



# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

Acquisition of a Second Property in New York,  
United States of America

14 March 2016

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- 2 Rationale for the Acquisition
- 3 Impact on Ascott REIT
- 4 Conclusion



# Overview of the Acquisition

Ascott Raffles Place Singapore

# Overview of the Acquisition

## Property Details



<b>Property</b>	Sheraton Tribeca New York Hotel (the “ <b>Property</b> ”)
<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 (\$\$218.0m <sup>1</sup> ) US\$428,000/key (\$\$591,000 <sup>1</sup> /key)
<b>Valuation<sup>2</sup></b>	US\$166.0m (\$\$229.1m <sup>1</sup> ) US\$450,000/key (\$\$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% – 1.6% 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. Based on the issue price range of the private placement which the Manager expects to announce shortly

# Overview of the Acquisition

## Location of the Property

The Property is located in the heart of Tribeca, with close proximity to the Financial District, Soho, Little Italy and Chinatown



The Property is strategically located within Downtown Manhattan<sup>1</sup> catering to both corporate and leisure demand

- Located in the heart of Tribeca, which is considered one of the priciest neighbourhoods for residences in Manhattan
- Adjacent to SoHo, a thriving premier retail district, home to over 300 shops and boutiques
- Enjoys spillover corporate demand from the corporate offices located within the Financial District comprising Wall Street and World Trade Centre
- Immediate access to public transportation, directly served by 11 subway lines and six train stations

Note:

1. Also known as Lower Manhattan; it refers to the area south of 14th street

Legend:  The Property

 Notable District and Neighbourhoods

# Rationale for the Acquisition



# Rationale for the Acquisition

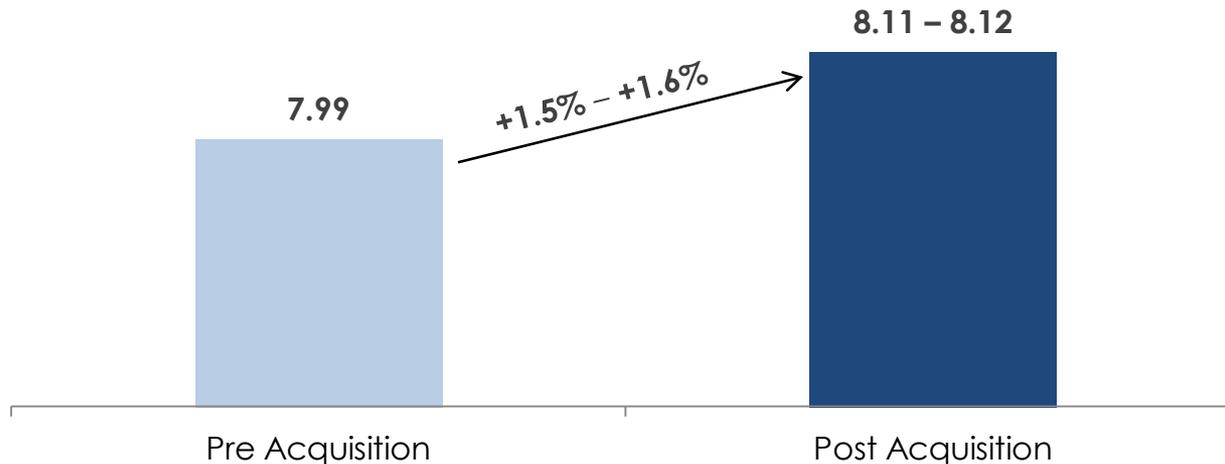
## Key Rationale

- 1 Enhance DPU to Unitholders
- 2 Resilient performance of the hospitality market in New York City (“NYC”)
- 3 Prime location in the Tribeca/SoHo vicinity
- 4 High quality asset franchised under reputable brand and managed by experienced operator
- 5 Consistent with Ascott REIT’s investment strategy to increase scale in the United States of America (“US”)

# Rationale for the Acquisition

## 1 Enhance DPU to Unitholders

### Distribution Per Unit (\$ cents)



FY 2015 pro forma DPU will increase by 1.5% – 1.6% from 7.99 cents to 8.11 cents – 8.12 cents post acquisition<sup>1</sup>

Note:

1. Assuming acquisition is funded by a combination of debt financing and part of the proceeds from the private placement which the Manager expects to announce shortly

# Rationale for the Acquisition

## 2 Resilient performance of the hospitality market in NYC

**As the world's financial capital and an international cultural destination, NYC draws millions of travellers all-year round, making it one of the most resilient hospitality markets in the world**

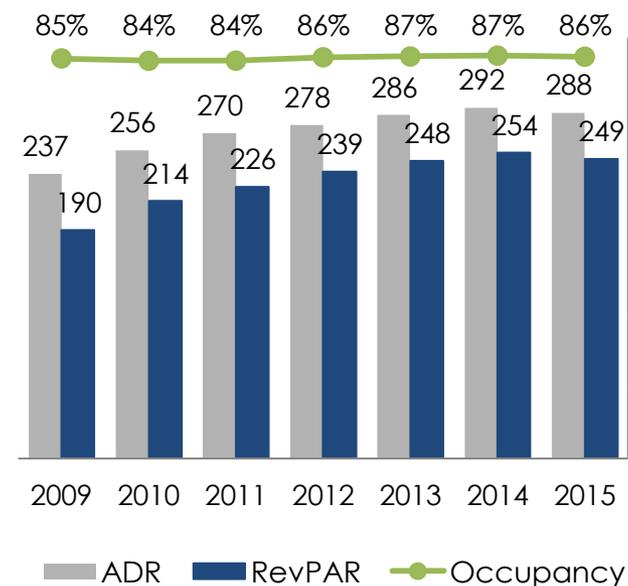
### NYC continues to benefit from both surges in domestic and international visitations in 2015

- Strong visitor arrivals into NYC reaching a record high of 58.3m in 2015<sup>1</sup>
- Business travellers account for a quarter of all visitors annually and generate ~US\$10b of visitor expenditure per year<sup>2</sup>

### Strong demand fundamentals of the Manhattan hospitality market

- The market continued its upward momentum and RevPAR exhibited a gain of 2.4% in 2014
- In 2015, new supply that came online has put some pressure on ADR though occupancy remained healthy at 86%
- The strong demand fundamentals of Manhattan support a forecast of mid-80% market occupancy moving forward

### Manhattan Hospitality Market Performance<sup>3</sup> 2009 – 2015



Notes:

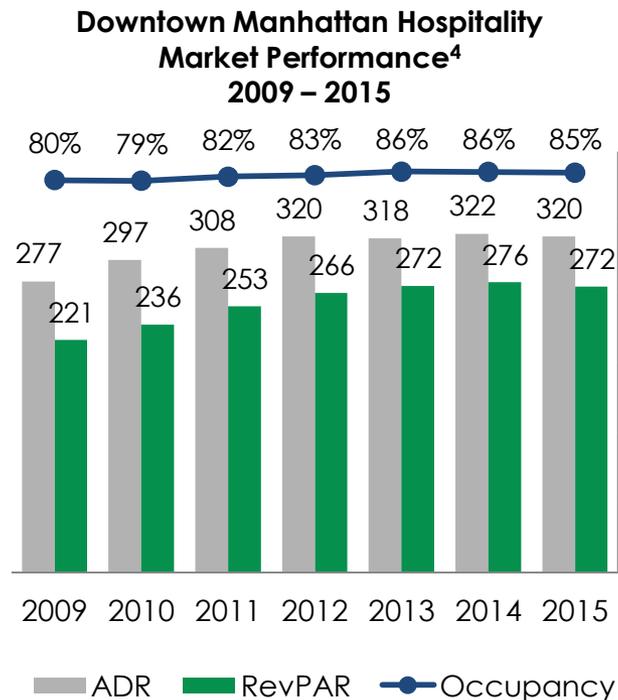
1. Source: U.S. Bureau of Economic Analysis
2. Source: NYC & Company
3. Source: STR

# Rationale for the Acquisition

## 2 Resilient performance of the hospitality market in NYC

**With convenient transit system, desirable neighborhood amenities and extensive residential developments, Downtown Manhattan is a premier destination for residents and visitors alike**

- Downtown Manhattan welcomed 14.2m visitors in 2015, up 14% from 2014<sup>1</sup>
- With over 100 million square feet of office space, Downtown Manhattan is one of the largest and most active business districts in the country<sup>2</sup>
- Demand for accommodation is anchored by 2 million square feet of new shopping and dining expected to open by end 2016<sup>3</sup>
- Since 2009 the Downtown Manhattan market benefitted from a healthy 3.5% CAGR in RevPAR, or a total increase of 23%



Notes:  
 1. Source: Lower Manhattan Real Estate Year in Review 2015  
 2. Source: New York City Economic Development Corporation  
 3. Source: ABS Partners Real Estate's Manhattan Retail Market Mid-2<sup>nd</sup> Quarter 2015 Report  
 4. Source: STR

# Rationale of the Acquisition

## 3 Prime location in the Tribeca/SoHo vicinity

The Property is located in the heart of Tribeca, one of the priciest residential neighbourhoods in Manhattan, and adjacent to SoHo, a premier retail district close to the financial district



- The Property enjoys a good balance of corporate and leisure guests due to its proximity to the financial district as well as the Tribeca/SoHo neighbourhoods
- Immediate access to public transportation, directly served by 11 subway lines and six train stations
- Relatively limited new supply of hospitality assets in the Tribeca/SoHo vicinity as compared to the wider Manhattan hospitality market

Legend: 

The Property



Notable District and Neighbourhoods

# Rationale of the Acquisition

## 4 High quality asset...

- The Property is relatively new, having been built and started operations in October 2010
- The Property has demonstrated strong operating performance; it achieved over 90% occupancy and approximately 7% year-on-year growth in RevPAU in 2015
- Currently standing at around 220 feet, the Property remains as one of the tallest and most prominent buildings in the precinct



# Rationale of the Acquisition

## 4 High quality asset... (cont'd)

- The Property comprises 369 guest rooms, including 348 standard rooms, 20 suites and one presidential suite
- Amenities include fitness center, meeting rooms, business center and rooftop terrace
- Features a restaurant, a lobby bar & lounge, a café and the Sheraton Club Lounge
- Room revenue contributes approximately 97% of total revenue while the remaining non-room revenue are mostly on fixed leases



# Rationale of the Acquisition

- 4 ...franchised under reputable brand and managed by experienced operator

The Property will continue to be managed by third party operator and franchised under Starwood Hotels & Resorts' 'Sheraton' brand

***Sheraton has been established for more than 75 years with bases of strong loyal guests and customers***

- Sheraton is one of the leading brands of Starwood with over 154,000 rooms in more than 440 properties across 75 countries, predominantly in Americas, Asia Pacific and EMEA
- Starwood has targeted to open another 150 new Sheraton-branded hotels by 2020

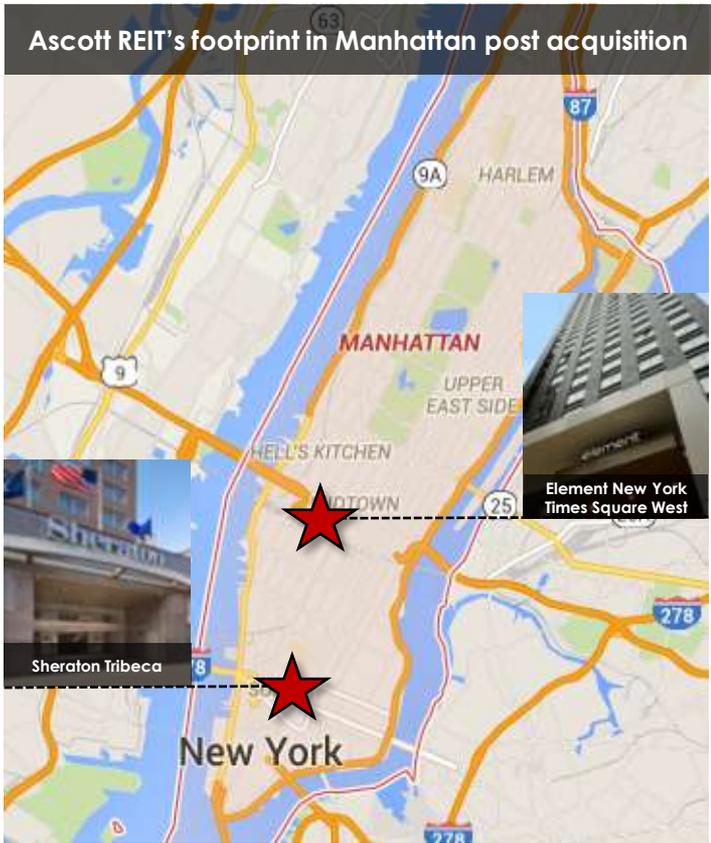


Ascott REIT remains open to acquiring quality assets under reputable brands managed by experienced third party operators in the US

# Rationale for the Acquisition

## 5 Consistent with Ascott REIT's investment strategy to increase scale in the US

**Ascott REIT will increase its scale in the US through the acquisition of its second property in less than a year**



- Demonstrates Ascott REIT's commitment to increase scale in the highly demanded and hotly contested hospitality market of Manhattan
- Ascott REIT will acquire the Property in the developed market of the US at an attractive yield of 6.8%
- Exhibits Ascott REIT's strong ability to seize market opportunities and execute third-party transactions
- Post acquisition, the US will make up 10% of Ascott REIT's total assets

# Impact on Ascott REIT

Ascott Raffles Place Singapore

# Impact on Ascott REIT

## Pro Forma Financial Effects

	Pre Acquisition <sup>1</sup>	Post Acquisition <sup>2</sup>
<b>DPU</b>	7.99 cents	8.11 cents – 8.12 cents
<b>Net Asset Value Per Unit</b>	S\$1.41	S\$1.48
<b>Gearing</b>	39.3%	40.2%

Notes:

1. As at 31 December 2015
2. Assuming acquisition is funded by a combination of debt financing and part of the proceeds from the private placement which the Manager expects to announce shortly

# Impact on Ascott REIT

Ascott REIT's portfolio is diversified across a geographical spread of 38 cities in 14 countries and across property and economic cycles

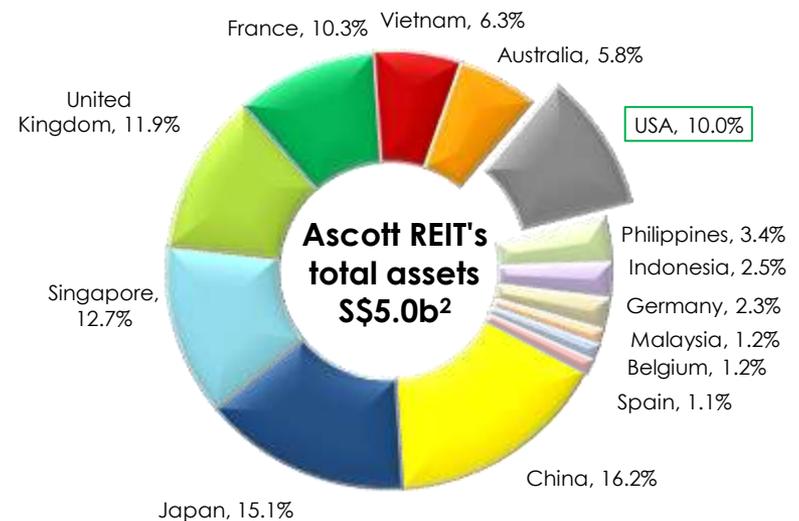
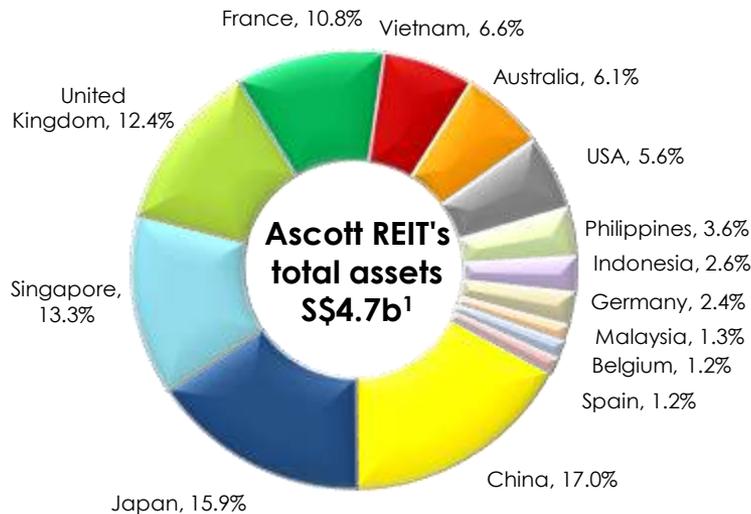
## Breakdown of Ascott REIT's Assets by Geography

### Pre Acquisition

- The Americas – 5.6%
- Asia Pacific – 66.4%
- Europe – 28.0%

### Post Acquisition

- The Americas – 10.0%
- Asia Pacific – 63.2%
- Europe – 26.8%



### Notes:

1. As at 31 December 2015
2. Excludes the New Cairnhill SR, which acquisition is targeted to be completed in 2017. If the New Cairnhill SR was included, the portfolio of Ascott REIT would be approximately S\$5.4 billion

# Conclusion



Citadines Mount Sophia

## Acquisition of a Second Property in New York, United States of America

1

### Enhance DPU to unitholders

- FY 2015 pro forma DPU will increase by 1.5% – 1.6% from 7.99 cents to 8.11 cents – 8.12 cents post acquisition assuming acquisition is funded by a combination of debt and equity financing

2

### Resilient performance of the hospitality market in NYC

- Strong visitor arrivals into NYC reaching a record high of 58.3m in 2015
- The strong demand fundamentals of Manhattan support a forecast of mid-80% market occupancy moving forward

3

### Prime location in Tribeca/SoHo vicinity

- The Property is located in the heart of Tribeca, one of the priciest residential neighbourhoods in Manhattan, and adjacent to SoHo, a premier retail district close to the financial district

# Conclusion (cont'd)

## Acquisition of a Second Property in New York, United States of America

**4** High quality asset franchised under reputable brand and managed by experienced operator

- The Property achieved over 90% occupancy and approximately 7% YoY growth in RevPAU in 2015
- Ascott REIT remains open to partner experienced third party operators under reputable brands in the US

**5** Consistent with Ascott REIT's investment strategy to increase scale in the US

- Ascott REIT will increase its scale in the US through the acquisition of its second property in less than one year
- Ascott REIT will acquire the Property in the developed market of the US at an attractive yield of 6.8%

# Conclusion (cont'd)

## Overview of Ascott REIT's portfolio post acquisition

**\$5.0b<sup>1</sup>**

Total Assets

**11,667**

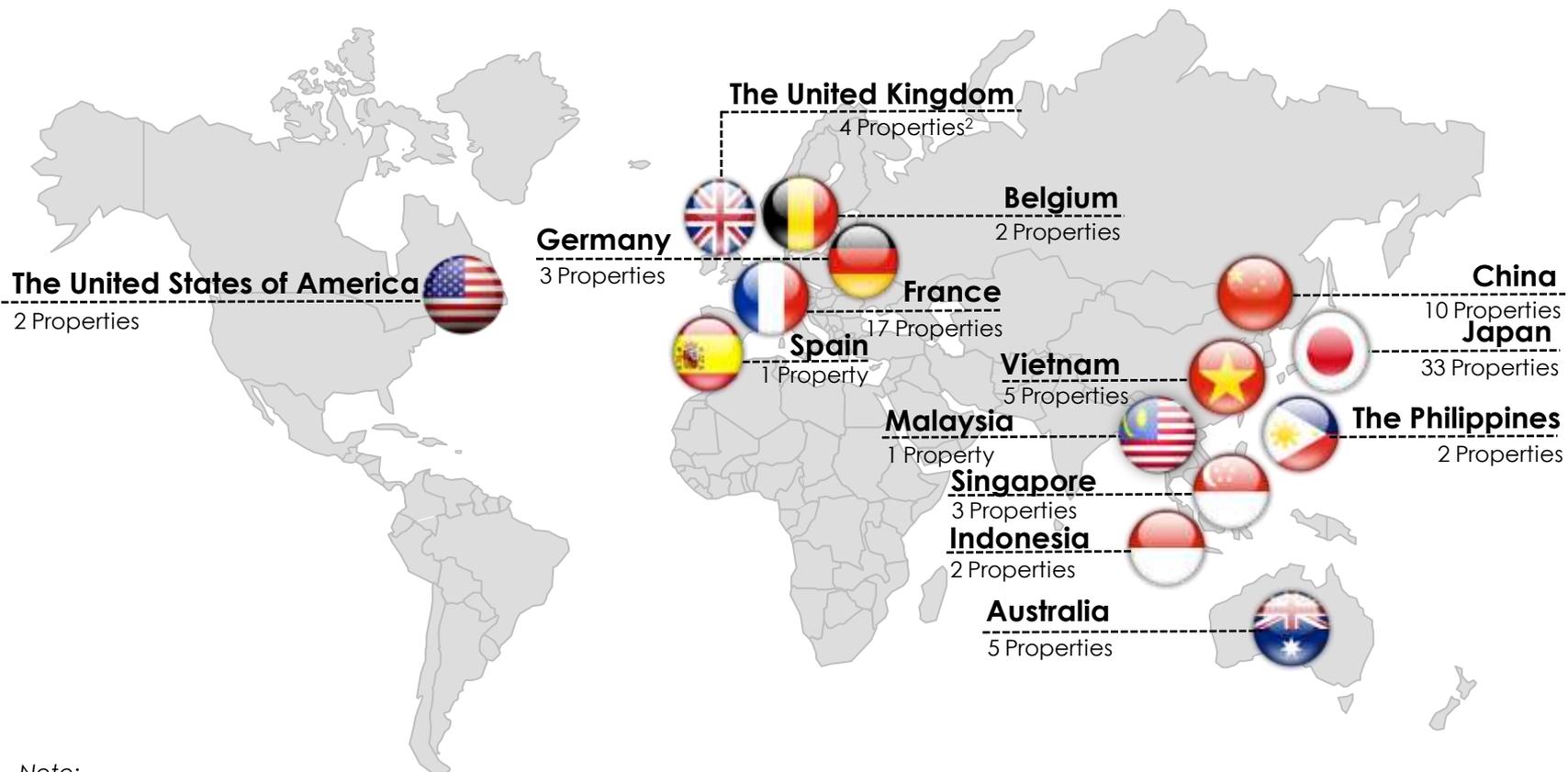
Apartment Units

**90**

Properties

**38**

Cities in 14 Countries



Note:

1. Excludes the New Cairnhill SR, which acquisition is targeted to be completed in 2017. If the New Cairnhill SR was included, the portfolio of Ascott REIT would be approximately \$5.4 billion



  
**ASCOTT**  
RESIDENCE  
TRUST

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**Thank You**