

Proposed acquisition of Osaka Namba Washington Hotel Plaza



Disclaimer

This presentation may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the management on future events.

The information contained in this presentation has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither Ascendas Hospitality Fund Management Pte. Ltd. (in its capacity as the manager of Ascendas Hospitality Real Investment Trust (“**A-HREIT**”)) (the “**REIT Manager**”), The Trust Company (Asia) Limited (in its capacity as the trustee of A-HREIT) (the “**REIT Trustee**”), Ascendas Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of Ascendas Hospitality Business Trust) (the “**Trustee-Manager**”) or any of their affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of Ascendas Hospitality Trust (“**A-HTRUST**”) (which comprises A-HREIT and A-HBT) is not indicative of its future performance. Similarly, the past performance of the REIT Manager and the Trustee-Manager (collectively, the “**Managers**”) is not indicative of their future performance.

The value of stapled securities in A-HTRUST (“**Stapled Securities**”), and the income derived from them, may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by A-HTRUST or the Managers, the REIT Trustee or any of their respective affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of Stapled Securities (the “**Stapled Securityholders**”) may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities (including without limitation, the Stapled Securities) in the United States. This presentation is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. No public offering of securities is being made in the United States.



Section 1

Transaction overview



WASHINGTON
HOTEL
PLAZA

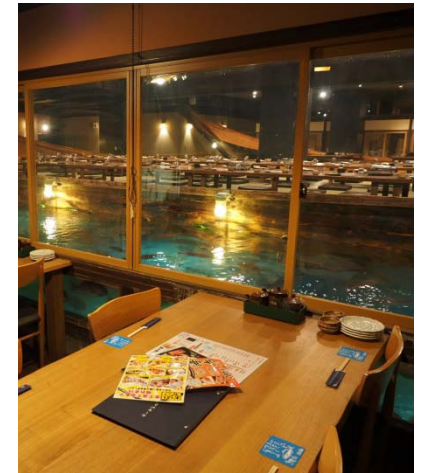


Overview of the Acquisition

A-HTRUST has entered into a conditional Sale and Purchase Agreement for the proposed acquisition of Osaka Namba Washington Hotel Plaza

Osaka Namba Washington Hotel Plaza ("Namba Washington")

Location	<ul style="list-style-type: none">• 1-1-13, Nipponbashi, Chuo-ku, Osaka 542-0073, Japan• In the Namba area, approximately 2 minutes walk from Nipponbashi Station
Land Tenure	<ul style="list-style-type: none">• Freehold
Year of Completion	<ul style="list-style-type: none">• 1997
Rooms	<ul style="list-style-type: none">• 698 rooms
Hotel Type	<ul style="list-style-type: none">• Limited service (3-star)
Hotel Facilities	<ul style="list-style-type: none">• 2 restaurants with 580 seats in total (1 Chinese and 1 Japanese)• 68 basement parking lots
Hotel Operator	<ul style="list-style-type: none">• Washington Hotel K.K.



Overview of the Acquisition (cont'd)

Purchase consideration of ¥8.9 billion (S\$110.8m⁽¹⁾) – 3.3% discount to independent valuation

Acquisition details

Purchase Consideration	<ul style="list-style-type: none">• ¥8.9 billion (c.S\$110.8m⁽¹⁾), 3.3% discount to independent valuation
Independent Valuation	<ul style="list-style-type: none">• ¥9.2 billion (c.S\$114.3m⁽¹⁾), by Savills as of 25 March 2014
Estimated NPI Yield⁽²⁾	<ul style="list-style-type: none">• 6.4%
Price per key	<ul style="list-style-type: none">• ¥12.8 million (c.S\$159K⁽¹⁾)
Acquisition Costs	<ul style="list-style-type: none">• Estimated total acquisition cost⁽³⁾ of ¥9.2 billion (c.S\$114.3m⁽¹⁾), comprising:<ul style="list-style-type: none">– Purchase consideration: ¥8.9 billion– Acquisition Fee payable to the Trustee-Manager: ¥89 million– Estimated professional fees and other transaction expenses: ¥190 million• A-HTRUST has secured commitments from banks to fully fund the total acquisition cost
Master-Lessee⁽⁴⁾	<ul style="list-style-type: none">• Ascendas Namba G.K.
Sub-Lessee⁽⁴⁾	<ul style="list-style-type: none">• Washington Hotel K.K.
Fixed-Term Lease Agreement Terms	<ul style="list-style-type: none">• 5 year fixed term lease expiring on 31 December 2015• Fixed rent of ¥652.6 million (S\$8.1m⁽¹⁾) p.a.

Note: (1) Based on exchange rate of SGD:JPY 1:80.3

(2) Net Property Income based on annual fixed rent less property taxes, insurance and maintenance capex, divided by Purchase Consideration

(3) Not including refundable consumption tax of approximately ¥462.8 million

(4) Hotel will be master leased to Ascendas Namba GK, which will in turn sub-lease it to Washington Hotel K.K.

Overview of the Sub-Lessee and hotel operator

Washington Hotel K.K. is an experienced Japan hotel operator with 40 hotels under management in Japan

- **Washington Hotel K.K. is a private hotel operator with over 50 years of experience in Japan**
- **Has operated Namba Washington since it opened in 1997**
- **40 hotels under management across Japan, including:**
 - Osaka Namba Washington Hotel Plaza (698 rooms)
 - Shin Osaka Washington Hotel Plaza (490 rooms)
 - International Hotel Nagoya (263 rooms)
- **3 hotel brands:**
 - Washington Hotel Plaza
 - R&B Hotel
 - International Hotel Nagoya





Section 2

Rationale for the Acquisition



WASHINGTON
HOTEL
PLAZA



Rationale for the Acquisition

DPS accretive acquisition providing stable cashflows and upside from asset enhancements

1

DPS accretive acquisition

- Pro forma for the Acquisition, 9M FY13/14 DPS is estimated to increase by 2.0%, from 4.07 cents to 4.15 cents⁽¹⁾

2

Favourable hospitality sector fundamentals and prime location

- Increasingly favourable hospitality fundamentals in Japan and Osaka
- Prime location in the Namba area, Osaka's most prominent dining, entertainment and shopping district, with excellent transport connectivity

3

Enhanced portfolio diversification in line with A-HTRUST's strategy

- Enhanced geographical diversification
- Enhanced hotel operator diversification
- Increased exposure to relatively resilient economy hotel segment

4

Stable cashflows with upside potential from asset enhancements

- Stable cashflows from master lease with fixed rent
- Flexibility to increase fixed rent and/or introduce variable rents and undertake planned AEI after the current sub-lease expires

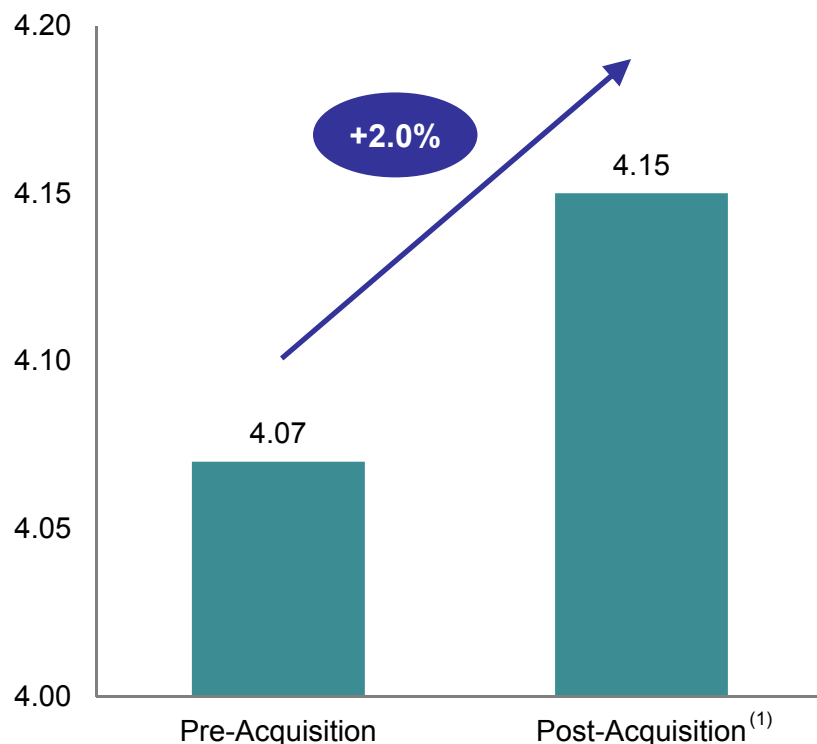
Note: (1) Please refer to Section 3 "Pro forma financials" for further details on pro forma calculations

1 DPS accretive acquisition

Pro forma for the Acquisition, 9M FY2013/14 DPS is estimated to increase by 2.0%

DPS accretive acquisition...

(S cents; 9 months ended 31 Dec 2013)



Note: (1) Post-Acquisition DPS assuming the Acquisition had taken place on 1 Apr-13, with total acquisition cost approximately 55% funded by new term loan and 45% funded by equity

...In line with track record of delivering DPS⁽¹⁾ growth

(S cents)

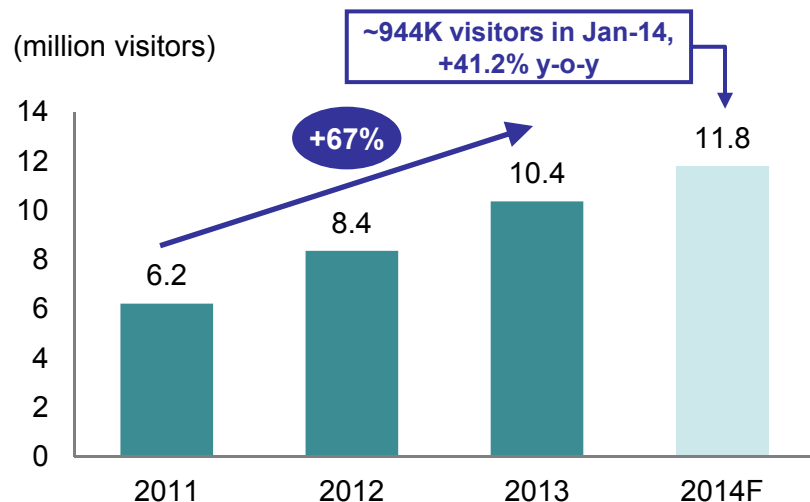


Note: (1) A-HTRUST standalone DPS excluding waiver of sponsor distribution
(2) 2Q FY12/13 based on the period from 27 Jul-12 to 30 Sep-12 (post IPO)

2 Strong hospitality fundamentals in Japan and Osaka...

Rapid visitor growth in Japan and Osaka is driving improvements in hotel performance

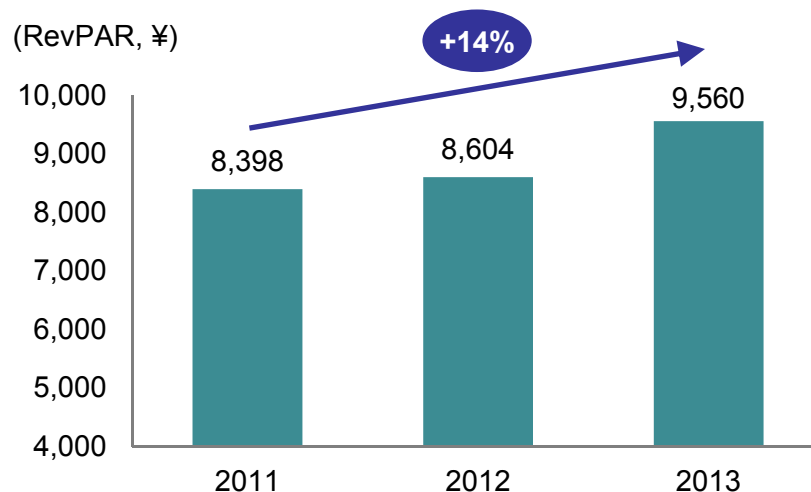
Rapid Japan inbound visitor growth, reaching a record high of >10m visitors in 2013



- Japan's attractive exchange rate, relaxation of visa requirements for visitors from certain Southeast Asian countries, "Visit Japan" promotions, and the growth of budget air travel are all contributing to rapid visitor growth
- Concurrently, monetary stimulus as well as asset price and wage increases have encouraged greater domestic consumption and travel

Source: Japan National Tourism Organisation, JTB Corporation forecast

Attractive Osaka hospitality market with strong ADR, occupancy, and RevPAR growth



- Osaka is popular with tourists for its art, culture and attractions such as Universal Studios Japan and Osaka Castle, which is popular during festival seasons (e.g. cherry blossom season)
- Demand growth is expected to be driven by new attractions, such as the scheduled opening of the Wizarding World of Harry Potter in Universal Studios Japan in 2014
- Room supply expected to grow by only c.1-2% p.a. over the next two years, with no new supply expected in Namba area

Source: Savills valuation report

2 Strong hospitality fundamentals in Japan and Osaka...

Major tourist attractions drawing both domestic and international visitors to Osaka

Osaka Castle



Universal Studios



2 ...and prime location within Osaka

Hotel strategically located in the heart of the Namba area of Osaka, home to the city's most prominent dining, entertainment and shopping districts, and minutes from key transport links

Close to key attractions and transport links



1 min to Dotonbori food street and Dotonbori river

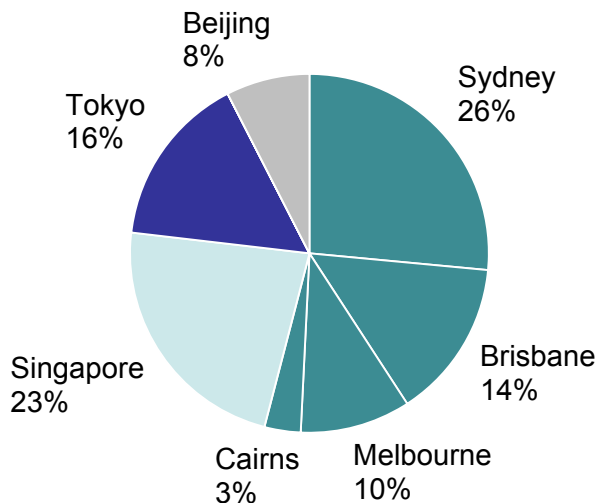


Note: Figures in brackets indicate estimated walking time

3 Enhanced portfolio diversification in line with strategy

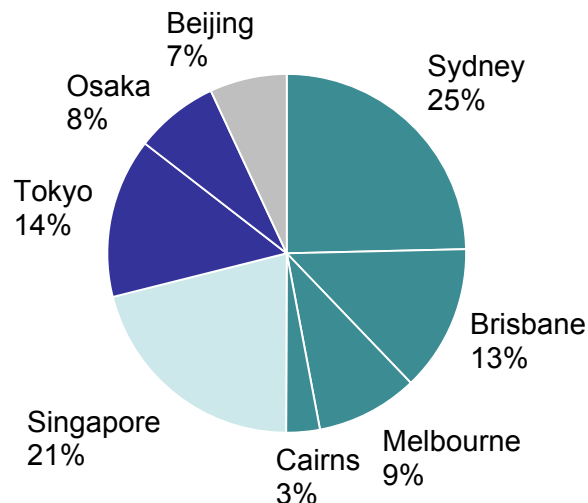
In line with A-HTRUST's strategy since IPO, the Acquisition further reduces its exposure to any one country or city, and also reduces its dependence on any single hotel operator...

Geographical breakdown by valuation
(Pre-Acquisition)



■ Australia: 53% ■ Singapore: 23%
■ Japan: 16% ■ China: 8%

Geographical breakdown by valuation
(Post-Acquisition)



■ Australia: 50% ■ Singapore: 21%
■ Japan: 22% ■ China: 7%

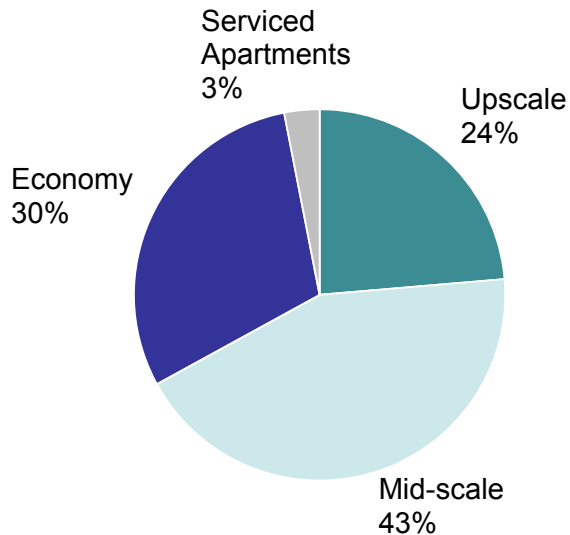
Note: Existing A-HTRUST portfolio valuations as of 31 Mar-13, and Namba Washington valuation as of 25 Mar-2014

...while the Managers intend to match the currency of the Acquisition with its associated liabilities

3 Enhanced portfolio diversification in line with strategy

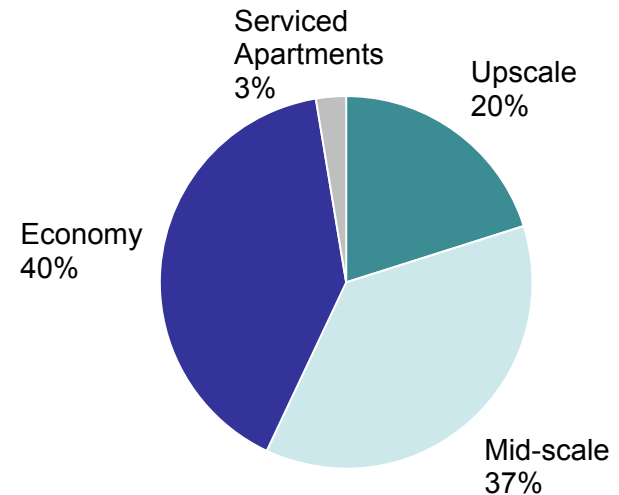
Also in line with A-HTRUST's strategy since IPO, the Acquisition increases its exposure to the relatively resilient economy hotel segment

Hotel segment breakdown by number of rooms
(Pre-Acquisition)



Total Economy and Mid-scale: 73%

Hotel segment breakdown by number of rooms
(Post-Acquisition)



Total Economy and Mid-scale: 77%

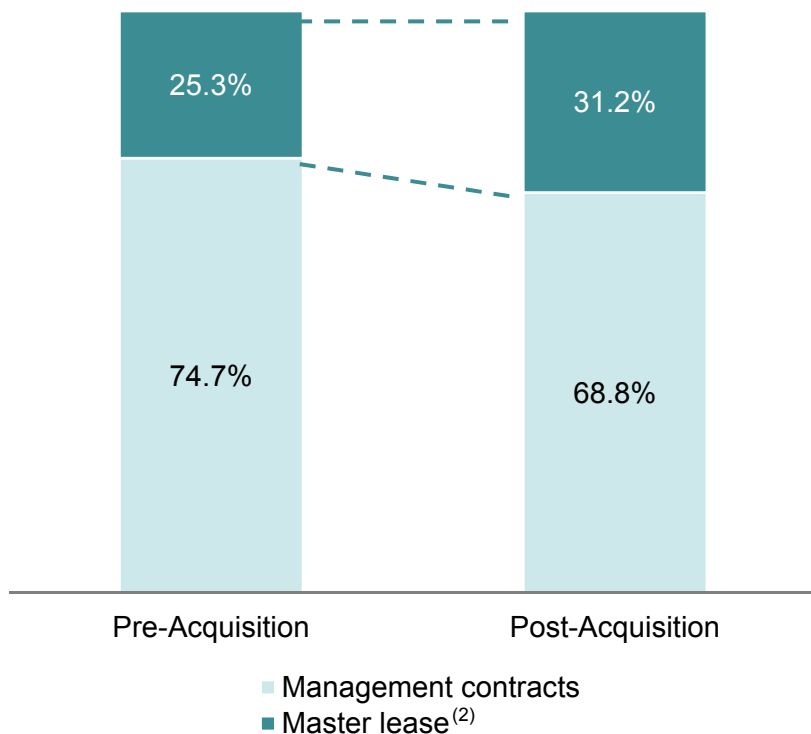
4 Stable cashflows with growth from AEI

Sub-lease with fixed rent provides stable cashflows, with growth expected from re-negotiating sub-lease and planned asset enhancements

Sub-lease with fixed rent provides **STABILITY**

+ **GROWTH** expected from sub-lease expiry and AEI

(Breakdown of NPI⁽¹⁾ by master lease vs. mgt contracts)



- **Strong operating performance of the Hotel**
 - The existing Fixed-Term Building Lease Agreement came into effect in January 2011, and the Hotel's performance has improved significantly since then, with RevPAR increasing by 43% from 2011 to 2013
- **Current sub-lease expires in December 2015**, allowing A-HTRUST to re-negotiate the sub-lease to increase the fixed rent and/or introduce variable rents
- **Scope for AEI** to improve customer mix, drive RevPAR growth, and hence support higher rent:
 - Improvements to the furniture and fixtures in the rooms and bathrooms
 - Revamping the lobby and F&B areas to enhance guest experience and increase space utilisation

Note: (1) Based on NPI for the nine months ended 31 Dec-13

(2) Post acquisition master lease includes Namba Washington (sub-leased to Washington Hotel K.K.)



Section 3

Pro Forma financial effects

WASHINGTON
HOTEL
PLAZA



Pro forma financial effects

<i>Nine months ended 31 December 2013</i>		Actual	Unaudited pro forma for the Acquisition⁽¹⁾
Net income	(S\$'000)	5,370	9,150
Distributable income	(S\$'000)	42,161	45,822
Distribution per Stapled Security (DPS)	(S cents)	4.07	4.15
Annualised DPS yield⁽²⁾	(%)	7.5	7.7

Note: (1) A-HTRUST has secured commitments from banks to fully fund the total acquisition cost; pro forma income includes (i) pro forma income contribution from the property, and (ii) deduction of additional borrowing costs, fees payable to the Trustee-Manager, depreciation expenses, property expenses and other trust expenses in connection with the Acquisition, and assume total acquisition cost approximately 55% funded by new term loan and 45% funded by equity

(2) Annualised DPS divided by closing price of S\$0.72 per stapled security as at 25 Mar-14

<i>As at 31 December 2013</i>		Actual	Unaudited pro forma for the Acquisition⁽¹⁾
Net Asset Value (NAV)	(S\$'000)	752,179	802,169
NAV per Stapled Security	(S cents)	0.73	0.73
Borrowings	(S\$'000)	463,646	534,469 ⁽²⁾
Aggregate leverage	(%)	35.8	37.4

Note: (1) A-HTRUST has secured commitments from banks to fully fund the total acquisition cost; pro forma calculations assume total acquisition cost approximately 55% funded by new term loan and 45% funded by equity

(2) Assuming refundable consumption tax of approximately ¥462.8 million being funded by debt



ahtrust
ascendas hospitality trust



Thank you

WASHINGTON
HOTEL
PLAZA

