

ASCOTT REIT MAKES FIRST FORAY INTO THE UNITED STATES OF AMERICA WITH ACQUISITION OF PRIME PROPERTY IN TIMES SQUARE OF NEW YORK FOR USD163.5 MILLION

Singapore, 2 July 2015 – Ascott Residence Trust (Ascott Reit) is expanding its footprint to the United States of America (U.S.) by acquiring the 411-key Element New York Times Square West hotel located in Midtown Manhattan for USD163.5 million (approximately S\$220.7 million¹). The accretive acquisition at an EBITDA yield of 6.2% is expected to increase Ascott Reit’s distribution income in FY 2014 by USD0.8 million, translating to a rise in distribution per unit from 8.44 cents² to 8.51 cents on a pro forma basis. This acquisition comes hot on the heels of Ascott Reit’s purchase of three quality serviced residences and four rental housing properties in Australia and Japan.

Mr Lim Jit Poh, Ascott Residence Trust Management Limited’s (ARTML) Chairman, said: “Our first acquisition in the U.S. is a strategic step that will enable us to capitalise on the burgeoning hospitality market. The U.S. economy has been growing steadily in the past few years and is forecasted to expand by 2.4% in 2015 and 2.5% in 2016. Recovery in the U.S. hospitality market has also gained momentum. Revenue per available room (RevPAR), particularly in gateway cities like New York where there is high demand for accommodation, has improved significantly. RevPAR in the U.S. is expected to increase by about 7.0% in 2015. With future demand growth expected to continue to outpace supply, we are confident that this acquisition will further enhance Ascott Reit’s portfolio and Unitholders’ returns.”

Mr Lim said: “Ascott Reit started in the Asia Pacific in 2006, expanded to Europe in 2010 and now we are acquiring a prime asset in the key gateway city of New York that will provide us with a strong foothold to expand our presence in the high demand market of the U.S. Our entry into the U.S. will not only further diversify Ascott Reit’s portfolio across different countries and property cycles but also catapult Ascott Reit into a global hospitality player.”

Mr Lim added: “This U.S. acquisition and our recent acquisitions in Australia and Japan with a total of 1,563 units³ will broaden Ascott Reit’s earning base and increase our scale to 11,779 units. Ascott Reit’s asset size will also increase by S\$519 million to S\$4.6 billion. When the acquisition of the new Cairnhill serviced residence in Singapore is completed in 2017 as targeted, Ascott Reit’s asset size will expand by another S\$405 million to over S\$5.0 billion. As we aim to grow Ascott Reit’s asset size to S\$6.0 billion by 2017, we will continue to actively seek acquisition opportunities from both third parties and our sponsor, The Ascott Limited, in key cities in the Asia Pacific, Europe and the U.S.”

¹ Based on exchange rate of USD1 = S\$1.35

² Adjusted for the pro forma financial effects of Ascott Reit’s proposed acquisition of serviced residence properties in Australia and Japan, and rental housing properties in Japan (as announced on 25 June 2015), as if they were completed on 1 January 2014 and held for FY 2014

³ Includes 284 units from Citadines Shinjuku Tokyo and Citadines Karasuma-Gojo Kyoto currently within Ascott Reit’s portfolio due to its 60.0% interest in both properties

Mr Ronald Tay, ARTML's Chief Executive Officer, said: "This is an accretive acquisition of a quality asset that is centrally located in Times Square of Midtown Manhattan, which is not only the largest central business district in the U.S., but also the country's largest commercial, entertainment and media centre. As the trade and cultural epicentre of Manhattan, Times Square is also one of the world's most popular tourist destinations visited by more than 40 million tourists annually. With 411 rooms, this relatively new property, which opened in November 2010, has been achieving strong performance with over 90% occupancy in the last three years."

"After the acquisition, the property will continue to be operated by LG-39 Management LLC and its affiliates under the 'Element' brand through a franchise by Starwood Hotels & Resorts Worldwide, Inc. Ascott Reit's focus is on properties for extended stay and 'Element' is a widely recognised international brand for extended stay with an established sales network. We expect the property to continue to perform well and further boost the performance of Ascott Reit's portfolio."

Mr Tay said: "The current operator, which has been running the property since its opening, is well established in New York. It currently operates 19 hotels with over 3,800 rooms in the U.S. Ascott Reit remains open to acquiring properties that are operated by reputable third parties as long as such acquisitions meet our investment criteria and there is avenue for growth."

Ascott Reit will partly fund the acquisitions of the properties in Australia, Japan and the U.S. with the S\$250 million proceeds from its issuance of perpetual securities at a fixed distribution rate of 4.68% per annum. The perpetual securities received strong investor participation with orders exceeding four times of the issue size.

Mr Tay added: "The issuance of perpetual securities is part of Ascott Reit's prudent capital management strategy to tap diversified funding sources and enhance our financial flexibility to seize growth opportunities. Perpetual securities is a good source of funding to finance our acquisitions while maintaining our gearing at about 40%. Our maiden issuance of S\$150 million perpetual securities in October last year has been trading above par, demonstrating the high demand for our perpetual securities. We are encouraged by the strong investor confidence and will continue to strengthen Ascott Reit's position as the largest hospitality trust in Singapore by asset value."

About Element New York Times Square West

Strategically located on 39th Street between 8th and 9th Avenue, the property benefits from having one of New York City's most desirable addresses – Times Square. Besides having the highest concentration of entertainment venues, tourist attractions and restaurants in New York, Times Square has also evolved into one of Manhattan's premier locations for corporate offices.

Notable companies based in Times Square include Barclays Capital, Ernst & Young, Morgan Stanley, Nasdaq, ABC News, New York Times, Reuters and Viacom. The property is within easy reach of the area's many sought after attractions, including Broadway theatre, Macy's department store, Radio City Music Hall, Madison Square Garden, Central Park as well as dining, shopping, and sightseeing options.

Within blocks of 15 subway lines and three major commuter hubs as well as easy accessibility by bus, Element New York Times Square West provides business and leisure travellers with utmost convenience and connectivity.

The property offers deluxe rooms, studio suites and one-bedroom suites with fully-equipped kitchenettes or kitchens. There are also a fitness centre, business centre, meeting rooms, rooftop terrace, a bar that offers guests complimentary breakfast, as well as a 24-hour gourmet pantry with a wide selection of snacks, beverages and ready-to-go meals.

About Ascott Residence Trust

Ascott Reit was established with the objective of investing primarily in real estate and real estate-related assets which are income-producing and which are used or predominantly used, as serviced residences, rental housing properties and other hospitality assets.

Ascott Reit's asset size has quadrupled to over S\$4.1 billion since it was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in March 2006. Ascott Reit's international portfolio comprises 90 properties with 10,500 units in 37 cities across 13 countries in Asia Pacific and Europe.

Ascott Reit's serviced residences are operated under the Ascott, Citadines and Somerset brands, and are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Guangzhou, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Munich, Paris, Perth, Shanghai, Singapore and Tokyo.

Ascott Reit is managed by Ascott Residence Trust Management Limited, a wholly owned subsidiary of The Ascott Limited and an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies.

Important Notice

The value of units in Ascott Reit and the income derived from them may fall as well as rise. Units in Ascott Reit 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 in Ascott Reit 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 announcement 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. Investors 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.

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