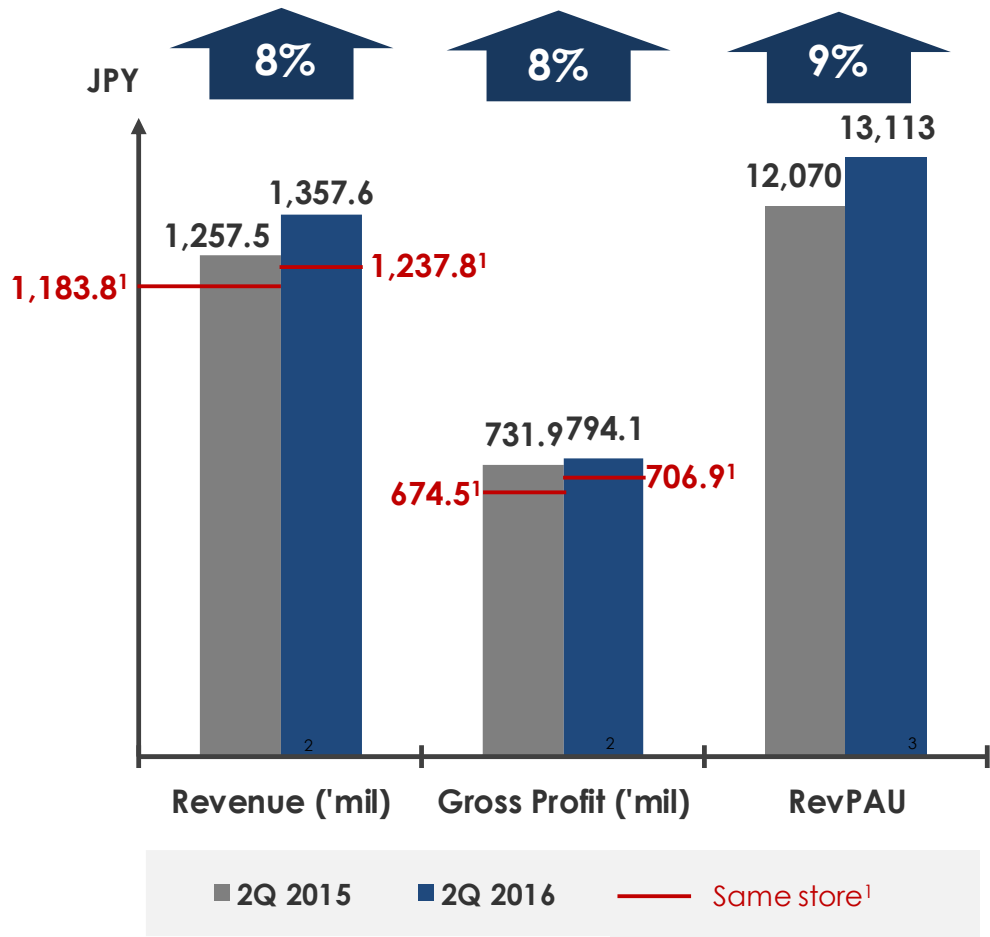
Citadines Karasuma-Gojo Kyoto



Citadines Central Shinjuku Tokyo



29 rental housing properties in Japan



### Key Market Performance Highlights

- Revenue and gross profit increased mainly due to contribution from the portfolio of four rental housing properties acquired in July 2015.
- On a same store basis, revenue and gross profit and RevPAU increased mainly due to stronger demand from the leisure sector.
- Occupancy for rental housing properties remained stable at 98% in 2Q 2016.

Notes:

- Excluding six rental housing properties which were divested on 30 September 2015 and four rental housing properties which were acquired on 31 July 2015
- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to serviced residences and excludes rental housing properties



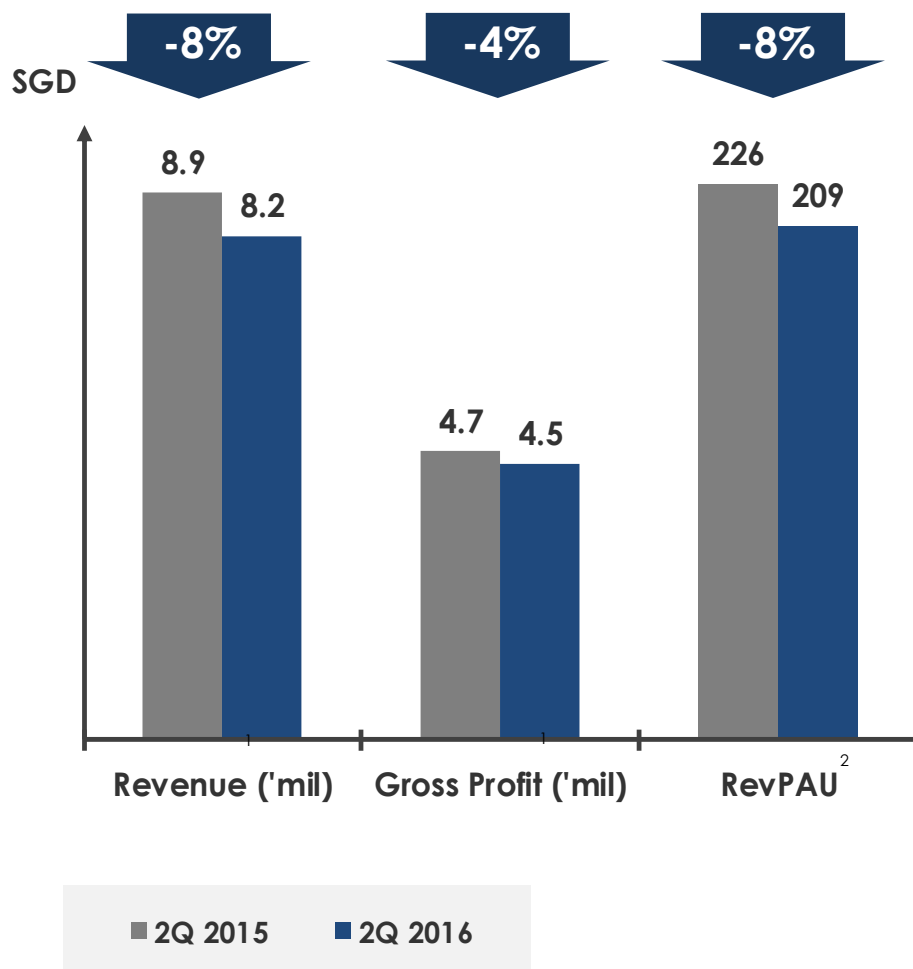
Somerset Liang  
Court Property  
Singapore



Citadines Mount  
Sophia Property  
Singapore



Ascott  
Raffles Place  
Singapore



## Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to weaker corporate demand.
- Gross profit decreased due to lower revenue, partially offset by lower depreciation expense and property tax.

Notes:

- Revenue and gross profit figures above relate to properties under master leases and management contracts
- Includes RevPAU of Ascott Raffles Place Singapore





# United Kingdom



Citadines Barbican London



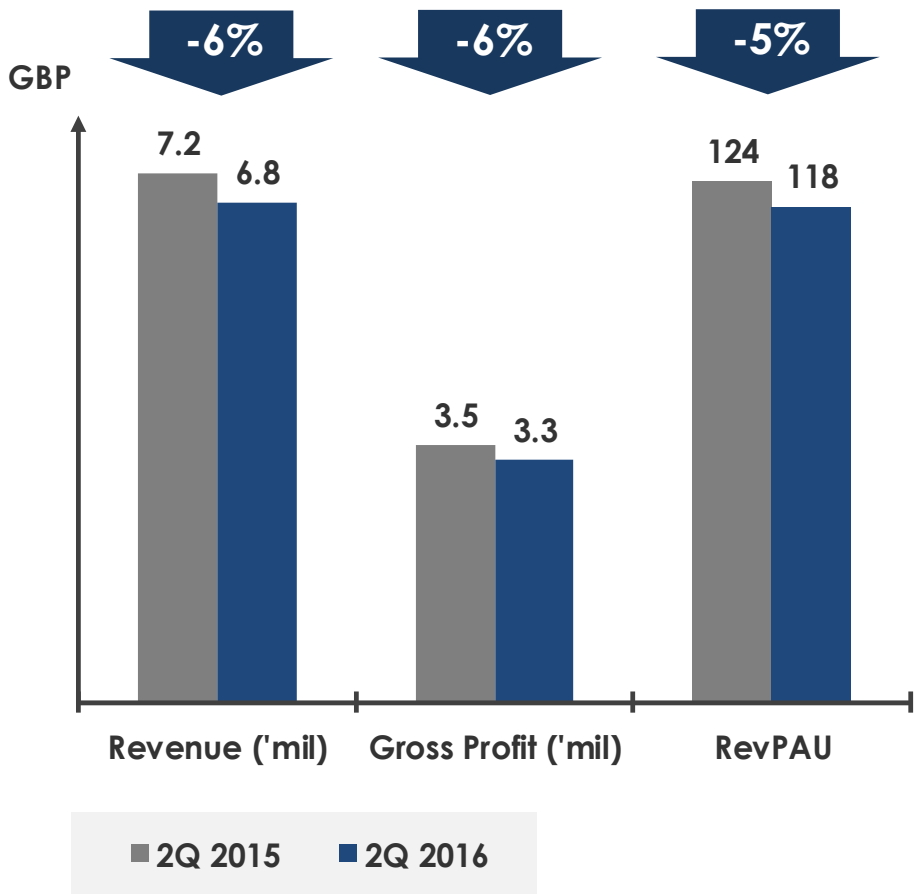
Citadines Holborn-Covent Garden London



Citadines Trafalgar Square London



Citadines South Kensington London



### Key Market Performance Highlights

- Revenue, gross profit and RevPAU decreased mainly due to ongoing refurbishment at Citadines Barbican London.
- Phased refurbishment of 129 apartment units at Citadines Barbican London has commenced in 1Q 2016 and it is expected to be completed in 1Q 2017.





La Clef  
Louvre Paris<sup>1</sup>



Citadines  
Les Halles  
Paris



Citadines  
Croisette  
Cannes



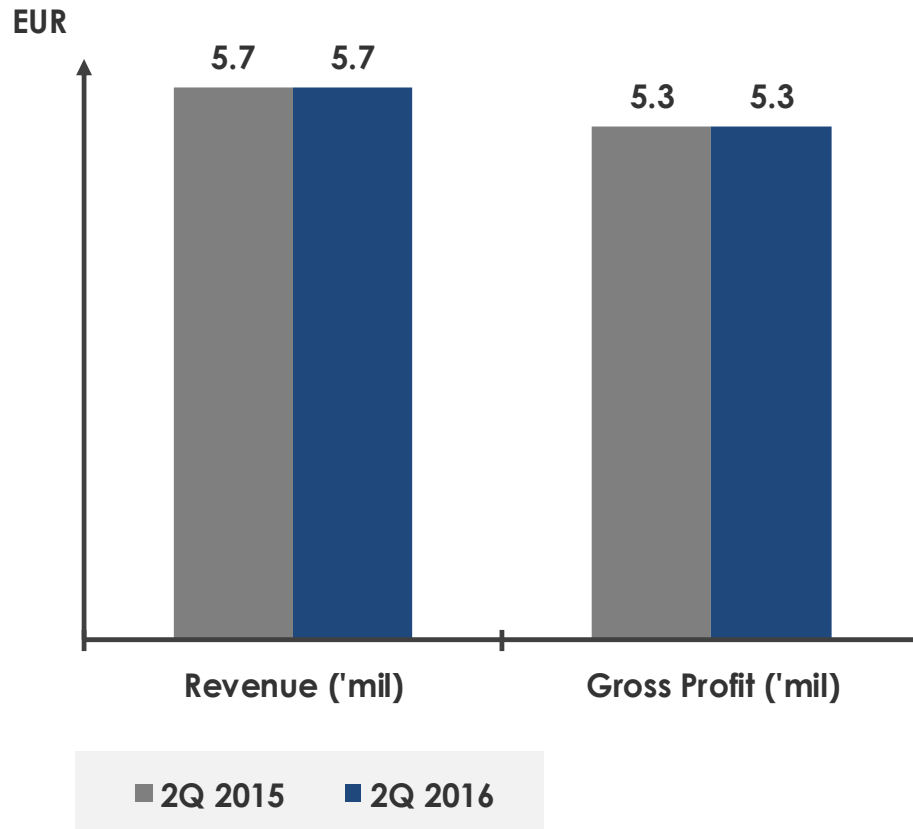
Citadines  
Place d'Italie  
Paris



Citadines  
Tour Eiffel  
Paris



Citadines  
Austerlitz  
Paris



## Key Market Performance Highlights

- All the properties in France are underpinned by master leases hence operational risks are mitigated.
- Master lease rental income has remained stable in 2Q 2016.

Note:

1. Formerly known as Citadines Suites Louvre Paris



Somerset  
Grand Hanoi



Somerset  
Hoa Binh Hanoi



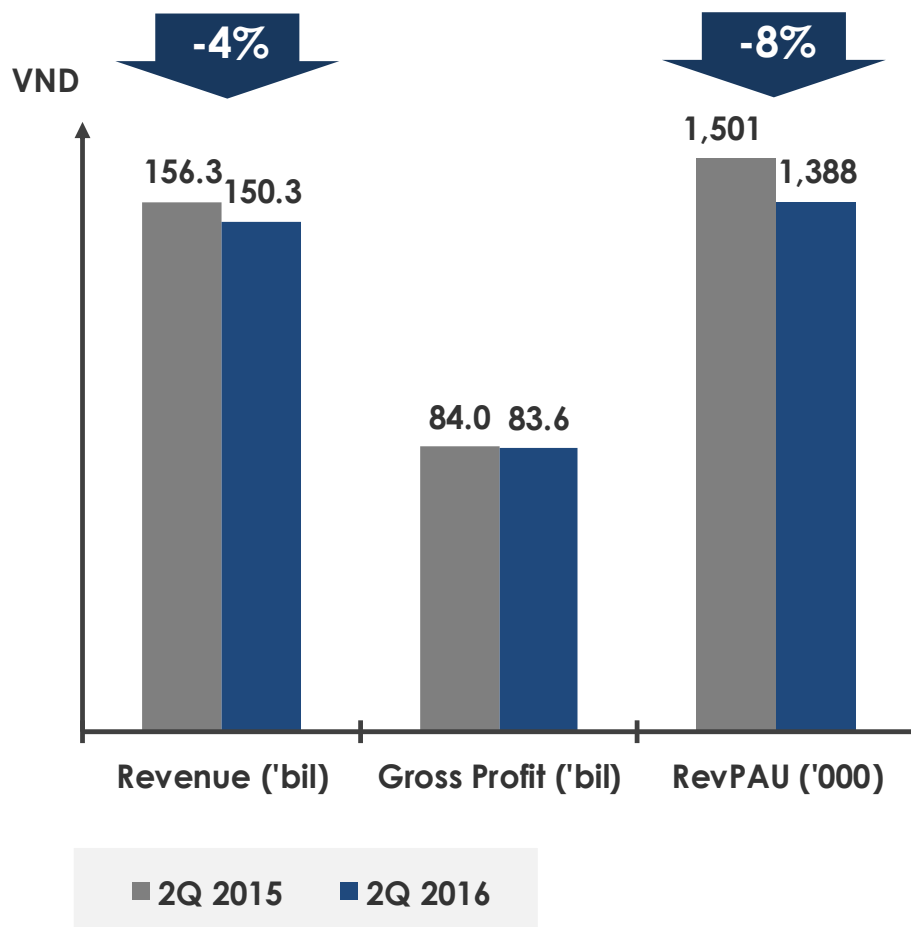
Somerset West  
Lake Hanoi



Somerset Ho  
Chi Minh City



Somerset  
Chancellor Court  
Ho Chi Minh City



## Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to ongoing refurbishment at Somerset Ho Chi Minh City and weaker corporate demand in Hanoi.
- Gross profit decreased due to lower revenue, partially offset by lower depreciation expense.
- ADR of refurbished apartment units at Somerset Ho Chi Minh City was uplifted by approximately 27% in the latest completed phase of AEI in 1Q 2015. The final phase of AEI is on track for completion in 1Q 2017.



Citadines on Bourke Melbourne



Citadines St Georges Terrace Perth



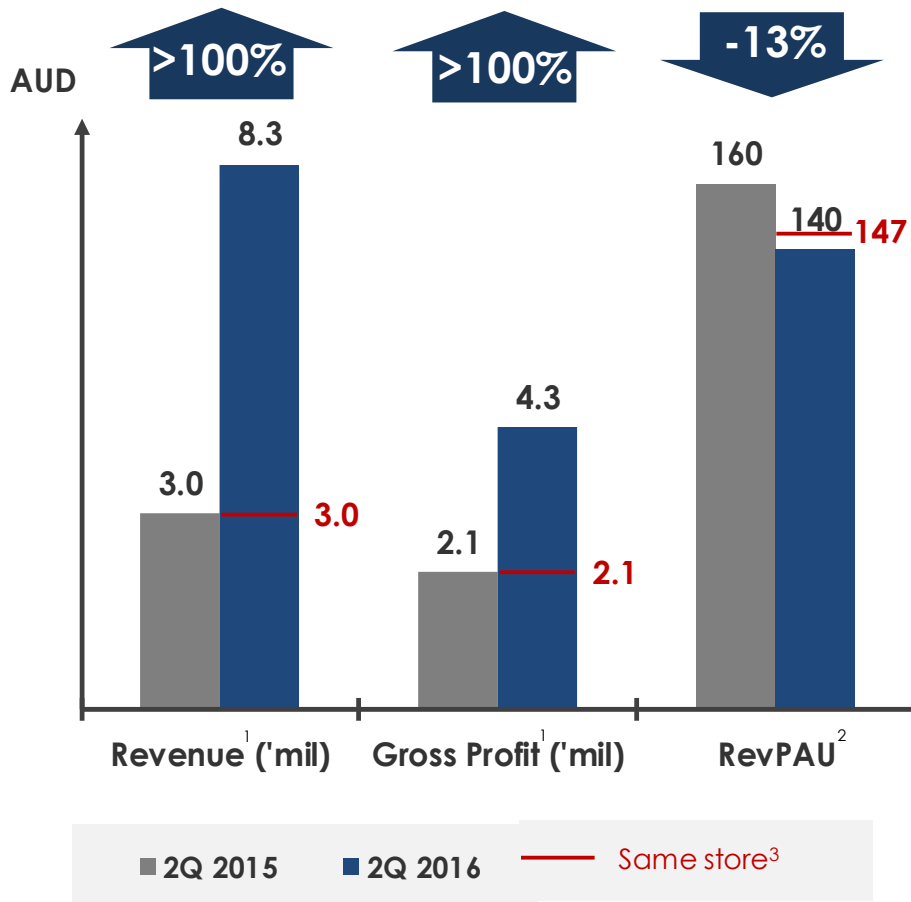
Quest Sydney Olympic Park



Quest Campbelltown



Quest Mascot



### Key Market Performance Highlights

- Revenue and gross profit increased mainly due to the acquisition of Citadines on Bourke Melbourne in July 2015.
- Excluding the contribution from Citadines on Bourke Melbourne, revenue and gross profit remained at the same level as last year.
- RevPAU decreased mainly due to lower ADR from the newly acquired property and weaker market demand in Perth.

Notes:

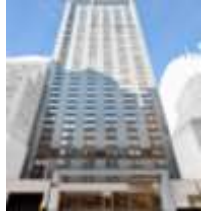
- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to Citadines on Bourke Melbourne and Citadines St Georges Terrace Perth only.
- Citadines on Bourke Melbourne was acquired in July 2015.



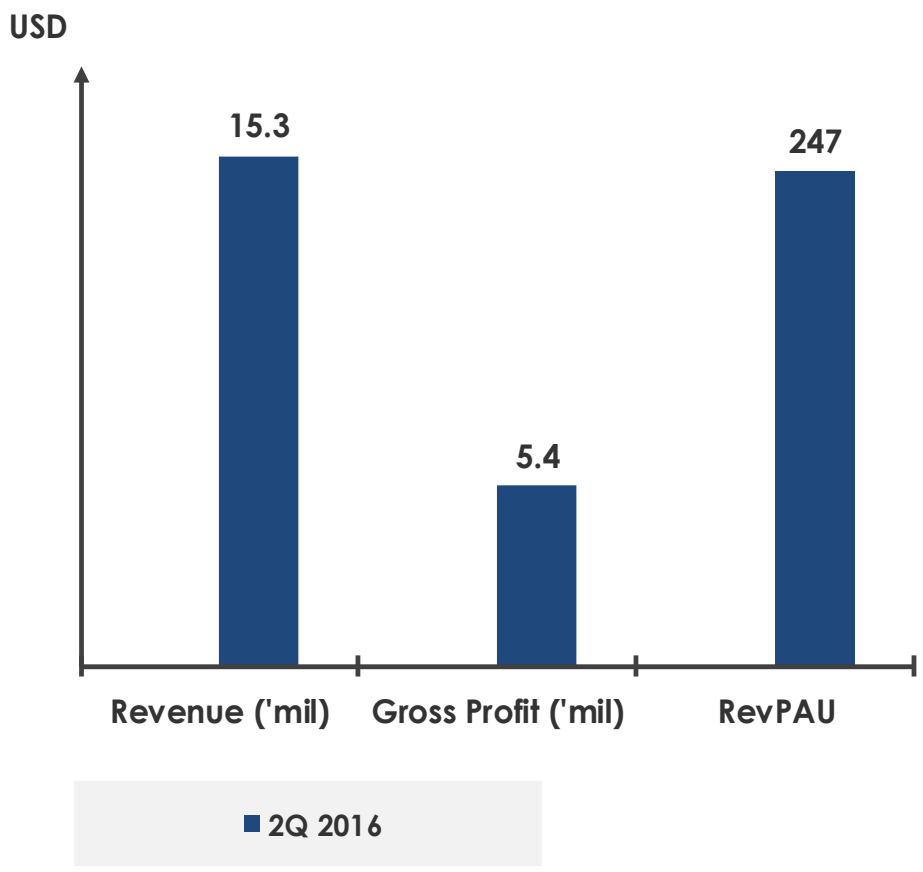
# The United States of America



Sheraton Tribeca  
New York Hotel



Element New York  
Times Square West



## Key Market Performance Highlights

- Ascott REIT made its first foray into USA with the acquisition of the 411-unit Element New York Times Square West on 19 August 2015
- Ascott REIT acquired its second property, Sheraton Tribeca New York Hotel, on 29 April 2016.



# Master Leases (2Q 2016 vs 2Q 2015)



La Clef  
Louvre Paris<sup>1</sup>



Citadines  
Les Halles Paris



Citadines  
Croisette  
Cannes



Citadines  
Arnulfpark  
Munich



Ascott  
Raffles Place  
Singapore



Quest Sydney  
Olympic Park

## Revenue ('mil)

## Gross Profit ('mil)

	2Q 2016	2Q 2015		2Q 2016	2Q 2015	
<b>Australia (AUD)</b> 3 Properties	1.8	1.7	↑	1.7	1.6	↑
<b>France (EUR)</b> 17 Properties	5.7	5.7	-	5.3	5.3	-
<b>Germany (EUR)</b> 3 Properties	1.5	1.5	-	1.3	1.4	↓
<b>Japan (JPY)</b> 1 Property <sup>2</sup>	133.3	187.6	↓	104.3	149.4	↓
<b>Singapore (SGD)</b> Ascott Raffles Place Singapore	1.8	2.4	↓	1.6	2.0	↓

Notes:

- Formerly known as Citadines Suites Louvre Paris
- Five rental housing properties in Japan were divested on 30 September 2015





# Management Contracts with Minimum Guaranteed Income (2Q 2016 vs 2Q 2015)

	Revenue ('mil)			Gross Profit ('mil)			RevPAU		
	2Q 2016	2Q 2015		2Q 2016	2Q 2015		2Q 2016	2Q 2015	
<b>Belgium (EUR)</b> 2 Properties	1.5	2.4	↓	0.3	0.8	↓	48	74	↓
<b>Spain (EUR)</b> 1 Property	1.4	1.4	-	0.7	0.7	-	112	108	↑
<b>United Kingdom (GBP)</b> 4 Properties	6.8	7.2	↓	3.3	3.5	↓	118	124	↓



# Management Contracts (2Q 2016 vs 2Q 2015)

	Revenue ('mil)			Gross Profit ('mil)			RevPAU		
	2Q 2016	2Q 2015		2Q 2016	2Q 2015		2Q 2016	2Q 2015	
<b>Australia (AUD)</b>	6.5	1.3	↑	2.6	0.5	↑	140	160	↓
<b>China (RMB)</b>	76.4	83.1	↓	23.7	24.4	↓	408	441	↓
<b>Indonesia (USD)</b>	3.1	3.2	↓	1.1	1.1	-	81	86	↓
<b>Japan (JPY)<sup>1</sup></b>	1,224.3	1,069.9	↑	689.8	582.5	↑	13,113	12,070	↑
<b>Malaysia (MYR)</b>	4.6	4.7	↓	1.5	1.2	↑	246	249	↓
<b>Philippines (PHP)</b>	168.3	247.7	↓	52.1	85.6	↓	3,459	4,096	↓
<b>Singapore (SGD)</b>	6.4	6.5	↓	2.9	2.7	↑	200	203	↓
<b>United States of America (USD)</b>	15.3	-	-	5.4	-	-	247	-	-
<b>Vietnam (VND)<sup>2</sup></b>	150.3	156.3	↓	83.6	84.0	-	1,388	1,501	↓

Notes:

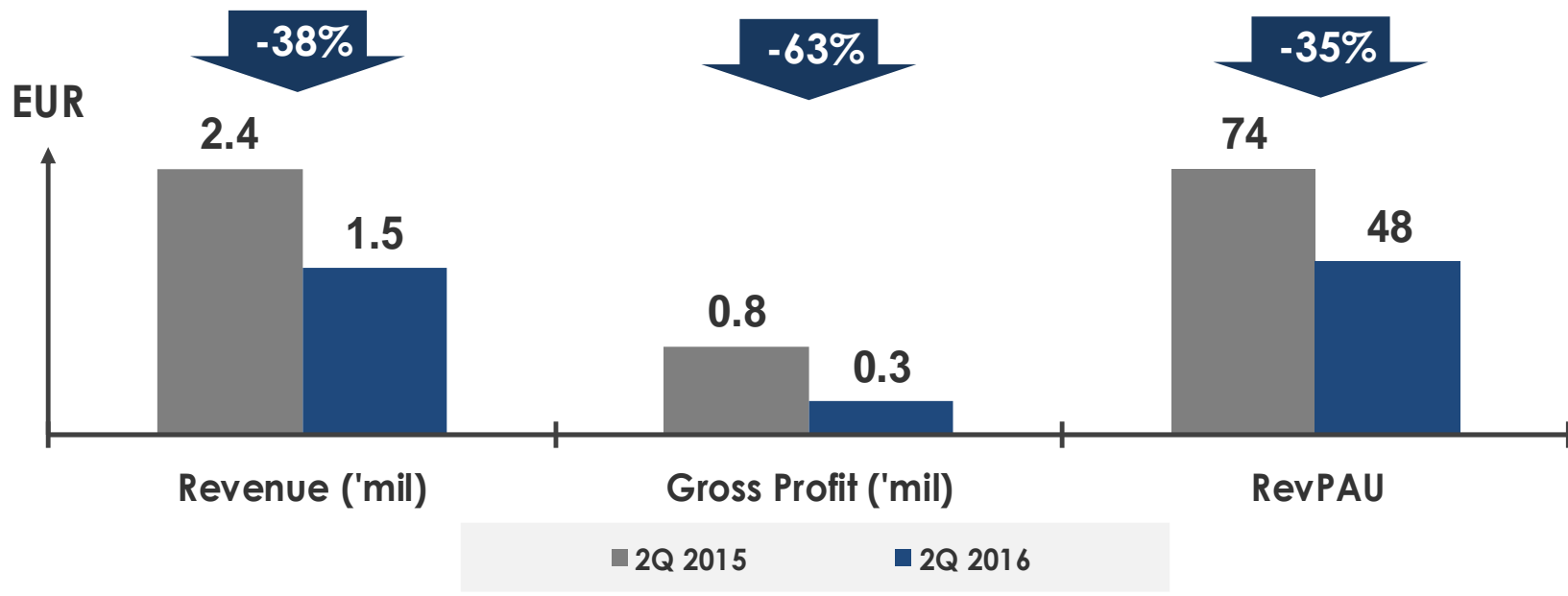
1. RevPAU for Japan refers to serviced residences and excludes rental housing.
2. Revenue and gross profit figures for VND are stated in billions. RevPAU figures are stated in thousands.



Citadines  
Sainte-Catherine  
Brussels



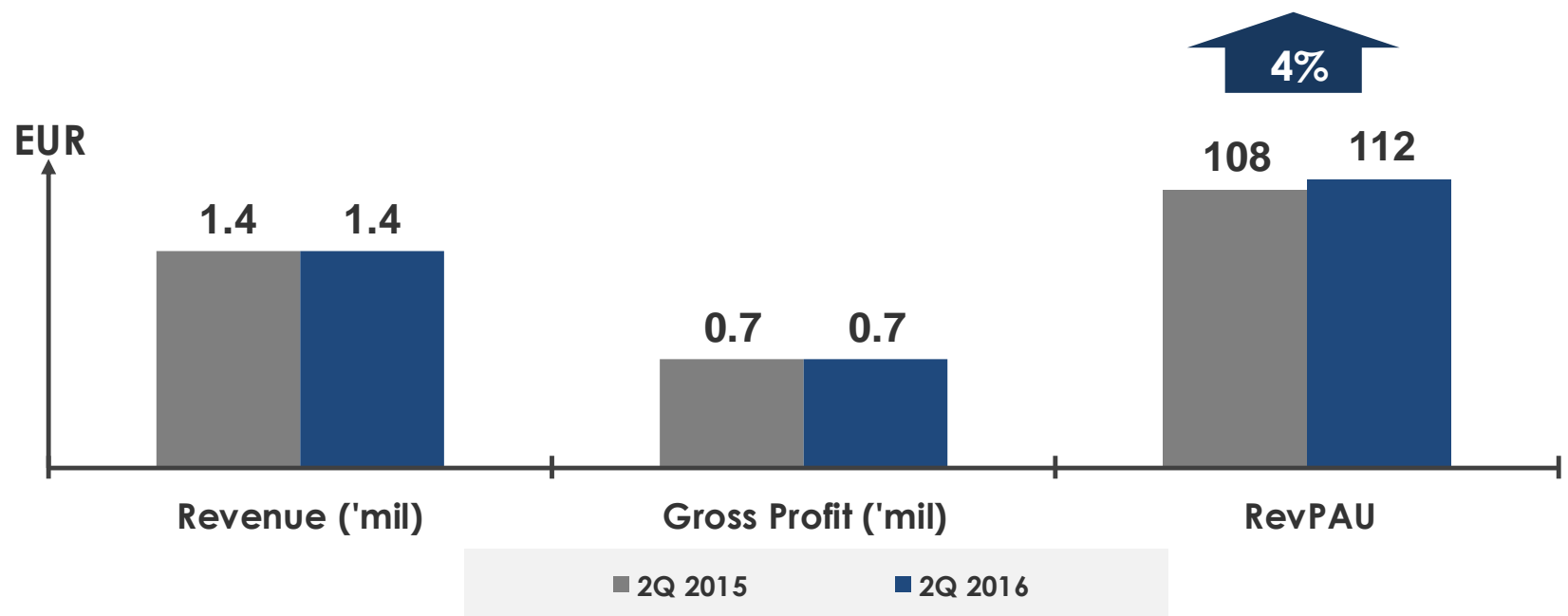
Citadines  
Toison d'Or  
Brussels



Revenue, gross profit and RevPAU decreased mainly due to weaker demand following terror attacks in March 2016.



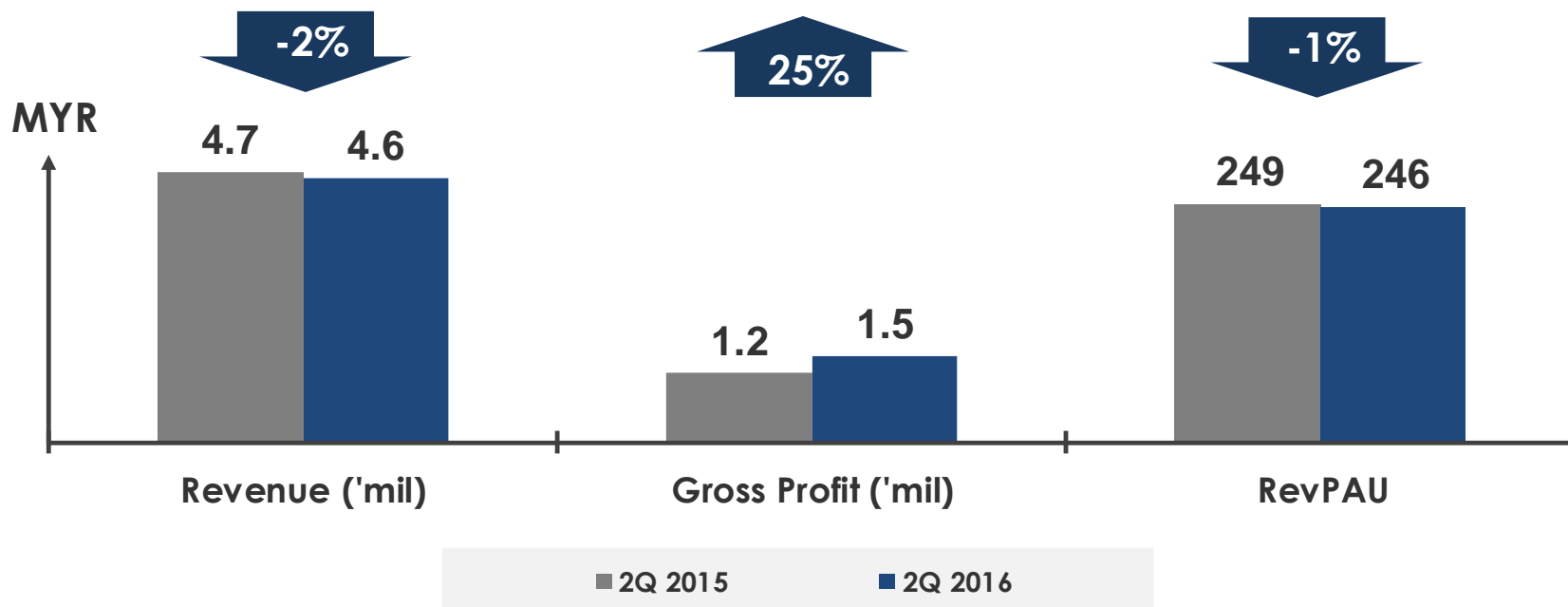
Citadines Ramblas  
Barcelona



Revenue, gross profit and RevPAU remained fairly stable.



Somerset Ampang  
Kuala Lumpur



Revenue and RevPAU decreased due to lower corporate accommodation budgets. Gross profit increased due to lower depreciation expense.

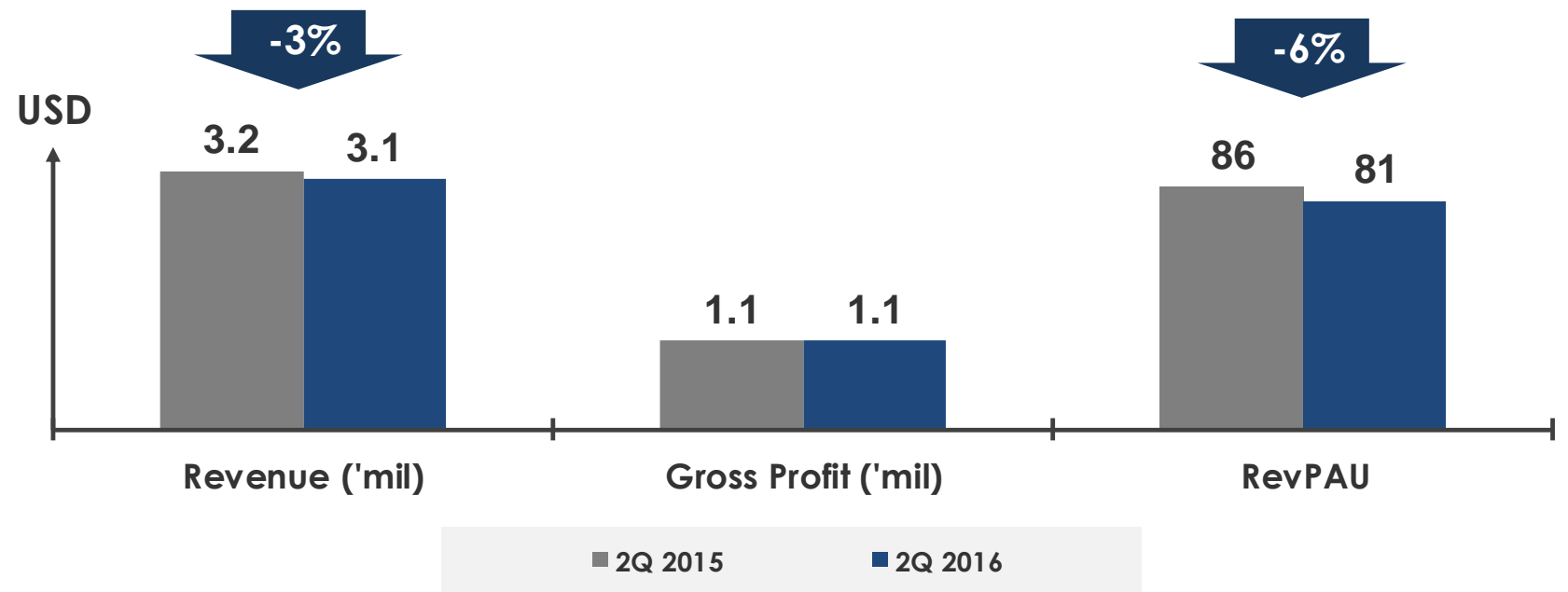




Ascott Jakarta



Somerset Grand Citra Jakarta



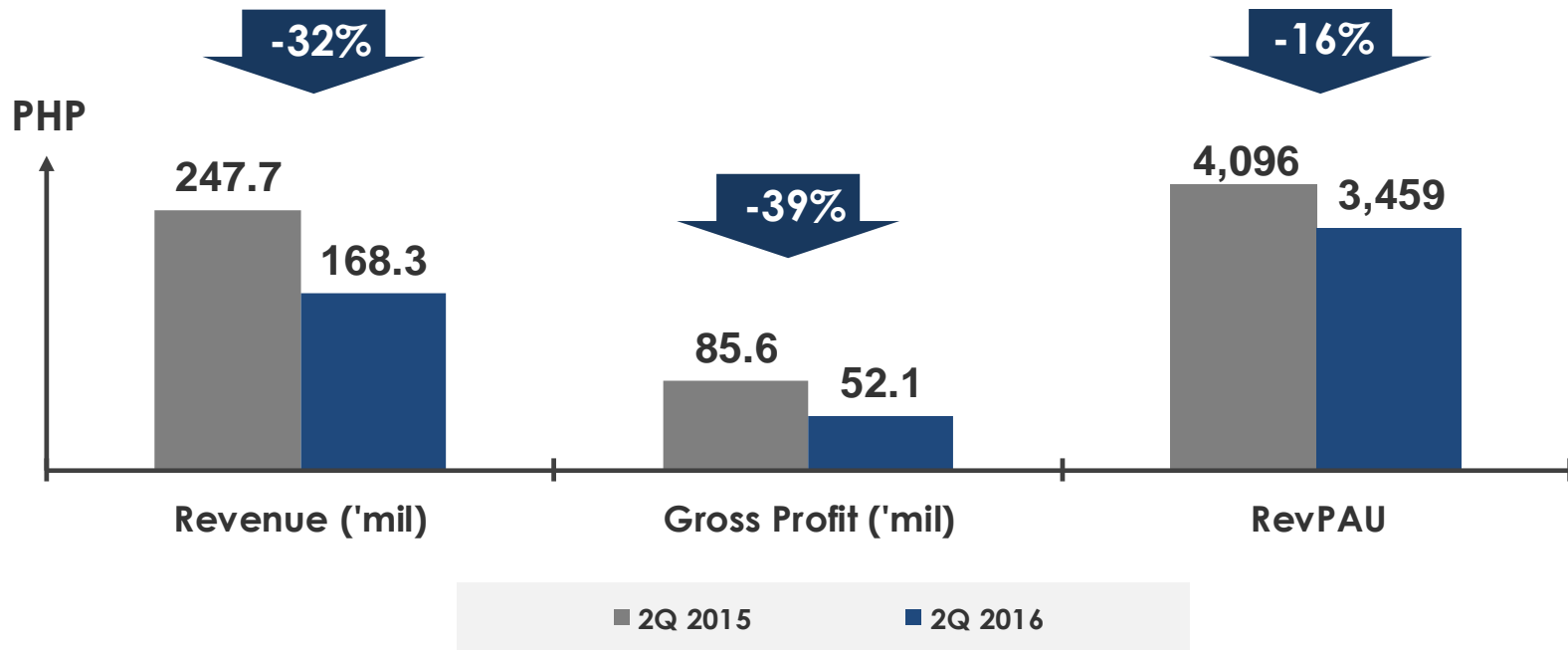
Revenue and RevPAU decreased mainly due to weaker corporate demand.



Ascott Makati



Somerset Millennium Makati



Revenue, gross profit and RevPAU decreased mainly due to ongoing refurbishment at Ascott Makati, reduced room inventory at Somerset Millennium and weaker demand from corporate accounts.



# Outlook and Prospects

On 23 June 2016, UK voted to leave European Union and this outcome has led to uncertainties and weak business sentiments, which is expected to impact business travel as corporates evaluate their options. The silver lining to the impact from Brexit will be the potential boost to leisure travel due to the weaker GBP, providing support for accommodation demand. As at 2Q 2016, Ascott REIT's properties in UK which are located in London made up 10.4% of total assets. These properties are underpinned by management contracts with minimum guaranteed income which provides a downside protection to the operating income. Notwithstanding that about 10.2% of Ascott REIT's YTD June 2016 gross profit is contributed by GBP, the impact due to the depreciation of GBP is mitigated by Ascott REIT's well-diversified portfolio over 14 countries in Asia Pacific, Europe and the United States of America.

In April 2016, we completed the acquisition of our second US property, Sheraton Tribeca New York Hotel. Including Ascott Orchard Singapore which Ascott REIT has entered into a forward contract to acquire the property, Ascott REIT's total assets would have reached S\$5.3 billion. The Group remains on the look out for accretive opportunities in the key gateway cities of Australia, Japan, Europe and United States of America.

The final phase of refurbishment at Somerset Xu Hui Shanghai was completed in June 2016 and the first phase of renovation at Ascott Makati is on track for completion this year. We expect to complete the refurbishment at Citadines Barbican London and Somerset Ho Chi Minh City in 2017. The Group will continue to refurbish Ascott REIT's properties to enhance guest experience and maximise returns to Unitholders.



# Outlook and Prospects

On the capital management front, the Group continues to maintain a disciplined and prudent capital management approach. As at 30 June 2016, the loans that are coming due in FY 2016 have been substantially refinanced. Ascott REIT continues to maintain a strong balance sheet, with 80% of its total borrowings on fixed interest rates to hedge against the rising interest rate.

To date, all of the units in Fortune Garden Apartments have been sold or have letter of intent signed. Part of the proceeds from the divestment that has been remitted back to Singapore was deployed to repay bank loans. The remaining proceeds from the sale is expected to be remitted back to Singapore in due course.

Going forward, the slow-paced global economic recovery, coupled with the uncertainties associated with the formalisation of Brexit and security concerns, is likely to weigh on the global growth outlook. Notwithstanding, the performance of the properties in Europe is expected to remain stable as the properties in France are primarily underpinned by master leases and properties in Belgium and Spain are underpinned by management contracts with minimum guaranteed income. We are confident that Ascott REIT with its diversified portfolio and extended-stay business model will continue to deliver stable income and returns to its Unitholders. The Group's operating performance for FY 2016 should remain profitable.



# Ongoing Asset Enhancement Initiatives

Properties		Costs	Time Period
1	<b>Ascott Makati</b> - Phased renovation of selected apartment units, café, business centres and public area - Upgrade mechanical and electrical infrastructure	US\$26.1m <sup>1</sup> (S\$37.8m)	Phase 1: 4Q 2015 to 3Q 2016
2	<b>Citadines Barbican London</b> - Phased renovation of 129 apartment units	£3.9m (S\$8.3m)	1Q 2016 to 1Q 2017
3	<b>Somerset Millennium Makati</b> - Renovation of 113 apartment units	US\$1.0m (S\$1.5m)	2Q 2016 to 1Q 2017
4	<b>Somerset Ho Chi Minh City (Phase 2)</b> - Renovation of 103 apartment units, of which 2 units will be converted into common areas and 35 units (comprising 3 BR premier and 4BR apartment units) will be converted into dual key units.	US\$7.8m (S\$11.3m)	1Q 2016 to 1Q 2017
<b>Total</b>		<b>S\$58.9m</b>	

Note:

1. For the entire refurbishment project

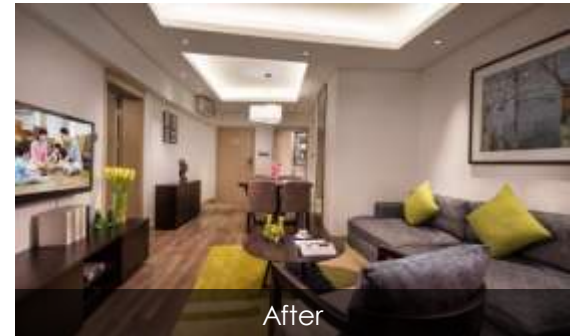
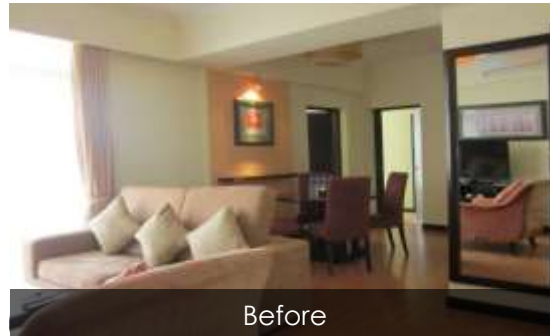


# Completed Asset Enhancement Initiative

## Somerset Xu Hui Shanghai (Phase 2C and 2D)



	Phase 2C	Phase 2D (Final)
<b>Capex incurred</b>	RMB18.2m (\$\$3.9m)	RMB20.1m (\$\$4.4m)
<b>Capex work being done</b>	Renovation of 42 apartment units from level 15 to 21	Renovation of 42 apartment units from level 2 to 12
<b>Period of renovation</b>	2Q 2015 to 4Q 2015	4Q 2015 to 2Q 2016
<b>ADR uplift for renovated units</b>	Approximately 27%	-







# Distribution Details

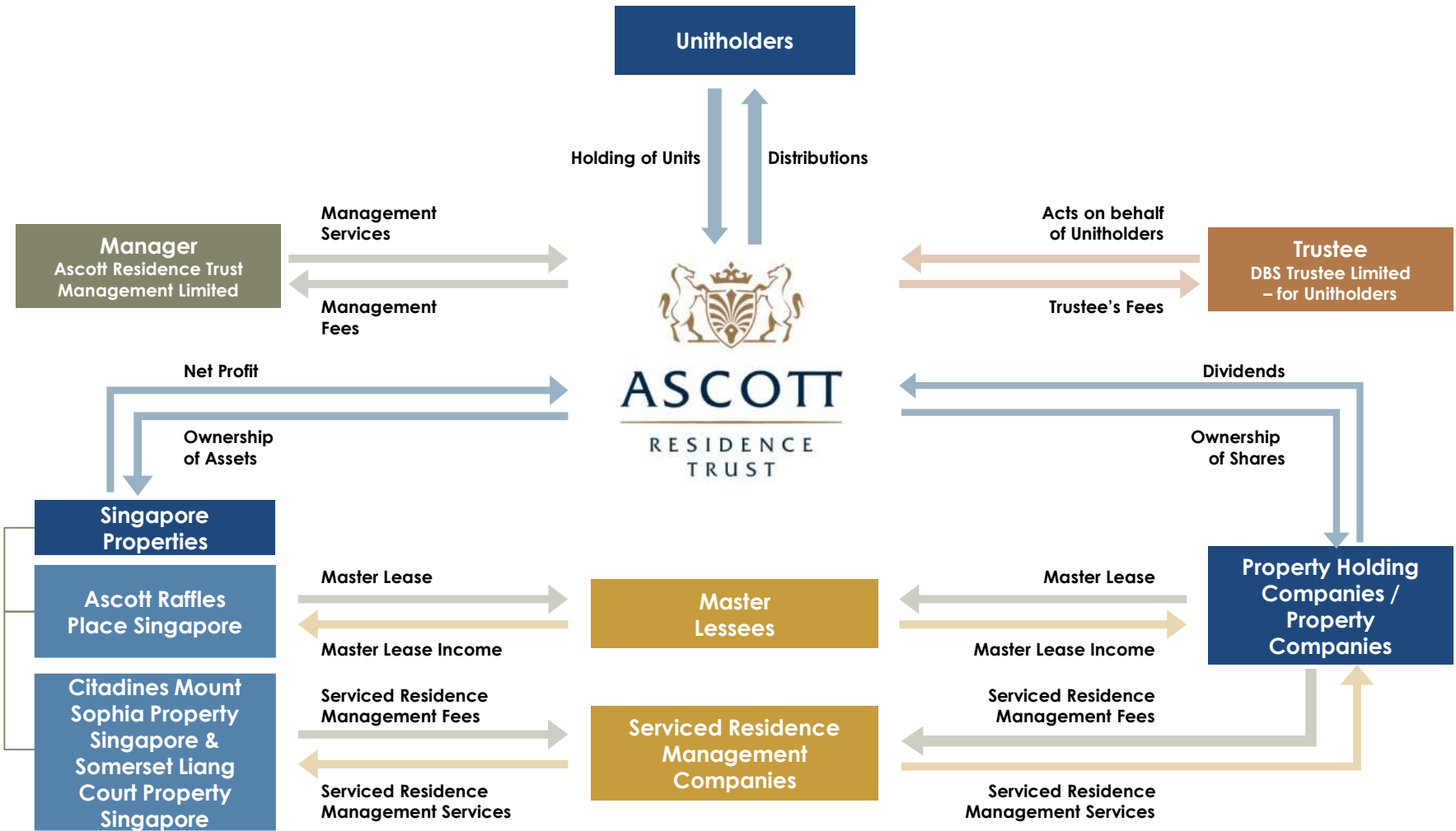
<b>Distribution Period<sup>1</sup></b>	<b>23 March 2016 to 30 June 2016</b>
Distribution Rate	2.290 cents per Unit
Last Day of Trading on “cum” Basis	25 July 2016, 5pm
Ex-Date	26 July 2016, 9am
Books Closure Date	28 July 2016
Distribution Payment Date	24 August 2016

Note:

1. Advanced distribution of 1.585 cents per Unit for the period from 1 January 2016 to 22 March 2016 (prior to the date on which the placement units were issued) was paid on 27 April 2016.



# Trust Structure





# Types of Contracts<sup>1</sup>

	Properties under Master Lease	Properties under Management Contracts with Minimum Income Guarantee	Properties on Management Contracts
Description	Master Lessees (which include third parties and subsidiaries of Ascott) pay <b>fixed rental per annum<sup>2</sup></b> to Ascott REIT	Properties on management contracts that enjoy <b>minimum guaranteed income</b> (from subsidiaries of Ascott)	No fixed or guaranteed rental but Ascott as operator manages Ascott REIT's properties for a fee
Tenure	Average weighted remaining tenure of <b>about 3.9 years</b>		<b>Generally on a 10-year basis</b>
Location	<b>25 properties</b> <ul style="list-style-type: none"> <li>- 3 in Australia</li> <li>- 17 in France</li> <li>- 3 in Germany</li> <li>- 1 in Japan</li> <li>- 1 in Singapore</li> </ul>	<b>7 properties</b> <ul style="list-style-type: none"> <li>- 4 in UK</li> <li>- 2 in Belgium</li> <li>- 1 in Spain</li> </ul>	<b>58 properties</b> <ul style="list-style-type: none"> <li>- 32 in Japan</li> <li>- 22 in Asia (ex-Japan)</li> <li>- 2 in Australia</li> <li>- 2 in USA</li> </ul>

Notes:

1. Figures as at 30 June 2016
2. The rental payments under the master leases are generally fixed for a period of time. However, the master leases provide for annual rental revisions and/or pegged to indices representing construction costs, inflation or commercial rental prices according to market practice. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors.