



# Ascott Residence Trust

Acquisition of Rental Housing Property  
in Fukuoka, Japan

21 March 2014

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# Content

- 1 Overview of the Acquisition
- 2 Rationale of the Acquisition
- 3 Impact on Ascott REIT
- 4 Conclusion



# Overview of the Acquisition

Ascott Raffles Place Singapore

# Overview of the Acquisition

## Property Details



Property Type	Rental Housing
No. of Units	389 residence units and 5 retail units 389 carpark lots
Net Lettable Area	33,520 sqm
Leasehold Title	Freehold
Location	3-2-2,3,4, 5 KashiiTeriha, Higashi-ku, Fukuoka, Japan
Master Lessee	An unrelated third party
Expiry of Master Lease	30 June 2018
Start of Operations	2007/2008

# Overview of the Acquisition

## Transaction Summary

Agreed Property Value	JPY6.30 billion
Valuation	JPY6.42 billion <sup>1</sup> JPY6.30 billion <sup>2</sup>
EBITDA Yield	6.6% <sup>3</sup>
FY 2013 Pro Forma DPU Impact	2.1% accretion



1. Valuation, appointed by DBS Trustee Limited, in its capacity as trustee of Ascott REIT, derived by Jones Lang LaSalle K. K. as of 20 February 2014
2. Valuation, appointed by The Ascott Limited, derived by HVS (SG&R Singapore Pte Ltd) as of 20 February 2014
3. Based on agreed property value of JPY6.3 billion

# Rationale of the Acquisition

A low-angle photograph of a modern skyscraper with a distinctive central tower and a glass facade, set against a cloudy sky. The central tower is white with a series of windows and a decorative top. The building is surrounded by other modern buildings with glass facades. The sky is blue with white clouds.

Ascott Raffles Place Singapore



# Rationale of the Acquisition

## Key Rationale

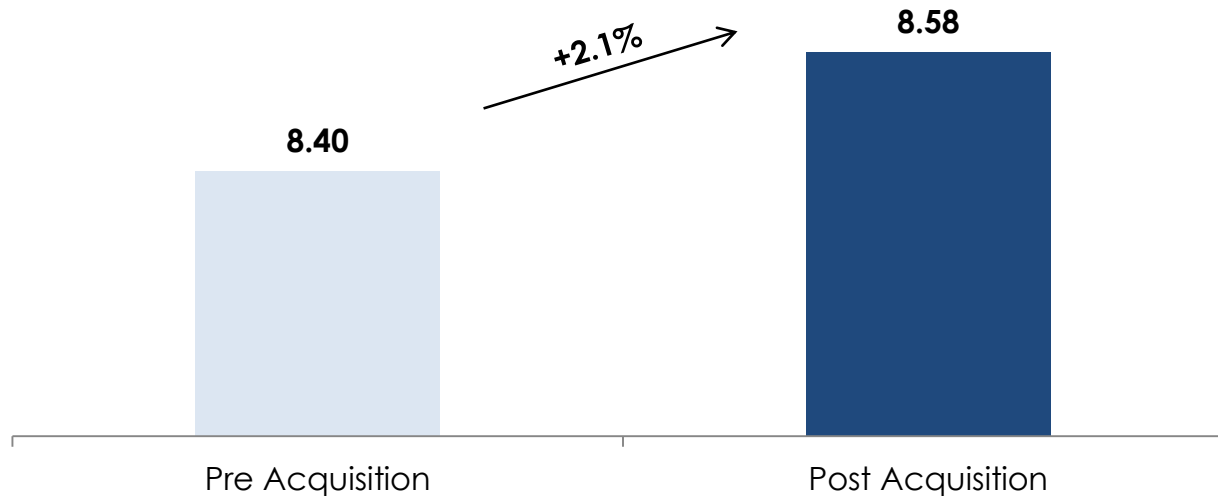
- 1 Accretive acquisition
- 2 Deepen presence in Japan
- 3 Strategic location
- 4 Improve stability of income stream



# Rationale of the Acquisition

## 1 Accretive acquisition

Distribution Per Unit (\$ cents)



FY 2013 pro forma DPU ↑ by 2.1% from 8.40 cents to 8.58 cents post acquisition



# Rationale of the Acquisition

## 2 Deepen presence in Japan

- 1 Ascott REIT's second property in Fukuoka after the acquisition of Actus Hakata V-Tower, one of the 11 rental housing properties, in June 2013
- 2 Fukuoka City (Fukuoka) is the capital of Fukuoka Prefecture and part of Kyushu island (the most southwestern of Japan's four main islands)
- 3 Ranked the 12<sup>th</sup> most livable city in the world<sup>1</sup>
- 4 Fukuoka is the sixth city in Japan to have crossed the 1.5 million<sup>2</sup> population mark. Its population has risen 2.1% since 2010, the largest increase among major cities in Japan
- 5 Fukuoka Prefecture has a GDP of ~US\$196 bn<sup>3</sup>



<sup>1</sup> Source: Monocle magazine's Quality of Life Survey, 2013

<sup>2</sup> Source: Fukuoka Now website, Fukuoka City Hall, 14 May 2013

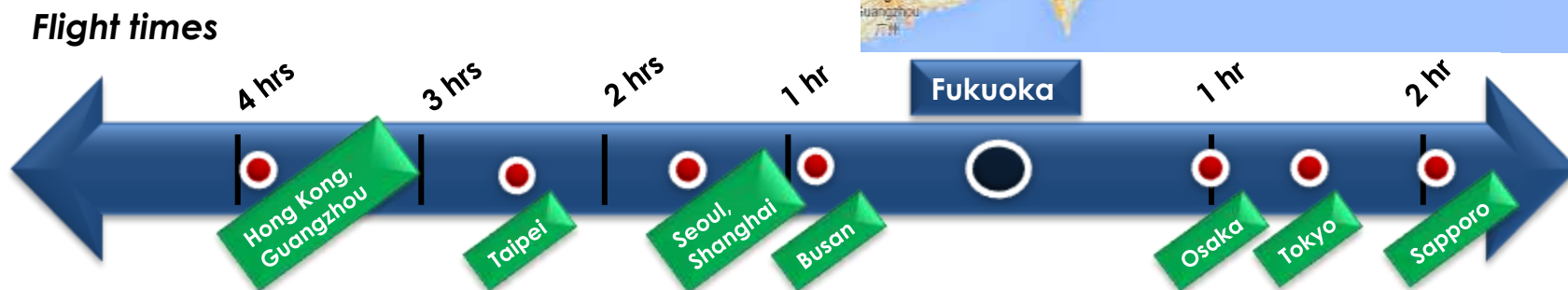
<sup>3</sup> Source: Survey & Statistics Division / Policy Planning & Regional Development Department in Fukuoka Prefecture, 2010



# Rationale of the Acquisition

## 2 Deepen presence in Japan

- Fukuoka, a gateway city to Japan and the rest of East Asia
  - Equidistant to Tokyo and Shanghai
- Fukuoka airport is the 4<sup>th</sup> busiest in Japan, used by 17.4 million passengers in 2012<sup>1</sup>
- The Fukuoka-Tokyo air route is the world's 7<sup>th</sup> busiest, having transferred almost 7 million passengers in 2012<sup>2</sup>



<sup>1</sup> Source: Japan Schedule Coordination (JSC), a subsidiary of Japan Aeronautic Association (JAA), 2012

<sup>2</sup> Source: Amadeus IT Group SA, a transaction processor for the global travel and tourism industry, Top 10 global air travel busiest routes by passenger volume, 16 April 2012



# Rationale of the Acquisition

## 2 Deepen presence in Japan

- Fukuoka is a major automobile and semiconductor manufacturing hub
- Japanese MNCs such as Sony, Toshiba, Hitachi, NEC, Fujitsu, Matsushita Electric, Mitsubishi Electric, Nissan and Toyota have a presence in Fukuoka



# Rationale of the Acquisition

## 3 Strategic location



- The property is located in Island City, Higashi-ku – the largest ward by population and number of households in Fukuoka
- Commuting time of ~25 minutes to Fukuoka's central business district (CBD)
- Convenient access to CBD, proximity to a reputable primary school and large size apartments of approximately 80 sqm have generated strong demand from households with families
- The construction of Fukuoka Children's Hospital in Island City is slated to be completed in 4Q 2014 which is expected to contribute to stronger residential demand

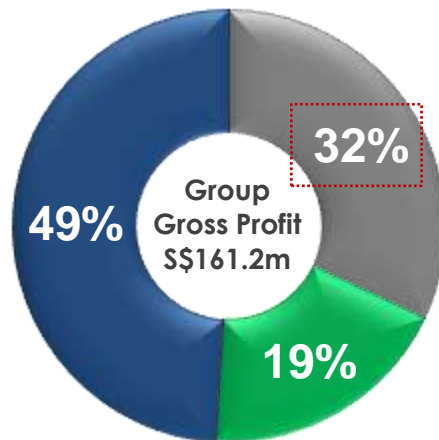
# Rationale of the Acquisition

## 4 Improve stability of income stream

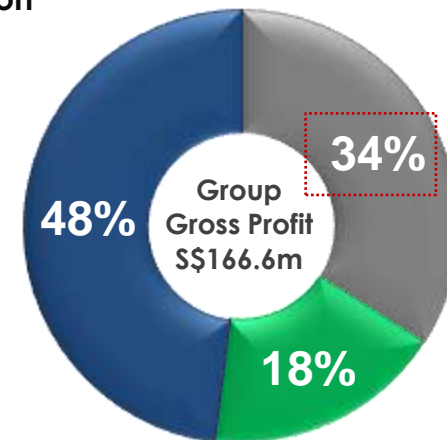
- Master lease contribution to overall portfolio's gross profit will grow from 32% to 34% post acquisition
- Remaining tenure of master lease of approximately 4.3 years will improve stability of income stream
- End-tenant leases of approximately two years

### Breakdown of Gross Profit by Category (YTD Dec 2013)

#### Pre Acquisition<sup>1</sup>



#### Post Acquisition



1. As at 31 December 2013

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

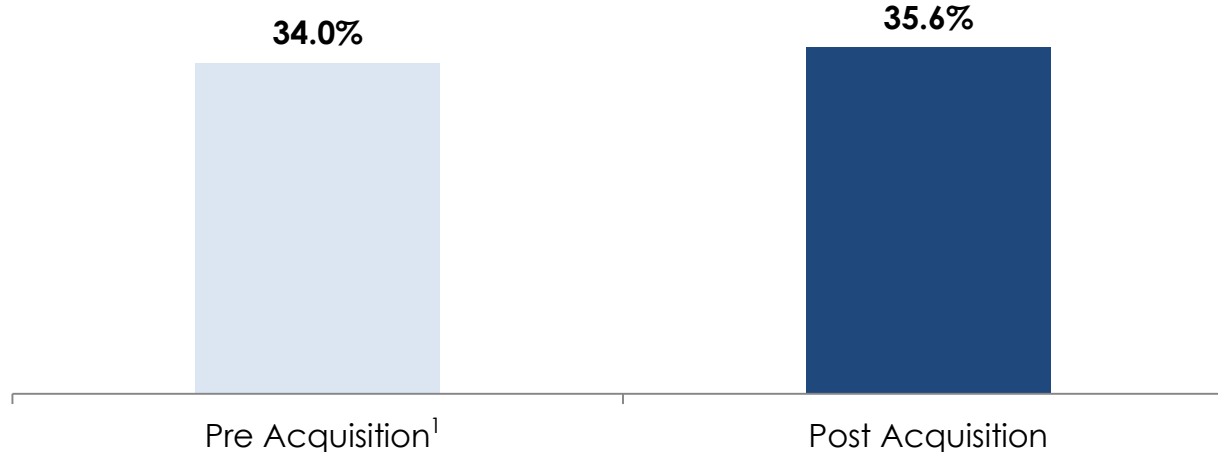
# Impact on Ascott REIT



Citadines Suites Louvre Paris

## Healthy Balance Sheet

### Gearing (%)



- Gearing remains well within 60% gearing limit under MAS Property Fund Appendix

### NAV Per Unit (\$\$)

- NAV Per Unit remains unchanged at S\$1.37 post acquisition

1. As at 31 December 2013

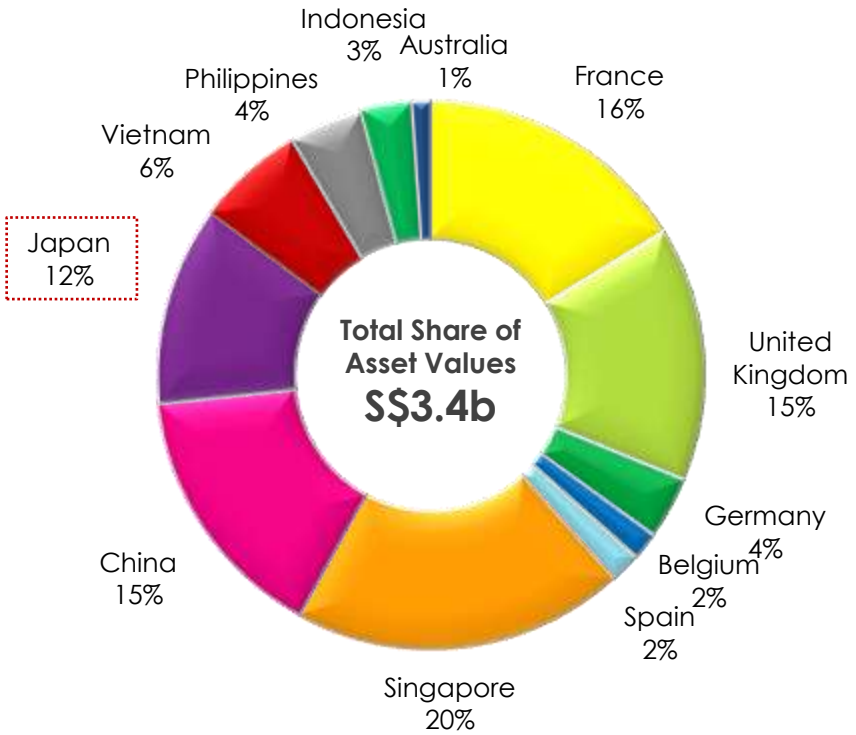


# Impact on Ascott REIT

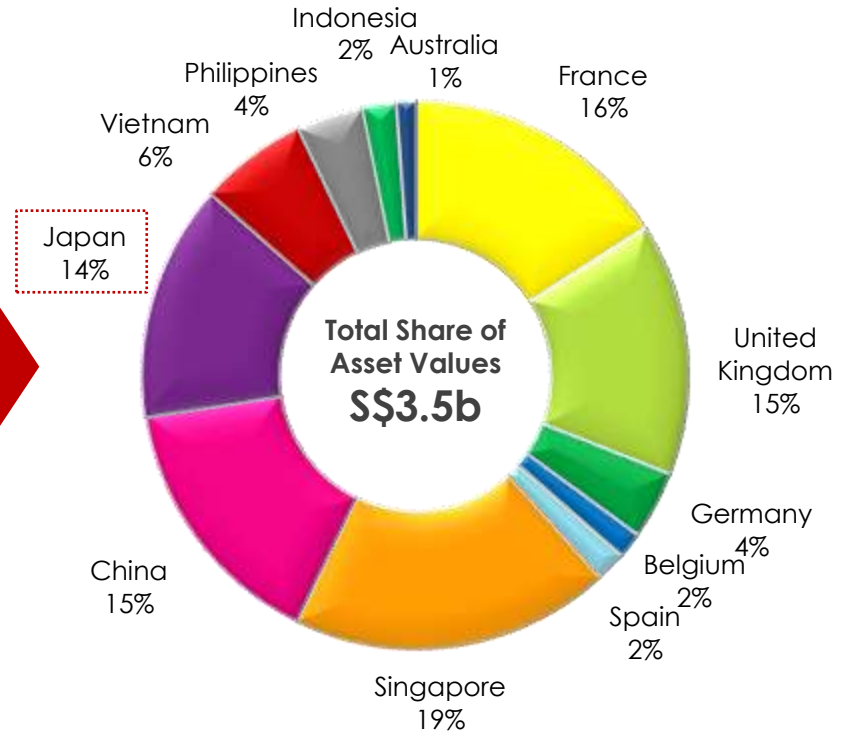
## Geographical Diversification

### Breakdown of Assets by Geography

Pre Acquisition<sup>1</sup>



Post Acquisition



Presence in Japan will grow from 12% to 14%

1. As at 31 December 2013

# Conclusion



Citadines Mount Sophia

## Acquisition of Rental Housing Property in Fukuoka, Japan

### Accretive acquisition

- FY 2013 pro forma DPU accretion of 2.1% from 8.40 cents to 8.58 cents

### Deepen presence in Japan

- Ascott REIT's second property in the city of Fukuoka after acquiring Actus Hakata V-Tower in June 2013
- Fukuoka Prefecture's GDP is approximately US\$196 billion in 2010
- Fukuoka, a gateway city to Japan and the rest of East Asia
- Japanese MNCs such as Sony, Toshiba, Hitachi, NEC, Fujitsu, Matsushita Electric, Mitsubishi Electric, Nissan and Toyota have a presence in Fukuoka

### Strategic location

- Higashi-ward is the largest ward by population and number of households in Fukuoka
- Convenient access to CBD, proximity to a reputable primary school and large size apartments of approximately 80 sqm have generated strong demand from households with families
- The construction of Fukuoka Children's Hospital in Island City is slated to be completed in 4Q 2014 which is expected to contribute to stronger residential demand

### Improve stability of income stream

- Master lease contribution to overall portfolio's gross profit will grow from 32% to 34% post acquisition
- Remaining tenure of master lease of approximately 4.3 years which improves stability of income stream