



Ascott Residence Trust

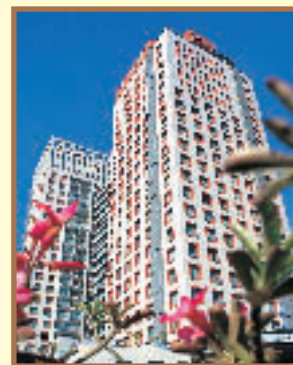
(a unit trust constituted on 19 January 2006 under the laws of the Republic of Singapore)



A Member of CapitaLand

PREFERENTIAL OFFER FOR SALE BY
THE ASCOTT GROUP LIMITED
Of up to 340,500,000 Units

Preferential Offering Sale Price: S\$0.68 Per Unit



The Ascott Group Limited (the "Vendor" or the "Sponsor") is making a preferential offering of up to 340,500,000 units in ART (the "Units") (which include 22,700,000 Units made available by the Vendor to satisfy applications by Singapore Registered Shareholders (as defined herein) to purchase such additional number of Units which will result in their entitlement to purchase Units under the Preferential Offering being an integral multiple of 1,000 Units, where such entitlement is other than an integral multiple of 1,000 Units) to Singapore Registered Shareholders on a renounceable basis of 200 Units for every 1,000 Ascott Shares (as defined herein) held as at the Books Closure Date (as defined herein) for acceptance at the Preferential Offering Sale Price (as defined herein) (the "Preferential Offering"). The sale price of each Unit under the Preferential Offering (the "Preferential Offering Sale Price") will be S\$0.68. The Preferential Offering is underwritten at the Preferential Offering Sale Price by J.P. Morgan (S.E.A.) Limited (the "Sole Global Co-ordinator" or "Sole Lead Underwriter").

Prior to the Preferential Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of a preferential offering in Singapore. Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list on the Main Board of the SGX-ST all the Units in ART (including all Units comprised in the Preferential Offering) and all the Units which will be issued to Ascott Residence Trust Management Limited, as manager of ART (the "Manager"), from time to time in full or part payment of fees payable to the Manager. Such permission will be granted when ART has been admitted to the Official List of the SGX-ST (the "Listing Date"). Acceptance of provisional allocations for Units will be conditional upon permission being granted to list the Units. In the event that such permission is not granted, the monies paid by the Singapore Registered Shareholders for their allocated Units will be returned in full, at each investor's own risk, by ordinary post, through the crediting of the relevant amount to the Singapore Registered Shareholders' accounts with the Participating Banks (as defined herein) or such other means as may be agreed upon, as the case may be, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against the Sponsor, ART, the Manager, DBS Trustee Ltd (as trustee of ART) (the "Trustee"), the Sole Global Co-ordinator, the Sole Lead Underwriter, CapitaLand Financial Services Limited (together with J.P. Morgan (S.E.A.) Limited, the "Joint Financial Advisors") and DBS Bank Ltd (the "Sub-Underwriter").

ART has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. ART's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Preferential Offering, ART, the Manager or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering, ART, the Manager or the Units.

Investors who are members of the Central Provident Fund ("CPF") in Singapore and who had purchased their Ascott Shares using their Ordinary Account savings, may use up to 35.0% of the Investible Savings (as defined herein) in their CPF Ordinary Account to accept and pay for their provisional allocation of Units (and if applicable, their application for Excess Units) as an investment included under the CPF Investment Scheme-Ordinary Account. Upon admission of ART to the Official List of the SGX-ST, CPF members will be allowed to invest up to 35.0% of the Investible Savings in their CPF Ordinary Accounts to purchase the Units in the secondary market.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "MAS") on 6 February 2006 and 6 March 2006 respectively. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. This prospectus will expire on 5 March 2007 (12 months after the date of registration).

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers.

See "Risk Factors" commencing on page 49 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Sponsor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter and the Joint Financial Advisors guarantees the performance of ART, the repayment of capital or the payment of any distributions, or any particular return on the Units.

Singapore Registered Shareholders who are allocated Units in the Preferential Offering, the Purchasers (as defined herein) and the Renounees (as defined herein) will pay the Preferential Offering Sale Price of S\$0.68 per Unit subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), (i) if the Preferential Offering does not proceed for any reason or, (ii) if an application for the Units is rejected or accepted in part only.

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Units are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.



Joint Financial Advisor
Sole Global Co-ordinator and
Sole Lead Underwriter



Sub-Underwriter

Singapore

Somerset Liang Court Property, Singapore

- Location: On the fringe of Singapore's CBD, along River Valley Road
- No. of apartment units: 193
- Appraised Value¹: S\$127.5 million

Somerset Grand Cairnhill, Singapore

- Location: Orchard Road
- No. of apartment units: 144
- Appraised Value¹: S\$154.7 million



China

The Ascott, Beijing

- Location: Chaoyang District
- No. of apartment units: 272
- Appraised Value¹: S\$217.7 million

Somerset Grand Fortune Garden Property, Beijing

- Location: Chaoyang District
- No. of apartment units: 81
- Appraised Value¹: S\$52.8 million

Somerset Xu Hui, Shanghai

- Location: Prime residential district of Shanghai
- No. of apartment units: 167
- Appraised Value¹: S\$51.5 million



Vietnam

Somerset Ho Chi Minh City, Ho Chi Minh City

- Location: Within CBD of Ho Chi Minh City
- No. of apartment units: 165
- Appraised Value¹: S\$66.8 million

Somerset Grand Hanoi, Hanoi

- Location: Within CBD of Hanoi
- No. of apartment units: 185
- Appraised Value¹: S\$105.7 million



S\$855.8 million² Portfolio with 2,068 Apartment Units³

Indonesia

The Ascott, Jakarta

- Location: The Golden Triangle, business and shopping district of Jakarta
- No. of apartment units: 198
- Appraised Value¹: S\$43.0 million

Somerset Grand Citra, Jakarta

- Location: The Golden Triangle, business and shopping district of Jakarta
- No. of apartment units: 203 (including 40 rental housing units)
- Appraised Value¹: S\$54.6 million

Country Woods, Jakarta

- Location: South Jakarta, with easy access to city through expressways
- No. of apartment units: 251 (including townhouses and bungalows)
- Appraised Value¹: S\$25.8 million



The Philippines

Somerset Millennium, Manila

- Location: Shopping and business district of Makati City
- No. of apartment units: 138 (69 units leased from third parties)
- Appraised Value¹: S\$12.7 million

Somerset Salcedo Property, Manila

- Location: Shopping and business district of Makati City
- No. of apartment units: 71
- Appraised Value¹: S\$12.3 million

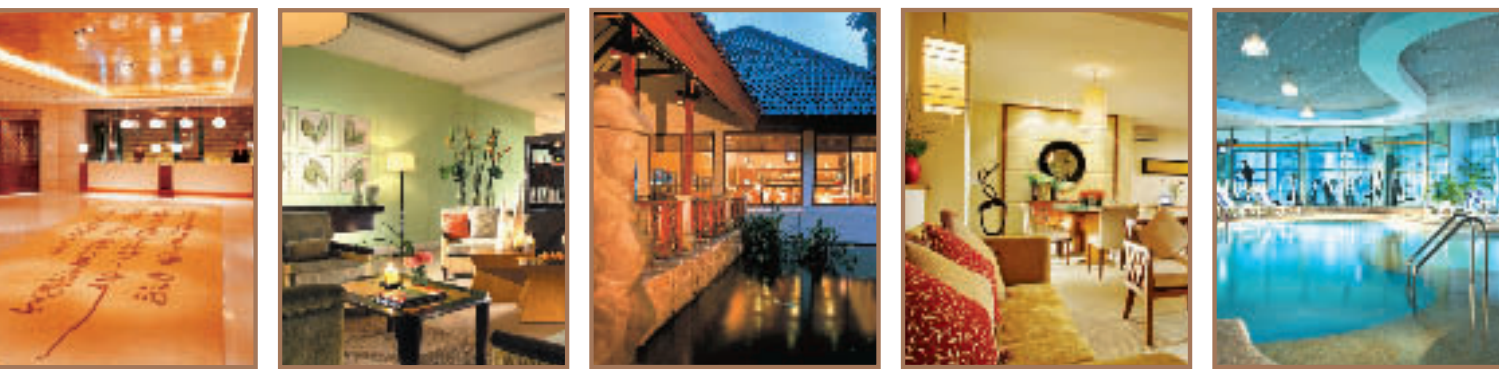


¹ Appraised Value is based on the average of the two valuations of the Properties (as defined herein) appointed by the Manager and the Trustee as at 15 December 2005.

² Based on ART's interest in the Properties, the Property Holding Companies and Somerset FG Pte. Ltd., its share of the Appraised Value of the Properties is S\$855.8 million.

³ As at 31 December 2005.

First Pan-Asian Serviced Residence Real Estate Investment Trust



This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. Words and expressions not defined herein have the same meaning as in the main body of this Prospectus unless the context otherwise requires. Meanings of capitalised terms may be found in the Glossary of this Prospectus.

Overview of ART

ART is the first Pan-Asian serviced residence real estate investment trust 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 or rental housing properties in the Pan-Asian Region. Its initial asset portfolio comprises 12 properties located in Singapore, China, Vietnam, Indonesia and the Philippines.

The Manager is a direct wholly-owned subsidiary of The Ascott Group Limited ("Ascott"). Headquartered in Singapore, the Ascott Group (as defined herein) is a leading international serviced residence provider which owns and/or manages more than 15,000 serviced residence apartment units in key cities of Europe, Asia-Pacific and the Gulf region.

Ascott Shareholders have the exclusive opportunity to purchase units in ART at a forecast distribution yield of 9.0%⁴ based on the Preferential Offering Sale Price of S\$0.68 per Unit and the forecast distribution per Unit of 6.11 cents for the financial year ending 31 December 2006 (the "Forecast Year 2006").

(See "Summary - Overview of ART", "Key Investment Highlights of ART" and "Strategy" in this Prospectus for further details.)

⁴ Annualised yield for Forecast Year 2006 based on the assumptions set out in this Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Preferential Offering Sale Price. The distribution per Unit for the Forecast Year 2006 is calculated on the assumption that the date of admission of ART to the Official List of the SGX-ST (the "Listing Date") is 1 January 2006. The actual distribution per Unit for the financial period from 19 January 2006, the date of establishment of ART, to 31 December 2006 will differ as investors will only be entitled to distributions arising from operations from the Listing Date to 31 December 2006.



Key Investment Highlights

Exposure to the First Pan-Asian Serviced Residence REIT Regional Portfolio and Exposure to High-Growth Markets in the Pan-Asian Region

- Strategic location in key cities across the Pan-Asian Region.
- Diversification across geography and economic cycles.
- Increasing levels of foreign direct investment in some of the emerging and rapidly expanding markets offer strong growth opportunities in the serviced residence sector.

Strengthening Pan-Asian Serviced Residence Sector

- Demand for serviced residences continues to grow due to the increasing trend in business travel into Asia, an increasing preference of corporate and business executives for comfortable home-styled accommodation, and the increasing levels of foreign direct investment in Asian economies.

Relative Stability of the Serviced Residence Industry

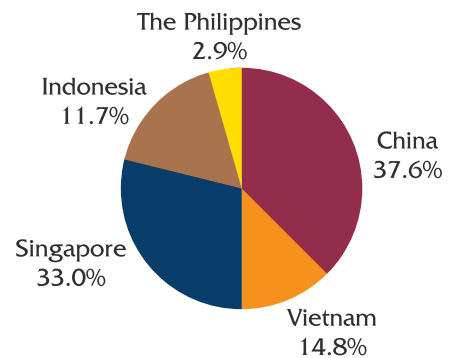
- Within the hospitality industry, serviced residences have exhibited greater stability in revenue relative to full-service hotels.

Longer-Term Accommodation Profile Underpins Earnings Stability

- Serviced residences mainly provide mid-term and long-term accommodation for corporate executives as opposed to short-term accommodation provided by hotels for tourists.
- Design and configuration of serviced residences provide flexibility of use for both short and extended stays, thereby enhancing demand.

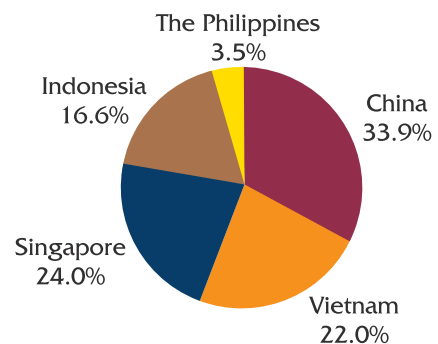
Geographical Diversification of the Properties

By ART's Share of Property Values (As at 15 December 2005)



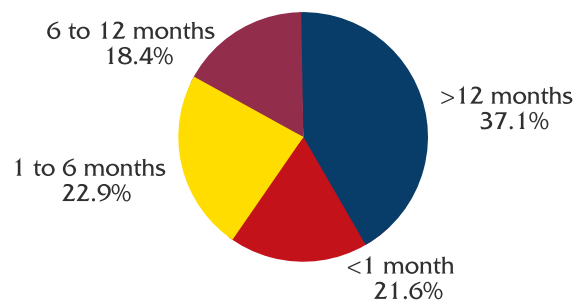
Total of S\$855.8 million

By ART's Share of Gross Profit For the Forecast Year 2006



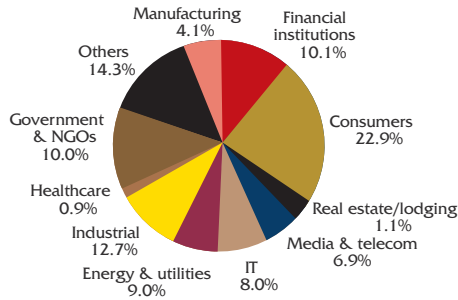
Total of S\$47.8 million

Portfolio Apartment Rental Income by Length of Stay*



* For the 11 months ended 30 November 2005

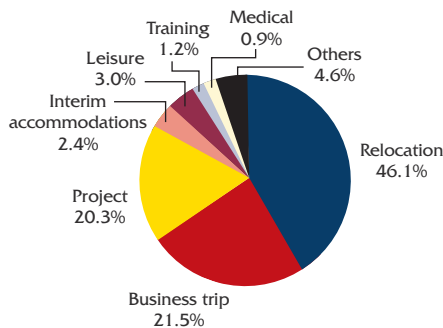
Portfolio Apartment Rental Income by Industry*



* For the 11 months ended 30 November 2005

Illustration 1

Portfolio Apartment Rental Income by Market Segment*



* For the 11 months ended 30 November 2005

Illustration 2

Quality of Portfolio

Conveniently Located and Well-Equipped High Quality Serviced Residences

- Most of the Properties are conveniently located within or in close proximity to the local prime business districts.

Diverse Guest Base and Quality Clientele

- The Properties have a diverse guest base comprising mainly expatriate families, business travellers, corporate clients and government bodies. This diversity provides stability to the revenue of the Properties by limiting reliance on any one particular group of guests (Please refer to Illustrations 1 and 2).

Occupancy Rate, REVPAU# and Average Daily Rate of the Properties (on a portfolio basis)

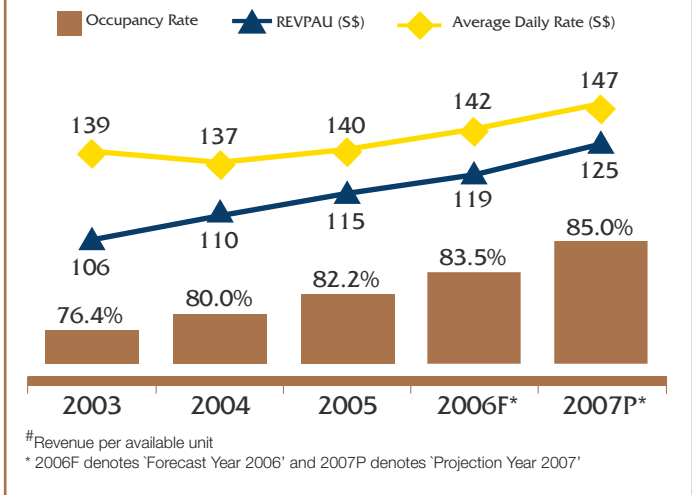


Illustration 3

Strong Occupancy Rates and Improving REVPAU

- The occupancy rates and REVPAU of the Properties on a portfolio basis for the years ended 31 December 2003 to 2005 have been high and stable.
- The projected and forecast REVPAU for financial years ending 31 December 2006 and 2007 are expected to improve (Please refer to Illustration 3).

Strong Sponsorship by the Ascott Group

- The Sponsor will retain at least 25% and up to approximately 30% interest in the Units in ART.
- The Sponsor has granted ART a right of first refusal over future sales of Pan-Asian serviced residences or rental housing properties located in the Pan-Asian Region by any Ascott Entity (as defined herein).
- The Ascott Group, which pioneered Asia's first luxury serviced residence in 1984, is a leading international serviced residence provider.

Established Management with Proven Track Record

- The Manager believes the Unitholders will benefit from the experiences of key executive officers of the Manager and the SR Management Companies in fund, asset and serviced residence management in the Pan-Asian serviced residence markets.

Distribution Per Unit (Cents)

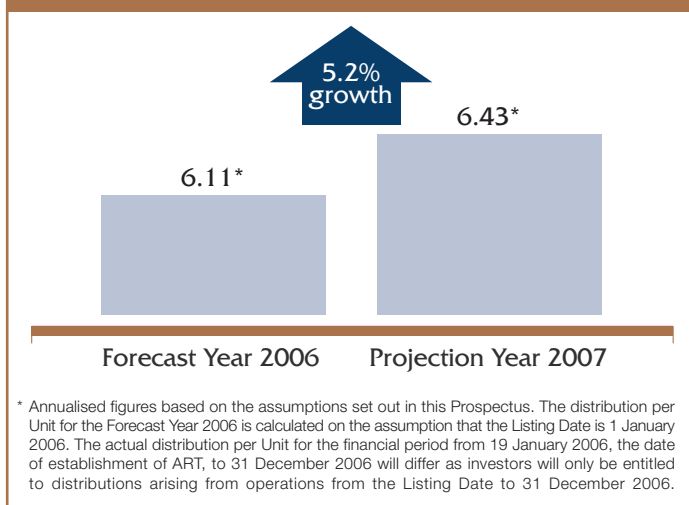


Illustration 4

Stable and Growing Distributions

Stable and Growing Distributions and High Distribution Payout Ratio

- The stability of ART's distributions is underpinned by the consistent and strong average occupancy rate of the portfolio as evidenced by the 82.2% achieved for the financial year ended 31 December 2005.
- ART's distribution policy is to distribute 100% of its taxable income and Net Overseas Income for the period commencing from the Listing Date to 31 December 2006 and for the financial year ending 31 December 2007, and to distribute at least 90% of its taxable income and Net Overseas Income thereafter (*Please refer to Illustration 4*).

Tax Benefits for Unitholders

- ART enjoys tax transparency on its taxable income from the Singapore Properties.
- Distributions made to individuals are generally exempt from Singapore income tax regardless of their nationality or tax residence status. For foreign non-individuals, distributions of ART's taxable income during the period from 18 February 2005 to 17 February 2010 are taxed at a reduced rate of 10%. Distributions made in respect of Net Overseas Income are generally not subject to tax.

Strategy of The Manager

Active Asset Management

The Manager intends to maximise the overall financial performance of ART's property portfolio by:

- Developing yield management and marketing strategies to maximise REVPAU;
- Improving operating efficiencies and economies of scale; and
- Maintaining quality of portfolio.

Acquisition Growth Strategy

The Manager has developed an acquisition strategy to aggressively grow the portfolio size and diversification of ART by:

- Leveraging on its relationship with the Sponsor who has granted ART the right of first refusal granted over future sales of serviced residences or rental housing properties located in the Pan-Asian Region by any Ascott Entity:
 - The Ascott Group will retain whole or partial ownership of 11 serviced residence assets valued at approximately S\$500 million and comprising approximately 1,500 apartment units in eight cities across Asia after the listing of ART.
 - The Ascott Group currently also operates and/or manages for third parties 45 properties comprising more than 6,000 apartment units across 20 cities in the Pan-Asian Region. The Manager believes that these assets have an estimated combined value of approximately S\$2.0 billion.
 - The Ascott Group has a stable of properties for potential future acquisition by ART as serviced residences or rental housing properties, developed by the Ascott Group in Singapore and elsewhere in the Pan-Asian Region.
- Securing attractive and yield-accretive acquisition of third party properties from the open market; and
- Leveraging on its strategic relationship with CapitaLand Limited, one of the largest listed property companies in Asia.

The management of the Manager and the SR Management Companies have a track record of successfully sourcing and executing real estate acquisitions and have been actively involved in such acquisitions.

Capital and Risk Management Strategy

- The Manager aims to optimise ART's capital structure and cost of capital within the borrowing limits set out in the Property Funds Guidelines and intends to use a combination of debt and equity to fund future acquisitions and asset enhancement projects.
- Key aspects are as follows:
 - Maintaining strong balance sheet.
 - Securing diversified funding sources.
 - Adopting proactive interest rate management strategy.
 - Managing exposure to foreign exchange.

Opportunity to Own Units in ART

Renounceable Preferential Offering Exclusively to all Singapore Registered Shareholders

9.0% yield*

If you own...	...you will be provisionally allocated...	... if you take up your entitlement of units in ART, you will own...	
1,000 Ascott Shares	200 units in ART at S\$0.68/unit	1,000 Ascott Shares	200 units in ART

Singapore Registered Shareholders may

- Accept the Units provisionally allocated to them (the "Entitlements") in full or in part.
- Renounce their Entitlements in favour of a third party.
- Apply for Excess Units.
- Monetise their nil-paid entitlements during the Entitlements Trading Period.

* Annualised yield for Forecast Year 2006 based on the assumptions set out in this Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Preferential Offering Sale Price. The distribution per Unit for the Forecast Year 2006 is calculated on the assumption that the Listing Date is 1 January 2006. The actual distribution per Unit for the financial period from 19 January 2006, the date of establishment of ART, to 31 December 2006 will differ as investors will only be entitled to distributions arising from operations from the Listing Date to 31 December 2006.

Illustrative Market Price and Yield Range

Illustrative Market Price	Distribution Yield for Forecast Year 2006* (%)	Distribution Yield for Projection Year 2007* (%)
S\$1.50	4.07	4.29
S\$1.40	4.36	4.59
S\$1.31 [†]	4.66	4.91
S\$1.30	4.70	4.95
S\$1.20	5.09	5.36
S\$1.10	5.55	5.85
S\$1.00	6.11	6.43
S\$0.90	6.79	7.14
S\$0.80	7.64	8.04
S\$0.70	8.73	9.19
S\$0.68 [‡]	9.00	9.45

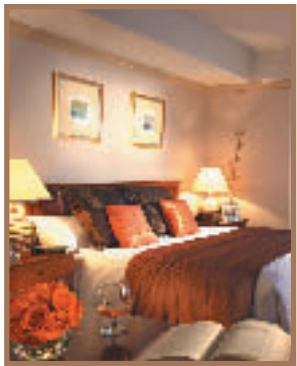
* Based on the forecast DPU of 6.11 cents for the Forecast Year 2006 and the projected DPU of 6.43 cents for the Projection Year 2007, and distribution yield based on payout of 100% of taxable income and Net Overseas Income.

[†] S\$1.31 is the net asset value per Unit as at 31 December 2005 and S\$0.68 is the Preferential Offering Sale Price.

Indicative Timetable

Date & Time	Event
9 March 2006 / Acceptance Form • 9.00am / ATM • 9.00am	Opening date and time for the Preferential Offering
9 March 2006 • 9.00am	Commencement of trading of nil-paid Entitlements
17 March 2006 • 5.00pm	Last date and time of trading of nil-paid Entitlements
23 March 2006 / Acceptance Form • 4.45pm / ATM • 9.30pm	Closing date and time for the Preferential Offering
31 March 2006 • 9.00am	Date and time for commencement of trading of the Units on a "ready" basis on the SGX-ST

Key Attractions Of ART



- Exposure to the First Pan-Asian Serviced Residence REIT
- Quality Portfolio
- Stable and Growing Distributions
- Strong Sponsorship by The Ascott Group
- Established Management with Proven Track Record

Sponsored by

NOTICE TO INVESTORS

This Prospectus is issued by the Vendor in connection with the listing of ART on the SGX-ST by way of the Preferential Offering. This Prospectus provides information on ART and the Units in compliance with the SGX-ST's listing requirements.

Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Units in ART (including all Units comprised in the Preferential Offering) and all the Units which may be issued to the Manager from time to time in full or part payment of fees payable to the Manager. Such permission will be granted when ART has been admitted to the Official List of the SGX-ST.

ART has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. ART's eligibility to list on the Main Board of the SGX-ST is not an indication of the merits of the Preferential Offering, ART, the Manager or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering, ART, the Manager or the Units.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Vendor, ART and the Manager. The delivery of this Prospectus shall not, under any circumstances, imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of ART, the Manager or the Units since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Vendor or, as the case may be, the Manager will make an announcement of the same to the SGX-ST and if required, issue and lodge a supplementary document or replacement document pursuant to Section 298 of the Securities and Futures Act and take immediate steps to comply with Section 298. Recipients of this Prospectus and all prospective investors in the Units should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or covenant, by the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Somerset FG does not, as at the date of this Prospectus, own the strata titles to the Somerset Grand Fortune Garden Property and only has contractual rights in respect of this Property. An application for the issuance of the strata titles to the Somerset Grand Fortune Garden Property, together with the relevant documents, will be made to the real estate administrative authorities for the issuance of the strata titles in relation to the Somerset Grand Fortune Garden Property. The Manager will make an announcement to the SGX-ST upon the issuance of the strata titles, or in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date, as the case may be. As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted the option to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date (see "The Properties - Somerset Grand Fortune Garden Property, Beijing" for more details).

None of the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers makes any representation or undertaking to any Singapore Registered Shareholders, the Purchasers or the Renouncees regarding the legality of an investment by such persons under appropriate legal, investment or similar laws. Recipients of this Prospectus and all prospective investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Recipients of this Prospectus and all prospective investors in the Units should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the Units.

This Prospectus has been prepared solely for the purpose of the Preferential Offering and may not be relied upon by any persons for purposes other than the Preferential Offering. The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter and the Joint Financial Advisors require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter and the Joint Financial Advisors. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Copies of this Prospectus may be obtained on request, subject to availability, from:-

J.P. MORGAN (S.E.A.) LIMITED

168 Robinson Road
17th Floor, Capital Tower
Singapore 068912

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website <http://www.sgx.com>.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute “forward-looking statements”. This Prospectus also contains forward-looking financial information in “Profit Forecast and Profit Projection”. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of ART, the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which ART will operate in the future. Because these statements and financial information reflect the Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

Among the important factors that could cause ART’s actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information are the condition of, and changes in, the domestic, regional and global economies that result in reduced occupancy or REVPAU for ART’s properties, changes in government laws and regulations affecting ART, competition in the markets in which ART’s properties are located, interest rates, fluctuation in exchange rates, relations with lenders and other matters not yet known to the Manager or not currently considered material by the Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Profit Forecast and Profit Projection”, “Business and Properties” and the “Independent Serviced Residences Market Overview Report”. These forward-looking statements and financial information speak only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Manager’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

ART will publish its financial statements in Singapore dollars. In this Prospectus, references to “S\$”, “\$”, “Singapore dollars” and “cents” are to the lawful currency of the Republic of Singapore.

ART’s unaudited pro forma consolidated statements of total return for each of the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005, unaudited pro forma consolidated balance sheet as at 31 December 2005 and unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005 and included in this Prospectus have been prepared in accordance with Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants as well as the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed, and on the basis set out in Appendix III.

Capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

Certain historical financial data in this Prospectus is derived from the pro forma financial information and presented on a pro forma basis (see “Unaudited Pro Forma Consolidated Financial Information”).

References to the acquisition of the Properties by ART in this Prospectus shall, where the context so admits, include the acquisition of the shares in the Property Holding Companies and Somerset FG from the Vendor Companies.

This Prospectus contains certain information with respect to the business sectors of ART’s guests. The Manager has determined the business sectors in which ART’s guests are primarily involved based upon the Manager’s general understanding of the business activities conducted by such guests in the premises occupied by them. The Manager’s knowledge of the business activities of ART’s guests is necessarily limited and such guests may conduct business activities that are in addition to, or different from, those shown herein.

The forecast and projected yields and yield growth are calculated based on an illustrative market price range of S\$0.60 to S\$1.50 per Unit. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the illustrative market price range of S\$0.60 to S\$1.50 per Unit. In no circumstances should the inclusion of such an illustrative market price range be regarded as a representation, warranty or prediction with respect to the market price of the Units upon or following their listing on the SGX-ST.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded off to one decimal place. References to “Appendices” are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Vendor and the Manager have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Vendor and the Manager have not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

ELIGIBILITY OF ASCOTT SHAREHOLDERS TO PARTICIPATE IN THE PREFERENTIAL OFFERING

1. ASCOTT SHAREHOLDERS WITH REGISTERED ADDRESSES IN SINGAPORE AS AT THE BOOKS CLOSURE DATE OR WHO HAVE, AT LEAST FIVE (5) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE, PROVIDED THE VENDOR (IN THE CASE OF ASCOTT SHAREHOLDERS NOT BEING DEPOSITORS) OR CDP (IN THE CASE OF ASCOTT SHAREHOLDERS BEING DEPOSITORS), AS THE CASE BE, ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS

Ascott Shareholders who have registered addresses in Singapore as at the Books Closure Date or have, at least five (5) Market Days prior to the Books Closure Date, provided the Vendor or CDP, as the case may be, addresses in Singapore for the service of notices or documents, have been provisionally allocated the Units under the Preferential Offering based on their shareholdings in the Vendor as at the Books Closure Date and are entitled to participate in the Preferential Offering and receive this Prospectus together with the ARE (in the case of Singapore Registered Shareholders being Depositors) or the PAL (in the case of Singapore Registered Shareholders not being Depositors) at their respective Singapore addresses. Singapore Registered Shareholders (being Depositors) who do not receive the ARE may obtain copies of the ARE and this Prospectus from CDP or the Share Registrar in Singapore for the period up to the Closing Date.

All dealings in, and transactions of, the Entitlements through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs which are issued to Singapore Registered Shareholders not being Depositors, will not be valid for delivery pursuant to trades done on the SGX-ST.

2. ARRANGEMENTS FOR OVERSEAS SHAREHOLDERS

The offer of the Units and the distribution of this Prospectus and its accompanying forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under their relevant securities laws.

For practical reasons and in order to avoid any violation of these securities laws applicable in such countries (other than Singapore) where Ascott Shareholders may have their registered addresses, this Prospectus and its accompanying forms have not been despatched to the Overseas Shareholders.

After taking into account the distribution of addresses of the Ascott Shareholders in different jurisdictions and the potential costs associated with the Preferential Offering of the Units in various jurisdictions (including legal costs and costs for processing applications), the directors of the Vendor consider it in the interests of the Vendor and the Ascott Shareholders as a whole to offer the Units only to Singapore Registered Shareholders and provide assistance for the Overseas Shareholders to realise the value of their Entitlements by way of disposal of their nil-paid Entitlements. As at 17 January 2006, the aggregate shareholding of Ascott Shareholders with registered addresses in Singapore represented approximately 98.54% of the then issued share capital of the Vendor. As such, the aggregate shareholding of Ascott Shareholders with addresses in places other than Singapore only represented 1.46% of the issued share capital of the Vendor as at 17 January 2006. The shareholders registered on the register of members of the Vendor as at 17 January 2006 had addresses in 24 jurisdictions other than Singapore.

Overseas Shareholders with addresses outside Singapore who wish to be entitled to the offer of Units under the Preferential Offering and the distribution of the Prospectus and its accompanying forms should provide the Vendor (in the case of Overseas Shareholders not being Depositors) or CDP (in the case of Overseas Shareholders being Depositors) with addresses in Singapore for the service of documents at least five (5) Market Days prior to the Books Closure Date.

No provisional allocations of the Units for purchase have been made to the Overseas Shareholders and no purported acceptance thereof or application therefor by the Overseas Shareholders will be valid. Subject as referred to below, it is the responsibility of anyone outside Singapore wishing to make an application for the Units to satisfy himself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith. No application for the Units will be accepted from any person whose address is outside Singapore. The Vendor reserves the right to refuse to accept any application for the Units where it believes that doing so would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

This Prospectus and its accompanying forms will not be despatched to persons purchasing the Entitlements through the book-entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore ("**Overseas Purchasers**"). Overseas Purchasers who wish to accept the provisional allocations of the Units credited to their Securities Accounts should make the necessary arrangements with their stockbrokers or securities agents in Singapore.

The Vendor reserves the right to reject any acceptance of the Units or application for Excess Units where it believes, or has reason to believe, that such acceptance or application may violate the applicable laws of any jurisdiction.

If it is practicable to do so, the Vendor may, at its discretion, arrange for the Entitlements of Overseas Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after trading of their Entitlements commences. The sale of such Entitlements will, however, only be effected if the Vendor, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account the expenses to be incurred. Where such Entitlements are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Vendor may, in its absolute discretion, decide and no Overseas Shareholder shall have any claim whatsoever against the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors, the Share Registrar or CDP in respect of such sales, the Entitlements or the Units represented by such Entitlements. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Overseas Shareholders in proportion to their respective shareholdings or the number of Ascott Shares standing to the credit of their respective Securities Accounts, as the case may be, as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount to be distributed to any single Overseas Shareholder is less than S\$10.00, it will be retained for the sole benefit of the Vendor and no Overseas Shareholder shall have any claim whatsoever against the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, Joint Financial Advisors, the Share Registrar or CDP in connection therewith.

If such Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Entitlements, the Units represented by such Entitlements will be allocated to satisfy excess applications or dealt with in such manner as the directors of the Vendor may, in their absolute discretion, deem fit. No Overseas Shareholder shall have any claim whatsoever against the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors, the Share Registrar or CDP in connection therewith.

Notwithstanding the above, Ascott Shareholders or any other persons having possession of this Prospectus or its accompanying forms are advised to inform themselves of, and to observe, any legal requirements applicable thereto. No person in any territory outside Singapore receiving this Prospectus or its accompanying forms may treat the same as an invitation or solicitation or offer to purchase for the Units unless such an invitation or solicitation or offer could lawfully be made without compliance with any registration or other legal requirements in those territories.

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SUMMARY

The following summary is qualified in its entirety by, and is subject to, the Profit Forecast and Profit Projection, the Unaudited Pro Forma Consolidated Financial Information and the more detailed information contained or referred to elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and, in particular, the sections from which the information in this summary is extracted. The meanings of terms not defined in this summary can be found in the Glossary or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Manager.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast or projected (see "Forward-looking Statements"). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors should read this Prospectus in its entirety and, in particular, the section "Risk Factors".

Overview of ART

ART is a Singapore-based real estate investment trust 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 or rental housing properties in the Pan-Asian Region. Its initial asset portfolio comprises serviced residences and a rental housing property located in Singapore, Indonesia, the Philippines, China and Vietnam which may be held directly or indirectly through the Property Companies (or other companies whose primary purpose is to hold or own real properties).

The Manager aims to produce attractive total returns to Unitholders by, among other things:-

- (a) actively managing ART's property portfolio to maximise returns from the property portfolio;
- (b) acquiring properties that meet the Manager's investment criteria; and
- (c) employing appropriate capital financing and hedging strategies to manage fluctuation risks in interest rates and foreign exchange risks.

The Manager is a direct wholly-owned subsidiary of Ascott. The Ascott Group is a leading international serviced residence provider which owns and/or manages more than 15,000 serviced residence apartment units in key cities of Europe, Asia-Pacific and the Gulf region. Headquartered in Singapore, the Ascott Group pioneered Pan-Asia's first branded luxury serviced residence in 1984. The Ascott Group has extensive experience in the ownership and management of serviced residences as well as an established network of relationships with developers and service providers in Singapore and the Pan-Asian Region. The Manager believes that ART can leverage on the Ascott Group's network to achieve its business objectives and provide ART with access to the market and network of contacts in the Pan-Asian serviced residence sector.

ART has been granted the right of first refusal by Ascott over future sales of properties by any Ascott Entity that are used, or predominantly used, as serviced residences or as rental housing properties in the Pan-Asian Region (including those under the "The Ascott", "Somerset" and "Citadines" brands) and serviced residences or rental housing properties offered to any Ascott Entity from the Listing Date (for so long as the Manager remains the manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager). The right of first refusal is expected to enhance ART's growth potential (see "Certain Agreements Relating to ART and the Properties – Right of First Refusal" for further details).

KEY INVESTMENT HIGHLIGHTS OF ART

The following key investment highlights are qualified in its entirety by, and are subject to, the Profit Forecast and Profit Projection and the Unaudited Pro Forma Consolidated Financial Information contained or referred to elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and, in particular, the sections from which the information in this summary is extracted. The meanings of terms not defined in the key investment highlights can be found in the Glossary or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Manager.

Statements contained in the key investment highlights that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast or projected (see "Forward-looking Statements"). In no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors or any other person or that these results will be achieved or are likely to be achieved.

The Manager believes that an investment in ART will offer Unitholders the following attractions:-

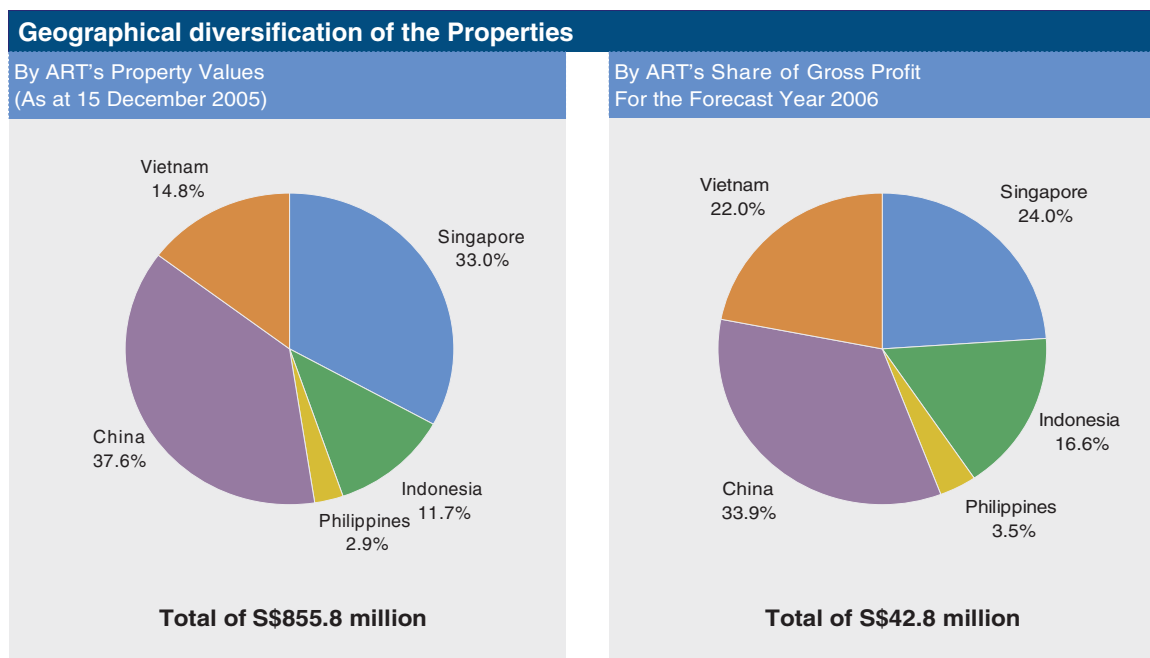
Exposure to the First Pan-Asian Serviced Residence REIT

- **Regional portfolio and exposure to high-growth markets in the Pan-Asian Region:** Most of the Properties are strategically located in key cities across the Pan-Asian Region, providing revenue diversification across geography as well as property and economic cycles.

For the financial years ended 31 December 2004 and 31 December 2005, the percentages of total revenue accounted for by ART's initial portfolio of properties in Singapore, Indonesia, the Philippines, China and Vietnam were approximately 18.8%, 23.1%, 4.0%, 33.0% and 21.1% respectively, and 20.2%, 22.3%, 4.6%, 32.4% and 20.5% respectively.

The exposure to some of the emerging and rapidly expanding markets in the Pan-Asian Region which receive high levels of foreign direct investments offers strong growth opportunities in the serviced residence sector. In line with the region's improved market conditions and economic growth, the Properties experienced high occupancies and achieved strong REVPAU for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005.

The Manager expects demand for serviced residences to continue growing in key Asian cities, fuelled by increasing cross-border business activities, multinational companies' expansion of their Asian operations, an increasing number of corporate executives travelling on assignments and expatriates relocating to Asia. The wide regional investment mandate of ART allows it to tap a large potential pool of quality and yield-accretive serviced residences and rental housing properties that can be acquired to enhance the total returns of ART.



- **Strengthening Pan-Asian serviced residence sector:** Serviced residences have been growing in popularity as an alternative accommodation concept over the past decade. The Manager believes that ART will benefit from the demand for serviced residences arising from:-
 - (a) the increasing trend in business travel into Asia and hence the demand for medium-term/extended-stay accommodation in key Asian cities;
 - (b) an increasing preference of corporate and business executives for comfortable home-styled accommodation for extended stays, which combine the spaciousness and freedom of home living with the convenience of concierge services; and
 - (c) the increasing levels of foreign direct investments in Asian economies by governments and multinational corporations establishing a business presence in Asia (see Appendix VI, "Independent Serviced Residences Market Overview Report").

- **Relative stability of the serviced residence industry:** Within the hospitality industry, serviced residences have exhibited greater stability in revenue relative to full-service hotels. Compared to hotels, serviced residences tend to have a lower fixed cost structure comprising significantly lower payroll expenses relating to the provision of labour-intensive hospitality services. Serviced residences are also less reliant on the demand from tourist travellers and have guest profiles comprising mostly corporate executives who require mid to long-term accommodation on business travels.

Demand from quality corporate clients for extended-stay accommodation underpins the performance of the Properties and provides resilience against the cyclical nature of the tourism industry. The serviced residence industry demonstrated strong resilience compared to the hotel industry during the SARS crisis in 2003. The Average Occupancy Rate of the Properties on a portfolio basis of 76.4% for FY2003 was in line with the Average Occupancy Rates of the same Properties on a portfolio basis of 80.0% and 82.2% for FY2004 and FY2005 respectively.

- **Longer-term accommodation profile underpins earnings stability:** Serviced residences mainly provide mid-term and long-term accommodation for corporate executives as opposed to short-term accommodation provided by hotels for tourists. As such, serviced residences are not usually exposed to the decrease in demand from executives for accommodation on weekends experienced by many hotels because of a greater average length of stay. The design and configuration of serviced residences provide flexibility of use for both short and extended stays, thereby enhancing demand.

Stability in earnings of the Properties is underpinned by the longer length of stay profile of serviced residences. The length of stay profile of the Properties (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005 was as follows:-

Length of Stay	Percentage of total Apartment Rental Income (%)
Less than 1 month	21.6
Between 1 and 3 months	14.7
Between 3 and 6 months	8.2
Between 6 and 12 months	18.4
Beyond 12 months	37.1

Approximately 37.1% of the total Apartment Rental Income of the Properties for the 11 months ended 30 November 2005 was accounted for by leases/licences having a length of stay of more than 12 months and approximately 18.4% of total Apartment Rental Income of the Properties was accounted for by leases/licences having a length of stay of between 6 to 12 months.

Quality of Portfolio

- **Conveniently located and well-equipped high quality serviced residences:** Most of the Properties are conveniently located within or in close proximity to the local prime business districts. The Properties are popular with corporate executives and their families as they offer quality home-style environments with fully-equipped kitchens, separate dining areas and spacious living areas. The Properties are also equipped with amenities to meet the needs of corporate executives such as internet connectivity and IDD telephones with voice mail facilities.
- **Diverse guest base and quality clientele:** The Properties have a diverse guest base comprising mainly expatriate families, business travellers, corporate clients and government bodies. This diversity provides stability to the revenue of the Properties by limiting reliance on any one particular group of guests. In addition, the Properties have a group of quality corporate clients, such as Samsung, BP and Standard Chartered Bank, which ensures a diversified and stable source of revenue for the Properties.
- **Strong occupancy rates and improving revenue per available unit (“REVPAU”):** The occupancy rates and REVPAU of each of the Properties for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 have been high and stable. The Properties’ Average Occupancy Rates for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were 76.4%, 80.0% and 82.2% respectively. The Properties’ REVPAU for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were S\$106, S\$110 and S\$115 respectively. Barring any unforeseen circumstances, the Directors of the Manager believe that REVPAU is expected to improve for FY2006 and FY2007 (see “Profit Forecast and Profit Projection” for further details).

Strong Sponsorship by the Ascott Group

- **Branded serviced residence chains with strong and established brand names:** ART owns 11 serviced residences and a rental housing property with 2,068 Apartment Units in the Pan-Asian Region. ART's serviced residences under the luxury-tier "The Ascott" and upper-tier "Somerset" brands are among the world's leading serviced residence chains. "The Ascott" and "Somerset" brands were voted as the top two serviced residence brands in China, according to a readers' poll taken in November 2005 by the Business Traveller China magazine, a leading corporate travel publication in China. Both Somerset Ho Chi Minh City and Somerset Grand Hanoi were awarded with the 2004 Vietnam Economic Times' "Best Service in Serviced Apartments" awards in Ho Chi Minh City and Hanoi respectively. In addition, Hanoi Tower Center, which owns Somerset Grand Hanoi, was named as one of the top 12 companies for best performance and contributions in foreign direct investment by Vietnam's Ministry of Planning and Investment in November 2005. The award recognises excellent business performance and significant contributions to the local economy, exemplary employment and business practices as well as good employer-employee relationship management. Mekong-Hacota, which owns Somerset Ho Chi Minh City, also received a certificate of excellence from Vietnam's Ministry of Planning and Investment as well as the People's Committee of Ho Chi Minh City.
- **Strategic relationship with the Ascott Group:** The Vendor will retain at least 25.0% and up to approximately 30.0% interest in the Units of ART upon the listing of ART on the SGX-ST (see "Ownership of Units").

Listed on the Main Board of the SGX-ST since 1991, the Ascott Group is the serviced residence arm of CapitalLand, one of Asia's largest listed property companies. The Ascott Group is a leading international serviced residence provider which pioneered Pan-Asia's first branded luxury serviced residence in 1984. It has a strong global presence which spans 41 cities in 17 countries and owns and/or manages more than 15,000 serviced residence apartment units in the key cities of Europe, Asia-Pacific and the Gulf region. These cities include London, Paris, Brussels, Berlin and Barcelona in Europe; Dubai in the United Arab Emirates; Singapore, Kuala Lumpur, Kuching, Jakarta, Manila, Bangkok, Pattaya, Hanoi, Ho Chi Minh City, Beijing, Shanghai, Guangzhou, Dalian, Tianjin, Suzhou, Tokyo and Seoul in Asia; as well as Sydney, Melbourne and Hobart in Australia and Auckland in New Zealand.

The Ascott Group has a 21-year track record and operates serviced residences under brands that enjoy global recognition. The Ascott Group's serviced residences under the luxury-tier "The Ascott" brand project an elegant and luxurious lifestyle that is appealing to top executives while those under its upper-tier "Somerset" brand offer stylish and contemporary living for senior and upper management executives. The properties operating under the "Citadines" brand provide corporate executives with vibrant, urban lifestyle residences. As a testament to its quality accommodation and services, the Ascott Group has clinched numerous prestigious awards in 2005, including the World Travel Award won by The Ascott Metropolis in Auckland, TTG Asia Media's "Best Serviced Residence Operator" award as well as the 2005 Business Traveller "Best Serviced Residence Brand" and "Best Serviced Residence in Asia-Pacific" awards.

The Ascott Group also clinched first position in the 2004 and 2005 "China's Top 100 Serviced Residences" ranking and received the 2005 Thailand Apartment Living's "Most Innovative Serviced Residence" award for The Ascott Sathorn and the prestigious "Tourism Tasmania Deluxe Accommodation Award" for Somerset on the Pier, Australia in 2003 and 2004. In addition, The Ascott, Kuala Lumpur was ranked among the top four employers in Malaysia in Hewitt & Associates' "Best Employer in Asia" study in mid-2005.

The Ascott Group, in addition, achieved one of the top 10 scores in the "Business Times, Corporate Transparency Index" in 2004 and 2005 and won the following corporate awards jointly organised by ICPAS, the SGX-ST, the Singapore Institute of Management, Singapore Institute of Directors, Business Times, the Securities Investors' Association of Singapore and the Investment Management Association of Singapore: (a) Best Annual Report award in 2004; (b) Best Operating and Financial Review award in 2004; (c) First runner-up for the Best Annual Report award in 2003; and (d) merit awards for its 1999 and 2000 annual reports.

Several of the Ascott Group's management have gained recognition amongst the local industry and community as a result of their contributions through the Ascott Group. Ascott's Chief Executive Officer, Mr Cameron Ong was conferred the "Hospitality Excellence Award" at the China Hotel Investment Summit in Shanghai in 2005 while Chief Products and Operations Officer, Mr Yip Hoong Mun won the prestigious Magnolia Award in 2004 for his contributions to the serviced residence industry in Shanghai. Named after Shanghai's official flower, the Magnolia Award honours foreigners living in the city who contribute significantly to Shanghai's economic performance, international relations, business environment, management standards and community development. The Ascott Group's area general manager for Australia, Mr Dean Minett, was recognised as a "Legend of Tourism" at a Tourism Training Australia awards ceremony in Sydney in 2004.

The Ascott Group has extensive experience in the ownership and management of serviced residences as well as an established network of relationships with developers and service providers in Singapore and the Pan-Asian Region which the Manager believes ART can leverage on to achieve its business objectives.

In addition, ART has been granted the right of first refusal by Ascott over future sales of properties by any Ascott Entity that are used, or predominantly used, as serviced residences or as rental housing properties in the Pan-Asian Region (including those under "The Ascott", "Somerset" and "Citadines" brands) and serviced residences or rental housing properties offered to any Ascott Entity from the Listing Date (for so long as the Manager remains the manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager). This enhances ART's potential growth in the future (see "Certain Agreements Relating to ART and the Properties - Right of First Refusal" for further details).

- **Operational synergies with the Ascott Group:** The Ascott Group operates on a large scale in Asia, which enhances its ability to attract talent, develop management systems and achieve economies of scale not available to certain of its competitors. All owners of properties managed by the Ascott Group, which include ART, benefit from a full range of corporate services, including human resources, corporate sales and marketing, corporate advertising, central reservations system, centralised purchasing, building system maintenance and financial administration which are not available to independent owners.

Established Management with Proven Track Record

- **Experienced and professional management team with proven track record:** The Manager believes that Unitholders will benefit from the experience of key executive officers of the Manager and the SR Management Companies in fund, asset and serviced residence management in the Pan-Asian serviced residence markets.

The management teams of the Manager and the SR Management Companies have a track record of successfully sourcing and executing real estate acquisitions, and have been actively involved in such acquisitions over the years. The Manager will leverage on the extensive experience and contacts of these executive officers within the serviced residence markets in Asia to source, originate and structure deals (see "The Manager and Corporate Governance").

The Manager also believes that Unitholders will benefit from the experience of the executive officers of the SR Management Companies, who were involved in the management of the Properties prior to their acquisitions by ART and are very familiar with the Properties. In addition, several of the executive officers of the SR Management Companies were also responsible for the sourcing and origination of the acquisitions of these Properties by the Ascott Group.

The SR Management Companies have also successfully demonstrated their ability to identify and capitalise on opportunities to enhance and improve the operating performance of the Properties. For instance, they worked together on the planning and execution of the Somerset Grand Hanoi enhancement programme which took place from January 2004 to September 2005 pursuant to which its finance office and back-of-house office were moved to the basement car park and resulted in an increase in retail and office rental space by 826 sq m. These additional rental spaces are currently all leased out, generating an additional revenue stream from this Property.

Key executive officers of the Manager and the SR Management Companies were responsible for the acquisition and conversion of a Grade B residential building into a high-quality serviced residence that is The Ascott, Beijing. Through this exercise which took place over a period of 16 months, a total of 272 Apartment Units were created together with a redesign of several floors to create an indoor heated swimming pool, fully-equipped gymnasium, residents' lounge, lobby and supporting facilities such as restaurants and a minimart. They had worked seamlessly in this conversion to design, manage and implement appropriate building configurations by carefully considering the available gross floor area and building structure.

In addition, the management team was actively involved in successfully developing and implementing reconfiguration plans of the apartment units at The Ascott Sathorn⁽¹⁾ in 2003 and 2004. An additional 34 units were created on the same floor space to optimise area and create more revenue-generating apartment units. In a separate project for Somerset Park Suanplu⁽¹⁾, Bangkok, beginning in September 2005, the relevant SR Management Company was involved in the renovation which is expected to increase the number of one-bedroom apartment units from 60 to 176 (or from 31% to 76% of the total apartment units at Somerset Park Suanplu). The asset enhancement was undertaken as the Ascott Group identified opportunities for increase in rental revenues given the rising trend of individual guests (as opposed to expatriate families) arriving in Bangkok. The project is expected to be completed by the end of first half 2006. The assets enhancement exercise is intended to increase the return per square metre upon the completion of the project in view of the strong demand for and increasing popularity of the higher-yielding one-bedroom apartment units.

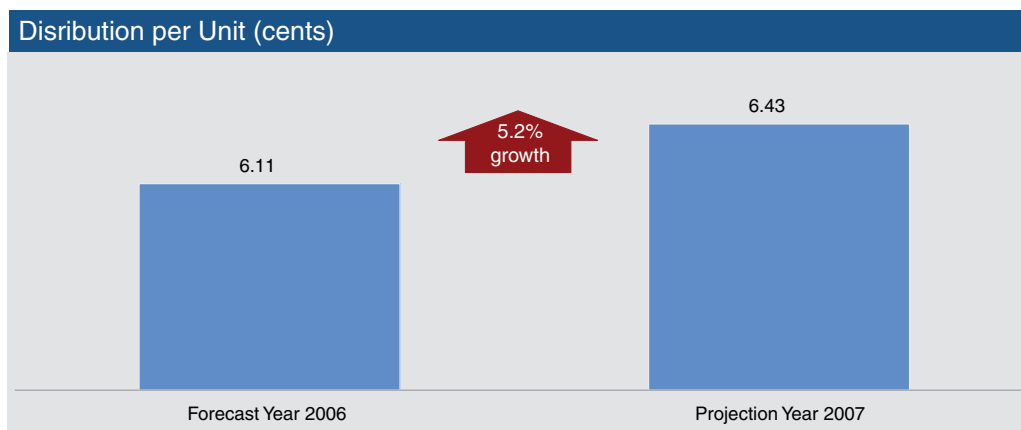
- **Ability to identify and evaluate growth opportunities:** The Manager believes that Unitholders will benefit from the experience of key executive officers of the Manager in identifying and evaluating growth opportunities in the serviced residence industry within the Pan-Asian Region. The Manager's executive officers are experienced professionals with established track records in this region. As a result of its experienced management team, well-recognised and strong award-winning brand image, participation in industry associations and knowledge of and contacts within the Pan-Asian and international hospitality industry, ART is in a favourable position to identify, gain access to and evaluate new investment opportunities. Moreover, the Ascott Group has a successful track record in conceptualising and implementing revenue-enhancing building expansions and upgrades.

Stable and Growing Distributions

- **Strategy to provide stable and growing distributions:** One of the primary objectives of ART is to provide Unitholders with stable and growing distributions on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. ART's first distribution after the Listing Date, however, will be for the period from the Listing Date to 30 June 2006.

The Manager has forecast a distribution of 6.11 cents per Unit in respect of the period from 1 January 2006 to 31 December 2006 (the "Forecast Year 2006"). However, the actual amount distributed will be adjusted based on the number of days from the Listing Date to 31 December 2006. For the financial year ending 31 December 2007 (the "Projection Year 2007"), the Manager has projected a distribution of 6.43 cents per Unit (see "Profit Forecast and Profit Projection").

(1) The Ascott Sathorn and the Somerset Park Suanplu are not included in the initial asset portfolio of ART.



The stability of ART's distributions is underpinned by the consistent and stable occupancy rates experienced by the Properties, as evidenced by the strong Average Occupancy Rate of the portfolio of 82.2% for the financial year ended 31 December 2005.

- High distribution payout ratio:** ART's distribution policy is to distribute 100.0% of its taxable income and Net Overseas Income for the period commencing from the Listing Date to 31 December 2006 and for the financial year ending 31 December 2007 and to distribute at least 90.0% of its taxable income and Net Overseas Income thereafter. IRAS has issued a Tax Ruling on the taxation of ART and its Unitholders in respect of ART's income from the Singapore Properties. In order for Unitholders to enjoy the tax transparency set out in the Tax Ruling, as described under "Tax Benefits for Unitholders – Tax transparency" below, ART must distribute at least 90.0% of its taxable income (see "Distributions"). The actual proportion of taxable income and Net Overseas Income distributed to Unitholders beyond 31 December 2007 may be greater than 90.0% to the extent the Manager believes it to be appropriate, having considered ART's funding requirements, other capital management considerations and the overall stability of distributions.

Tax Benefits for Unitholders

- Tax transparency:** The Tax Ruling grants tax transparency to ART on its taxable income from Singapore Properties that is distributed to Unitholders such that ART will not be taxed on such taxable income. Instead, tax will be imposed on the distributions made out of such taxable income to Unitholders, by way of tax deduction at source or direct assessment of tax on Unitholders. This tax transparency does not apply to ART's retained taxable income (i.e. taxable income that is not distributed) and gains arising from the sale of Singapore Properties and shares in Property Holding Companies and Somerset FG in the event that such gains are taxable.
- Exemption for individuals:** Distributions, including the pre-tax portion made out of ART's taxable income from Singapore Properties, made by ART to individuals are exempt from Singapore income tax regardless of the individuals' nationality or tax residence status. This exemption does not apply to individuals who derive the distribution through a partnership in Singapore or from the carrying on of a trade, business or profession.
- Reduction in withholding tax rate on distributions to foreign non-individual Unitholders:** Distributions made out of ART's taxable income to foreign non-individual Unitholders during the period from 18 February 2005 to 17 February 2010 are taxed at a reduced rate of 10.0%. A foreign non-individual Unitholder is one who is not a resident in Singapore for income tax purposes and:-
 - who does not have any permanent establishment in Singapore; or
 - who carries out any operations in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

- **No tax on distributions made in respect of Net Overseas Income:** Distribution made in respect of Net Overseas Income will comprise two components – a tax-exempt income component and a capital component.

The tax-exempt income component is exempt from tax in the hands of all Unitholders. No tax will be deducted at source from this component.

The capital component represents a return of capital for tax purposes and will not be taxed in the hands of all Unitholders. For Unitholders who hold the Units as trading assets, this component will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain arising from a subsequent disposal of the Units. If the amount exceeds the cost of the Units, the excess will be subject to tax as trading income of the Unitholders.

(see “Taxation” and Appendix IV, “Independent Taxation Report” for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units).

Property Portfolio

ART's initial property portfolio consists of the following properties which are held directly or through the ownership of the shares in the Property Holding Companies and Somerset FG:-

Somerset Liang Court Property, Singapore	
Address	No. 177B, River Valley Road Singapore 179032
Description	193 Apartment Units in a 26-storey tower adjoining the Liang Court Shopping Centre, representing 24.06% of the total share value of the strata lots in the larger Liang Court Mixed Development Complex. Somerset Liang Court Property is conveniently located along River Valley Road and offers guests easy access to Orchard Road, the Central Business District and outlying districts and is within walking distance to the Clark Quay MRT Station.
Year of receipt of Temporary Occupation Permit	1983
Title	Leasehold estate of 97 years 30 days expiring on 1 May 2077
Number of Apartment Units	193
Average REVPAU for the financial year ended 31 December 2005	S\$124
Net Lettable Area (as at 15 December 2005)	16,908 sq m
Facilities	Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility and washing machine cum dryer. Recreational facilities include swimming pool, fitness centre, sauna and steam room, jacuzzi and a residents' lounge. Other services include 24-hour reception, 24-hour security and CCTV surveillance, daily breakfast and maid services, laundry and dry-cleaning services, car park and shuttle bus service to the civic and financial district.
Appraised Value (as at 15 December 2005)	S\$127.5 million
Revenue contribution for the financial year ended 31 December 2005	S\$8.5 million

Notes:-

(1) The Property is owned by the Trustee, as trustee of ART.

Somerset Grand Cairnhill, Singapore	
Address	No. 15, Cairnhill Road Singapore 229650
Description	A 32-storey building with a 24-storey tower of serviced residences above a 8-storey podium accommodating a mosque, car park and retail/entertainment/office. Somerset Grand Cairnhill is strategically located in Orchard Road, the main shopping and entertainment district of the city, and is within walking distance to the Somerset MRT station.
Year of receipt of Temporary Occupation Permit	1989
Title	Leasehold estate of 99 years expiring on 10 June 2082
Number of Apartment Units	144
Average REVPAU for the financial year ended 31 December 2005	S\$150
Net Lettable Area (as at 15 December 2005)	18,629 sq m
Facilities	Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system and IDD telephone with voice mail facility and washing machine cum dryer. Recreational facilities include swimming pool, barbeque area, half basketball court, pool table, squash court, tennis court, fitness centre, sauna, jacuzzi, residents' lounge and children's playground. Other services include 24-hour reception, 24-hour security and CCTV surveillance, self-service launderette, daily breakfast and maid services, laundry and dry-cleaning services, car park and shuttle bus service to the civic and financial district.
Appraised Value (as at 15 December 2005)	S\$154.7 million
Revenue contribution for the financial year ended 31 December 2005	S\$11.9 million

Notes:-

- (1) The Property is owned by the Trustee, as trustee of ART.

The Ascott, Jakarta	
Address	No. 2, Jalan Kebon Kacang Raya Central Jakarta Indonesia 10230
Description	198 Apartment Units in a 24-storey tower that adjoins another tower on a two-level basement. The Ascott, Jakarta is located in the heart of the city's business and shopping district, the Golden Triangle. Conveniently situated close to the Convention Centre, Plaza Indonesia shopping complex and various embassies and provides guests with a wide variety of dining and entertainment options.
Year of Completion	1994
Title	Leasehold estate of 20 years expiring on 31 March 2024
Number of Apartment Units	198
Average REVPAU for the financial year ended 31 December 2005	S\$112
Net Lettable Area (as at 15 December 2005)	21,371 sq m
Facilities	Guest room amenities include home entertainment system, IDD, DID telephone with voice mail facility, broadband internet access, fully-equipped kitchen, washing machine and dryer. Recreational facilities include a residents' lounge, a barbeque area, children's playground, health club with gymnasium, sauna and aerobics studios, games room, snooker room, swimming pool and tennis court. Other services include daily breakfast, maid services, 18 fully-furnished Benchmark Serviced Offices, 24-hour reception, 24-hour security and CCTV surveillance, doctor available on call, dry-cleaning and laundry services, meeting room, private mailbox, underground car-parking facilities as well as baby-sitting service, minimart and airport transfer service.
Appraised Value (as at 15 December 2005)	S\$43.0 million (equivalent to US\$25.4 million) ⁽³⁾
Revenue contribution for the financial year ended 31 December 2005	S\$9.2 million

Notes:-

- (1) The Property is owned by PT Bumi Perkasa, which in turn is 99% owned by Javana. PT Bumi Perkasa was established in Indonesia on 28 May 1984 and has, as at the date of this Prospectus, an issued and paid-up share capital of Rp 22,250,000,000. The Trustee, as trustee of ART, owns the entire interest in Javana.
- (2) PT Bumi Perkasa had entered into various agreements (the "Relevant Agreements") to transfer the titles to 26 condominium units (the "Affected Ascott Jakarta Units") in The Ascott, Jakarta to various unrelated foreign third parties (the "Affected Ascott Jakarta Parties"). Under Indonesian law, until these Affected Ascott Jakarta Parties are permitted to hold the relevant strata titles, PT Bumi Perkasa will continue to be the legal owner of the strata titles to the Affected Ascott Jakarta Units. Under the Relevant Agreements, all economic interest in the Affected Ascott Jakarta Units has been given to the Affected Ascott Jakarta Parties. Ascott Holdings will procure the consent of the Affected Ascott Jakarta Parties to transfer the Affected Ascott Jakarta Units. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Bumi Perkasa's ownership of the strata titles to the Affected Ascott Jakarta Units.
- (3) Based on an exchange rate of US\$1: S\$1.6920.

Somerset Grand Citra, Jakarta	
Address	Jl Prof. Dr. Satrio Kav. 1 Kuningan, Jakarta Indonesia 12940
Description	163 Apartment Units in a 24-storey eastern tower and 40 rental housing units in the western tower located in a prime district in Jakarta. Somerset Grand Citra is located in the heart of the city's business and shopping district, the Golden Triangle and is conveniently close to prominent shopping centres, embassies and a wide variety of dining and entertainment options.
Year of Completion	1996
Title	Leasehold estate of 30 years expiring on 14 August 2024
Number of Apartment Units	203 (including 40 rental housing units)
Average REVPAU for the financial year ended 31 December 2005	S\$117
Net Lettable Area (as at 15 December 2005)	29,666 sq m
Facilities	Guest room amenities include broadband internet access, fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility, utility area, and washing machine and dryer. Recreational facilities include a residents' lounge, spa, barbeque area, children's playground, gymnasium and aerobics centre, outdoor swimming pool, games room, sauna, function room and tennis court. Other services include daily breakfast, maid services, 24-hour reception, 24-hour security and CCTV surveillance, baby-sitting service, car park, airport transfer, business centre services, minimart and laundry and dry-cleaning services.
Appraised Value (as at 15 December 2005)	S\$54.6 million (equivalent to US\$32.3 million) ⁽³⁾
Revenue contribution for the financial year ended 31 December 2005	S\$9.6 million

Notes:-

- (1) The Property is owned by PT Ciputra, a 57.43% subsidiary of Somerset Grand Citra (Singapore), which is wholly-owned by the Trustee, as trustee of ART. The balance 42.57% interest in PT Ciputra is owned by several unrelated third parties. PT Ciputra was established in Indonesia on 30 September 1993 and has, as at the date of this Prospectus, an issued and paid-up share capital of Rp 70,932,039,000. Somerset Grand Citra (Singapore)'s interest in PT Ciputra is held under the terms of a joint venture agreement with these third parties. The parties to the joint venture agreement have amended the joint venture agreement to provide for the distribution of at least 90% of the distributable profits of PT Ciputra for each financial year as dividends.
- (2) PT Ciputra had entered into a statement letter which purports to transfer the title to a single condominium unit (the "Affected Citra Unit") in Somerset Grand Citra to an unrelated foreign third party (the "Affected Citra Party"). The ownership of the Affected Citra Unit may not, however, be validly transferred under the statement letter. Under Indonesian law, until the Affected Citra Party is permitted to hold the relevant strata title, PT Ciputra will continue to be the legal owner of the strata title to the Affected Citra Unit. All economic interest in the Affected Citra Unit has been given to the Affected Citra Party. Ascott Holdings will procure the consent of the Affected Citra Party to transfer the Affected Citra Unit. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Ciputra's ownership of the strata title to the Affected Citra Unit.
- (3) Based on an exchange rate of US\$1: S\$1.6920.

Country Woods, Jakarta	
Address	Jl. W.R. Supratman, Pondok Ranji Ciputat Tangerang, Banten, Jakarta Indonesia 15412
Description	Comprises 36 townhouses, 78 bungalows and 137 Apartment Units located in the heart of South Jakarta. Country Woods is located close to expressways and offers guests easy access to international schools, medical facilities, recreational complexes, and other regions of the city.
Year of Completion	1997 ⁽²⁾
Title	Leasehold estate of 20 years expiring on 22 October 2025 ⁽³⁾
Number of Apartment Units	251 (including townhouses and bungalows)
Average REVPAU for the financial year ended 31 December 2005	S\$36
Net Lettable Area (as at 15 December 2005)	48,490 sq m
Facilities	Guest room amenities include cable television with the option of high speed internet access, DID with optional IDD line and broadband internet access. Recreational facilities include a multi-purpose function room, two squash courts, three tennis courts, badminton court, basketball court, children's swimming pool, children's playground, swimming pool and volleyball court, chip and putting green, gymnasium, play field for cricket or soccer, library, sauna and spa facilities. Other services include 24-hour security and CCTV surveillance, 24-hour reception, business and courier services, daily maid services, private parking space, minimart, restaurant and bar and shuttle bus service to shopping centres.
Appraised Value (as at 15 December 2005)	S\$25.8 million (equivalent to US\$15.3 million) ⁽⁴⁾
Revenue contribution for the financial year ended 31 December 2005	S\$3.7 million

Notes:-

- (1) The Property is owned by PT Indonesia America. PT Indonesia America was established in Indonesia on 16 April 1974 and has, as at the date of this Prospectus, an issued and paid-up share capital of Rp 1,120,500,000. The Trustee, as trustee of ART, owns the entire effective interest in PT Indonesia America through its interest in Ascott Residences.
- (2) This Property was completed in two phases, with the first and second phases being completed in 1974 and 1997 respectively.
- (3) The Property has been developed on plots of land with a leasehold estate interest of 20 years held by PT Indonesia America which expires on 22 October 2025. PT Indonesia America also holds a leasehold estate interest expiring on 24 September 2027 in the land adjacent to the Property which is proposed to be used for future expansion of the Property.
- (4) Based on an exchange rate of US\$1: S\$1.6920.

Somerset Millennium, Manila	
Address	104, Aguirre Street, Legaspi Village Makati City, Manila Philippines 1229
Description	A 31-storey building with two basement levels, a penthouse and rooftop helipad. Somerset Millennium is conveniently located in the shopping and business district of Makati City, and is situated within walking distance to the Ayala MRT station. Somerset Millennium is easily accessible to guests via public transportation, taxis and buses.
Year of Completion	2000
Title	Freehold estate
Number of Apartment Units	138 (of which 69 have been leased from unrelated third parties)
Average REVPAU for the financial year ended 31 December 2005	S\$67
Net Lettable Area (as at 15 December 2005)	4,448 sq m (relates to area owned by AHHPI)
Facilities	Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system and IDD telephone with voice mail facility. Recreational facilities include fitness centre, jacuzzi, outdoor swimming pool and residents' lounge. Other services include daily breakfast, maid services, 24-hour security and CCTV surveillance, 24-hour reception, airport transfer, baby-sitting service, business centre services, car park, self-service laundrette, laundry and dry-cleaning services, limousine service, restaurants and bar.
Appraised Value (as at 15 December 2005)	S\$12.7 million (equivalent to PHP 419.2 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$3.7 million

Notes:-

- (1) AHHPI is a wholly-owned subsidiary of Somerset Philippines and owns 69 Apartment Units, car park facilities for 42 lots and 8 commercial units in Somerset Millennium. The Trustee, as trustee of ART, owns the entire interest in Somerset Philippines. AHHPI was incorporated in the Philippines on 1 April 1991 and has, as at the date of this Prospectus, an issued and paid-up share capital of PHP 2,500,000. Somerset Philippines also owns 36.82% of the issued and outstanding common shares in SN Resources, which owns 65% of the issued and outstanding common shares in SQ Resources. SQ Resources is the operating company of Somerset Millennium. SQ Resources owns units of the apartment facilities and reserved area and SN Resources owns 60 car park units in Somerset Millennium. The balance 63.18% and 35% of the issued and outstanding common shares in SN Resources and SQ Resources are respectively owned by unrelated third parties.
- (2) Based on an exchange rate of PHP 1: S\$0.0302.

Somerset Salcedo Property, Manila	
Address	H.V. Dela Costa corner L.P. Leviste Street Salcedo Village, Makati City Manila, Philippines 1227
Description	Somerset Salcedo Makati is a building comprising 150 Apartment Units and 180 parking lots. Somerset Salcedo Makati is conveniently located in the shopping and business district of Makati city and provides guests with easy accessibility as it is within walking distance to the Buendia MRT station.
Year of Completion	2000
Title	Freehold estate
Number of Apartment Units	71 ⁽¹⁾
Average REVPAU for the financial year ended 31 December 2005	S\$33 ⁽²⁾
Net Lettable Area (as at 15 December 2005)	5,901 sq m
Facilities	Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility and washing machine and dryer. Recreational facilities include fitness centre, jacuzzi, indoor heated swimming pool, sauna, residents' lounge and children's playroom. Other services include daily breakfast, maid services, 24-hour security and CCTV surveillance, 24-hour reception, airport transfer, meeting room, baby-sitting service, business centre services, car park, self-service laundrette, laundry and dry-cleaning services and limousine service.
Appraised Value (as at 15 December 2005)	S\$12.3 million (equivalent to PHP 407.1 million) ⁽³⁾
Revenue contribution for the financial year ended 31 December 2005	S\$0.9 million ⁽²⁾

Notes:-

- (1) AHHPI is a wholly-owned subsidiary of Somerset Philippines and owns 71 Apartment Units out of the 150 Apartment Units and 71 parking lots within Somerset Salcedo Makati. AHHPI was established in the Philippines on 1 April 1991 and has, as at the date of this Prospectus, an issued and paid-up share capital of PHP 2,500,000. The remaining 79 Apartment Units in Somerset Salcedo Makati are owned by unrelated third parties. The Trustee, as trustee of ART, owns the entire interest in Somerset Philippines.
- (2) Under a contract of lease (the "Contract of Lease") dated 11 October 2005 between AHHPI and Beccomax Property and Development Corporation, an unrelated third party (collectively, the "Lessors") and Somerset Salcedo Makati, Inc. ("SSM Inc."), the Lessors leased Somerset Salcedo Makati to SSM Inc. for a period of five (5) years from 1 January 2005 (the "Initial Term") for an aggregate rental income of approximately PHP 5.9 million per month. Of the approximate amount of PHP 5.9 million, AHHPI receives approximately PHP 2.4 million per month as rental income for the 71 Apartment Units and 71 parking lots in the Somerset Salcedo Makati leased to SSM Inc. corresponding to a REVPAU of S\$33 for the Initial Term of the Contract of Lease.
- (3) Based on an exchange rate of PHP 1: S\$0.0302.

The Ascott, Beijing	
Address	108B Jian Guo Road, Chaoyang District Beijing 100022 China
Description	A 21-storey building with 272 Apartment Units located in the prime Chaoyang district of Beijing. The Apartment Units range from one-bedroom units to penthouses. The Ascott, Beijing is centrally located in the heart of Beijing's prime business, residential and retail districts and offers guests easy accessibility to tourist attractions such as the Forbidden City, Tiananmen Square, the World Trade Centre and International Exhibition Centre via public transportation, taxis and buses.
Year of Completion	2001
Title	Leasehold estate of 70 years expiring on 7 February 2066
Number of Apartment Units	272
Average REVPAU for the financial year ended 31 December 2005	S\$192
Net Lettable Area (as at 15 December 2005)	59,422 sq m
Facilities	Guest room amenities include home entertainment system with satellite and cable channels, and mini hi-fi system with DVD player, fully-equipped kitchen and IDD telephone with voice mail facility, broadband internet access and washing machine cum dryer. Recreational facilities include children's playroom/pool, fully-equipped gymnasium, function rooms, games rooms, billiards room, sauna/steam room and jacuzzi, indoor heated swimming pool and residents' lounge. Other services include 24-hour reception, 24-hour security and CCTV surveillance, business centre services, daily breakfast and maid services, airport transfer, baby-sitting service, laundry and dry-cleaning services, doctor on call, courier services, minimart and car park.
Appraised Value (as at 15 December 2005)	S\$217.7 million (equivalent to RMB 1,041.3 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$20.3 million

Notes:-

- (1) The Property is owned by Hemliner Real Estate, which is a wholly-owned subsidiary of Hemliner. Hemliner Real Estate was established on 24 July 2000 under the laws of China as a wholly foreign-owned company and has, as at the date of this Prospectus, a registered capital of US\$40 million. The Trustee, as trustee of ART, owns the entire interest in Hemliner.
- (2) Based on an exchange rate of RMB 1: S\$0.2091.

Somerset Grand Fortune Garden Property, Beijing	
Address	No. 46 Liangmaqiao Road, Chaoyang District Beijing 100016 China
Description	221 furnished Apartment Units in a 23-storey tower and a 26-storey tower. Somerset Grand Fortune Garden is located in the prime Chaoyang district, where the business community, embassies and international schools are within close proximity.
Year of Completion	2001
Title	Leasehold estate of 70 years expiring on 27 August 2068
Number of Apartment Units	81
Average REVP AU for the financial year ended 31 December 2005	S\$155
Net Lettable Area (as at 15 December 2005)	15,899 sq m
Facilities	Guest room amenities include broadband internet access, fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility and washing machine and dryer. Recreational facilities include children's pool and playground, fully-equipped gymnasium and aerobics room, indoor swimming pool, sauna, residents' lounge and billiards room. Other services include 24-hour reception, 24-hour security with CCTV surveillance, daily breakfast and maid services, baby-sitting service, business centre services, airport transfer, minimart and laundry and dry-cleaning services.
Appraised Value (as at 15 December 2005)	S\$52.8 million (equivalent to RMB 252.5 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$5.1 million

Notes:-

- (1) Somerset FG does not currently own the strata titles to the Property and only has contractual rights in respect of the Property. The Trustee, as trustee of ART, owns the entire issued share capital of Somerset FG. Somerset FG was incorporated on 5 September 2005 and has, as at the date of this Prospectus, an issued and paid-up share capital of S\$1.

Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd. ("Beijing Xin Lian"), the developer of Somerset Grand Fortune Garden, currently owns the building ownership certificate and the land use certificate to Somerset Grand Fortune Garden. Pursuant to a property sale and purchase agreement dated 8 September 2005 between Beijing Xin Lian and Somerset FG, Somerset FG agreed to acquire the Somerset Grand Fortune Garden Property from Beijing Xin Lian. An application for the issuance of the strata titles to the Somerset Grand Fortune Garden Property, together with the relevant documents, will be made to the real estate administrative authorities for the issuance of the strata titles in relation to the Somerset Grand Fortune Garden Property. As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted the option to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date.

- (2) Based on an exchange rate of RMB 1: S\$0.2091.

Somerset Xu Hui, Shanghai	
Address	No 888, Shanxinan Road Xu Hui District, Shanghai China 200031
Description	A 32-storey building with a 5-storey commercial podium and a basement car park. Conveniently located in a prime residential district of Shanghai, Somerset Xu Hui is within a 15-minute walk from the business area of Huai Hai Zhong Road and the Shan Xi Nan Road metro station, offering guests easy access to a variety of entertainment, dining and shopping options in the city.
Year of Completion	1999
Title	Leasehold estate of 70 years expiring on 22 June 2066
Number of Apartment Units	167
Average REVPAU for the financial year ended 31 December 2005	S\$112
Net Lettable Area (as at 15 December 2005)	17,805 sq m
Facilities	Guest room amenities include a fully-equipped kitchen and home entertainment system, broadband internet access and IDD, DID with voice mail facility. Recreational facilities include a billiards room, children's playground, gymnasium and aerobics centre, function room, games room, indoor heated swimming pool, jacuzzi, steam and sauna rooms and reading room. Other services include daily breakfast and maid services, 24-hour security and CCTV surveillance, 24-hour reception, self-service launderette, minimart/supermarket, baby-sitting service, basement car park and airport transfer.
Appraised Value (as at 15 December 2005)	S\$51.5 million (equivalent to RMB 246.3 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$7.4 million

Notes:-

- (1) The Property is owned by Shanghai Xin Wei, which is a wholly-owned subsidiary of Glenwood Properties. Shanghai Xin Wei was established in China on 12 July 1996 as a wholly foreign-owned enterprise and has, as at the date of this Prospectus, a registered capital of RMB 134,000,000. The Trustee, as trustee of ART, owns the entire interest in Glenwood Properties.
- (2) Based on an exchange rate of RMB 1: S\$0.2091.

Somerset Ho Chi Minh City, Ho Chi Minh City	
Address	8A, Nguyen Binh Khiem Street, District 1 Ho Chi Minh City Vietnam
Description	Comprises 165 Apartment Units in three 12-storey buildings situated within the central business district of Ho Chi Minh City. The Apartment Units range from two to four bedrooms. Strategically located in the business and shopping district (District 1) in Ho Chi Minh City, this Property is within walking distance to business destinations, consulates, shopping centres, the Botanic Gardens and a wide variety of dining and entertainment places.
Year of Completion	1998
Title	Leasehold estate of 45 years expiring on 25 December 2039
Number of Apartment Units	165
Average REVPAU for the financial year ended 31 December 2005	S\$123
Net Lettable Area (as at 15 December 2005)	19,154 sq m
Facilities	Guest room amenities include broadband access, television with satellite and cable channels, a fully-equipped kitchen and IDD telephone with voice mail facility and washing machine and dryer. Recreational facilities include fully-equipped gymnasium, indoor and large outdoor children's play areas, multi-purpose function room, outdoor jacuzzi, outdoor swimming pool, poolside restaurant, tennis court, table-tennis facility, billiards room, barbeque area and games room. Other services include 24-hour reception, 24-hour security and CCTV surveillance, daily breakfast and maid services, doctor on call, car park, airport transfer, minimart and laundry and dry-cleaning services.
Appraised Value (as at 15 December 2005)	S\$66.8 million (equivalent to US\$39.5 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$7.6 million

Notes:-

- (1) The Property is owned by Mekong-Hacota, which is a 69.0% subsidiary of Ascott Residences. Mekong-Hacota is a company incorporated on 26 December 1994 under the terms of an investment licence which is valid for a period of 45 years from the date of issue of the licence on 26 December 1994 and has, as at the date of this Prospectus, a total investment capital of approximately US\$32.02 million. The Trustee, as trustee of ART, owns the entire interest in Ascott Residences.
- (2) Based on an exchange rate of US\$1: S\$1.6920.

Somerset Grand Hanoi, Hanoi	
Address	No 49, Hai Ba Trung Street Hoan Kiem District, Hanoi Vietnam
Description	Hanoi's tallest serviced residence comprising 185 Apartment Units with parking facilities comprising 160 car park lots and 250 motorcycle lots, a convention centre and a shopping mall. The Apartment Units range from one to three bedrooms. Somerset Grand Hanoi is conveniently located within the Central Business District of Hanoi on Hai Ba Trung Street. Somerset Grand Hanoi is easily accessible to guests via public transportation, taxis and buses.
Year of Completion	1997
Title	Leasehold estate of 45 years expiring on 8 February 2038
Number of Apartment Units	185
Average REVPAU for the financial year ended 31 December 2005	S\$117
Net Lettable Area (as at 15 December 2005)	28,328 sq m
Facilities	Guest room amenities include television with satellite and cable channels, fully-equipped kitchen and IDD telephone with voice mail facility, broadband access and washing machine cum dryer. Recreational facilities which include children's playground, fully-equipped gymnasium, function room, games room, sauna and jacuzzi, snooker room, swimming pool with wading pool, table-tennis facility and tennis court. Other services include daily breakfast and maid services, 24-hour security and CCTV surveillance, 24-hour reception, child care centre and international kindergarten, baby-sitting service, doctor on call, boardroom, convention centre, laundry and dry-cleaning services, airport transfer, shuttle bus service, car park, meeting room and restaurant.
Appraised Value (as at 15 December 2005)	S\$105.7 million (equivalent to US\$62.5 million) ⁽²⁾
Revenue contribution for the financial year ended 31 December 2005	S\$13.2 million

Notes:-

- (1) The Property is owned by Hanoi Tower Center, a 76.4% subsidiary of Burton Engineering. Hanoi Tower Center is a company incorporated on 8 February 1993 under the terms of an investment licence which is valid for a period of 45 years from the date of issue of the licence on 8 February 1993 and has, as at the date of this Prospectus, a total investment capital of US\$67.5 million. The Trustee, as trustee of ART, owns the entire interest in Burton Engineering.
- (2) Based on an exchange rate of US\$1: S\$1.6920.

The Properties had an aggregate number of 2,068 Apartment Units as at 31 December 2005, and an Average Occupancy Rate of 82.2% across the portfolio for the financial year ended 31 December 2005, reflecting the strong performance of ART's initial portfolio of properties.

Valuation

The Properties were valued by Jones Lang LaSalle Property Consultants Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd, HVS International (of whom HVS International was appointed by the Trustee) and their respective overseas offices and associates. The total Appraised Value of the Properties as at 15 December 2005 was approximately S\$925.1 million, based on the average of the two valuations of the Properties undertaken by the Independent Valuers appointed by the Manager and the Trustee (see Appendix V, "Independent Property Valuation Summary Reports"). Based on ART's interest in the Properties, the Property Holding Companies and Somerset FG, its share of the Appraised Value is approximately S\$855.8 million.

The acquisition of the Properties have been undertaken through the purchase of the Somerset Liang Court Property and Somerset Grand Cairnhill directly by ART and indirectly through the purchase of shares in the Property Holding Companies and Somerset FG (see "Certain Agreements Relating to ART – Description of the Agreements to Acquire the Properties").

Competitive Strengths of the Properties

The Manager is of the opinion that the Properties enjoy the following competitive strengths:-

- *Strategic locations*

Most of the Properties are conveniently located within or in close proximity to the local prime business districts in their respective micro-markets and enjoy high levels of connectivity via public transportation. Each of the Properties is easily accessible by roads and is well-served by public transport facilities.

- *Strong brand recognition*

ART owns 11 serviced residences in the Pan-Asian Region that are under the luxury-tier “The Ascott” and upper-tier “Somerset” brands, both of which are among the world’s leading serviced residence chains. Due to this strong branding, we believe that the serviced residences under “The Ascott” and “Somerset” brands are recognised globally and are a desired choice of accommodation for corporate executives and travellers seeking accommodation for extended-stays.

The Ascott Group’s serviced residences under the luxury-tier brand “The Ascott” project an elegant and luxurious lifestyle that is appealing to top executives while those under its upper-tier brand “Somerset” offer stylish and contemporary living for senior and upper management executives. As a testament to its quality accommodation and services, the Ascott Group and its properties have won various awards of excellence.

- *Operational synergies with the Ascott Group*

The Ascott Group operates on a large scale in Asia, which enhances its ability to attract talent, develop management systems and achieve economies of scale not available to certain of its competitors. All owners of properties managed by the Ascott Group, which include ART, benefit from a full range of corporate services, including human resources, corporate sales and marketing, corporate advertising, central reservations system, global sales network, centralised purchasing, building system maintenance and financial administration which are not available to independent owners.

Through its synergistic partnership with the Ascott Group, ART will be able to further leverage on the Ascott Group’s competitive advantages in the market through the Ascott Group’s ability to develop, invest, operate and manage serviced residences and rental housing properties across the Pan-Asian Region.

- *Flexible business model*

The serviced residences business is a flexible business model that provides short to long-term accommodation. The longer lease/licence profile of serviced residences provides certainty and stability to the revenue of the Properties while the shorter licences provide higher operating margins. A significant proportion of the committed leases/licences of the Properties as at 30 November 2005 extends six months from 30 November 2005 and this provides greater certainty and stability in mid-term revenue for ART.

- *Strong guest base and geographical diversification*

The Properties’ guest base comprises expatriate families, business travellers, corporate clients and government bodies which provides relative stability to the revenue of the Properties by limiting reliance on any particular group of clients. The Properties are located in five different countries within the Pan-Asian Region, which the Directors of the Manager believe, reduces dependence of ART’s revenue on any particular market. The Properties also have a group of quality corporate clients who ensures a diversified and stable source of revenue for the Properties.

Summary Property Statistics

The following table sets out certain information with respect to each of the Properties as at 31 December 2005 (unless otherwise indicated):-

Property	Effective Interest held by ART in the Property or the relevant Property Company ⁽⁶⁾	Number of Apartment Units	Average REVPAU for the financial year ended 31 December 2005	Revenue for the financial year ended 31 December 2005	2005 Appraised Value ⁽¹⁾	Percentage of aggregate Appraised Value	ART's Property Values	Percentage of aggregate Property Values
	(%)		(S\$)	(S\$ million)	(S\$ million)	(%)	(S\$ million)	(%)
Somerset Liang Court Property	100.0	193	124	8.5	127.5	13.8	127.5	14.9
Somerset Grand Cairnhill	100.0	144	150	11.9	154.7	16.7	154.7	18.1
The Ascott, Jakarta ^{(2),(3)}	99.0	198	112	9.2	43.0	4.7	42.6	5.0
Somerset Grand Citra ^{(2),(4)}	57.4	203	117	9.6	54.6	5.9	31.4	3.7
Country Woods	100.0	251	36	3.7	25.8	2.8	25.8	3.0
Somerset Millennium	100.0	138	67	3.7	12.7	1.4	12.7	1.5
Somerset Salcedo Property ⁽⁶⁾	100.0	71	33	0.9	12.3	1.3	12.3	1.4
The Ascott, Beijing	100.0	272	192	20.3	217.7	23.5	217.7	25.4
Somerset Grand Fortune Garden Property	100.0	81	155	5.1	52.8	5.7	52.8	6.2
Somerset Xu Hui	100.0	167	112	7.4	51.5	5.6	51.5	6.0
Somerset Ho Chi Minh City ^{(2),(6)}	69.0	165	123	7.6	66.8	7.2	46.1	5.4
Somerset Grand Hanoi ^{(2),(7)}	76.4	185	117	13.2	105.7	11.4	80.7	9.4
Total / Weighted average		2,068	115	101.1	925.1	100.0	855.8	100.0

Notes:-

- (1) The Appraised Value is the average of the two valuations of each Property by the Independent Valuers appointed by the Manager and the Trustee (see "Summary-Property Portfolio" for further details of the interest held by ART in the Properties).
- (2) Except for PT Bumi Perkasa which owns The Ascott, Jakarta, ART requires the concurrence of the other joint venture partners of the Property Companies which ART does not have 100% effective interest for the disposal of the assets and properties of such Property Companies (including the relevant Property) (see "Risk Factors - There is no assurance that the other joint venture partners of the Property Companies or the holding company of the Property Companies will co-operate on matters concerning these companies" for further details).
- (3) The Property is owned by PT Bumi Perkasa, a 99.0% subsidiary of Javana, which is wholly-owned by the Trustee, as trustee of ART. The balance 1.0% interest in PT Bumi Perkasa is owned by an Indonesian national (the "Relevant Individual"). Under the articles of association of PT Bumi Perkasa, holders of more than 85% of the share capital of PT Bumi Perkasa may approve the distribution of profits to the shareholders of PT Bumi Perkasa in proportion to their shareholdings. Under an assignment of dividend agreement between Javana and the Relevant Individual, the Relevant Individual has agreed to assign to Javana all dividends payable to him in relation to his shares in PT Bumi Perkasa.

PT Bumi Perkasa had entered into various agreements (the "Relevant Agreements") to transfer the titles to 26 condominium units (the "Affected Ascott Jakarta Units") in The Ascott, Jakarta to various unrelated foreign third parties (the "Affected Ascott Jakarta Parties"). Under Indonesian law, until these Affected Ascott Jakarta Parties are permitted to hold the relevant strata titles, PT Bumi Perkasa will continue to be the legal owner of the strata titles to the Affected Ascott Jakarta Units. Under the Relevant Agreements, all economic interest in the Affected Ascott Jakarta Units has been given to the Affected Ascott Jakarta Parties. Ascott Holdings will procure the consent of the Affected Ascott Jakarta Parties to transfer the Affected Ascott Jakarta Units. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Bumi Perkasa's ownership of the strata titles to the Affected Ascott Jakarta Units.
- (4) The Property is owned by PT Ciputra, a 57.43% subsidiary of Somerset Grand Citra (Singapore), which is wholly-owned by the Trustee, as trustee of ART. The balance 42.57% interest in PT Ciputra is owned by several unrelated third parties. Somerset Grand Citra (Singapore)'s interest in PT Ciputra is held under the terms of a joint venture agreement with these third parties. The parties to the joint venture agreement have amended the joint venture agreement to provide for the distribution of at least 90% of the distributable profits of PT Ciputra for each financial year as dividends.

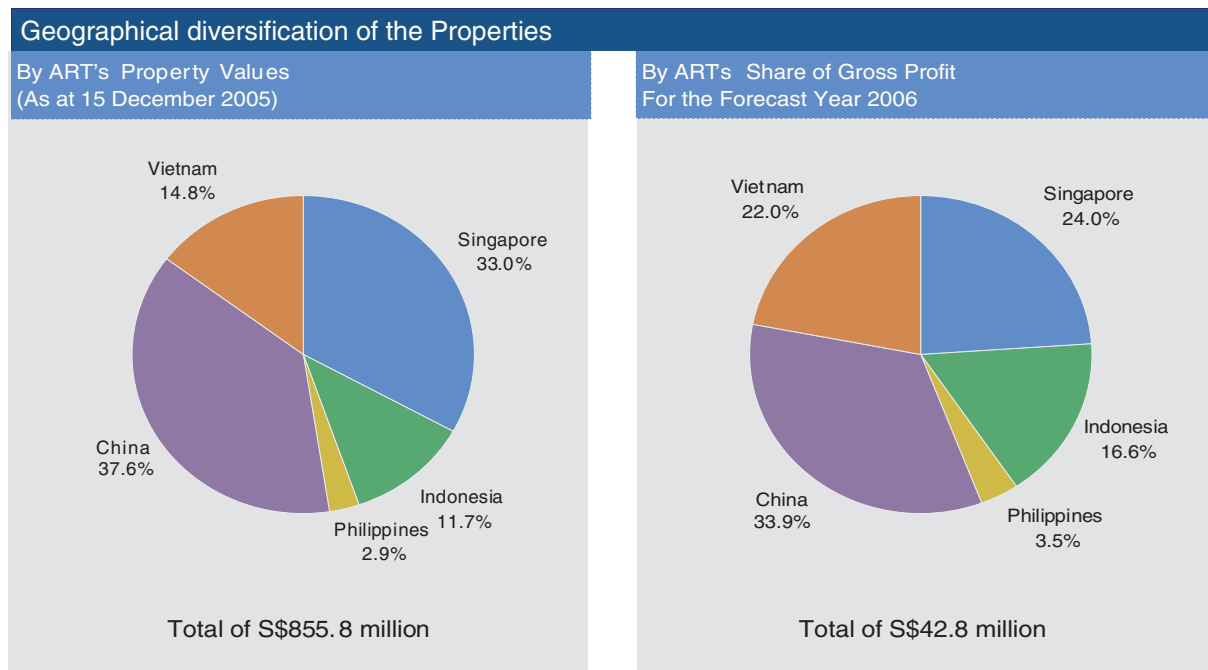
PT Ciputra had entered into a statement letter which purports to transfer the title to a single condominium unit (the "Affected Citra Unit") in Somerset Grand Citra to an unrelated foreign third party (the "Affected Citra Party"). The ownership of the Affected Citra Unit may not, however, be validly transferred under the statement letter. Under Indonesian law, until the Affected Citra Party is permitted to hold the relevant strata title, PT Ciputra will continue to be the legal owner of the strata title to the Affected Citra Unit. All economic interest in the Affected Citra Unit has been given to the Affected Citra Party. Ascott Holdings will procure the consent of the Affected Citra Party to transfer the Affected Citra Unit. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Ciputra's ownership of the strata title to the Affected Citra Unit.
- (5) Under a contract of lease (the "Contract of Lease") dated 11 October 2005 between AHHP1 and Beccomax Property and Development Corporation, an unrelated third party (collectively, the "Lessors") and Somerset Salcedo Makati, Inc. ("SSM Inc."), the Lessors leased Somerset Salcedo Makati to SSM Inc. for a period of five (5) years from 1 January 2005 (the "initial Term") for an aggregate rental income of approximately PHP 5.9 million per month. Of the approximate amount of PHP 5.9 million, AHHP1 receives approximately PHP 2.4 million per month as rental income for the 71 Apartment Units and 71 parking lots in the Somerset Salcedo Makati leased to SSM Inc. corresponding to an approximate amount of REVPAU of S\$33 for the Initial Term of the Contract of Lease.
- (6) The Property is owned by Mekong-Hacota, a 69.0% subsidiary of Ascott Residences, which is wholly-owned by the Trustee, as trustee of ART. The balance 31.0% interest in Mekong-Hacota is owned by an unrelated third party. Ascott Residences' interest in Mekong-Hacota is held under the terms of a joint venture arrangement with the unrelated third party. Under the joint venture agreement, the net profit of Mekong-Hacota, after the fulfillment of certain statutory financial obligations and the payment of other amounts due, is to be distributed in proportion to the shareholders' legal capital in Mekong-Hacota. The parties to the joint venture agreement also agreed that the unrelated third party shall be entitled to acquire 0.86% of the legal capital in Mekong-Hacota from Ascott Residences every year from the 19th year of commencement of operations of the Property. This right to acquire the legal capital in Mekong-Hacota shall cease once the unrelated third party owns 43% of the legal capital in Mekong-Hacota.

(7) The Property is owned by Hanoi Tower Center, a 76.4% subsidiary of Burton Engineering, which is wholly-owned by the Trustee, as trustee of ART. The balance 23.6% interest in Hanoi Tower Center is owned by an unrelated third party. Burton Engineering's interest in Hanoi Tower Center is held under the terms of a joint venture arrangement with the unrelated third party. Under the joint venture agreement, the net profit of Hanoi Tower Center, after the fulfillment of certain statutory financial obligations and the payment of other amounts due, is to be distributed to the shareholders of Hanoi Tower Center in certain proportions during different periods in accordance with the investment licence of Hanoi Tower Center. Under the investment licence of Hanoi Tower Center, Burton Engineering is entitled to 76%, 70% and 50% of the distributed profits for each year during the first 25 years, the following ten years and the subsequent ten years respectively from the commencement of operations of Hanoi Tower Center.

(8) "Effective Interest" refers to the proportion of interest owned by ART, whether directly, or indirectly and beneficially, in a Property or a Property Company, as the case may be.

Performance Statistics

The following charts illustrate the geographical diversification of the Properties (by Property Values and Gross Profit contribution):-



Strategy

The Manager's principal investment strategy is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used, as serviced residences or rental housing properties in the Pan-Asian Region.

The Manager intends to implement the investment strategy of ART in accordance with the following guidelines:-

- Investment portfolio primarily comprising real estate used, or predominantly used, as serviced residences or rental housing properties (including investments in real estate related assets and/or other related value-enhancing assets or instruments);
- Investments will be made, depending on investment opportunities and conditions, in Singapore and in the Pan-Asian Region; and
- Investments will generally be for the long-term.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for ART will be adhered to for at least three years following the Listing Date, unless otherwise agreed by Unitholders by Extraordinary Resolution in a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The key objectives of the Manager are to deliver stable and growing distributions to Unitholders in order to provide Unitholders with a competitive rate of return for their investment.

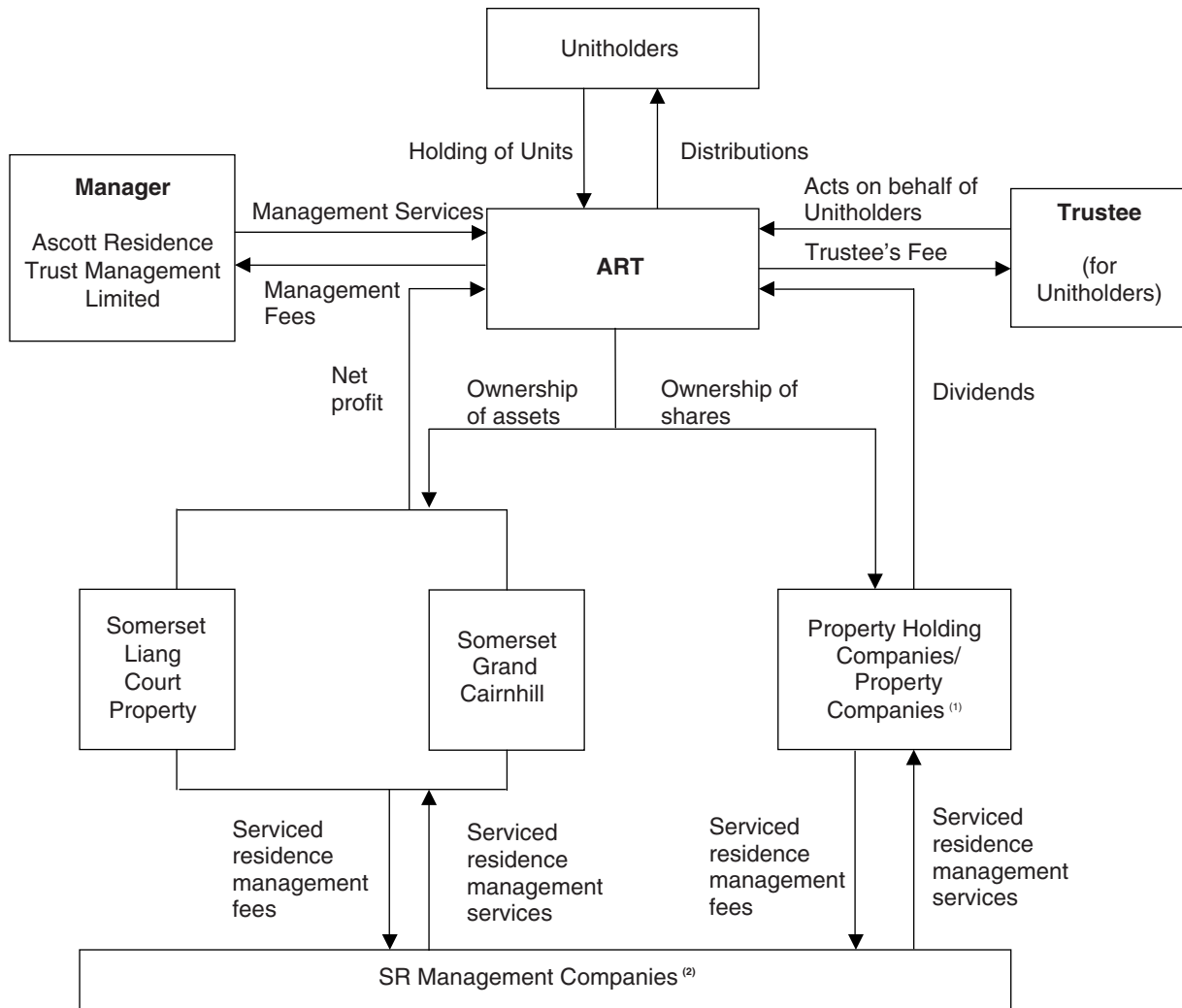
Plans for achieving the Manager's key objectives include:-

- actively managing ART's property portfolio to maximise returns from the property portfolio;
- acquiring properties that meet the Manager's investment criteria; and
- employing appropriate capital financing and hedging strategies to manage fluctuation risks in interest rates and foreign exchange risks.

(see "Strategy").

Structure of ART

The following diagram illustrates the relationships between ART, the Manager, the SR Management Companies, the Trustee and the Unitholders:-



Notes:-

- (1) Property Holding Companies are entities which own the Properties indirectly through the Property Companies. The Property Companies are: PT Bumi Perkasa, PT Ciputra, PT Indonesia America, AHHPI, SN Resources, SQ Resources, Hemliner Real Estate, Somerset FG, Shanghai Xin Wei, Mekong-Hacota and Hanoi Tower Center. The Property Holding Companies are Javana, Somerset Grand Citra (Singapore), Somerset Philippines, Hemliner, Glenwood Properties, Ascott Residences and Burton Engineering (see "Appendix I – Ownership Structure of the Properties" for more details).
- (2) For more details on the individual SR Management Companies of the Properties, see "Business and Properties".

Management

ARTML

The Manager, ARTML, was incorporated in Singapore under the Companies Act on 22 November 2005 under the name “ART Management Pte Ltd” and changed its name to “ART Management Limited” in connection with its conversion into a public limited company. The Manager subsequently changed its name to “Ascott Residence Trust Management Limited” on 20 January 2006. The Manager is a wholly-owned subsidiary of Ascott. The Manager has a paid-up capital of S\$1,000,000. Its registered office is located at 8 Shenton Way, #13-01, Temasek Tower, Singapore 068811 and its telephone number is 6389-9388.

The Ascott Group is a leading international serviced residence provider which has been listed on the Main Board of the SGX-ST since 1991. The Ascott Group, which pioneered Pan-Asia’s first branded luxury serviced residence in 1984, is the serviced residence arm of CapitaLand, one of Asia’s largest listed property companies. The Ascott Group has a strong global presence which spans 41 cities in 17 countries and owns and/or manages more than 15,000 serviced residence apartment units in the key cities of Europe, Asia-Pacific and the Gulf region.

The Ascott Group has a 21-year track record and operates serviced residences under brands that enjoy global recognition.

Generally, the Manager will provide the following services to ART:-

- *Investment strategy.* Formulate and execute ART’s investment strategy, including determining the location and other characteristics of ART’s property portfolio;
- *Acquisitions and sales.* Make recommendations to the Trustee on the acquisition and sale of properties;
- *Planning and reporting.* Make periodic property plans, including budgets and reports, relating to the performance of ART’s properties;
- *Financing.* Formulate plans for equity and debt financing for ART’s property acquisitions, distribution payments, expense payments and capital expenditure payments;
- *Administrative and advisory services.* Perform day-to-day administrative services as ART’s representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened;
- *Investor relations.* Communicate and liaise with Unitholders and investors, including responding to Unitholders’ enquiries;
- *Compliance management.* Make all regulatory filings on behalf of ART, and ensure that ART is in compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation, the listing rules of the SGX-ST, the CIS Code (including the Property Funds Guidelines), the Trust Deed, the Tax Ruling and all relevant contracts; and
- *Accounting records.* Maintain accounting records and prepare or cause to be prepared accounts and annual reports.

(see “The Manager and Corporate Governance – The Manager of ART”).

SR Management Companies

The SR Management Companies of the respective Properties are as set out in the table below:-

Property	SR Management Company
Somerset Liang Court Property	AIM ^{(1), (2)}
Somerset Grand Cairnhill	AIM
The Ascott, Jakarta	PT Ascott International ^{(1), (3)}
Somerset Grand Citra	PT Ascott International
Country Woods	PT Ascott International
Somerset Millennium	Scotts Philippines ^{(1), (4)}
Somerset Salcedo Property	Scotts Philippines
The Ascott, Beijing	Ascott Property Management (Beijing) ^{(1), (5)}
Somerset Grand Fortune Garden Property	Ascott Property Management (Beijing)
Somerset Xu Hui	Ascott Property Management (Shanghai) ^{(1), (6)}
Somerset Ho Chi Minh City	AIM
Somerset Grand Hanoi	AIM

Notes:-

- (1) The SR Management Companies are subsidiaries of Ascott.
- (2) AIM was incorporated in Singapore on 7 December 1993. It has a paid-up capital of S\$100,000 and its registered office is located at 8 Shenton Way, #13-01 Temasek Tower, Singapore 068811.
- (3) PT Ascott International was incorporated in Indonesia on 30 May 1997. It has a paid-up capital of US\$60,000 and its registered office is located at No 2 Jalan Kebon Kacang Raya, Jakarta 10230, Indonesia.
- (4) Scotts Philippines was incorporated in the Philippines on 23 August 1995. It has a paid-up capital of PHP 8,090,000 and its registered office is located at 106 H.V. Dela Costa Street Salcedo Village, Makati City, Philippines.
- (5) Ascott Property Management (Beijing) was established in China on 13 December 2001. It has a registered capital of US\$300,000 and its registered office is located at 3F, 108B Jianguo Road, Chao Yang District, Beijing 100022, China.
- (6) Ascott Property Management (Shanghai) was established in China on 7 September 2000. It has a registered capital of US\$350,000 and its registered office is located at Room 204, No. 9B Shenbo Road, Pudong New Area, Shanghai, China.

Pursuant to the Serviced Residence Management Agreements, the SR Management Companies were appointed to operate, maintain, manage and market the Apartment Units in the Properties. AIM and/or its affiliates (which includes the SR Management Companies), have also been granted a right of first refusal by ART to provide serviced residence management services in relation to new properties acquired by ART from the Ascott Group on terms to be mutually agreed upon.

The SR Management Companies will provide lease/licence management, marketing and serviced residence management services for the Properties. In particular, the SR Management Companies have each undertaken to provide the following services for the Properties:-

- preparation of the annual business plans of the Properties including annual budget and marketing strategy;
- planning, preparation of, contracting for and execution of advertising and promotion programmes for the Properties;
- recruitment, training and supervision of all personnel required to properly operate, manage, market and maintain the Properties;
- supervision, direction and control of the licensing and letting of any part of the Properties (including without limitation, engaging external marketing and/or sales agents);
- negotiation of new or renewed lease/licence agreements;
- performance, supervision, direction and/or control of all acts reasonably necessary in connection with the operation, management, marketing, maintenance and repair of the Properties in an efficient and proper manner;

- assistance in the design and selection of equipment used in connection with communications and data processing systems for the Properties; and
- generally, the performance, supervision, direction and control of all acts reasonably necessary in connection with the operation, management, promotion and marketing and maintenance of the Properties in an efficient and proper manner, including, but not limited to, the making of all payments and disbursements.

(see “Certain Agreements Relating to ART and the Properties – Serviced Residence Management Agreements” and “The Roles and Responsibilities of the SR Management Companies”).

DBS Trustee Ltd

The Trustee, DBS Trustee Ltd, is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. The Trustee has a place of business in Singapore at 6 Shenton Way #36-02, DBS Building, Tower One, Singapore 068809. The Trustee’s powers and duties include: (i) acting as trustee of ART; (ii) holding the properties of ART (including shares in the Property Holding Companies and Somerset FG) for the benefit of the Unitholders; and (iii) exercising all the powers of a trustee and the powers accompanying ownership of the properties of ART (including shares in the Property Holding Companies and Somerset FG) (see “The Formation and Structure of ART – The Trustee”).

Management of Capital

The Manager aims to optimise ART's capital structure and cost of capital within the borrowing limits set out in the Property Funds Guidelines and intends to use a combination of debt and equity to fund future acquisitions and improvement works at the Properties.

ART has put in place the Facilities comprising multi-currency revolving credit facilities from Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited for a tenor of five (5) years for an aggregate amount of S\$240.0 million. An amount of S\$110.1 million was drawn down on the completion of the acquisition of the Singapore Properties to partially fund the acquisition of these Properties and to be advanced as shareholder's loans to a Property Holding Company and a Property Company in relation to two Properties located in China for these companies to repay their existing loans. ART intends to refinance an existing loan of a Property Company in China amounting to US\$66.3 million and if necessary, to adopt a suitable hedging strategy.

ART's two Vietnam Properties, Somerset Ho Chi Minh City and Somerset Grand Hanoi, currently have outstanding loans in the aggregate amount of US\$27.7 million. They will put in place new US Dollar denominated term loan facilities in the aggregate amount of US\$36.0 million (equivalent to approximately S\$60.9 million based on an exchange rate of US\$1: S\$1.6920). An aggregate amount of US\$27.7 million (equivalent to approximately S\$46.9 million based on an exchange rate of US\$1: S\$1.6920) of the new loan facilities will be drawn down subsequent to the completion of the acquisition of its Property Holding Companies, Ascott Residences and Burton Engineering, to refinance the existing loans in the Vietnam Properties.

These facilities are intended to enable ART to meet its medium-term financing needs and to provide flexibility of loan repayments with excess cash flow from the operations of ART to reduce interest costs.

As at the Listing Date, ART will have an initial proportionate share of the indebtedness of approximately S\$261.8 million, representing approximately 29.5% of the proportionate share of its Deposited Property, based on the unaudited pro forma consolidated balance sheet as at 31 December 2005. Based on a 35.0% gearing limit, ART has additional funding capacity of approximately S\$49.0 million.

Where the cash flows and capital values of ART's Pan-Asian portfolio are in foreign currencies, they will be subject to foreign exchange risks. The Manager will focus on managing the volatility of foreign currency cash flows from overseas assets. In managing the currency risks associated with the capital values of the overseas assets, the Manager will as far as possible adopt a natural hedge strategy by borrowing in the same currency as the underlying asset.

(see "Strategy - Capital and Risk Management Strategy").

Certain Fees and Charges

The following is a summary of the amounts of certain fees and charges payable by Unitholders in connection with the Units so long as the Units are listed:-

Payable by Unitholders directly	Amount payable
(a) Subscription fee or preliminary charge	N.A. ⁽¹⁾
(b) Realisation fee	N.A. ⁽¹⁾
(c) Switching fee	N.A. ⁽¹⁾
(d) Any other fee	Clearing fee for trading of Units on the SGX-ST at the rate of 0.05% of the transaction value, subject to a maximum of S\$200.00 per transaction.

Notes:-

- (1) As the Units will be listed and traded on the SGX-ST and Unitholders will have no right to request the Manager to redeem their Units while their Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

	Payable by ART	Amount payable
(a)	Manager's Management Fees	<p>Base Fee</p> <p>0.3% per annum of the Property Values.</p> <p>Performance Fee</p> <p>Comprises the Base Performance Fee and Additional Outperformance Fee.</p> <p>Base Performance Fee shall be 4.0% per annum of ART's share of Gross Profit for each financial year. In the event ART's share of the Gross Profit increases by more than 6.0% annually, the Manager will be entitled to an additional outperformance fee of 1.0% of the difference between ART's share of that financial year's Gross Profit and 106.0% of ART's share of the preceding year's Gross Profit ("Additional Outperformance Fee"). In the event ART increases its interests in any of the Properties, Property Companies and/or Property Holding Companies, or acquires additional properties and/or shares in companies whose primary purpose is to hold/own real estate (directly or indirectly), during the financial year, for purposes of the calculation of the Additional Outperformance Fee for that financial year and to ensure a similar basis for comparison, ART's share of the Gross Profit for the preceding year shall be adjusted to take into account such increase in interest or acquisition as if it has taken place in the preceding financial year. The management fees are payable to the Manager in the form of cash and/or Units (at the discretion of the Manager).</p>
(b)	Trustee's fee	<p>The Trustee's fee is charged on a scaled basis of up to 0.021% per annum of the Property Values, subject to a minimum fee of S\$10,000 per month and a maximum fee of 0.1% per annum of the Property Values, excluding out-of-pocket expenses and GST ⁽¹⁾.</p> <p>ART will also pay the Trustee a one-time inception fee of S\$15,000 ⁽¹⁾.</p>
(c)	Any other substantial fee or charge	
	(i) Serviced residence management fee (payable to the SR Management Companies)	(a) Basic management fees - in relation to each Property, between 2.0% and 3.0% per annum of total Revenue

		<p>(b) Incentive management fees - in relation to each Property, between 5.0% and 10.0% per annum of gross operating profit</p> <p>Once the formula for the determination of the serviced residence management fee for a Property is agreed between ART and the relevant SR Management Company, the formula will be fixed for the entire duration of the initial term of ten years of the Serviced Residence Management Agreement and may be revised only at the point of renewal of the Serviced Residence Management Agreement, subject to the mutual agreement of the parties.</p>
	<p>(ii) Acquisition fee (payable to the Manager)</p>	<p>The Manager is entitled to receive an acquisition fee of 1.0% of the Enterprise Value of any Real Estate or Real Estate Related Assets acquired directly or indirectly by ART, pro-rated if applicable to the proportion of ART's interest. For this purpose, where the assets acquired by ART are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total debt attributable to the shares being acquired by ART and where the asset acquired by ART is a property, "Enterprise Value" shall mean the value of the property.</p> <p>In the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property, provided that the Manager shall charge an acquisition fee of 0.5% instead of 1.0%.</p> <p>The acquisition fee is payable as soon as practicable after the completion of the relevant acquisition.</p> <p>No acquisition fee is payable for the acquisition of the Properties.</p> <p>The Manager may opt to receive such acquisition fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the Acquisition Fee or any part thereof will be issued at an Issue Price set out under "The Manager and Corporate Governance - Acquisition Fee and Divestment Fee".</p>

	<p>(iii) Divestment fee (payable to the Manager)</p>	<p>In the event the Manager receives such acquisition fee in connection with an acquisition from a Related Party (which has the meaning ascribed to it in the Trust Deed), such fee shall be paid in the form of Units to be issued by ART at the market price.</p> <p>The Manager is entitled to receive a divestment fee of 0.5% of the Enterprise Value of any Real Estate or Real Estate Related Assets divested directly or indirectly by ART, pro-rated if applicable to the proportion of ART's interest.</p> <p>The divestment fee is payable to the Manager in the form of cash. The divestment fee is payable as soon as practicable after completion of the relevant divestment.</p> <p>Any payment to third party agents or brokers in connection with the divestment of any Real Estate or Real Estate Related Assets of ART shall be paid by ART.</p> <p>In the event the Manager receives a divestment fee in connection with a transaction with a Related Party (which has the meaning ascribed to it in the Trust Deed) any such divestment fee shall be paid in the form of Units to be issued by ART at the market price.</p>
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Notes:-

- (1) The GST will be borne by ART.
- (2) In addition to the fees set out in this table, ART will also pay certain fees and expenses in relation to the Preferential Offering (including certain professional and other fees).

THE PREFERENTIAL OFFERING

ART	ART is a real estate investment trust established in Singapore as a stand-alone unit trust fund constituted by the Trust Deed.
The Manager	Ascott Residence Trust Management Limited
The Trustee	DBS Trustee Ltd
The Vendor	The Ascott Group Limited
Eligibility of Singapore Registered Shareholders to participate in the Preferential Offering	Only Singapore Registered Shareholders have been provisionally allocated the Units under the Preferential Offering.
Basis of Provisional Allocation	Up to 340,500,000 Units offered to Singapore Registered Shareholders on a renounceable basis of 200 Units for every 1,000 Shares held as at the Books Closure Date (fractions of a Unit to be disregarded), for acceptance at the Preferential Offering Sale Price.
Preferential Offering Sale Price	S\$0.68 per Unit.
Status of the Units	<p>The Units will be listed on the Main Board of the SGX-ST and will be traded under the book-entry (scripless) settlement system.</p> <p>Under the Preferential Offering, the Units are sold (a) fully paid and (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and (c) together with all rights attached thereto as of the Listing Date and thereafter attaching thereto (including the right to any dividends, rights, allotments or other distributions declared, made or paid by ART on or after the Listing Date).</p>
Rights of Singapore Registered Shareholders	<p>Singapore Registered Shareholders are able to (a) accept the Preferential Offering in respect of the Units that have been provisionally allocated to each of them, in full or in part, and (if applicable) apply to purchase the Units in excess of their Entitlements (the "Excess Units"), which include Additional Units (as defined below) or (b) trade all or part of their nil-paid Entitlements to the Units that have been allocated to each of them under the Preferential Offering during the Entitlements Trading Period or (c) decline to accept their Entitlements or (d) renounce their Entitlements in favour of a third party.</p> <p>Where a Singapore Registered Shareholder's entitlement to purchase Units under the Preferential Offering is other than an integral multiple of 1,000 Units, such Singapore Registered Shareholder may (if applicable) elect to purchase such additional number of Units (the "Additional Units") which results in an integral multiple of 1,000 Units. Priority will be given to satisfy Additional Units in any application to purchase Excess Units.</p>

In the event of an over-subscription for the Additional Units, that number of Units in respect of which Entitlements have been declined and have not been renounced in favour of a third party (the "Declined Units") will be made available to satisfy applications for the Additional Units. In the event there are insufficient Declined Units to satisfy all applications for the Additional Units, up to 5.0% of the Units held by the Sponsor as at the date of this Prospectus (the "Available Sponsor Units") will be made available to satisfy applications for the Additional Units. Where there are insufficient Declined Units and Available Sponsor Units to satisfy excess applications for the Additional Units, the successful applications for the Additional Units will be determined by ballot or otherwise as determined by the Sponsor, provided that the directors and substantial shareholders of the Sponsor shall rank last in priority in the allocation of any Declined Units and/or Available Sponsor Units.

In the event there are applications for purchase of the Excess Units over and above the Additional Units (the "Additional Excess Units"), any Declined Units which remain available after the applications for the Additional Units have all been satisfied shall be made available to satisfy applications for these Additional Excess Units. Where there are insufficient Declined Units to satisfy excess applications for the Additional Excess Units, the successful applications for the Additional Excess Units will be determined by ballot or otherwise as determined by the Sponsor, provided that the directors and substantial shareholders of the Sponsor shall rank last in priority in the allocation of such Declined Units.

For the avoidance of doubt, only Singapore Registered Shareholders (and not the Purchasers or the Renounees) shall be entitled to apply to purchase the Excess Units.

Nil-paid Trading in Entitlements

The Preferential Offering is made on a renounceable basis and the nil-paid Entitlements under the Preferential Offering may be traded on the SGX-ST during the Entitlements Trading Period from 9 March 2006 to 17 March 2006 (both dates inclusive). Singapore Registered Shareholders who do not wish to purchase the Units allocated to them under the Preferential Offering may trade their Entitlements on the SGX-ST, if there is a market for it, and realise the value, if any, of the Entitlements.

Acceptance of Units under the Preferential Offering

Acceptance of and payment for the Units under the Preferential Offering may be effected, in whole or in part, via ARE, ARS or through the ATMs of DBS Bank Ltd (including POSB ATMs) and the other Participating Banks, and must be made in accordance with the "Procedures for Acceptance, Excess Application and Payment by Singapore Registered Shareholders whose Securities Accounts are credited with Ascott Shares" as set out in Appendix VIII of this Prospectus.

Where the Preferential Offering does not proceed for any reason, the Singapore Registered Shareholders, the Purchasers and the Renounees will receive a refund of the full amount of the monies (in each case, without interest or any share of revenue or other benefit arising therefrom).

Singapore Registered Shareholders, the Purchasers and the Renounees must follow the acceptance procedures set out in Appendix VIII, "Procedures for Acceptance, Excess Application and Payment by Singapore Registered Shareholders whose Securities Accounts are credited with Ascott Shares". Acceptance of the Preferential Offering must be paid for in Singapore dollars. No fees are payable by Singapore Registered Shareholders, the Purchasers and the Renounees for accepting the Units, save for an administration fee of S\$1.00 for each acceptance made through ATMs of the Participating Banks.

Lock-ups	<p>The Vendor has entered into a lock-up arrangement with the Sole Lead Underwriter for a period of 180 days from and including the Listing Date, subject to certain exceptions.</p> <p>The Manager has also entered into a lock-up arrangement with the Sole Lead Underwriter for a period of 180 days from and including the Listing Date, subject to certain exceptions.</p> <p>CapitaLand, in respect of the Units it will own through its three wholly-owned subsidiaries pursuant to the Preferential Offering, will not, directly or indirectly, offer, sell or contract to sell or otherwise dispose of any of such Units for the period of 180 days from and including the Listing Date. The restriction does not apply to the transfer of Units by its subsidiaries to CapitaLand and between wholly-owned subsidiaries of CapitaLand.</p> <p>(see “Plan of Distribution – Lock-up Arrangements”).</p>
Capitalisation	<p>S\$867.4 million, based on the Preferential Offering Sale Price of S\$0.68 per Unit (see “Capitalisation”).</p>
Listing and Trading	<p>Prior to the Preferential Offering, there has been no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Units (including the Units comprised in the Preferential Offering) and all the Units which will be issued to the Manager from time to time in full or part payment of fees payable to the Manager (see “The Manager and Corporate Governance – Manager’s Management Fees”). Such permission will be granted when ART has been admitted to the Official List of the SGX-ST.</p> <p>The Units will, upon their listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of CDP. The Units will be traded in board lot sizes of 1,000 Units.</p>
Temporary counter for the trading of board lots of 20 Units	<p>In order to facilitate the trading of odd lots of the Units received by Singapore Registered Shareholders, the Purchasers and the Renounees following the Preferential Offering, approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Unitholders and investors to trade in board lots of 20 Units. This temporary counter will be maintained for one (1) calendar month from the Listing Date. This temporary counter is expected to be available from 31 March 2006 to 30 April 2006, both dates inclusive. After 30 April 2006, Unitholders and investors can trade in odd-lots of Units on the SGX-ST’s Unit Share Market.</p> <p>Persons who trade their nil-paid Entitlements and/or odd lots in Units through the Brokers will be required to pay a commission of S\$20 for each transaction.</p> <p>The temporary counter is strictly of a provisional nature. Investors who continue to hold odd-lots of less than 1,000 Units after 30 April 2006 may face difficulty and/or have to bear disproportionate transactional costs in realising the fair market price of such Units.</p>
No Redemption by Unitholders	<p>Unitholders have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.</p>

Unitholders' Meetings The Trustee or the Manager may at any time (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

Distribution Policy ART's distribution policy is to distribute to Unitholders 100.0% of its taxable income and Net Overseas Income for the period from the Listing Date to 31 December 2006 and for the financial year ending 31 December 2007 and at least 90.0% of its taxable income and Net Overseas Income thereafter. The actual proportion of taxable income and Net Overseas Income distributed to Unitholders beyond 31 December 2007 may be greater than 90.0% to the extent the Manager believes it to be appropriate, having regard to ART's funding requirements, other capital management considerations and the overall stability of distributions. This distribution will be made on a half-yearly basis, except for the first distribution, which will be in respect of the period from the Listing Date to 30 June 2006 and will be paid by the Manager on or before 29 August 2006 (see "Distributions").

Singapore Tax Considerations The Tax Ruling grants tax transparency to ART on taxable income from Singapore Properties that is distributed to Unitholders such that ART will not be taxed on such income at the trust level. Instead, tax will be imposed on the distributions made out of such taxable income to Unitholders, by way of tax deduction at source or direct assessment of tax on Unitholders. This tax transparency does not apply to ART's retained taxable income (i.e. taxable income that is not distributed) and gains arising from the sale of the Singapore Properties and shares in Property Holding Companies and Somerset FG in the event that such gains are taxable. Such income and gains will be taxed at ART's level.

Individuals and Qualifying Unitholders will receive distributions made out of ART's taxable income without tax deduction at source. Such distributions to all other Unitholders will, however, be subject to tax deduction at source at the prevailing corporate tax rate, currently 20.0%, or at the reduced rate of 10.0% as provided under Section 45G of the Income Tax Act, Chapter 134 of Singapore.

The reduced rate of 10.0% applies to taxable income distributions made by ART to its foreign non-individual Unitholders during the period from 18 February 2005 to 17 February 2010.

Distributions of ART's taxable income made to individuals who hold the Units as investment assets and not through a partnership in Singapore, regardless of their nationality or tax residence status, will be tax-exempt. Distributions of ART's taxable income made to individuals who hold the Units as trading assets or through a partnership in Singapore will be taxed at the individuals' own applicable income tax rates.

Qualifying Unitholders and other non-individual Unitholders will be subject to income tax on the gross amount of distributions made out of ART's taxable income. Where tax has been deducted at the prevailing corporate tax rate from the distributions, they may claim the tax deducted as a set-off against their Singapore tax liabilities, including the tax liability on the gross distributions.

Distributions made out of gains from the disposal of the Singapore Properties and shares in Property Holding Companies and Somerset FG that are determined to be capital gains are not subject to tax in the hands of Unitholders provided that the Units are not held by them as trading assets.

INDICATIVE TIMETABLE

An indicative timetable for trading in the Units is set out below for the reference of investors in the Units:-

Date and time	Event
9 March 2006, 9.00 a.m. (for ARE, ARS and PAL) 9.00 a.m. (for Electronic Applications)	Opening date and time for the Preferential Offering
9 March 2006, 9.00 a.m.	Commencement of trading of nil-paid Entitlements
17 March 2006, 5.00 p.m.	Last date and time for trading of nil-paid Entitlements
23 March 2006, 4.45 p.m.	Last date and time for renunciation and payment
23 March 2006, 4.45 p.m. (for ARE, ARS and PAL) 9.30 p.m. (for Electronic Applications)	Last date and time for acceptance and payment
31 March 2006, 9.00 a.m.	Commence trading on a “ready” basis on the SGX-ST

The above timetable is indicative only and is subject to change. It assumes that: (i) the closing date of the Preferential Offering is 23 March 2006, (ii) the Listing Date is 31 March 2006, (iii) compliance with the SGX-ST’s unitholding spread requirement and (iv) the Units will be fully paid up prior to 9.00 a.m. on 31 March 2006. All dates and times referred to above are Singapore dates and times.

Trading in the Units on a “ready” basis will commence at 9.00 a.m. on 31 March 2006 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units on a “ready” basis have been fulfilled). If ART is terminated by either the Manager or the Trustee under the circumstances specified in the Trust Deed, the Preferential Offering will not proceed and the acceptance monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom) and at the Singapore Registered Shareholders’, the Purchasers’ and the Renounees’ own risk, by ordinary post, through the crediting of the relevant amount to the Singapore Registered Shareholders’, the Purchasers’ and the Renounees’ accounts with the Participating Bank or such other means as may be agreed upon, as the case may be, and without any right or claim against the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors. It is expected that such monies will be returned not later than 14 Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities) after the closing date for the Preferential Offering.

In the event of shortening or extension of the time period during which the Preferential Offering is open, the Vendor will publicly announce the same:-

- (1) via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (2) in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” listing date on the internet (at the SGX-ST website), INTv or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

The Vendor will provide details and results of the Preferential Offering through SGXNET and in one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Where the Preferential Offering does not proceed for any reason, the full amount of acceptance (without interest or any share of revenue or other benefit arising therefrom) will, within two Market Days after the Preferential Offering is discontinued, be returned to the Singapore Registered Shareholders, the Purchasers and the Renounees at their own risk (provided that such refunds in relation to acceptances in Singapore are made in accordance with the procedures set out in Appendix VIII, "Procedures for Acceptance, Excess Application and Payment by Singapore Registered Shareholders whose Securities Accounts are credited with Ascott Shares").

PROFIT FORECAST AND PROFIT PROJECTION

The following is an extract from the section "Profit Forecast and Profit Projection". Statements in this extract that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in the section "Profit Forecast and Profit Projection" in this Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors or any other person, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors"). Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are valid only as at the date of this Prospectus.

None of the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors guarantees the performance of ART, the repayment of capital or the payment of any dividends, or any particular return on the Units. The forecast and projected yields stated in the table below are calculated based on the assumption that the Listing Date is 1 January 2006. Such yields will vary accordingly if the Listing Date is after 1 January 2006 or in relation to investors who purchase Units in the secondary market at a market price that differs from the Preferential Offering Sale Price or to investors who do not hold the Units for the whole of the Forecast Year 2006 or Projection Year 2007.

The distribution per Unit for the Forecast Year 2006 is calculated on the assumption that the Listing Date is 1 January 2006. The actual distribution per Unit for the financial period from 19 January 2006, the date of establishment of ART, to 31 December 2006 will differ as investors will only be entitled to distributions arising from operations from the Listing Date to 31 December 2006.

Investors in the Units should read the whole of the section "Profit Forecast and Profit Projection" in this Prospectus together with the report set out in Appendix II, "Independent Accountants' Report on the Profit Forecast and Profit Projection".

Forecast and Projected Consolidated Statements of Total Return

	Forecast Year 2006 (1 January 2006 to 31 December 2006)	Projection Year 2007 (1 January 2007 to 31 December 2007)
	(S\$'000)	(S\$'000)
Revenue	104,771	110,407
Direct expenses	(56,772)	(59,845)
Gross profit	47,999	50,562
Other operating income	505	533
Interest expense, net	(12,102)	(12,536)
Manager's management fees	(4,280)	(4,374)
Trustee's fee	(134)	(134)
Professional fees	(173)	(178)
Audit fees	(320)	(329)
Other operating expenses	(707)	(728)
Net profit	30,788	32,816
Income tax	(5,992)	(6,574)
Total return for the year after income tax	24,796	26,242
Minority interest	(3,494)	(3,633)
Total return for the year attributable to Unitholders before distribution	21,302	22,609
Distribution to Unitholders from operations	(8,469)	(14,167)
Total return for the year attributable to Unitholders after distribution	12,833	8,442
Attributable to:		
- Unitholders	21,302	22,609
- Minority interest	3,494	3,633
Total return for the year after income tax	24,796	26,242
Reconciliation from total return for the year attributable to Unitholders to total Unitholders' distribution:-		
Total return for the year attributable to Unitholders from consolidated statements of total return	21,302	22,609
Net effect of non-tax deductible / chargeable items and other adjustments ⁽¹⁾	6,498	6,738
Total Unitholders' distribution	27,800	29,347
Unitholders' distribution:		
- from operations	8,469 ⁽²⁾	14,167 ⁽²⁾
- from Unitholders' contributions	19,331 ⁽²⁾	15,180 ⁽²⁾
Total Unitholders' distribution	27,800	29,347
Units in issue ('000)	455,616	457,268 ⁽³⁾
Distribution per Unit (cents)	6.11 ⁽⁴⁾	6.43 ⁽⁴⁾

Notes:-

- (1) These include non-tax deductible expenses relating to the portion of the Manager's Management Fees which are payable in the form of Units, other expenses which are non-deductible for tax purposes and adjustments for depreciation of plant and equipment.

- (2) For the Forecast Year 2006, Unitholders' distribution from operations of S\$8.5 million is significantly lower than the figure for the Projection Year 2007 of S\$14.2 million due to a delay in the repatriation of dividends of approximately S\$5.4 million from the Properties in China and Vietnam. This delay is attributed to the time required for tax audit clearance in these two jurisdictions. This S\$5.4 million will be distributed to Unitholders out of Unitholders' contributions for the Forecast Year 2006, by drawing upon ART's S\$240.0 million multi-currency revolving facility. This delay in dividend repatriation will materially affect Unitholders' distribution from operations only for Forecast Year 2006. If there had been no delay in dividend repatriation, distribution from operations and distribution from Unitholders' contributions for the Forecast Year 2006 would have been S\$13.9 million and S\$13.9 million respectively.
- (3) The increase in the number of Units in issue is a result of the assumed payment of 50.0% of the Manager's Management Fees for the relevant period in the form of Units issued at an assumed issue price per Unit equivalent to the unaudited pro forma net asset value per Unit as at 31 December 2005 (see "Profit Forecast and Profit Projection - Assumptions – (IV) Manager's Management Fees").
- (4) As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted an option (the "Put Option") to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date. In the event the Trustee, as trustee of ART, exercises the Put Option, the DPU for the Forecast Year 2006 and the Projection Year 2007 are forecast and projected to be 6.04 cents and 6.13 cents respectively. The forecast DPU of 6.04 cents for Forecast Year 2006 is based on the assumption that the date of completion of the sale of the entire issued and paid-up capital in Somerset FG to Ascott Holdings ("Completion of Sale of Somerset FG") pursuant to the exercise of the Put Option is 30 September 2006 and hence ART is only entitled to the income of Somerset FG for the nine months ended 30 September 2006. Upon the Completion of Sale of Somerset FG, the Manager intends to make a one-time distribution of the proceeds from the sale to Unitholders. Based on the net asset value of Somerset FG as at 31 December 2005, the one-time distribution by ART of the proceeds from the sale would be approximately 5.88 cents per Unit (see "Risk Factors – ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings" and "The Properties – Somerset Grand Fortune Garden Property, Beijing" for further information).

EXCHANGE RATES

The tables below set forth, for the periods indicated, information concerning the exchange rates between S\$ and RMB, PHP and US\$. For the financial years ended 31 December 2003 and 2004, the exchange rates were based on the average between the bid and offer rates of the interbank currency rates published by Business Times and Straits Times respectively. For the financial year ended 31 December 2005, the exchange rates were based on the average between the bid and offer rates of the interbank currency rates obtained from Bloomberg. We do not intend to imply that the RMB, PHP and US\$ to S\$ amounts referred to herein could have been or could be converted into RMB and PHP or US\$, as the case may be, at any particular rate, or at all.

The following table sets out the information concerning the exchange rates for the periods indicated between the RMB and S\$:-

Period	Average Rate ⁽¹⁾ (S\$ per RMB 1)	Closing Rate ⁽²⁾ (S\$ per RMB 1)
Financial year ended 31 December 2003	0.2103	0.2080
Financial year ended 31 December 2004	0.2054	0.2035
Financial year ended 31 December 2005	0.2028	0.2091

The following table sets out the information concerning the exchange rates for the periods indicated between the PHP and S\$:-

Period	Average Rate ⁽¹⁾ (S\$ per PHP 1)	Closing Rate ⁽²⁾ (S\$ per PHP 1)
Financial year ended 31 December 2003	0.0322	0.0310
Financial year ended 31 December 2004	0.0298	0.0299
Financial year ended 31 December 2005	0.0300	0.0302

The following table sets out the information concerning the exchange rates for the periods indicated between the US\$ and S\$:-

Period	Average Rate ⁽¹⁾ (S\$ per US\$1)	Closing Rate ⁽²⁾ (S\$ per US\$1)
Financial year ended 31 December 2003	1.7448	1.7230
Financial year ended 31 December 2004	1.6986	1.6840
Financial year ended 31 December 2005	1.6626	1.6920

Notes:-

- (1) The results of foreign entities are translated to Singapore dollars at the average exchange rates for the financial year.
- (2) The assets and liabilities of foreign entities are translated to Singapore dollars at the closing exchange rates as at the balance sheet date.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units.

This Prospectus also contains forward-looking statements (including a profit forecast and profit projection) that involve risks, uncertainties and assumptions. The actual results of ART could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by ART as described below and elsewhere in this Prospectus.

As an investment in a collective investment scheme is meant to produce returns over the long term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of units in a collective investment scheme, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from the relevant advisers about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

ART will be subject to the operating risks inherent in the serviced residence industry

ART will directly or indirectly own the Properties. As a result, ART will be subject to the operating risks inherent in the serviced residence industry. In addition to the specific conditions discussed in more detail below, these risks include:-

- cyclical downturns arising from changes in general and local economic conditions;
- decreases in the amount of longer term business travel and corporate executives requiring mid-to long-term accommodation;
- periodic local oversupply of serviced residences, which may adversely affect the results of operations of ART;
- competition from other serviced residences in the countries in which the Properties are located;
- the recurring need for renovation, refurbishment and improvement of serviced residence properties;
- changes in wages, prices, energy costs and construction and maintenance costs that may result from inflation, government regulations, changes in interest rates or currency fluctuations;
- availability of financing for operating or capital requirements;
- increases in operating costs due to inflation which may not necessarily be offset by corresponding increases in Average Daily Rates; and
- other factors, including acts of terrorism, natural disasters, extreme weather conditions, labour shortages and work stoppages or disputes.

There may be disruptions to ART's cash flow arising from the electricity shared services arrangement, made between all the subsidiary proprietors of the building in which the Somerset Liang Court Property is located, in relation to the supply of electricity to the building

The building in which the Somerset Liang Court Property is located comprises a hotel block, a retail block and the Somerset Liang Court Property which constitutes the serviced residence block. Under the proposed arrangement with regard to the supply of electricity to the building, the Trustee, as trustee of ART and the subsidiary proprietor of the Somerset Liang Court Property, makes the monthly payments for electricity supplied to the Somerset Liang Court Property, specific sections of the retail block, the hotel block and common areas of the building and then seeks reimbursements from the subsidiary proprietors of the hotel block and the retail block as well as the management corporation of the building ("SLC Management Corporation") based on the actual amount of electricity used by the specific sections of the hotel block, the retail block and the common areas in the building respectively. Due to the difference in timing between the payment by ART to the electricity supplier and the receipt of reimbursements from the subsidiary proprietors and the SLC Management Corporation, ART's cash flow in respect of the Somerset Liang Court Property may be adversely affected.

ART's ownership to the title of Country Woods may be subject to challenge

Country Woods is owned by PT Indonesia America. The Trustee, as trustee of ART, owns the entire effective interest in PT Indonesia America through its interest in Ascott Residences. There are currently nine Hak Guna Bangunan ("HGB") certificates in relation to various plots of land owned by PT Indonesia America. Seven of the HGB certificates constitute the land on which Country Woods is located. The remaining two HGB certificates constitute titles to the land adjacent to Country Woods which is proposed to be used for future expansion of Country Woods. These nine HGB certificates are registered under the name of PT Indonesia America, the owner of Country Woods and a wholly-owned subsidiary of Ascott Residences. Of the nine HGB certificates, seven HGB certificates (the "Relevant HGB Certificates") will expire in 2025 with the two remaining HGB certificates expiring in 2027.

The plots of land (the "Affected Plots of Land") under the Relevant HGB Certificates were originally registered under the names of three individuals whose rights of ownership of the Affected Plots of Land were evidenced by the Hak Milik titles. Under Indonesian law, a Hak Milik title may be converted into a HGB title by the execution of a deed of relinquishment to relinquish the Hak Milik title in favour of the Government of Indonesia which will then issue the HGB title (the "Deeds of Relinquishment").

In 1975, the various plots of land on which Country Woods is located was registered under the name of PT Indonesia America as evidenced by title certificate HGB No.1/Pondok Ranji dated 22 October 1975 ("HGB No.1"), under which the Relevant HGB certificates were issued under PT Indonesia America. HGB No. 1 however, does not indicate whether the Hak Milik titles in respect of the Affected Plots of Land had been converted into HGB titles.

Although the nine HGB certificates are registered under the name of PT Indonesia America, there can be no assurance that the title to the land on which Country Woods is located will not be challenged by the three individuals, in respect of the Relevant HGB Certificates, who may not have executed the Deeds of Relinquishment and may be holding on to their Hak Milik titles in respect of the Affected Plots of Land.

ART operates in an industry which may become intensely competitive, which may have a material adverse effect on its business

The serviced residence industry is competitive and may become increasingly so. Each of the Properties is located in an area that includes serviced residences and other types of accommodation such as hotels and guest houses owned and/or operated by third parties. ART will compete locally and regionally with existing serviced residences and serviced residences that may be developed in the future. An increase in the number of competitive serviced residence properties in a particular area could have a material adverse effect on the occupancy rates and contribution to Revenue generated by each of the Properties (see "Existing and Future Competition").

There is no assurance that the other subsidiary proprietors of the larger Liang Court Mixed Development Complex (the "Complex") will co-operate with ART on matters concerning the common property of this Property

The Somerset Liang Court Property is one of the three strata lots in the Complex which is a subdivided development comprising a strata lot held by ART, the strata lots held by the other subsidiary proprietors of the Complex and the common property. All the subsidiary proprietors of the Complex, who constitute the management corporation of the Complex, jointly own the common property in the Complex as tenants-in-common in proportion to the share values attributable to their respective strata lots. ART currently owns 24.06% of the total share value of strata lots comprising the Complex and cannot therefore deal with the common property in the Complex as if the Complex is entirely owned by it.

Under the Land Titles (Strata) Act, certain matters concerning the common property, such as the installation or provision of additional facilities or the making of improvements to the common property, and the acceptance of transfers of land to add to the common property, require a special resolution, that is, a resolution passed at a general meeting of a management corporation, in favour of which at least 75.0% in value of votes of subsidiary proprietors present at such meeting is cast. Certain other matters concerning the common property, such as the creation of easements and restrictions affecting common property, require a unanimous resolution, that is, a resolution passed at a general meeting of a management corporation, in favour of which all votes of subsidiary proprietors present at such meeting is cast.

There is no assurance that resolutions concerning the common property of the Complex can be passed, as ART will own only 24.06% of the total share value of strata lots comprising the Complex. The other subsidiary proprietors of the Complex may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, enhancement works involving the common property of the Complex cannot be carried out by the management corporation of the Complex. This may affect the ability of the Somerset Liang Court Property to attract guests which would adversely affect the operating results of ART.

ART's acquisition of the Properties may be subject to risks associated with the acquisition of properties

While the Manager believes that reasonable due diligence investigations have been conducted with respect to the Properties prior to their acquisition by ART either directly or indirectly through the acquisition of shares in the Property Holding Companies and Somerset FG, there can be no assurance that the Properties will not have defects or deficiencies requiring significant capital expenditure, repair or maintenance expenses, or payment or other obligations to third parties, other than those disclosed in this Prospectus. The experts' reports that the Manager has relied upon as part of its due diligence investigations may contain inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

In addition, laws and regulations (including those in relation to real estate) may have been breached and certain regulatory requirements in relation to the Properties may not have been complied with, which the Manager's due diligence investigations did not uncover. As a result, ART may incur financial or other obligations in relation to such breaches or non-compliance.

The representations, warranties and indemnities granted in favour of ART by the Vendor Companies are subject to limitations

The representations, warranties and indemnities granted in favour of ART by the Vendor Companies (see "Certain Agreements Relating to ART and the Properties - Description for the Acquisition of the Properties") are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. There can be no assurance that ART will be reimbursed under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it as a result of its acquisition of the Properties.

The President of the Republic of Singapore may, as head lessor, re-enter the Singapore Properties upon breach of terms and conditions of the State lease

Somerset Grand Cairnhill is held under a registered State lease, with the President of the Republic of Singapore as head lessor. The Somerset Liang Court Property is leased under the registered State lease to the Urban Redevelopment Authority, which was subsequently sub-leased to ART. The State lease contains terms and conditions commonly found in State leases in Singapore, including the lessor's right to re-enter the Singapore Properties and terminate the lease (without compensation) in the event the lessee fails to observe or perform the terms and conditions of the lease (see "Certain Agreements Relating to ART – Information on the title of the Properties located in Singapore").

RISKS RELATING TO ART'S OPERATIONS

The Manager is a wholly-owned subsidiary of the Sponsor and the SR Management Companies are subsidiaries of the Sponsor. There may be potential conflicts of interest between ART, the Manager, the SR Management Companies and the Sponsor

The Sponsor, its subsidiaries, related corporations and associates are engaged in the investment in, and the development and operation of, among other things, real estate and real estate related assets which are used, or predominantly used, as serviced residences and rental housing properties in Singapore and elsewhere in the Pan-Asian Region. The Sponsor will, immediately after the completion of the Offering, retain at least 25.0% and up to approximately 30.0% of the total number of Units expected to be in issue then (see "Ownership of Units").

The Sponsor may exercise influence over the activities of ART through the Manager which is a subsidiary of the Sponsor. A majority of the members of the board of Directors of the Manager will comprise representatives from the Sponsor, with the balance comprising independent directors.

As a result, the strategy and activities of ART may be influenced by the overall interests of the Sponsor. Moreover, the Sponsor may in the future sponsor, manage or invest in other real estate investment trusts or other vehicles which may also compete directly with ART. There can be no assurance that conflicts of interest will not arise between ART and the Sponsor in the future, or that ART's interests will not be subordinated to those of the Sponsor whether in relation to the future acquisition of additional properties, acquisitions of property-related investments in Singapore or competition for guests, in Singapore and elsewhere in the Pan-Asian Region.

Further, the SR Management Companies, which are subsidiaries of the Sponsor, have been appointed to manage the Properties as well as all future properties in Singapore and the Pan-Asian Region to be acquired by ART from the Sponsor (see "Certain Agreements relating to ART and the Properties — Serviced Residence Management Agreements"). There can be no assurance that the SR Management Companies will not favour properties that the Sponsor has retained in its own property portfolio over those owned by ART when providing serviced residence management services to ART, which could lead to lower occupancy rates and/or lower rental income for the properties owned by ART as a whole and this could adversely affect distributions to Unitholders.

ART faces certain risks in connection with the acquisition of properties from the Sponsor or parties related to the Sponsor

The Properties acquired by ART directly or through the acquisition of shares in the Property Holding Companies and Somerset FG consist of properties owned indirectly by the Sponsor and its related companies. The Trustee, on the recommendation of the Manager, may on behalf of ART, acquire other assets from the Sponsor or parties related to the Sponsor in the future. There can be no assurance that the terms of acquisition of the Properties or other properties which may be acquired in the future from the Sponsor or parties related to the Sponsor, the negotiations with respect to such properties, the acquisition value of the Properties or such other properties and other terms and conditions relating to the purchase of the Properties or such other properties (in particular, with respect to the representations, warranties and/or indemnities agreed) are not or, as the case may be, will not be adverse to ART or reflect or, as the case may be, will reflect, an arm's length acquisition of the Properties or other properties by ART.

When ART acquires other assets from the Sponsor or parties related to the Sponsor in the future, the Manager will obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the Property Funds Guidelines and the Listing Manual. In any event, Related Party Transactions entered into by ART in the future (including acquisitions of assets from the Sponsor or parties related to the Sponsor), depending on materiality of such transactions may need to be publicly announced or, as the case may be, publicly announced and approved by Unitholders, and will be:-

- decided by a majority vote of the Directors of the Manager, including the vote of at least one independent director;
- reviewed and approved by the Manager's Audit Committee; and

- reviewed and approved by the Trustee (in accordance with, among other things, the Property Funds Guidelines). Under the Property Funds Guidelines, at a Unitholders' meeting which is convened to approve the acquisition of properties from the Sponsor or parties related to the Sponsor, persons who have an interest in the outcome of the proposed acquisition (which would include the Sponsor and its related parties) are not permitted to vote on the resolution approving the proposed acquisition.

There is no assurance that ART will be able to leverage on the Ascott Group's experience in the operation of serviced residences

Upon completion of the Preferential Offering, Ascott will hold up to approximately 30.0% of the outstanding Units (rounded down to the nearest whole number) (see "Ownership of Units"). Ascott has agreed to a 180-day lock-up period (the "Lock-up Period") in respect of the Units held by it. There is no assurance that Ascott will not dispose of its Units following the expiry of the Lock-up Period. In the event that Ascott decides to transfer or dispose of its Units and ceases to be a controlling shareholder of ART, ART may no longer be able to leverage on the Ascott Group's experience in the ownership and operation of serviced residences, financial strength, market reach and network of contacts in the serviced residence sector to further its growth. ART may, in addition, not be able to benefit from the range of corporate services which are available to owners of properties managed by the Ascott Group. This will have a material and adverse impact on ART's results of operations and financial condition which may as a consequence, affect ART's ability to make its distributions to Unitholders.

ART will operate substantially through the Property Companies and its ability to make distributions to Unitholders is dependent on the financial position of the Property Companies

ART will operate substantially through the Property Companies and will rely on payments and other distributions from the Property Companies for its income and cash flows. In addition, substantially all of the assets of ART will consist of its shareholdings in the Property Holding Companies and Somerset FG. In order to make distributions to Unitholders, ART will rely on the receipt of dividends from the Property Companies to the Property Holding Companies. The ability of the Property Companies to make such payments may be restricted by, among other things, the Property Companies' respective business and financial positions, the availability of distributable profits, applicable laws and regulations (which may restrict the payment of dividends by the Property Companies) or the terms of agreements to which they are, or may become, a party.

There can be no assurance that the Property Companies will have sufficient distributable or realised profits or surplus in any future period to pay dividends or make advances to ART. The level of profit or surplus of each Property Company available for distribution by way of dividends to ART may be affected by a number of factors including:-

- operating losses incurred by the Property Companies in any financial year;
- losses arising from a revaluation of any of the Properties following any diminution in value of any of the relevant Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the relevant Property Company may distribute dividends;
- accounting standards that require profits generated from investment properties to be net of depreciation charges before such profits are distributed to ART;
- changes in accounting standards, taxation regulations, corporation laws and regulations relating thereto; and
- insufficient cash flows received by the Property Companies from the Properties.

The occurrence of these or other factors that affect the ability of the Property Companies to pay dividends or other distributions to ART would adversely affect the level of distributions paid to Unitholders.

Income received by ART from Somerset Ho Chi Minh City and Somerset Grand Hanoi may decrease in the future

Somerset Ho Chi Minh City is owned by Mekong-Hacota, a 69.0% subsidiary of Ascott Residences, which is wholly-owned by the Trustee, as trustee of ART. The balance 31.0% interest in Mekong-Hacota is owned by an unrelated third party. Ascott Residences' interest in Mekong-Hacota is held under the terms of a joint venture arrangement (the "Somerset Ho Chi Minh City JVA") with the unrelated third party. Under the Somerset Ho Chi Minh City JVA, the net profit of Mekong-Hacota, after the fulfilment of certain statutory financial obligations and the payment of other amounts due, is to be distributed in proportion to the shareholders' legal capital in Mekong-Hacota. The parties to the Somerset Ho Chi Minh City JVA have also agreed that the unrelated third party shall be entitled to acquire 0.86% of the legal capital in Mekong-Hacota from Ascott Residences every year from the 19th year of commencement of operations of the Property. This right to acquire the legal capital in Mekong-Hacota shall cease once the unrelated third party owns 43% of the legal capital in Mekong-Hacota.

In the event the unrelated third party exercises its right under the Somerset Ho Chi Minh City JVA to acquire interests in the legal capital of Mekong-Hacota from Ascott Residences, the proportion of net profits of Mekong-Hacota received by Ascott Residences under the terms of the Somerset Ho Chi Minh City JVA will decrease and this will have an adverse effect on the income of ART distributions to Unitholders.

In addition, Hanoi Tower Center, is 76.4% owned by Burton Engineering, which is wholly-owned by the Trustee, as trustee of ART. The balance 23.6% interest in Hanoi Tower Center is owned by an unrelated third party. Burton Engineering's interest in Hanoi Tower Center is held under the terms of a joint venture arrangement (the "Somerset Grand Hanoi JVA") with the unrelated third party. Under the Somerset Grand Hanoi JVA, the net profit of Hanoi Tower Center, after the fulfilment of certain statutory financial obligations and the payment of other amounts due, is to be distributed to the shareholders of Hanoi Tower Center in certain proportions during different periods in accordance with the investment licence of Hanoi Tower Center. The decreasing proportion of distributed profits that Burton Engineering is entitled to for the duration of the Somerset Grand Hanoi JVA will have an adverse impact on the income of ART and distributions to Unitholders.

ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings

Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd. ("Beijing Xin Lian"), the developer of Somerset Grand Fortune Garden, currently owns the building ownership certificate and the land use certificate to Somerset Grand Fortune Garden. Pursuant to a property sale and purchase agreement dated 8 September 2005 between Beijing Xin Lian and Somerset FG, Somerset FG agreed to acquire the Somerset Grand Fortune Garden Property from Beijing Xin Lian. Accordingly, Somerset FG does not currently own the strata titles to the Somerset Grand Fortune Garden Property and only has contractual rights in respect of the Somerset Grand Fortune Garden Property. An application for the issuance of the strata titles to the Somerset Grand Fortune Garden Property will be made to the real estate administrative authorities.

As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement ("the Put Option Agreement") pursuant to which the Trustee, as trustee of ART, was granted an option to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date.

In the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date and the Trustee, as trustee of ART, exercises its right to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings under the Put Option Agreement, the income available for distribution by ART to Unitholders and the DPU for the Forecast Year 2006 and the Projection Year 2007 may be adversely affected if it is unable to utilise the proceeds from the sale of the Somerset Grand Fortune Garden Property to acquire comparable serviced residences and/or rental housing properties which enable ART to maintain or enhance its DPU.

ART may not be able to control or exercise any influence over entities in which it has minority interests

ART may, in the course of future acquisitions, acquire minority interests in investment entities. There can be no assurance that ART will be able to control such entities or exercise any influence over the assets of such entities or their distributions to ART. Such entities may develop objectives which are different from those of ART and may not be able to make distributions to ART at levels that it anticipates. The management of such entities may also make decisions which could adversely affect the operations of ART and its ability to make distributions to Unitholders.

The amount ART may borrow is limited, which may affect the operations of ART

Under the Property Funds Guidelines, ART is permitted to borrow up to 60.0% of the proportionate share of its Deposited Property at the time the borrowing is incurred if a credit rating of ART from Fitch, Inc., Moody's or Standard and Poor's is obtained. Upon its listing on the SGX-ST, ART will have an initial indebtedness representing approximately 29.5% of the proportionate share of its Deposited Property, based on the unaudited pro forma consolidated balance sheet of ART as at 31 December 2005. A decline in the proportionate share of its Deposited Property may affect ART's ability to draw down further on its existing banking facilities or obtain further borrowings, as discussed above.

Adverse business consequences of this limitation on borrowings may include:-

- an inability to fund capital expenditure requirements in relation to ART's existing portfolio or in relation to the acquisition by ART of future properties to expand its portfolio; and
- cash flow shortages (including with respect to distributions) which ART might otherwise be able to resolve by borrowing funds.

ART may have a higher level of gearing than certain other types of unit trusts

ART has put in place the Facilities comprising multi-currency revolving credit facilities from Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited for a tenor of five (5) years for an aggregate amount of S\$240.0 million. An amount of S\$110.1 million was drawn down on the completion of the acquisition of the Singapore Properties to partially fund the acquisition of these Properties and to be advanced as shareholders' loans to a Property Holding Company and a Property Company in relation to two Properties located in China for these companies to repay their existing loans. ART intends to refinance an existing loan of a Property Company in China amounting to US\$66.3 million and if necessary, to adopt a suitable hedging strategy.

ART's two Vietnam Properties, Somerset Ho Chi Minh City and Somerset Grand Hanoi, currently have outstanding loans in the aggregate amount of US\$27.7 million. They will put in place new US Dollar denominated term loan facilities in the aggregate amount of US\$36.0 million (equivalent to approximately S\$60.9 million based on an exchange rate of US\$1: S\$1.6920). An aggregate amount of US\$27.7 million (equivalent to approximately S\$46.9 million based on an exchange rate of US\$1: S\$1.6920) of the new loan facilities will be drawn down subsequent to the completion of the acquisition of its Property Holding Companies, Ascott Residences and Burton Engineering, to refinance the existing loans in the Vietnam Properties.

ART may, from time to time, require additional debt financing to implement the Manager's investment strategies. ART's level of borrowings represents a higher level of gearing compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

ART faces risks associated with debt financing and the Facilities

ART will be subject to risks associated with debt financing, including the risk that its cash flow may be insufficient to meet required payments of principal and interest under such financing and to make distributions to Unitholders.

As security for payments in connection with the Facilities, the Singapore Properties have been mortgaged to certain financial institutions extending the Facilities. Apartment rental proceeds and insurances in respect of the Singapore Properties have been assigned and the shares of the Property Holding Company in relation to a Property located in China (the "China Property") have been pledged to the banks. The shares of the Property Company of the China Property will also be pledged in the future. In addition, a negative pledge on the China Property will also be provided to the two banks. If ART is unable to meet interest or principal payments in respect of such indebtedness, the Singapore Properties or any of them could be foreclosed by the lenders, or the lenders could require a forced sale of the Singapore Properties and China Property or any of them with a consequent loss of income and asset value to ART.

In addition to the borrowing powers usually associated with a property fund, ART has expanded powers, under its Trust Deed, to also provide guarantees and undertakings in connection with loans to be granted to the Property Holding Companies and/or the Property Companies. If such guarantee or undertaking is enforced against ART, ART may have to sell the Properties or any of them to satisfy its obligations under the guarantee or undertaking. Currently, ART has provided guarantees in connection with loans granted by financial institutions to Mekong-Hacota and Hanoi Tower Center.

ART will also be subject to the risk that its existing borrowings may be terminated by the lenders upon the occurrence of certain events and it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. ART has put in place multi-currency revolving credit facilities for a tenor of five (5) years for an aggregate amount of S\$240.0 million. In addition, ART may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to Unitholders. Such covenants may also restrict ART's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect ART's cash flow and the amount of distributions it could make to Unitholders.

Neither ART nor the Manager, as new entities, has an established operating history

ART was established on 19 January 2006 and the Manager was incorporated on 22 November 2005. As such, neither ART (as a real estate investment trust) nor the Manager (as the manager of a real estate investment trust) has the relevant operating histories by which their past performance as such may be judged. This will make it more difficult for investors to assess their likely future performance. There can be no assurance that ART will be able to generate sufficient Revenue from operations to make distributions to Unitholders or that such distributions will be in-line with those set out in "Profit Forecast and Profit Projection".

The Manager may not be able to implement its investment strategy for ART

There can be no assurance that the Manager will be able to implement its principal investment strategy successfully or that it will be able to expand ART's portfolio at all, or at any specified rate or to any specified size. The Manager may not be able to make investments or acquisitions on favourable terms or within a desired time frame. ART will be relying on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all. Even if ART were able to successfully make additional property investments, there can be no assurance that ART will achieve its intended return on such investments. Since the amount of debt that ART can incur to finance acquisitions is limited by the Property Funds Guidelines, such acquisitions will largely be dependent on ART's ability to raise equity capital, which may result in a dilution of Unitholders' holdings. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there may be significant competition for attractive investment opportunities from other real estate investors, including serviced residence development companies, private investment funds and other real estate investment funds whose investment policy is also to invest in commercial properties. There can be no assurance that ART will be able to compete effectively against such entities.

ART depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

ART's performance depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may in future leave the Manager or compete with the Manager and ART. The loss of any of these individuals, or of one or more of the Manager's other key employees could have a material adverse effect on ART's financial condition and results of operations.

ART may incur losses arising from claims brought against the Property Companies in connection with the operation of the Properties

In addition to ownership of the Properties, the Property Companies provide certain housekeeping, front office and security services relating to the Properties. For the financial years ended 31 December 2003, 2004 and 2005, the provision of such services accounted for approximately 7.9%, 7.3% and 7.4% of ART's operating expenses respectively. There is no assurance that claims will not be brought against the Property Companies for damage, losses or injuries suffered by employees of the Property Companies or by guests in connection with the provision of these services. Such losses may arise, for instance, from the theft of valuables owned by guests or injuries suffered by staff in the course of their employment. In the event the Property Companies suffer a loss which is not covered by the indemnity provided by Ascott Holdings or is in excess of the limit under the indemnity, ART will be liable for any such losses suffered (see "Certain Agreements relating to ART - Serviced Residence Management Agreements").

There is no assurance that the other joint venture partners of the Property Companies or the holding company of the Property Companies will co-operate on matters concerning these companies

Several of the Property Companies, such as PT Ciputra, Mekong–Hacota and Hanoi Tower Center, which own Somerset Grand Citra, Somerset Ho Chi Minh City and Somerset Grand Hanoi respectively, are not wholly-owned, directly or indirectly, by the Trustee, as trustee of ART. Accordingly, the Trustee, as trustee of ART, does not have an unfettered discretion to deal with these Properties through the Property Companies as if these Properties are entirely, directly or indirectly, owned by it.

Under the shareholders' and joint venture agreements relating to the abovementioned Properties, certain matters such as making amendments to the joint venture agreements, changing the business or equity capital structure of the Property Companies and issuing of securities by the Property Companies, may require a unanimous or a majority shareholders' approval of the relevant Property Companies being obtained.

As ART does not own the entire interests in these Property Companies, there is no assurance that such unanimous/majority approval from the shareholders of the Property Companies can be obtained. The other shareholders of these Property Companies may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to the Properties, such as those relating to the operation of the Properties and the level of dividends to be declared by the Property Companies, may not be carried out and this may adversely affect the income available for distribution by ART (see "Business and Properties" for details on the ownership of the Properties).

RISKS RELATING TO INVESTING IN REAL ESTATE

The Revenue earned from, and the value of, the Properties may be adversely affected by a number of factors

The Revenue earned from, and the value of, the Properties may be adversely affected by a number of factors, including:-

- a general downturn of the economy affecting occupancy and rental rates;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, serviced residences, changes in market rental rates and operating expenses for the Properties);
- competition for occupants from other properties which may affect rental levels or occupancy levels at the Properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;

- legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment, which may affect or restrict rights related to the relevant Properties; and
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the control of the Manager (such as the spread of severe acute respiratory syndrome (SARS) or other communicable diseases).

ART's ability to make distributions to Unitholders may be adversely affected by increases in Direct Expenses and other operating expenses

ART's ability to make distributions to Unitholders could be adversely affected if Direct Expenses and other operating expenses increase without a corresponding increase in Revenue.

Factors which could increase Direct Expenses and other operating expenses include any:-

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- increase in insurance premiums; and
- increase in cost of utilities.

ART may be adversely affected by the illiquidity of real estate investments

Investments in real estate involve a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which ART has invested or intends to invest, are relatively illiquid. Such illiquidity may affect ART's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, ART may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, ART may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on ART's financial condition and results of operations, with a consequential adverse effect on ART's ability to make expected distributions to Unitholders.

The Properties or part thereof may be acquired compulsorily

The Land Acquisition Act, Chapter 152 of Singapore gives the Government the power to acquire any land in Singapore:-

- for any public purpose;
- where the acquisition is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on the lowest of (i) the market value of the property as at 1 January 1995, (ii) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette) and (iii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire. Accordingly, if the market value of a property (or part thereof) which is acquired is greater than the lowest of the market values referred to above, the compensation paid in respect of the acquired property will be less than its market value.

In addition, the Overseas Properties or the land on which these Properties are located may be compulsorily acquired by the respective governments of the countries in which they are located for public use or due to public interest. The owner of the Property that was compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions. In the event the Overseas Properties or the land on which they are located are compulsorily acquired, the income of ART may be adversely affected. Also, the compensation amount may be lower than the market value of the Property.

ART may suffer material losses in excess of insurance proceeds

The Properties could suffer physical damage caused by fire or other causes or ART may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, ART's insurance policies for the Properties do not cover acts of war or outbreak of contagious diseases. Should an uninsured loss or a loss in excess of insured limits occur, ART could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future Revenue from that property. ART would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

RISKS RELATING TO THE COUNTRIES IN WHICH THE PROPERTIES ARE LOCATED

ART is subject to risks relating to the economic, political, legal or social environments of the countries in which the Properties are located

ART is subject to risks associated with countries in which the Properties are located such as Indonesia, the Philippines, China and Vietnam that have at various times in the past, been adversely affected by volatile economic, political and social conditions. The business, prospects, profitability and asset values of the Properties, and hence the value of the Units may be materially and adversely affected by factors such as:-

- unexpected changes in governmental laws and regulations;
- the ability of the Manager to deal with multiple and diverse regulatory regimes;
- potentially adverse tax consequences;
- uncertain protection for intellectual property rights;
- fluctuations in exchange rates between S\$ and the local currency in the event ART is unable to adopt a suitable hedging strategy;
- the risk of nationalisation and expropriation of ART's assets;
- currency fluctuation and regulation risks including imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits;
- social unrest or political instability; and
- adverse economic, political and other conditions.

In particular, the legal and regulatory regimes in the countries in which the Properties are located may be uncertain and subject to unforeseen changes. At times, the interpretation or application of laws and regulations in such jurisdictions is unclear. ART or the Manager has no control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on the operations, financial condition and results of operations of the Properties or the price of, or market for, the Units.

Compliance with environmental laws and regulations could result in substantial costs to ART

The Properties are located in Singapore, Indonesia, the Philippines, China and Vietnam and are subject to environmental laws and regulations in these countries. Failure by the Properties to comply with such laws and regulations will result in the Properties being subject to penalties and fines or being required to pay damages. Further, any change in such laws and regulations may require the Properties and hence ART to incur additional capital expenditure or compliance costs.

Occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business and operations of the Properties

Acts of God such as natural disasters are beyond the control of ART or the Manager and may materially and adversely affect the economy, infrastructure and livelihood of the local population. ART's business and income available for distribution may be materially and adversely affected should such acts of God occur. War, terrorist attacks (such as the terrorists bombings in Bali in October 2002 and 2005) and other hostilities may cause damage or disruption to the operations of the Properties. There can be no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material and adverse effect on the operations of the Properties and hence ART's income available for distribution.

Cessation of preferential tax rates for Mekong-Hacota and Hanoi Tower Center will have an adverse impact on ART's income

Several of the Property Companies, namely Mekong-Hacota and Hanoi Tower Center, have been granted preferential tax rates by the relevant authorities in Vietnam. Mekong-Hacota's preferential tax rate is 15% up to 2009 and 25% for the period thereafter up to 2039. Hanoi Tower Center has been granted a preferential tax rate of 20% up to 2038. Any removal, loss, suspension or reduction of these preferential tax rates will render Mekong-Hacota and Hanoi Tower Center subject to the full income tax rate (based on existing tax regulations) on profits made and this will have an adverse impact on the income of ART which will in turn affect the income available for distribution to Unitholders.

Risks Relating to China

Economic conditions of China are subject to uncertainties that may arise from changes in government policies and social conditions

Since 1978, the government of China has undergone various reforms of its economic system. Such reforms have resulted in economic growth for China in the last two decades. However, many of the reforms are unprecedented or experimental, and are expected to be refined and modified from time to time. Other political, economic and social factors may also lead to further readjustment of the reform measures. This refinement and readjustment process may consequently have a material adverse impact on the business and operations of the Properties located in China and on ART's income available for distribution.

Interpretation and implementation of laws and regulations in China involve significant uncertainties and introduction of new laws or changes to existing laws by the government of China may adversely affect the business and operations of the Properties located in China

The operations of Somerset Xu Hui, Somerset Grand Fortune Garden Property and The Ascott, Beijing are governed by the legal system of China. The legal system of China is a codified system with written laws, regulations, circulars, administrative directives and internal guidelines. The government of China is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the economy in China is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances. Precedents on the interpretation, implementation and enforcement of the laws and regulations in China are limited and court decisions in

China may be cited for reference but have limited precedential value. Since 1979, the government of China has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as investment, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new, and due to the limited volume of published cases and judicial interpretation and their lack of precedential force, the interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistencies.

Macroeconomic measures taken by the government of China may cause the Chinese economy to slow down

In response to concerns relating to China's high rate of growth in industrial production, bank credit, fixed investment and money supply and growing inflationary pressures, the government of China has taken measures to slow economic growth to a more manageable level. Among the measures that the government of China has taken are restrictions on bank loans in certain sectors and the increase in interest rates. The effect of such measures has not been obvious as the economy of China continued to expand at a high growth rate, with growth of 9.5% in gross domestic product for 2004 compared to 2003. There can be no assurance that those measures will not result in a slowdown in economic growth and hence a reduction in the number of longer term business travels and expatriates entering the country and residing at Somerset Xu Hui, the Somerset Grand Fortune Garden Property and The Ascott, Beijing.

The foreign exchange control of China may affect the ability of ART to receive dividends and other payments from certain of the Property Companies

The Property Companies which own Somerset Xu Hui, Somerset Grand Fortune Garden Property and The Ascott, Beijing are subject to the rules and regulations of China on currency conversion. In China, the State Administration for Foreign Exchange ("SAFE") regulates the conversion of the RMB into foreign currencies. Currently, foreign investment enterprises ("FIEs") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications (which need to be renewed annually), FIEs are allowed to open foreign currency accounts including the "basic account" and "capital account". Currently, conversion within the scope of the "basic account" (e.g. remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE.

The applicable law in respect of conversion of RMB into other currencies is the Regulation for Foreign Exchange Controls of the PRC ("Regulation") which came into effect on 1 April 1996 and amended as of 14 January 1997. Under the Regulation:-

- conversion of RMB into foreign currencies for the use of recurring items, including the distribution of dividends and profits to foreign investors of foreign investment enterprises is permissible and foreign investment enterprises are permitted to remit foreign currencies from their foreign currency bank accounts in China upon presentation of board resolutions that authorise the distribution of profits or dividends and subject to other requirements being satisfied; and
- conversion of RMB into foreign currencies for capital items, such as repatriation of capital, repayment of loans and for securities investment, is still under control.

ART and/or the Manager cannot provide any assurance that the regulatory authorities in China will not impose further restrictions on the convertibility of the RMB. Any future restrictions on currency exchanges may limit the ability of the PRC Property Companies to repatriate such revenues for the distribution of income to the Unitholders.

Risks Relating to Indonesia

Social instability may adversely affect ART

The Properties located in Indonesia may be adversely affected by social instability or other political or economic developments in or affecting Indonesia which are not within the control of ART or the Manager. Indonesia has from time to time experienced incidents of labour, political and ethnic disturbances as well as terrorist acts (such as the terrorists bombings in Bali in 2002 and 2005). A number of political and ethnic disturbances have occurred during recent years in both large urban areas as well as more remote areas demanding regional autonomy.

Separatist movements and clashes between religious and ethnic groups have also resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been numerous clashes between supporters of separatist movements and Indonesian military. In the province of Maluku (formerly known as the Spice Islands), clashes between religious groups have resulted in thousands of casualties and displaced persons over the last three years.

Social and civil conditions have and could continue to materially and adversely affect business investment and confidence in the Indonesian economy. The Manager cannot be certain that social and civil disturbances will not occur in the future. If these were to occur, such disturbances could lead to further political and economic instability resulting in a decrease in the number of business and other visitors to the country. This may materially and adversely affect the business and operations of the Properties located in Indonesia.

Terrorist activities in Indonesia could destabilise the country, thereby affecting our business

In the past few years, several bombings took place in Indonesia, most significantly in Bali in October 2002 and 2005, a region of Indonesia previously considered safe from the unrest affecting other parts of the country. Other bombing incidents, although on a lesser scale, have also been committed in Indonesia on a number of occasions over the past few years, including at shopping centres and places of worship. In April 2003, a bomb exploded outside the main United Nations building in Jakarta, and in the same month, a bomb exploded at the domestic terminal at Jakarta International Airport. In August 2003, a bomb exploded at the JW Marriott Hotel in Jakarta and on 9 September 2004, a bomb exploded outside the Australian Embassy in Jakarta. Further terrorist acts may occur in the future. Terrorist acts may, for example, be directed at foreigners in Indonesia. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on the number of tourists and business travellers to the country, as a result of both fear and declining confidence in the Indonesian economy. As the Properties located in Indonesia cater mainly to business travellers, such decline in numbers may adversely and materially affect these Properties' business and results of operations.

Risks Relating to Vietnam

Economic conditions of Vietnam are subject to uncertainties that may arise from changes in government policies and social, economic and political conditions

Although Vietnam has embarked on a policy of encouraging foreign investment and economic reform, the political, regulatory and economic outlook for businesses and investors in Vietnam remains uncertain. Unfavourable changes in the social, economic and political conditions of Vietnam or in the Vietnamese government's policies in the future may have a negative impact on the operations and business of the Properties located in Vietnam, which will in turn adversely affect ART's income available for distribution.

Interpretation and implementation of Vietnamese laws and regulations involve significant uncertainties

The Properties located in Vietnam are subject to the laws and regulations promulgated by the Vietnamese government. As Vietnam is still in the process of developing a comprehensive set of laws and regulations, and as the legal system in Vietnam is still evolving, laws and regulations or the interpretations of the same, may be subject to change. There are also limited precedents on the interpretation, implementation and enforcement of Vietnamese laws and regulations. Accordingly, the outcome of dispute resolutions may not be as consistent or predictable as in other countries with more developed legal systems. Changes in or the introduction of laws and regulations by the Vietnamese government could adversely affect the business, financial condition and results of operations of the Properties located in Vietnam, which will in turn adversely affect ART's income available for distribution.

Vietnam foreign exchange control may affect ART's ability to receive dividends and other payments from the Property Companies located in Vietnam

Vietnam does not currently restrict the repatriation of dividends by the Property Companies in Vietnam, provided that the dividends are remitted in foreign currencies. However, there can be no assurance that the Vietnamese government will not impose restrictions on the convertibility of the Vietnam Dong or on the ability of foreign investors to repatriate or remit funds from their Vietnam operations. Should the Vietnamese government restrict or vary applicable laws and regulations in relation to foreign exchange controls, foreign investments or the remittance of funds, ART's income available for distribution may be adversely affected.

Risks Relating to the Philippines

The Philippines Political and Economic Factors

The growth and income available for distribution of ART may be influenced by the general political situation in, and the state of the economy of, the Philippines. Any political or economic instability in the future may have a negative effect on the financial results of Property Companies in the Philippines and the level of dividends paid to ART. In addition, potential investors should note that the Philippines has a legal and regulatory system which, in some respects, may differ from those prevailing in Singapore and in other developed economies.

Economic developments in the Philippines such as the depreciation of the PHP, an increase in PHP interest rates, an increase in unemployment and inflation, increased volatility and a decline in prices in the domestic stock market may also adversely affect the financial results of the Property Companies in the Philippines and hence affect ART's income available for distribution.

The Philippines has experienced a number of major natural catastrophes over the years including typhoons, volcanic eruptions and earthquakes which, were they to recur, may materially disrupt and adversely affect the business operations of Properties located in the Philippines

Severe weather conditions and natural disasters, such as floods, droughts, earthquakes or pestilence, may affect the operations of the Properties located in the Philippines. These events can result in reduced number of business and leisure travellers as well as substantial structural and physical damage to these Properties. As such, the business, operations and financial condition of these Properties may be adversely affected.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The sale or possible sale of a substantial number of Units by Ascott in the public market following the lapse of any applicable lock-up arrangements could adversely affect the price of the Units

Following the Preferential Offering, Ascott will hold up to approximately 30.0% of the issued Units (rounded down to the nearest whole number) (see "Ownership of the Units"). Ascott has agreed to a 180-day lock-up period from and including the Listing Date in respect of its Units, subject to certain exceptions (see "Plan of Distribution – Lock-up Arrangements"). As at the date of this Prospectus, Ascott has agreed to the relevant lock-up arrangements in relation to their respective Units or, as the case may be, its interest in the Units.

Assuming that CapitaLand acquires all the Units which it would be entitled to purchase based on its aggregate indirect interest of 67.87% in the Sponsor, CapitaLand will own 213,569,203 Units, representing approximately 47.0% of the Units in issue on the Listing Date. CapitaLand will not, directly or indirectly, offer, sell or contract to sell or otherwise dispose of any of such Units for the period of 180 days from and including the Listing Date.

The Units will be traded on the Main Board of the SGX-ST. If Ascott, CapitaLand or such transferees of the Units sell or are perceived as intending to sell a substantial amount of their Units following the lapse of their respective lock-up arrangements or pursuant to applicable waivers, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected (see "Ownership of the Units" and "Plan of Distribution – Lock-up Arrangements").

ART may not be able to make distributions or the level of distributions may fall

The income which ART earns from its real estate investments depends on, among other factors, the amount of rental income received, the level of Direct Expenses and other operating expenses incurred and the exchange rate fluctuations of foreign currencies. If properties owned by ART do not generate sufficient income, ART's cash flow and ability to make distributions will be adversely affected. No assurance can be given as to ART's ability to pay or maintain distributions.

In particular, under the accounting policies of the entities (the “Relevant Entities”) which own ART’s overseas Properties (the “Relevant Properties”), the Relevant Properties are subject to depreciation. The amount which is depreciated annually is taken to the profit and loss account and is not available for payment to ART as dividends. The Relevant Entities’ inability to pay this amount (the “Cash Trapped”) as dividends may limit ART’s ability to make distributions to its Unitholders.

After ART has been admitted to the Main Board of the SGX-ST, ART will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the above dates. In the event the Relevant Entities are unable to extract the Cash Trapped for payment as dividends to ART in a timely manner, or at all, ART’s ability to make distributions to Unitholders will be adversely affected and ART may be required to draw down on its facilities to satisfy the payment of the distributions to Unitholders. There is also no assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the leases/licences of the Properties or that the receipt of rental revenue in connection with any expansion of the Properties or future acquisitions of properties will increase ART’s income available for distribution to Unitholders.

ART may be unable to comply with the terms of the Tax Ruling or the Tax Ruling may be revoked or amended

ART has received the Tax Ruling from the IRAS under which tax transparency has been granted to ART on stipulated terms and conditions. These terms and conditions include undertakings by the Trustee and the Manager to take all reasonable steps necessary to safeguard the IRAS against the loss of tax as a result of the Tax Ruling and to comply with all administrative requirements to ensure ease of tax administration.

The Tax Ruling grants tax transparency to ART on taxable income that is distributed to Unitholders. The Tax Ruling, either in part or in whole, may be revoked or its terms may be reviewed and amended by the IRAS at any time. If the Tax Ruling is revoked or if ART is unable to comply with its terms, ART will be subject to tax on its taxable income and the tax will be assessed on, and collected from, the Trustee, in which case distributions out of ART’s taxable income to all Unitholders will be made after tax. If the terms of the Tax Ruling are amended, ART may not be able to comply with the new terms imposed and this non-compliance could affect ART’s tax transparent status and its ability to distribute its taxable income free of tax deduction at source (see “Taxation – Terms and Conditions of the Tax Ruling” and Appendix IV, “Independent Taxation Report” for more information on the terms of the Tax Ruling).

Distribution of 100.0% of its taxable income and Net Overseas Income for the period from the Listing Date to 31 December 2007 and at least 90.0% of its taxable income and Net Overseas Income thereafter may cause ART to face liquidity constraints

The Manager and the Trustee will distribute 100.0% of ART’s taxable income and Net Overseas Income for the period commencing from the Listing Date to 31 December 2007. Thereafter, the Manager and the Trustee will distribute at least 90.0% of ART’s taxable income and Net Overseas Income. ART is required by the Tax Ruling to distribute at least 90.0% of its taxable income. If ART’s taxable income is greater than its cash flow from operations, it may have to borrow to meet ongoing cash flow requirements in order to distribute at least 90.0% of its taxable income since it may not have any reserves to draw on. ART’s ability to borrow is, however, limited by the Property Funds Guidelines (see “Risk Factors – The amount ART may borrow is limited, which may affect the operations of ART”). Failure to make distributions of at least 90.0% of its taxable income would put ART in breach of the terms of the Tax Ruling and ART would be liable to pay income tax on its taxable income.

Foreign Unitholders may not be permitted to participate in future rights issues by ART

The Trust Deed provides that in relation to any rights issue, the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale, if successful, will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholder are less than S\$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property.

The actual performance of ART and the Properties could differ materially from the forward-looking statements in this Prospectus

This Prospectus contains forward-looking statements regarding, among other things, forecast and projected distribution levels for the period from 1 January 2006 to 31 December 2007. These forward-looking statements are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of ART's control (see "Profit Forecast and Profit Projection — Assumptions"). In addition, ART's Revenue is dependent on a number of factors, including the receipt of Apartment Rental Income from the Properties, which may decrease for a number of reasons, such as the decline in occupancy and rental rates. This may adversely affect ART's ability to achieve the forecast and projected distributions as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances which are not currently anticipated may arise. Actual results may be materially different from the forecast and projection. While the Manager currently expects to meet the forecast and projected distribution levels, no assurance can be given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Unitholders may bear the effects of tax adjustments on income distributed in prior periods

Distributions of taxable income will be based on ART's taxable income as computed by the Manager. The taxable income of ART as computed by the Manager may, however, be subject to adjustment by the IRAS. The effect of this adjustment would mean that ART's actual taxable income is either higher or lower than what was computed by the Manager. The difference between ART's actual taxable income and ART's taxable income as computed by the Manager for the purpose of making a distribution to Unitholders will be added to or deducted from the taxable income computed by the Manager for the subsequent distribution to Unitholders and thus affect the amount of these subsequent distributions. Similarly, if ART distributes gains realised from the disposal of properties or shares and if such gains are subsequently assessed to tax by the IRAS, Unitholders in subsequent distribution periods will bear the incidence of such taxes. The Trustee and the Manager will make distributions out of such gains only after the taxability or otherwise of such gains has been agreed upon with the IRAS.

Distributions of tax-exempt income will be based on the amount of tax-exempt dividends that the Manager reasonably expects ART to receive in respect of its Overseas Properties within nine months after the end of the relevant financial year. In the event that the actual amount of dividends received is lower than the amount reasonably expected, the difference will be deducted from the tax-exempt dividends for the subsequent distribution to Unitholders (see Appendix IV, "Independent Taxation Report" for further details).

Accounting standards in Singapore are subject to change

The financial statements of ART may be affected by the introduction of new or revised accounting standards. The extent and timing of these changes in accounting standards are currently unknown. The Manager has not quantified the effects of such possible changes and there can be no assurance that these changes will not have a significant impact on the presentation of ART's financial statements or on ART's financial condition and results of operations. In addition, such changes may adversely affect the ability of ART to make distributions to Unitholders.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The Manager is not obliged to redeem Units

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units

There is no public market for the Units and an active public market for the Units may not develop or be sustained after the listing of the Units on the SGX-ST. While the Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units.

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. ART may not continue to satisfy the listing requirements for real estate investment trusts.

The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit

The Trust Deed contemplates that new issues of Units may occur, the offering price for which may be above, at or below the then current net asset value per Unit. Where new Units, including Units which may be issued to the Manager in payment of the Manager's Management Fees, are issued at less than the net asset value per Unit, the net asset value of each existing Unit may be diluted.

The rights of Unitholders are not identical to, and in some cases less protective than, the rights of shareholders under Singapore laws

The rights of Unitholders are not identical to those granted to holders of shares in companies incorporated in Singapore.

For example, the Singapore Code on Takeovers and Mergers and the provisions of Sections 138 to 140 of the Securities and Futures Act do not apply to acquisitions of Units. As such, a person may acquire any number of Units without being required to make a general offer to acquire the Units held by other Unitholders. In such an event, there is a risk that Unitholders may not benefit from a possible premium price over the then prevailing market price of the Units.

The Manager may change ART's investment strategy

ART's policies with respect to certain activities including investments and acquisitions will be determined by the Manager. While the Manager has stated its principal investment strategy (see "Strategy - Acquisition Growth Strategy") and such strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Manager's stated investment strategy for ART for the said period unless otherwise approved by an Extraordinary Resolution of Unitholders), the Trust Deed gives the Manager wide powers of investing in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

USE OF PROCEEDS

Based on the Preferential Offering Sale Price of S\$0.68 for each Unit and assuming the sale of 340,500,000 Units by the Vendor under the Preferential Offering, the net proceeds from the Preferential Offering after deducting the underwriting and selling commission and other estimated offering expenses payable by the Vendor will be approximately S\$225.7 million. Since all the Units in the Preferential Offering are being offered by the Vendor, the Vendor will receive all the net proceeds from the Preferential Offering. ART will not receive any of the proceeds from the Preferential Offering.

CAPITALISATION

The following table sets forth the pro forma capitalisation of ART as at the Listing Date. The information in this table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

	As at the Listing Date (S\$'000)
Total borrowings	273,628
Net assets attributable to Unitholders	593,743
Total capitalisation	<u>867,371</u>

OWNERSHIP OF THE UNITS

Ascott and CapitaLand will hold 139,347,392 ⁽¹⁾ and 213,569,203 Units respectively constituting approximately 30.7% and 47.0% ⁽²⁾ of the Units in issue on the Listing Date. Ascott and CapitaLand have agreed to a 180-day lock-up period (see “Plan of Distribution”) from and including the Listing Date in relation to its Units, subject to certain exceptions. The Units held by Ascott and CapitaLand do not carry different voting rights from other Units.

The following table sets out the principal Unitholders of ART and their unitholdings upon the completion of the Preferential Offering:-

	Units owned on the Listing Date	
	Number of Units	(%)
Ascott ⁽¹⁾	139,347,392	30.7
CapitaLand ⁽²⁾	213,569,203	47.0
Public ⁽³⁾	101,083,405	22.3
	454,000,000	100.0
Total number of Units in issue on the Listing Date ⁽⁴⁾	454,000,000	100.0

Notes:-

- (1) This includes 22,700,000 Units made available by Ascott to satisfy applications for Additional Units by Singapore Registered Shareholders (as defined herein) to purchase such additional number of Units which will result in their entitlement to purchase Units under the Preferential Offering being an integral multiple of 1,000 Units, where such entitlement is other than an integral multiple of 1,000 Units.

The number of Units set out above is calculated based on the number of issued shares of Ascott as at 26 January 2006 being 1,573,263,042 Ascott Shares and on the assumption that none of the Ascott Share Options and Ascott Performance Shares will be exercised and delivered (as the case may be), prior to and up to and including the Books Closure Date. Accordingly, the actual number of Units which may be held by Ascott at the Listing Date may differ if there is any exercise or delivery of the Ascott Share Options and Ascott Performance Shares (as the case may be).

- (2) CapitaLand, through three of its wholly-owned subsidiaries, owns in aggregate approximately 67.87% of the share capital of the Ascott as at 26 January 2006. Assuming that CapitaLand acquires all the Units which it would be entitled to purchase based on its aggregate indirect interest of 67.87% in the Sponsor, CapitaLand will own 213,569,203 Units, representing approximately 47.0% of the Units in issue on the Listing Date.
- (3) This includes the Singapore Registered Shareholders (including directors of Ascott and the Manager who hold Ascott Shares as at the Books Closure Date and are entitled to accept their provisional allocations of the Units) who have accepted the Units under the Preferential Offering, the Purchasers and the Renounees.
- (4) In satisfaction of the consideration for the acquisition of the Singapore Properties, the Property Holding Companies and Somerset FG, ART issued to Ascott, at the direction of the Vendor Companies and Property Vendor Companies, an aggregate of 454,000,000 Units.

DISTRIBUTIONS

Distribution Model

ART's distribution to its Unitholders in relation to a distribution period is calculated by reference to the consolidated profits from operations arising from its property portfolio for that period, after the following adjustments:-

(a) For the Singapore Properties:-

adding back expenses that are not deductible for Singapore tax purposes in relation to the Singapore Properties (for example, depreciation expense of plant and machinery, Trustee's fee and the portion of the Manager's Management Fees paid in Units);

(b) For the Overseas Properties:-

(i) adding back depreciation expense in relation to the Overseas Properties (as the depreciation is a non-cash item); and

(ii) adding back trust expense (for example, the portion of the Manager's Management Fees) paid in Units, attributable to the Overseas Properties (as this is a non-cash item).

The total amount of Unitholders' distribution declared for each distribution period is accounted for as comprising distribution from operations and distribution from Unitholders' contributions.

Unitholders' distributions from operations

Unitholders' distributions from operations comprise income received by ART, including taxable profits from operations arising from the Singapore Properties (net of attributable expenses) and tax-exempt dividend from the Property Holding Companies and Somerset FG ("Net Profit of ART").

Unitholders' distributions from Unitholders' contributions

For accounting purposes, any distribution of the consolidated profits from operations for a particular distribution period that is in excess of the Net Profit of ART for that distribution period is treated as a distribution from Unitholders' contributions.

Distributions from Unitholders' contributions represent distributions of profits from operations of the Overseas Properties which may not be declared and paid as dividends to ART in the current distribution period, because the overseas Property Companies:-

- (a) may need to obtain tax clearance before they can declare and pay dividends (Properties in China and Vietnam);

For the first financial year after the listing of ART, although such Overseas Properties may record net operating profits, distribution to Unitholders in respect of such amounts of net operating profits shall be accounted for as Unitholders' contributions as these Overseas Properties have pending tax clearance and will only be able to declare and pay dividends in respect of the operating profits for the first financial year in the subsequent financial year, after tax clearance has been obtained.

The operating profits from such Overseas Properties for a particular financial year may therefore be declared and received as dividends by ART via the Property Holding Companies in the subsequent financial year. Dividends received by ART in each subsequent financial year shall be applied to make distributions from operations to Unitholders in respect of operating profits from such Overseas Properties of that financial year. Please refer to the illustration below (the effect of foreign exchange fluctuation has been ignored):-

	FY2006		FY2007	
	Group (S\$'million)	ART (S\$'million)	Group (S\$'million)	ART (S\$'million)
Operating Profits				
– China and Vietnam	5.4		6.5	
Dividends received		–		5.4
Unitholders' distribution				
– from operations		–		5.4
– from Unitholders' contributions		5.4		1.1
Total		<u>5.4</u>		<u>6.5</u>

- (b) may not have sufficient revenue reserves to frank dividend payments as a result of immature operating performance in the initial years of operations of the Overseas Properties. To the extent that such Overseas Properties accumulate sufficient revenue reserves in future, the Overseas Properties would be able to frank dividend payments annually in the future;
- (c) may not be able to pay all its cash generated from operations as dividends as a result of local accounting rules that require the depreciation of real estate properties, thus reducing accounting profits available for payment of dividends (see “Risk Factors – ART may not be able to make distributions or the level of distributions may fall” for details); and
- (d) may use the cash generated from its operations to repay third party borrowings.

As a result, ART may not be able to receive all the cash generated from operations of its Overseas Properties as its distributable income in the current distribution period. In order to maximise distribution to Unitholders based on the cash operating profits of the Overseas Properties and to facilitate cash repatriations to ART, the Manager has put in place certain mechanisms, including (i) incurrence of borrowings by ART, and (ii) repayment of shareholders' loans extended within ART, the Property Companies and the Property Holding Companies.

The incurrence of borrowings by ART to make distributions and to address constraints in the repatriation of cash and dividends by certain Overseas Properties will be partially offset by the use of the unrepatriated cash to repay third party borrowings at the overseas level such that the overall gearing of ART is substantially maintained.

Distributions from Unitholders' contributions therefore include:-

- (a) profits from operations arising from Overseas Properties that cannot be declared as dividend income to Property Holding Companies;
- (b) adjustment for depreciation expense of the Overseas Properties; and
- (c) adjustment for trust expense relating to Overseas Properties that are paid in Units.

In summary, the distribution from Unitholders' contributions is intended to manage dividend repatriation constraints and accounting rules relating to Overseas Properties. Had the Overseas Properties been held directly by ART and the profits generated by these Overseas Properties been included directly into ART's consolidated statement of total return, the portion of the profits, which is accounted for as distributions from Unitholders' contributions, would be accounted for as distributions from operations to Unitholders.

Distribution Policy

ART's distribution policy is to distribute at least 90.0% of its taxable income (other than gains on the sale of real properties or shares by ART which are determined to be trading gains) and Net Overseas Income. However, ART will distribute 100.0% of its taxable income and Net Overseas Income for the period from the Listing Date to 31 December 2006 and for the financial year ending 31 December 2007. Thereafter, ART will distribute at least 90.0% of its taxable income and Net Overseas Income, with the actual level of distribution to be determined at the Manager's discretion. Distributions, when paid, will be in Singapore Dollars.

On the day immediately preceding the Listing Date, ART will make a distribution of an aggregate amount (the "Distribution Amount") according to the Manager's best estimate of ART's net income (net of tax payable thereon by ART) based on the management accounts for the period commencing from 19 January 2006 (being the date of the establishment of ART) to the day immediately preceding the Listing Date to the Sponsor which holds 100.0% of the Units immediately prior to the Listing Date.

The Sponsor has agreed with the Trustee and the Manager that the Distribution Amount will constitute full and final settlement of its distribution entitlement for the period from 19 January 2006 to the day immediately preceding the Listing Date. Conversely, the Trustee and the Manager have agreed with the Sponsor that they will not seek reimbursement from the Sponsor if the actual net income of ART for this period is subsequently determined to be a lesser amount than that estimated by the Manager. Accordingly, ART will benefit from the surplus if ART's actual net income for the period is more than the amount estimated by the Manager, or bear the deficit if its actual net income for the period is less than the amount estimated by the Manager.

After ART has been admitted to the Main Board of the SGX-ST, ART will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. ART's first distribution after the Listing Date, however, will be for the period from the Listing Date to 30 June 2006 and will be paid by the Manager on or before 29 August 2006. Subsequent distributions will take place semi-annually. Under the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period.

In the event that there are gains arising from sale of real properties or shares by ART or from sale of real properties or shares by Property Companies or Property Holding Companies and only if such gains are surplus to the business requirements and needs of ART and their taxability or otherwise determined, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property.

As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted an option (the "Put Option") to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date. In the event the Trustee, as trustee of ART, exercises the Put Option and upon the completion of the sale of the entire issued and paid-up capital in Somerset FG to Ascott Holdings, the Manager intends to make a one-time distribution of the proceeds from the sale to Unitholders. Based on the net asset value of Somerset FG as at 31 December 2005, the one-time distribution by ART of the proceeds from the sale would be approximately 5.88 cents per Unit (see "Risk Factors – ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings" and "The Properties" for further information).

Distributions made out of ART's taxable income

Individuals who do not hold the Units through a partnership and Qualifying Unitholders will receive such distributions free of tax deducted at source. Individuals who hold Units jointly with other individuals will also receive these distributions free of tax deducted at source.

Other Unitholders (including individuals who hold Units through a partnership) will receive these distributions net of tax deducted at source at the prevailing corporate tax rate, currently 20.0% or at the reduced rate of 10.0% as provided under Section 45G of the Income Tax Act, Chapter 134 of Singapore.

The reduced rate of 10.0% applies to distributions made to foreign non-individual Unitholders during the period from 18 February 2005 to 17 February 2010. A foreign non-individual Unitholder is one who is not resident in Singapore for income tax purposes and:-

- who does not have any permanent establishment in Singapore; or
- who carries on any operations in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Nominees who hold Units for the benefit of others will receive their distributions made out of ART's taxable income net of tax deducted at source at the prevailing corporate tax rate, currently 20.0%, except in the following situations:-

- (a) where the beneficial owners of the Units are individuals or Qualifying Unitholders, tax may not be deducted from the distributions under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (see "Appendix IV, the Independent Taxation Report – Form B in the Annex");
- (b) where the beneficial owners of the Units are foreign non-individuals, tax may be deducted at the reduced rate of 10.0% for distributions made during the period from 18 February 2005 to 17 February 2010 under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (see "Appendix IV, the Independent Taxation Report – Form B in the Annex"); and
- (c) where the Units are held by the nominees as agent banks or Supplementary Retirement Scheme operators acting for individuals who purchased the Units within the Central Provident Fund Investment Scheme or the Supplementary Retirement Scheme respectively, tax will not be deducted from the distributions made in respect of these Units.

Distribution made in respect of Net Overseas Income

Distribution made in respect of Net Overseas Income will comprise two components – a tax-exempt income component and a capital component.

The tax-exempt income component is made out of:-

- (a) that part of Net Overseas Income that ART can reasonably expect to receive in Singapore in the form of dividend income within nine months from the end of the relevant financial year; and
- (b) that part of Net Overseas Income that ART received as dividends from Property Holding Companies, which are paid out of interest received from Property Companies.

This component of the distribution is exempt from tax in the hands of all Unitholders. No tax will be deducted at source from this component.

The capital component refers to the remaining part of Net Overseas Income that is not expected to be received in Singapore by ART in the form of dividends. This component of the distribution represents a return of capital for tax purposes and no tax will be deducted at source from this component.

Distributions made out of gains from sale of real properties or shares

No tax will be deducted at source on distributions made out of gains from the disposal of Singapore Properties and shares in the Property Holding Companies and Somerset FG that are determined to be capital gains.

Should such gains be determined to be trading gains and hence subject to income tax, the tax will be assessed on, and collected from, the Trustee. In the event that the Trustee and the Manager exercise their discretion to make a distribution out of such gains assessed to tax directly on the Trustee, the Trustee and the Manager will not make a further deduction of income tax from the distribution made.

(see "Taxation" for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units).

PROFIT FORECAST AND PROFIT PROJECTION

Statements in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in this section "Profit Forecast and Profit Projection" and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Joint Financial Advisors or any other person, or that these results will be achieved or are likely to be achieved. (see "Forward-looking Statements" and "Risk Factors"). Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are valid only as at the date of this Prospectus.

None of the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors guarantees the performance of ART, the repayment of capital or the payment of any dividends, or any particular return on the Units. The forecast and projected yields stated in the table below are calculated based on the assumption that the Listing Date is 1 January 2006. Such yields will vary accordingly if the Listing Date is after 1 January 2006 or in relation to investors who purchaser Units in the secondary market at a market price that differs from the Preferential Offering Sale Price or to investors who do not hold the Units for the whole of the Forecast Year 2006 or Projection Year 2007.

The distribution per Unit for the Forecast Year 2006 is calculated on the assumption that the Listing Date is 1 January 2006. The actual distribution per Unit for the financial period from 19 January 2006, the date of establishment of ART, to 31 December 2006 will differ as investors will only be entitled to distributions arising from operations from the Listing Date to 31 December 2006.

The table below sets forth ART's forecast and projected consolidated statements of total return for the Forecast Year 2006 and the Projection Year 2007 respectively. The financial year-end of ART is 31 December. ART's first accounting period will be for the period from 19 January 2006, being the date of its establishment, to 31 December 2006. The profit forecast and profit projection are based on the assumptions set out below. The assumptions have been reviewed and the computations checked by KPMG. Investors in the Units should read the whole of this section together with the report set out in Appendix II, "Independent Accountants' Report on the Profit Forecast and Profit Projection" as well as the assumptions and the sensitivity analysis set out below.

Forecast and Projected Consolidated Statements of Total Return

	Forecast Year 2006 (1 January 2006 to 31 December 2006) (S\$'000)	Projection Year 2007 (1 January 2007 to 31 December 2007) (S\$'000)
Revenue	104,771	110,407
Direct expenses	(56,772)	(59,845)
Gross profit	47,999	50,562
Other operating income	505	533
Interest expense, net	(12,102)	(12,536)
Manager's management fees	(4,280)	(4,374)
Trustee's fee	(134)	(134)
Professional fees	(173)	(178)
Audit fees	(320)	(329)
Other operating expenses	(707)	(728)
Net profit	30,788	32,816
Income tax	(5,992)	(6,574)
Total return for the year after income tax	24,796	26,242
Minority interest	(3,494)	(3,633)
Total return for the year attributable to Unitholders before distribution	21,302	22,609
Distribution to Unitholders from operations	(8,469)	(14,167)
Total return for the year attributable to Unitholders after distribution	12,833	8,442
Attributable to:		
– Unitholders	21,302	22,609
– Minority interest	3,494	3,633
Total return for the year after income tax	24,796	26,242

Reconciliation from total return for the year attributable to Unitholders to total Unitholders' distribution

	Forecast Year 2006 (1 January 2006 to 31 December 2006) (S\$'000)	Projection Year 2007 (1 January 2007 to 31 December 2007) (S\$'000)
Total return for the year attributable to Unitholders from consolidated statements of total return	21,302	22,609
Net effect of non-tax deductible / chargeable items and other adjustments ⁽¹⁾	6,498	6,738
Total Unitholders' distribution	27,800	29,347
Unitholders' distribution:-		
– from operations	8,469 ⁽²⁾	14,167 ⁽²⁾
– from Unitholders' contributions	19,331 ⁽²⁾	15,180 ⁽²⁾
Total Unitholders' distribution	27,800	29,347
Units in issue ('000)	455,616	457,268 ⁽³⁾
Distribution per Unit (cents)	6.11 ⁽⁴⁾	6.43 ⁽⁴⁾

Notes:-

- (1) These include non-tax deductible expenses relating to the portion of the Manager's Management Fees which are payable in the form of Units, other expenses which are non-deductible for tax purposes and adjustments for depreciation of plant and equipment.
- (2) For the Forecast Year 2006, Unitholders' distribution from operations of S\$8.5 million is significantly lower than the figure for the Projection Year 2007 of S\$14.2 million due to a delay in the repatriation of dividends of approximately S\$5.4 million from the Properties in China and Vietnam. This delay is attributed to the time required for tax audit clearance in these two jurisdictions. This S\$5.4 million will be distributed to Unitholders out of Unitholders' contributions for the Forecast Year 2006, by drawing upon ART's S\$240.0 million revolving multi-currency facility. This delay in dividend repatriation will materially affect Unitholders' distribution from operations only for the Forecast Year 2006. If there had been no delay in dividend repatriation, distribution from operations and distribution from Unitholders' contributions for the Forecast Year 2006 would have been S\$13.9 million and S\$13.9 million respectively.
- (3) The increase in the number of Units in issue is a result of the assumed payment of 50.0% of the Manager's Management Fees for the relevant period in the form of Units issued at an assumed issue price per Unit equivalent to the unaudited pro forma net asset value per Unit as at 31 December 2005 (see "Assumptions – (IV) Manager's Management Fees").
- (4) As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted an option (the "Put Option") to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date. In the event the Trustee, as trustee of ART, exercises the Put Option, the DPU for the Forecast Year 2006 and the Projection Year 2007 are forecast and projected to be 6.04 cents and 6.13 cents respectively. The forecast DPU of 6.04 cents for Forecast Year 2006 is based on the assumption that the date of completion of the sale of the entire issued and paid-up capital in Somerset FG to Ascott Holdings ("Completion of Sale of Somerset FG") pursuant to the exercise of the Put Option is 30 September 2006 and hence ART is only entitled to the income of Somerset FG for the nine months ended 30 September 2006. Upon the Completion of Sale of Somerset FG, the Manager intends to make a one-time distribution of the proceeds from the sale to Unitholders. Based on the net asset value of Somerset FG as at 31 December 2005, the one-time distribution by ART of the proceeds from the sale would be approximately 5.88 cents per Unit (see "Risk Factors – ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings" and "The Properties – Somerset Grand Fortune Garden Property, Beijing" for further information).

Illustrative Secondary Market Trading Price of the Units

As the Units are offered to Singapore Registered Shareholders by the Vendor under a Preferential Offering, unlike a conventional initial public offering of securities, no price discovery in respect of the likely market price of a Unit was undertaken prior to the commencement of trading of the Units on the SGX-ST on the Listing Date. The price at which the Units will trade when trading commences on the SGX-ST will be determined by the market, which is likely to take into account ART's forecast distribution income and the yields offered by comparable investment alternatives.

Based on the forecast DPU of 6.11 cents for the Forecast Year 2006 and the projected DPU of 6.43 cents for the Projection Year 2007, the table below sets out the forecast and projected distribution yields for investors who purchase Units in the secondary market at an illustrative market price range of S\$0.60 to S\$1.50 per Unit.

Illustrative market price range	Distribution yield based on payout of 100% of taxable income and Net Overseas Income	
	Forecast Year 2006 (%)	Projection Year 2007 (%)
S\$1.50	4.07	4.29
S\$1.40	4.36	4.59
S\$1.31 ⁽¹⁾	4.66	4.91
S\$1.30	4.70	4.95
S\$1.20	5.09	5.36
S\$1.10	5.55	5.85
S\$1.00	6.11	6.43
S\$0.90	6.79	7.14
S\$0.80	7.64	8.04
S\$0.70	8.73	9.19
S\$0.68 ⁽²⁾	9.00	9.45
S\$0.60	10.18	10.72

Notes:-

- (1) Being the net asset value per Unit as at 31 December 2005 (based on the unaudited pro forma consolidated balance sheet as at 31 December 2005).
- (2) The Preferential Offering Sale Price.

None of the Vendor, ART, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter or the Joint Financial Advisors guarantees the performance of ART, the repayment of capital or the payment of any dividends or any particular return on the Units.

The forecast and projected yields stated in the table above are calculated based on the illustrative market price range of S\$0.60 to S\$1.50 per Unit. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price that differ from the illustrative price range of S\$0.60 to S\$1.50 per Unit. In no circumstances should the inclusion of such an illustrative market price range be regarded as a representation, warranty or prediction with respect to the market price of the Units upon or following their listing on the SGX-ST.

Although the Manager has forecast a distribution of 6.11 cents per Unit in respect of the Forecast Year 2006, the actual amount distributed will be adjusted based on the actual number of days from the Listing Date to 31 December 2006.

Revenue and Gross Profit forecast and projection of individual Properties

The underlying forecast and projected Revenue of each Property in ART's initial portfolio of 12 Properties are as follows:-

Property	Revenue forecast for the financial year ending 31 December 2006		Revenue projection for the financial year ending 31 December 2007	
	(S\$'000)	(%)	(S\$'000)	(%)
Somerset Liang Court Property	9,259	8.8	9,722	8.8
Somerset Grand Cairnhill	12,181	11.6	12,721	11.5
The Ascott, Jakarta	9,423	9.0	9,899	9.0
Somerset Grand Citra	9,499	9.1	9,797	8.9
Country Woods	4,096	3.9	4,428	4.0
Somerset Millennium	3,866	3.7	4,173	3.8
Somerset Salcedo Property	844	0.8	844	0.8
The Ascott, Beijing	21,930	20.9	23,024	20.9
Somerset Grand Fortune Garden Property	5,458	5.2	5,729	5.2
Somerset Xu Hui	7,167	6.9	7,901	7.1
Somerset Ho Chi Minh City	7,915	7.6	8,313	7.5
Somerset Grand Hanoi	13,133	12.5	13,856	12.5
Total Revenue	104,771	100.0	110,407	100.0

The underlying forecast and projected Gross Profit of each Property in ART's initial portfolio of 12 Properties are as follows:-

Property	Gross Profit forecast for the financial year ending 31 December 2006		Gross Profit projection for the financial year ending 31 December 2007	
	(S\$'000)	(%)	(S\$'000)	(%)
Somerset Liang Court Property	3,638	7.6	3,903	7.7
Somerset Grand Cairnhill	6,657	13.9	7,020	13.9
The Ascott, Jakarta	3,274	6.8	3,162	6.3
Somerset Grand Citra	4,210	8.8	4,275	8.5
Country Woods	1,451	3.0	1,565	3.1
Somerset Millennium	787	1.6	881	1.7
Somerset Salcedo Property	689	1.4	689	1.4
The Ascott, Beijing	9,335	19.4	9,882	19.5
Somerset Grand Fortune Garden Property	3,012	6.3	3,186	6.3
Somerset Xu Hui	2,189	4.6	2,589	5.1
Somerset Ho Chi Minh City	4,652	9.7	4,861	9.6
Somerset Grand Hanoi	8,105	16.9	8,549	16.9
Total Gross Profit	47,999	100.0	50,562	100.0

Assumptions

The Manager has prepared the profit forecast for the Forecast Year 2006 and the profit projection for the Projection Year 2007 based on the assumptions listed below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, recipients of this Prospectus and all prospective investors in the Units should consider these assumptions as well as the profit forecast and profit projection and make their own assessment of the future performance of ART.

(I) Foreign exchange rates

The profit forecast for the Forecast Year 2006 and the profit projection for the Projection Year 2007 are prepared based on the expected exchange rates of the United States Dollar, the Renminbi and the Philippines Peso to the Singapore Dollar as set out below:-

Foreign Currency	Exchange rate (Singapore Dollar to 1 Foreign Currency) Forecast Year 2006 and Projection Year 2007
US\$	1.6148
RMB	0.2070
PHP	0.0299

The Manager has applied the above foreign exchange rates in its preparation of the forecast and projected consolidated statements of total return for 2006 and 2007. The exchange rate estimates are sourced from the database of independent financial institutions. The Manager wishes to highlight that the exchange rates applied are current estimates and actual exchange rates in the Forecast Year 2006 and the Projection Year 2007 are likely to be different from these estimates.

(II) Lease Agreements

Somerset Salcedo Property

On 11 October 2005, AHHPI, a wholly-owned subsidiary of ART, Beccomax Property and Development Corporation ("Beccomax"), an unrelated third party, and Somerset Salcedo Makati, Inc. ("SSM Inc.") entered into a contract of lease (the "Contract of Lease"). Pursuant to the Contract of Lease, AHHPI and Beccomax leased Somerset Salcedo Makati to SSM Inc. for a period of five (5) years from 1 January 2005 for an aggregate rental income of approximately PHP 5.9 million per month in respect of the 150 Apartment Units in Somerset Salcedo Makati. Of the aggregate monthly rental income of approximately PHP 5.9 million, approximately PHP 2.4 million is attributable and payable to AHHPI as rental income in respect of the 71 Apartment Units and 71 parking lots in Somerset Salcedo Makati in which AHHPI owns. The Manager has forecast and projected the Apartment Rental Income derived from the Somerset Salcedo Property for the Forecast Year 2006 and the Projection Year 2007 based on the Contract of Lease.

Somerset Grand Fortune Garden Property

On 8 September 2005, Somerset FG, Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd. ("Beijing Xin Lian"), the developer of Somerset Grand Fortune Garden, and Hua Xin Residences Pte Ltd ("Hua Xin"), a wholly-owned subsidiary of the Sponsor, entered into an agreement (the "SFG Agreement"), pursuant to which, *inter alia*, (a) Hua Xin and Beijing Xin Lian agreed to terminate the sale and purchase agreement in respect of the acquisition of the Somerset Grand Fortune Garden Property by Hua Xin from Beijing Xin Lian, (b) Somerset FG agreed to acquire the Somerset Grand Fortune Garden Property from Beijing Xin Lian and (c) Somerset FG agreed to assume the rights and obligations of Hua Xin under a contract of lease between Hua Xin and Beijing Xin Lian dated 1 November 2001 (the "Hua Xin Lease"), which is valid for a period of ten (10) years with an option to extend for another ten years. Pursuant to the Hua Xin Lease and the SFG Agreement, Somerset FG leased the Somerset Grand Fortune Garden Property to Beijing Xin Lian, for a monthly rental income that is equivalent to 38.5% of the earnings before interest, tax, depreciation and amortisation of Somerset Grand Fortune Garden for that month.

(III) Revenue

Revenue comprises (a) rental revenue, (b) car park income and (c) hospitality income and other income earned from the Properties, including food and beverages income and service charges. A summary of the assumptions which have been used in calculating the Revenue is set out below:-

(a) Rental revenue

Rental revenue consists of (i) Apartment Rental Income and (ii) retail and office rental income.

(i) Apartment Rental Income

Apartment Rental Income comprises income from the rental of serviced residences and rental housing properties under the ART's portfolio.

Rents paid under ART's lease/licence agreements are generally fixed for the tenure of the licence period which could vary from one day to two years. In order to forecast and project Apartment Rental Income:-

- The Manager has assessed occupancies and the Average Daily Rates to arrive at the revenue per available unit ("REVPAU") for each of ART's 12 Properties, save for the Somerset Salcedo Property, located in the five jurisdictions as at 31 December 2005. Forecast and projected occupancies are derived after taking into account historical and current operating performance of each Property and the expected achievable levels of occupancy based on underlying forecast economic conditions in each of the five jurisdictions. Forecast and projected Average Daily Rate takes into account the economic outlook in each of the five jurisdictions. The REVPAU is the apartment rental which the Manager believes each Property could continue to achieve for each available Apartment Unit and is used to forecast and project the Apartment Rental Income for the Forecast Year 2006 and the Projection Year 2007.
- The Manager has analysed various forecast economic indicators such as Gross Domestic Product ("GDP") growth and Foreign Direct Investment ("FDI") growth for each of the five jurisdictions and has also taken into consideration major events that will take place in each of the five jurisdictions to make the following assumptions on the weighted average REVPAU annual growth rates (based on Apartment Rental Income contribution of each Property) in each of the five jurisdictions.

	Weighted average REVPAU annual growth for Forecast Year 2006	Weighted average REVPAU annual growth for Projection Year 2007
	%	%
Singapore	4	5
Indonesia	6	5
Philippines	9	8
China	6	6
Vietnam	4	5
Portfolio	5	6

The Manager believes that these assumptions are appropriate for the following reasons:-

- The weighted average REVPAU annual growth rates for the portfolio during the financial years ended 31 December 2004 and 2005 were in the range of approximately 5.0% to 8.0% per annum for both years which are in-line with the forecast and projected figures.
- The Manager intends to undertake targeted marketing and promotional activities, in addition to continuing maintenance and refurbishment of soft furnishings at the Properties, in order to achieve sustainable growth at the Properties in the Forecast Year 2006 and the Projection Year 2007.

(ii) *Retail and office rental income*

Retail and office rental income comprises rental income accruing from or resulting from leasing out available retail and office spaces in the Properties.

Retail and office rental income is expected to grow in-line with expected annual inflation for each of the five jurisdictions. The Manager has forecast and projected the total retail and office rental income for the Properties to be approximately S\$7.2 million for the Forecast Year 2006 and S\$7.5 million for the Projection Year 2007.

(b) **Car park income**

Car park income includes income accruing from or resulting from the operation of the car park facilities in the Properties. More than 90.0% of ART's car park income is derived from Somerset Grand Cairnhill's car park which is managed by an external operator. Somerset Grand Cairnhill's car park income comprises both fixed and variable components. The Manager has estimated the variable component to increase at an annual growth rate which approximates the inflation rate of Singapore.

Other than Somerset Grand Cairnhill, the forecast and projected car park income earned from the Properties for the Forecast Year 2006 and the Projection Year 2007 has been estimated to increase at an annual growth rate which approximates the inflation rate of each of the relevant jurisdictions.

The Manager has forecast and projected total car park income for the Properties to be approximately S\$2.0 million for the Forecast Year 2006 and S\$2.1 million for the Projection Year 2007.

(c) **Hospitality income and other income**

Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities including telephone charges, service and maintenance fees and fees for managing public areas as well as other miscellaneous income.

Other income comprises mainly income earned from the sale of food and beverages. Contribution from other income is not significant and is forecast and projected to contribute less than 1.0% of revenue for the Forecast Year 2006 and the Projection Year 2007.

In general, the Manager has forecast and projected hospitality income and other income to vary proportionately with Apartment Rental Income for the Forecast Year 2006 and the Projection Year 2007.

The forecast and projected amounts of hospitality income for the Forecast Year 2006 and the Projection Year 2007 are approximately S\$5.3 million and S\$5.6 million respectively.

The forecast and projected amounts of other income for the Forecast Year 2006 and the Projection Year 2007 are approximately S\$0.7 million for each of the forecast and projected years.

(IV) Direct expenses

Direct expenses consist primarily of:-

	Forecast Year 2006 (S\$'million)	Projection Year 2007 (S\$'million)
(a) Staff costs	(13.6)	(14.7)
(b) Operation and maintenance expenses	(13.2)	(13.9)
(c) Marketing and selling expenses	(1.9)	(2.1)
(d) Property tax	(4.0)	(4.0)
(e) Serviced residence management fees	(7.9)	(8.3)
(f) Depreciation	(4.7)	(5.0)
(g) Other direct expenses	(11.5)	(11.8)
Total direct expenses	(56.8)	(59.8)

A summary of the assumptions which have been used in calculating direct expenses is set out below:-

(a) Staff costs

Staff costs relate to wages and salaries, staff benefits and other expenses relating to the hiring of staff to carry out day-to-day operations at the Properties, including housekeeping services, reception services, security services and other services. Staff costs have been forecast and projected as a function of average cost per headcount and the expected number of staff employed at the Properties. The Manager has forecast and projected average cost per headcount to move in-line with the employment market in each of the five jurisdictions.

For the Forecast Year 2006 and the Projection Year 2007, the Manager has estimated an increase in average cost per headcount based on an annual growth rate in each country. In addition, the Manager has also considered staff strength requirements at the Properties by taking into account the forecast and projected performance of the Properties (in particular, occupancy levels and operating efficiencies).

(b) Operation and maintenance expenses

Operation and maintenance expenses relate to costs incurred for the provision of services and upkeep of the Properties, including housekeeping, security, cleaning, electricity and utility expenses and minor repairs of soft furnishings at the Properties. In general, the Manager has forecast and projected variable components of operation and maintenance expenses to vary in proportion to revenue for the Forecast Year 2006 and the Projection Year 2007. Fixed components of operation and maintenance expenses are forecast and projected by applying an annual growth rate (which approximates the inflation rate of each of the five jurisdictions) to the expenses incurred in the previous year. The Manager also took into consideration cost efficiencies and regular repair and maintenance expenses at the Properties in arriving at the estimates for the Forecast Year 2006 and the Projection Year 2007.

(c) Marketing and selling expenses

Marketing and selling expenses relate to costs incurred in advertising and promotional activities of the Properties. The Manager has generally forecast and projected such marketing and selling expenses to vary in proportion to revenue for the Forecast Year 2006 and the Projection Year 2007. Where the Manager intends to increase marketing efforts at certain of the Properties, consideration has been made for additional expenses in the forecast and projection.

(d) **Property tax**

It has been assumed that the basis of assessment for property tax by the tax authorities in each of the five jurisdictions will remain the same as the latest year of assessment and that no property tax rebate will be given by the tax authorities.

(e) **Serviced residence management fees**

Under the Serviced Residence Management Agreements, the Serviced Residence Management Companies are each entitled to a basic management fee and/or an incentive management fee for each of the Properties. In relation to each Property, the basic management fee ranges between 2.0% and 3.0% per annum of total Revenue of each Property. In relation to each Property, the incentive management fee ranges between 5.0% and 10.0% per annum of gross operating profit of each Property (see "Certain Agreements Relating to ART and the Properties – Serviced Residence Management Agreements").

(f) **Depreciation**

Depreciation has been assumed to be provided on the Group's plant and equipment on a straight-line basis so as to write off items of plant and equipment over their estimated useful lives. The Manager has forecast and projected depreciation of the plant and equipment owned by the Group to amount to S\$4.7 million for the Forecast Year 2006 and S\$5.0 million for the Projection Year 2007.

(g) **Other direct expenses**

Other direct expenses include business tax, bank charges and general and administrative expenses. Variable components (including business tax, bank charges and certain of the general and administrative expenses) are forecast and projected to vary in proportion to revenue for the Forecast Year 2006 and the Projection Year 2007. Fixed components of other direct expenses have been arrived at by applying an annual growth rate (which approximates the inflation rate of each of the five jurisdictions) to the expenses incurred in the previous year.

(V) Interest expense

The Manager has forecast and projected the Group's term loans to amount to S\$273.7 million for the Forecast Year 2006 and S\$278.4 million for the Projection Year 2007. The loans are principally denominated in Singapore Dollars and United States Dollars. These loans have been forecast and projected to bear interest at rates ranging from 4.0% to 6.8% per annum for the Forecast Year 2006 and ranging from 4.0% to 7.5% per annum for the Projection Year 2007.

(VI) Manager's Management Fees

Under the Trust Deed, the Manager is entitled to Management Fees comprising the Base Fee and the Performance Fee as follows:-

- (a) a Base Fee of 0.3% per annum of the Property Values; and
- (b) a Performance Fee that comprises the Base Performance Fee and Additional Outperformance Fee. Base Performance Fee shall be 4.0% per annum of ART's share of Gross Profit for each financial year. In the event ART's share of Gross Profit increases by more than 6.0% annually, the Manager will be entitled to an Additional Outperformance Fee of 1.0% of the difference between ART's share of that financial year's Gross Profit and 106.0% of ART's share of the preceding year's Gross Profit.

(Please refer to table below for ART's Property Values as at 31 December 2005 and ART's share of Gross Profit of the Deposited Property for the Forecast Year 2006 and the Projection Year 2007)

Property	Effective Interest held by ART in the Property or the relevant Property Company ⁽¹⁾	Asset Value as at 31 December 2005		Gross Profit forecast for the Forecast Year 2006		Gross Profit projection for the Projection Year 2007	
		Appraised Value	ART's Property Values	100% of Gross Profit	ART's share of Gross Profit	100% of Gross Profit	ART's share of Gross Profit
	(%)	(\$'million)	(\$'million)	(\$'million)	(\$'million)	(\$'million)	(\$'million)
Somerset Liang Court Property	100.0	127.5	127.5	3.6	3.6	3.9	3.9
Somerset Grand Cairnhill	100.0	154.7	154.7	6.7	6.7	7.0	7.0
The Ascott, Jakarta	99.0	43.0	42.6	3.3	3.3	3.2	3.2
Somerset Grand Citra	57.4	54.6	31.4	4.2	2.4	4.3	2.5
Country Woods	100.0	25.8	25.8	1.4	1.4	1.6	1.6
Somerset Millennium	100.0	12.7	12.7	0.8	0.8	0.9	0.9
Somerset Salcedo Property	100.0	12.3	12.3	0.7	0.7	0.7	0.7
The Ascott, Beijing	100.0	217.7	217.7	9.3	9.3	9.9	9.9
Somerset Grand Fortune Garden Property	100.0	52.8	52.8	3.0	3.0	3.2	3.2
Somerset Xu Hui	100.0	51.5	51.5	2.2	2.2	2.6	2.6
Somerset Ho Chi Minh City	69.0	66.8	46.1	4.7	3.2	4.8	3.3
Somerset Grand Hanoi	76.4	105.7	80.7	8.1	6.2	8.5	6.4
Total		925.1	855.8	48.0	42.8	50.6	45.2

Notes:-

(1) "Effective Interest" refers to the proportion of interest owned by ART, whether directly, or indirectly and beneficially, in a Property or a Property Company, as the case may be.

The Manager has opted to receive, for the Forecast Year 2006 and the Projection Year 2007, 50.0% of the Manager's Management Fees in the form of Units and the balance in cash.

The Base Fee for the Forecast Year 2006 and the Projection Year 2007 is S\$2.6 million each. It is assumed that no Additional Outperformance Fee will be paid or is payable in the Forecast Year 2006 and the Projection Year 2007.

Where the Management Fee is payable in Units, the Manager has assumed that such Units are issued at ART's unaudited pro forma net asset value as at 31 December 2005 of S\$1.31 per Unit.

The Manager may opt to receive the Management Fees in cash or Units or a combination of cash and Units (as it may determine) after the Projection Year 2007.

(VII) Trustee's fee

Under the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.021% per annum of the Property Values, subject to a minimum of S\$10,000 per month and a maximum of 0.1% per annum of the Property Values, excluding out-of-pocket expenses and GST. The Trustee's fee will be subject to review annually after the close of the Preferential Offering.

The Trustee's fee for the Forecast Year 2006 and the Projection Year 2007 is expected to be S\$0.1 million for each of the forecast and projected years.

(VIII) Professional fees, audit fees and other operating expenses

Professional fees include legal fees, secretarial fees and tax consultancy fees. The Manager has forecast and projected an annual growth of 3.0% over the previous financial year.

Other operating expenses comprise primarily trust expenses which include recurring operating expenses such as annual listing fees, registry fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and miscellaneous expenses. For the Projection Year 2007 estimates, the Manager has projected an annual growth of 3.0% over the Forecast Year 2006 figures.

(IX) Income tax

It has been assumed that income tax will remain at the same tax rates prevailing in each of the five jurisdictions for the financial year ended 31 December 2005. For the Properties in Vietnam, preferential tax rates have been granted by the local tax authorities as below:-

Properties	Preferential tax rates	Expiry year
Somerset Ho Chi Minh City	15%	2009
	25%	2039
Somerset Grand Hanoi	20%	2038

(X) Withholding tax

It has been assumed that the withholding tax on interest income and dividend income derived from Overseas Properties will remain at the same rates prevailing in each of the five jurisdictions for the financial year ended 31 December 2005.

(XI) Unitholders' distribution

Unitholders' distribution comprises:-

(a) Distribution from operations:-

- Taxable profits from operations arising from the Singapore Properties, net of attributable expenses;
- Profits from operations arising from Overseas Properties, received by ART during the financial year as tax-exempt dividend income from Property Holding Companies, net of attributable expenses;
- Interest income earned by Property Holding Companies on shareholders' loans extended to overseas Property Companies, received by ART during the financial year as tax-exempt dividend income from Property Holding Companies, net of attributable expenses; and
- Adjustment for trust expenses, relating to the Singapore Properties, that are paid in Units.

(b) Distribution from Unitholders' contributions:-

- Profits from operations arising from Overseas Properties that are expected to be declared as dividend income to Property Holding Companies after the financial year, net of attributable expenses;
- Profits from operations arising from Overseas Properties that cannot be declared as dividend income to Property Holding Companies, net of attributable expenses;
- Adjustment for depreciation expense of the Overseas Properties; and
- Adjustment for trust expenses, relating to Overseas Properties, that are paid in Units.

The Manager has assumed that 100.0% of taxable income and Net Overseas Income will be distributed to Unitholders for the Forecast Year 2006 and the Projection Year 2007.

(XII) Capital expenditure

The Manager has forecast and projected capital expenditure for replacement and improvement works which include plans to upgrade facilities such as the gymnasium and to refurbish the interiors of the Properties such as the fittings as well as the Apartment Units. It has been assumed that the capital expenditure will be funded primarily through cash flow from operations and/or further borrowings. Capital expenditure incurred is capitalised as part of the value of the relevant Property and has no impact on the forecast and projected consolidated statements of total return or distributions other than the depreciation expense and capital allowances claimed, if any.

The capital expenditure for replacement and improvement works at the Properties is forecast and projected as follows:-

	Forecast Year 2006	Projection Year 2007
	(S\$'million)	(S\$'million)
Replacement and improvement works	7.8	4.4

The Manager has assessed and projected the capital expenditure for the Forecast Year 2006 and the Projection Year 2007 to range between 3.0% to 4.0% per annum of Revenue. The Manager has taken into consideration major renovation works in relation to The Ascott, Jakarta (replacement of furniture and fittings in the Apartment Units) in 2006 in arriving at the capital expenditure for the Forecast Year 2006. The Manager has set aside approximately S\$3.5 million for The Ascott, Jakarta.

(XIII) Distribution Reinvestment Arrangement

The Trust Deed gives the Manager, where appropriate, the option of activating an arrangement whereby Unitholders may elect to re-invest all or part of their distribution entitlement in return for an issue of additional Units in ART. It has been assumed that the Manager will not activate the distribution reinvestment arrangement before 31 December 2007. This assumption does not, however, preclude the Manager from exploring the implementation of such a distribution reinvestment arrangement before 31 December 2007.

(XIV) Unit Issue Expenses

The costs associated with the issue of the Units will be paid for by ART. These costs are charged against net assets attributable to Unitholders in the balance sheet and have no impact on the consolidated statements of total return or distributions.

(XV) Properties

The Properties have been acquired at their Appraised Value. It is assumed that the Properties will be revalued annually, effective 31 December each year, and the next valuation will be carried out on 31 December 2006. For purposes of the profit forecast and profit projection, the Manager has assumed an increase in the value of the Properties to the extent of the assumed capital expenditure described in paragraph (XII) above for each of the relevant years in question.

The Manager has made a hypothetical assumption that the values of the Properties (except for the effect of the assumed capital expenditure) will, until 31 December 2007, remain at the amounts at which they were valued as at 15 December 2005.

Any subsequent write-down of the values of the Properties will not affect the forecast and projected distributions per Unit for the Forecast Year 2006 and the Projection Year 2007 because ART's distributions are based on taxable income and Net Overseas Income, which excludes appreciation and depreciation upon revaluation of the Properties.

(XVI) Accounting Standards

The Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected total return.

Significant accounting policies adopted by the Manager in the preparation of the profit forecast and profit projection are set out in Appendix III, "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Financial Information".

Other Assumptions

The Manager has made the following additional assumptions in preparing the profit forecast for the Forecast Year 2006 and the profit projection for the Projection Year 2007:-

- that the property portfolio remains unchanged throughout the periods;
- that there will be no change in taxation legislation or other applicable legislation;
- that there will be no change to the Tax Ruling;
- that fair values of any derivative financial instruments are assumed to be unchanged over the Forecast Year 2006 and Projection Year 2007;
- that all leases and licences are enforceable and will be performed in accordance with their terms; and
- that 100.0% of the taxable income and Net Overseas Income will be distributed.

Sensitivity Analysis

The forecast and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecast and projected distributions are also subject to a number of risks as outlined in "Risk Factors".

All prospective investors in the Units should be aware that future events cannot be predicted with any certainty and deviation from the figures forecast or projected in this Prospectus are to be expected. To assist all prospective investors in the Units in assessing the impact of these assumptions on the profit forecast and profit projection, a series of tables demonstrating the sensitivity of the DPU to changes in the principal assumptions are set out below. For example, the sensitivity analysis below assumes that the Manager's Management Fees will be paid in a certain combination of cash (50.0%) and Units (50.0%) for the Forecast Year 2006 and the Projection Year 2007 (see "(IV) Manager's Management Fees"). **As the Manager has agreed to receive such proportion of its management fees in respect of the period from the date of the Preferential Offering to 31 December 2006 and the Projection Year 2007 as would be required to support, to the extent possible, the projected distributions during the said periods, in the form of Units (rather than cash), such support provided by the Manager may lessen or offset the impact of a decrease in REVPAU and/or an increase in Direct Expenses.**

The sensitivity analysis is intended to provide a guide only and variation in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

REVPAU

Changes in the REVPAU will impact the Gross Profit of ART and, consequently, the distribution yield. The assumptions for REVPAU have been set out earlier in this section. The effect of variations in the REVPAU on the distribution yield is set out below:-

Impact on DPU pursuant to changes in REVPAU ⁽¹⁾

REVPAU ⁽¹⁾	Forecast Year 2006			Projection Year 2007		
	Increase / (Decrease)	DPU	Change	Increase / (Decrease)	DPU	Change
	(cents)	(cents)	(%)	(cents)	(cents)	(%)
5.0% above base case ⁽²⁾	0.50	6.61	8.18	0.53	6.96	8.24
Base case ⁽³⁾	–	6.11	–	–	6.43	–
5.0% below base case ⁽⁴⁾	(0.56)	5.55	(9.17)	(0.54)	5.89	(8.40)
5.0% below base case, with up to 100.0% of Manager's Management Fees paid in Units	(0.12)	5.99	(1.96)	(0.12)	6.31	(1.87)

Notes:-

- (1) Sensitivity analysis on REVPAU is carried out on the individual REVPAU figures for each of the 12 Properties, save for the Somerset Salcedo Property, for the Forecast Year 2006 and the Projection Year 2007.

Under a contract of lease dated 11 October 2005 (the "Contract of Lease") between AHHPI and Beccomax Property and Development Corporation, an unrelated third party (together with AHHPI, the "Lessors") and Somerset Salcedo Makati, Inc. ("SSM Inc."), the Lessors leased Somerset Salcedo Makati (the "Leased Property") to SSM Inc. for a period of five (5) years from 1 January 2005 (the "Initial Term") for an aggregate rental income of approximately PHP 5.9 million per month in respect of the 150 Apartment Units in Somerset Salcedo Makati. Of the aggregate monthly rental of approximately PHP 5.9 million, approximately PHP 2.4 million is attributable and payable to AHHPI as rental income for the 71 Apartment Units and 71 parking lots in the Leased Property leased to SSM Inc. corresponding to a REVPAU of S\$33 for the Initial Term of the Contract of Lease.

- (2) Implies an increase of 5.0% in the REVPAU of each of the 12 Properties, save for the Somerset Salcedo Property.
- (3) DPU as shown in the forecast and projected consolidated statements of total return.
- (4) Implies a decrease of 5.0% in the REVPAU of each of the 12 Properties, save for the Somerset Salcedo Property.

Direct expenses

Changes in direct expenses will impact the Gross Profit of ART and, consequently, the distribution yield. The assumptions for direct expenses have been set out earlier in this section. The effect of variations in direct expenses on the distribution yield is set out below:-

Direct Expenses	Impact on DPU pursuant to changes in Direct Expenses					
	Forecast Year 2006			Projection Year 2007		
	Increase / (Decrease)	DPU	Change	Increase / (Decrease)	DPU	Change
	(cents)	(cents)	(%)	(cents)	(cents)	(%)
5.0% below base case ⁽¹⁾	0.41	6.52	6.71	0.41	6.84	6.38
Base case ⁽²⁾	–	6.11	–	–	6.43	–
5.0% above base case ⁽³⁾	(0.46)	5.65	(7.53)	(0.42)	6.01	(6.53)
5.0% above base case, with up to 100.0% of Manager's Management Fees paid in Units	(0.02)	6.09	(0.33)	0.01	6.44	0.16

Notes:-

- (1) Implies a decrease of 5.0% in Direct Expenses.
- (2) DPU as shown in the forecast and projected consolidated statements of total return.
- (3) Implies an increase of 5.0% in Direct Expenses.

Interest Expenses

Changes in borrowing costs will affect the net profit of ART and, consequently, the distribution yield. The effect of variations in interest rates on the distribution yield is set out below:-

Interest Expenses	Impact on DPU pursuant to changes in Interest Expenses					
	Forecast Year 2006			Projection Year 2007		
	Increase / (Decrease)	DPU	Change	Increase / (Decrease)	DPU	Change
	(cents)	(cents)	(%)	(cents)	(cents)	(%)
50 basis points decrease in the applicable interest rates ⁽¹⁾	0.01	6.12	0.16	0.01	6.44	0.16
Base case ⁽²⁾	–	6.11	–	–	6.43	–
50 basis points increase in the applicable interest rates ⁽¹⁾	(0.01)	6.10	(0.16)	(0.01)	6.42	(0.16)
50 basis points increase in the applicable interest rates, with up to 100.0% of Manager's Management Fees paid in Units	0.44	6.55	7.20	0.43	6.86	6.69

Notes:-

- (1) Sensitivity analysis of changes in interest rates are applied to the variable portion of the loans.
- (2) DPU as shown in the forecast and projected consolidated statements of total return.

Foreign exchange rates

Foreign Currency	Exchange rate
	(Singapore Dollar to 1 Foreign Currency) Forecast Year 2006 and Projection Year 2007
US\$	1.6148
RMB	0.2070
PHP	0.0299

The table above sets out the foreign exchange rates for the Forecast Year 2006 and the Projection Year 2007 for the three different foreign currencies in which ART's operating revenues and expenses are transacted in the five different jurisdictions which the 12 Properties are located. Given that ART's distribution to Unitholders will be in Singapore currency, any changes in foreign exchange rate will affect the Gross Profit of ART and, consequently, the distribution yield. Sensitivity analysis is carried out on the US\$ and the RMB exchange rates given that cash flow transacted in these two foreign currencies account for over 95.0% of total distribution from Overseas Properties annually.

The effect of variations in these two foreign exchange rates on the distribution yield is set out in the tables below:-

US\$ Foreign Exchange Rates	Impact on DPU pursuant to changes in US\$ Exchange Rate					
	Forecast Year 2006			Projection Year 2007		
	Increase / (Decrease)	DPU	Change	Increase / (Decrease)	DPU	Change
	(cents)	(cents)	(%)	(cents)	(cents)	(%)
10.0% increase (appreciation of the foreign currency) in the applicable foreign exchange rates	0.19	6.30	3.11	0.20	6.63	3.11
Base case ⁽¹⁾	–	6.11	–	–	6.43	–
10.0% decrease (depreciation of the foreign currency) in the applicable foreign exchange rates	(0.19)	5.92	(3.11)	(0.20)	6.23	(3.11)
10.0% decrease (depreciation of the foreign currency) in the applicable foreign exchange rates, with up to 100.0% of Manager's Management Fees paid in Units	0.24	6.35	3.93	0.23	6.66	3.58

Impact on DPU pursuant to changes in Renminbi Exchange Rate

Renminbi Exchange Rates	Forecast Year 2006			Projection Year 2007		
	Increase / (Decrease)	DPU	Change	Increase / (Decrease)	DPU	Change
	(cents)	(cents)	(%)	(cents)	(cents)	(%)
10.0% increase (appreciation of the foreign currency) in the applicable foreign exchange rates	0.27	6.38	4.42	0.28	6.71	4.35
Base case ⁽¹⁾	–	6.11	–	–	6.43	–
10.0% decrease (depreciation of the foreign currency) in the applicable foreign exchange rates	(0.27)	5.84	(4.42)	(0.28)	6.15	(4.35)
10.0% decrease (depreciation of the foreign currency) in the applicable foreign exchange rates, with up to 100.0% of Manager's Management Fees paid in Units	0.17	6.28	2.78	0.15	6.58	2.33

Notes:-

(1) DPU as shown in the forecast and projected consolidated statements of total return.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following tables present the unaudited pro forma consolidated statements of total return for ART for each of the financial years ended 31 December 2003, 2004 and 2005 (collectively referred to as the "Relevant Period"), the unaudited pro forma consolidated balance sheet as at 31 December 2005 and the unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005. Such Unaudited Pro Forma Consolidated Financial Information should be read in conjunction with the related notes thereto.

The Independent Accountants, KPMG, have reported on the Unaudited Pro Forma Consolidated Financial Information and their report is included in Appendix III, "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Financial Information". The Unaudited Pro Forma Consolidated Financial Information has been prepared on the bases set out in Appendix III, "Independent Accountants' Report on the Unaudited Pro Forma Consolidated Financial Information".

The Unaudited Pro Forma Consolidated Financial Information has been compiled based on:-

- (a) the restated financial statements (financial statements prepared in accordance with Generally Accepted Accounting Principles applicable in the respective countries, restated to align to Singapore Financial Reporting Standards ("FRS")) (the "Restated Financial Statements") of PT Bumi Perkasa, PT Ciputra, PT Indonesia America, AHHPI, Hemliner Real Estate, Shanghai Xin Wei, Mekong-Hacota, Hanoi Tower Center, SN Resources and SQ Resources for the financial years ended 31 December 2003, 2004 and 2005;
- (b) the audited financial statements (prepared in accordance with the FRS) of Somerset Investments, Cairnhill Place, Glenwood Properties, Hua Xin Residences Pte Ltd, Javana, Ascott Residences and Burton Engineering for the financial years ended 31 December 2003, 2004 and 2005;
- (c) the audited financial statements of Hemliner for the financial years ended 31 March 2003, 2004 and 2005 and the unaudited management accounts of Hemliner for the 9-month periods ended 31 December 2003, 2004 and 2005; and
- (d) the unaudited management accounts of Somerset Grand Citra (Singapore) and Somerset Philippines for the period from 27 October 2005 (date of incorporation) to 31 December 2005, and the unaudited management accounts of Somerset FG for the period from 5 September 2005 (date of incorporation) to 31 December 2005.

The unaudited pro forma consolidated statements of total return for the financial years ended 31 December 2003, 2004 and 2005, reflect the total returns of the Pro Forma Group as if it had purchased the Properties on 1 January 2003, pursuant to the terms set out in this Prospectus.

The unaudited pro forma consolidated balance sheet as at 31 December 2005 reflect the financial position of the Pro Forma Group as if it had purchased the Properties on 31 December 2005, pursuant to the terms set out in this Prospectus.

The unaudited pro forma consolidated statement of cash flows show the cash flows for the financial year ended 31 December 2005, assuming ART had purchased the Properties on 1 January 2005, pursuant to the terms set out in this Prospectus.

The objective of the Unaudited Pro Forma Consolidated Financial Information of the Pro Forma Group is to show what the total returns, financial position and cash flows might have been, had ART as described above existed at an earlier date. However, the Unaudited Pro Forma Consolidated Financial Information of the Pro Forma Group is not necessarily indicative of the total returns, financial position and cash flows of the operations that would have been attained had the Pro Forma Group actually existed earlier. The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual total returns, financial position or cash flows.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF TOTAL RETURN

	Financial years ended 31 December		
	2003	2004	2005
	(S\$'000)	(S\$'000)	(S\$'000)
Revenue	92,518	97,787	101,113
Direct expenses	(51,752)	(52,040)	(54,307)
Gross profit	40,766	45,747	46,806
Interest income	305	154	194
Interest expense	(11,596)	(12,181)	(12,013)
Other income	307	391	614
Manager's management fees ⁽¹⁾	(3,966)	(4,136)	(4,183)
Trustee's fee	(134)	(134)	(134)
Professional fees	(322)	(282)	(195)
Audit fees	(386)	(376)	(356)
Other operating expenses	(148)	(1,392)	383
Net profit	24,826	27,791	31,116
Income tax	(4,766)	(6,438)	(6,453)
Total return for the year after income tax	20,060	21,353	24,663
Minority interests	(3,325)	(3,556)	(3,585)
Total return for the year attributable to Unitholders before distribution	16,735	17,797	21,078
Distribution to Unitholders from operations ⁽²⁾	(6,749)	(11,990)	(12,751)
Total return for the year attributable to Unitholders after distribution	9,986	5,807	8,327
Attributable to:-			
– Unitholders	16,735	17,797	21,078
– Minority interests	3,325	3,556	3,585
Total return for the year after income tax	20,060	21,353	24,663

Reconciliation from total return for the financial years attributable to Unitholders to total Unitholders' distribution

	Financial years ended 31 December		
	2003	2004	2005
	(S\$'000)	(S\$'000)	(S\$'000)
Total return for the year attributable to Unitholders before distribution	16,735	17,797	21,078
Net effect of non-tax deductible/chargeable items and other adjustments ⁽³⁾	8,137	5,633	5,768
Total Unitholders' distribution	24,872	23,430	26,846

Unitholders' distribution:-

- from operations	6,749	11,990	12,751
- Unitholders' contribution	18,123	11,440	14,095
	24,872	23,430	26,846

Notes:-

- (1) See "The Manager and Corporate Governance – Manager's Management Fees" for information on the Manager's Management Fees.
- (2) As 2003 is assumed to be the start of the pro forma financial period, for the financial year ended 31 December 2003, Unitholders' distribution from operations of S\$6.7 million is significantly lower than the figure for the financial year ended 31 December 2004 of S\$12.0 million due to a delay in the repatriation of dividends of approximately S\$1.7 million from the Properties in China and Vietnam. This delay is attributed to the time required for tax audit clearance in these two jurisdictions. If there had been no delay in dividend repatriation, distribution from operations and distribution from Unitholders' contributions for the financial year ended 31 December 2003 would have been S\$8.4 million and S\$16.5 million respectively.
- (3) The non-tax deductible/chargeable items and other adjustments comprise depreciation charges and serviced residence management fees paid in Units. The non-tax deductible/chargeable items and other adjustments were higher in 2003 than in 2004 due mainly to higher depreciation charges in 2003.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	As at 31 December 2005 <hr/> (S\$'000)
Assets	
Investment properties	911,157
Plant and equipment	13,884
Deferred tax assets	1,840
Inventories	289
Trade and other receivables	23,439
Cash and bank balances	9,312
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Total assets	959,921
	<hr/>
Liabilities	
Bank overdraft	6,260
Trade and other payables	40,982
Provision for taxation	651
Bank loans and borrowings	267,368
Deferred tax liabilities	156
Deferred income	2
	<hr/>
Total liabilities (excluding net assets attributable to Unitholders)	315,419
	<hr/>
Minority Interest	50,759
	<hr/>
Net assets attributable to Unitholders	593,743
	<hr/> <hr/>
Net asset value per Unit ⁽¹⁾	S\$1.31

Notes:-

- (1) Based on the Preferential Offering Sale Price of S\$0.68, the Preferential Offering Sale Price represents a discount of 48.1% to the net asset value per Unit (S\$1.31 based on the unaudited pro forma consolidated balance sheet of ART as at 31 December 2005).

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended 31 December 2005	(S\$'000)
Operating activities	
Total return for the year before income tax	31,116
Adjustments for:-	
Depreciation of plant and equipment	3,830
Manager's management fees paid in Units	2,092
Interest expense	12,013
Interest income	(194)
Gain on disposal of plant and equipment	(6)
	48,851
Operating income before working capital changes	48,851
Changes in working capital:-	
Inventories	13
Trade and other receivables	(5,160)
Deferred income	2
Trade and other payables	8,842
	52,548
Cash generated from operations	52,548
Income tax paid	(6,453)
	46,095
Investing activities	
Interest received	194
Net cash inflow on acquisitions of subsidiaries	10,420
Purchase of investment properties	(63,181)
Purchase of plant and equipment	(4,512)
	(57,079)
Financing activities	
Distribution to Unitholders	(26,846)
Payment of unit issue costs	(5,560)
Interest paid	(12,013)
Proceeds from bank loans	63,181
Repayment of bank loans	(4,276)
	14,486
Cash flows from financing activities	14,486
Net increase in cash and cash equivalents	3,502
Cash and cash equivalents at beginning of year	-
	3,502
Cash and cash equivalents at end of year	3,502

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Pro Forma Consolidated Financial Information and notes thereto included elsewhere in this Prospectus. Statements contained in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person, nor that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors"). Recipients of this Prospectus and all prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this Prospectus.

The Unaudited Pro Forma Consolidated Financial Information has been compiled based on:-

- (a) the restated financial statements (financial statements prepared in accordance with Generally Accepted Accounting Principles applicable in the respective countries, restated to align to Singapore Financial Reporting Standards ("FRS")) (the "Restated Financial Statements") of PT Bumi Perkasa, PT Ciputra, PT Indonesia America, AHHPI, Hemliner Real Estate, Shanghai Xin Wei, Mekong-Hacota, Hanoi Tower Center, SN Resources and SQ Resources for the financial years ended 31 December 2003, 2004 and 2005;*
- (b) the audited financial statements (prepared in accordance with the FRS) of Somerset Investments, Cairnhill Place, Glenwood Properties, Hua Xin Residences Pte Ltd, Javana, Ascott Residences and Burton Engineering for the financial years ended 31 December 2003, 2004 and 2005;*
- (c) the audited financial statements of Hemliner for the financial years ended 31 March 2003, 2004 and 2005 and the unaudited management accounts of Hemliner for the 9-month periods ended 31 December 2003, 2004 and 2005; and*
- (d) the unaudited management accounts of Somerset Grand Citra (Singapore) and Somerset Philippines for the period from 27 October 2005 (date of incorporation) to 31 December 2005, and the unaudited management accounts of Somerset FG for the period from 5 September 2005 (date of incorporation) to 31 December 2005.*

The unaudited pro forma consolidated statements of total return for the financial years ended 31 December 2003, 2004 and 2005, reflect the total returns of the Pro Forma Group as if it had purchased the Properties on 1 January 2003, pursuant to the terms set out in this Prospectus.

The unaudited pro forma consolidated balance sheet as at 31 December 2005 reflects the financial position of the Pro Forma Group as if it had purchased the Properties on 31 December 2005, pursuant to the terms set out in this Prospectus.

The unaudited pro forma consolidated statement of cash flows shows the cash flows for the financial year ended 31 December 2005, assuming ART had purchased the Properties on 1 January 2005, pursuant to the terms set out in this Prospectus.

The objective of the Unaudited Pro Forma Consolidated Financial Information of the Pro Forma Group is to show what the total returns, financial position and cash flows might have been, had ART as described above existed at an earlier date. However, the Unaudited Pro Forma Consolidated Financial Information of the Pro Forma Group is not necessarily indicative of the total returns, financial position and cash flows of the operations that would have been attained had the Pro Forma Group actually existed earlier. The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro Forma Group's actual total returns, financial position or cash flows.

The SGX-ST has granted ART a waiver from compliance with Rule 409(3) of the Listing Manual in respect of the requirement for inclusion of the annual accounts of ART for the past five years.

General Background

ART is a real estate investment trust established in Singapore as a unit trust pursuant to the Trust Deed. As ART was only established on 19 January 2006, ART has no historical operating results and financial information based on which recipients of this Prospectus may evaluate ART. ART's first accounting period will be from the date of its establishment to 31 December 2006.

ART was established with the objective of producing stable and growing distributions for Unitholders and to achieve long-term growth of net asset value per Unit. The Manager aims to produce attractive total returns to Unitholders by, among other things, (a) actively managing ART's property portfolio to maximise returns from the property portfolio, (b) acquiring properties that meet the Manager's investment criteria; and (c) employing appropriate capital financing and hedging strategies to manage fluctuation risks in interest rates and foreign exchange risks.

The Portfolio

ART's initial property portfolio will comprise the following properties which will be held directly or through the ownership of the shares in the Property Holding Companies and Somerset FG:-

- **Singapore** – Somerset Liang Court Property and Somerset Grand Cairnhill;
- **Indonesia** – The Ascott, Jakarta, Somerset Grand Citra and Country Woods;
- **The Philippines** – Somerset Millennium and Somerset Salcedo Property;
- **China** – The Ascott, Beijing, Somerset Grand Fortune Garden Property and Somerset Xu Hui; and
- **Vietnam** – Somerset Ho Chi Minh City and Somerset Grand Hanoi.

Together, the Properties have an aggregate number of 2,068 Apartment Units as at 31 December 2005. For the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005, the Properties generated in aggregate Revenue of S\$92.5 million, S\$97.8 million and S\$101.1 million respectively.

Acquisition of Properties

Pursuant to the Share Sale and Purchase Agreements dated 20 January 2006 (each as amended by a supplemental deed dated 1 March 2006) entered into by the Trustee with, *inter alia*, the Vendor Companies relating to the sale of the shares in the Property Holding Companies and Somerset FG by the Vendor Companies to the Trustee, as trustee of ART, the Trustee, had completed its acquisition of the shares in the Property Holding Companies and Somerset FG. The purchase consideration for shares in the Property Holding Companies and Somerset FG (which is based, *inter alia*, on the Appraised Value of the Properties owned by the Property Companies and Somerset FG) was satisfied by the issue of 80,890,124 Units in aggregate to the respective Vendor Companies, with certain adjustments by way of cash payments as provided for in the Share Sale and Purchase Agreements.

In addition to the acquisition of the shares in the Property Holding Companies and Somerset FG, the Trustee also purchased the debts owing by the Property Holding Companies and Somerset FG to the relevant Vendor Companies and other companies within the Ascott Group. The Trustee completed its purchase of the aforesaid debts at the same time as the acquisition of the shares in the Property Holding Companies and Somerset FG and the purchase consideration for the aforesaid debts were satisfied by the issue of an aggregate of 207,230,568 Units to the Sponsor and Ascott Holdings under the direction of the relevant Vendor Companies and other companies within the Ascott Group, with certain adjustments by way of cash payments as provided for in the Share Sale and Purchase Agreements.

As at the date of this Prospectus, the Trustee, as trustee of ART, had entered into the Property Sale and Purchase Agreements with the Property Vendor Companies for the sale of the Singapore Properties to the Trustee, as trustee of ART, at a purchase consideration which is based on the Appraised Value of these Properties, which was satisfied partly by the issue of 165,879,308 Units and the balance by cash payment of approximately S\$63.2 million.

(see "Certain Agreements Relating to ART – Description of the Agreements to Acquire the Properties").

Factors affecting ART's Results of Operations

The serviced residence sector in the Pan-Asian Region is affected by, amongst other things, the demand for, and the supply of serviced residences which are in turn, affected by the general economic conditions in the region. The principal competitive factors include Average Daily Rates, quality and location of properties, branding, consistency of service and supply of comparable space.

Discussion on items in the Unaudited Pro Forma Consolidated Statements of Total Returns

Revenue

The Pro Forma Group's Revenue comprises (a) rental revenue, (b) car park income and (c) hospitality and other income earned from the Properties, including food and beverages income and service charges. The Revenue during the past three financial years ended 31 December 2003, 2004 and 2005 was derived mainly from Apartment Rental Income from the Properties.

The Pro Forma Group's Revenue is affected by a number of factors including:-

- Average Daily Rates;
- occupancy rates;
- the age and condition of the Properties; and
- general macroeconomic and supply/demand trends affecting the serviced residence market in the Pan-Asian Region.

Average Daily Rates as well as occupancy rates are affected by competition from other properties (see "Business and Properties – Existing and Future Competition").

The following table sets out details of the Revenue for the financial years ended 31 December 2003, 2004 and 2005:-

	Financial years ended 31 December		
	2003 (S\$'million)	2004 (S\$'million)	2005 (S\$'million)
Revenue			
Rental revenue	83.2	89.3	92.5
Car park income	1.5	1.5	1.9
Hospitality income and other income	7.8	7.0	6.7
Total	92.5	97.8	101.1

Rental revenue

Rental revenue consists of (i) Apartment Rental Income and (ii) retail and office rental income.

(a) Apartment Rental Income

Apartment Rental Income comprises income from the rental of serviced residences and rental housing properties under ART's portfolio. Rental paid under ART's licence agreements are generally fixed for the tenure of the licence period which could vary from one day to two years.

(b) Retail and office rental income

Retail and office rental income comprises rental income accruing from or resulting from leasing out available retail and office spaces in the Properties.

Car park income

Car park income includes income accruing from or resulting from the operation of car park facilities in the Properties. More than 90.0% of ART's car park income is derived from Somerset Grand Cairnhill's car park which is managed by an external operator. Somerset Grand Cairnhill's car park income comprises both fixed and variable components.

Hospitality income and other income

Hospitality income includes fees from usage of the business centres and laundry facilities, recoveries from guests for utilities including telephone charges, service and maintenance fees and fees for managing public areas as well as other miscellaneous income. Other income comprises mainly income earned from the sale of food and beverages.

Direct Expenses

The Pro Forma Group's Direct Expenses consist primarily of (a) staff costs; (b) operation and maintenance expenses; (c) marketing and selling expenses; (d) property tax; (e) serviced residence management fees; (f) depreciation and (g) other direct expenses for the operation, management and marketing of the Properties.

Direct Expenses may be affected by a number of factors including:-

- the age and condition of the Properties;
- the amount of fees payable to the SR Management Companies;
- maintenance and sinking fund contributions applicable to some of the Properties levied by the respective management corporations;
- inflation;
- wage regulations set by the local government; and
- changes in property tax and utility charges.

The following table sets out details of the Pro Forma Group's Direct Expenses for the financial years ended 31 December 2003, 2004 and 2005:-

	Financial years ended 31 December		
	2003 (S\$'million)	2004 (S\$'million)	2005 (S\$'million)
Direct Expenses			
Staff costs	12.2	12.6	13.8
Operation and maintenance expenses	12.0	12.2	13.3
Marketing and selling expenses	1.7	1.8	1.6
Property tax	2.8	4.1	3.9
Serviced residence management fees	6.9	7.4	7.8
Depreciation	6.9	3.9	3.8
Other direct expenses	9.3	10.0	10.1
Total	51.8	52.0	54.3

(a) Staff costs

Staff costs relate to wages and salaries, staff benefits and other expenses relating to the hiring of staff to carry out day-to-day operations at the Properties, including housekeeping services, reception services, security services and other services.

(b) Operation and maintenance expenses

Operation and maintenance expenses relate to costs incurred for the provision of services and upkeep of the Properties, including housekeeping, security, cleaning, electricity and utility expenses and minor repairs of soft furnishings at the Properties.

(c) Marketing and selling expenses

Marketing and selling expenses relate to costs incurred in advertising and promotional activities of the Properties.

(d) **Property tax**

Property tax is assessed based on a percentage of the value/annual income of each of the Properties. All the Properties incurred property taxes except Vietnam where the property tax is borne by the joint venture partner.

(e) **Serviced residence management fees**

Under the Serviced Residence Management Agreements, the SR Management Companies are each entitled to a basic management fee and/or an incentive management fee for each of the Properties. In relation to each Property, the basic management fee ranges between 2.0% and 3.0% per annum of total Revenue of each Property. In relation to each Property, the incentive management fee ranges between 5.0% and 10.0% per annum of gross operating profit of each Property.

(f) **Depreciation**

Depreciation provided on the Pro Forma Group's plant and equipment is on a straight-line basis so as to write off items of plant and equipment over their estimated useful lives.

(g) **Other direct expenses**

The Pro Forma Group's other direct expenses consist primarily of business tax, bank charges and general and administrative expenses.

Manager's Management Fees

Under the Trust Deed, the Manager is entitled to Management Fees comprising the Base Fee and the Performance Fee as follows:-

- (a) a Base Fee of 0.3% per annum of the Property Values; and
- (b) a Performance Fee that comprises the Base Performance Fee and Additional Outperformance Fee. Base Performance Fee shall be 4.0% per annum of ART's share of Gross Profit for each financial year. In the event ART's share of Gross Profit increases by more than 6.0% annually, the Manager will be entitled to an Additional Outperformance Fee of 1.0% of the difference between ART's share of that financial year's Gross Profit and 106.0% of ART's share of the preceding year's Gross Profit.

Trustee's fee

Under the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.021% per annum of the Property Values, subject to a minimum of S\$10,000 per month and a maximum of 0.1% per annum of the Property Values, excluding out-of-pocket expenses and GST. The Trustee's fee will be subject to review annually after the close of the Preferential Offering.

Professional fees, audit fees and other operating expenses

Professional fees include legal fees, secretarial fees and tax consultancy fees.

Other operating expenses comprise primarily trust expenses which include recurring operating expenses such as annual listing fees, registry fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and miscellaneous expenses. Exchange gains or losses were also classified under other operating expenses.

Interest expense

Interest expense is incurred in connection with the borrowings (see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness").

Revenue and Gross Profit Trends

The following table sets out details on the number of Apartment Units and the Revenue ⁽¹⁾ derived from each of the Properties for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005:-

Property	Financial year ended 31 December 2003			Financial year ended 31 December 2004			Financial year ended 31 December 2005		
	Number of Apartment Units	Revenue (S\$'million)	Percentage of aggregate Revenue of the Properties (%)	Number of Apartment Units	Revenue (S\$'million)	Percentage of aggregate Revenue of the Properties (%)	Number of Apartment Units	Revenue (S\$'million)	Percentage of aggregate Revenue of the Properties (%)
Somerset Liang Court Property	193	7.6	8.2	193	8.5	8.7	193	8.5	8.4
Somerset Grand Cairnhill	144	9.3	10.1	144	9.9	10.1	144	11.9	11.8
The Ascott, Jakarta	198	8.9	9.6	198	9.1	9.3	198	9.2	9.1
Somerset Grand Citra	206	9.0	9.7	206	9.6	9.8	203	9.6	9.5
Country Woods	251	4.0	4.3	251	3.9	4.0	251	3.7	3.7
Somerset Millennium	138	2.9	3.1	138	3.1	3.2	138	3.7	3.7
Somerset Salcedo Property	71	0.9	1.0	71	0.8	0.8	71	0.9	0.9
The Ascott, Beijing	272	18.0	19.5	272	20.8	21.3	272	20.3	20.1
Somerset Grand Fortune Garden Property	81	5.0	5.4	81	5.4	5.5	81	5.1	5.0
Somerset Xu Hui	167	6.3	6.8	167	6.1	6.2	167	7.4	7.3
Somerset Ho Chi Minh City	165	8.5	9.2	165	8.1	8.3	165	7.6	7.5
Somerset Grand Hanoi	185	12.1	13.1	185	12.5	12.8	185	13.2	13.0
Total	2,071	92.5	100.0	2,071	97.8	100.0	2,068	101.1	100.0

Notes:-

- (1) For those Properties that are owned directly by ART through the Trustee, namely the Somersset Liang Court Property and Somersset Grand Cairnhill, ART derives revenue directly from these Properties. For the remaining Properties, ART derives revenue from these Properties through the distribution of dividends from the Property Holdings Companies and Somersset FG which (except for Somersset FG) in turn receive dividends from the respective Property Companies, which own and derive revenue from the respective Properties. These Property Holding Companies and Property Companies distribute profits as dividends to their respective shareholders in accordance with joint venture agreements that have been entered into or upon approval by shareholders in accordance with their constitutive documents (see "Summary Property Statistics" for further information).

The following table sets out details on the number of Apartment Units and ART's Gross Profit derived from each of the Properties for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005:-

Property	Financial year ended 31 December 2003			Financial year ended 31 December 2004			Financial year ended 31 December 2005		
	Number of Apartment Units	Gross Profit (\$\$'million)	Percentage of the Properties (%)	Number of Apartment Units	Gross Profit (\$\$'million)	Percentage of the Properties (%)	Number of Apartment Units	Gross Profit (\$\$'million)	Percentage of the Properties (%)
Somerset Liang Court Property	193	3.3	8.1	193	3.5	7.7	193	2.8	6.0
Somerset Grand Cairnhill	144	4.9	12.0	144	5.3	11.6	144	6.2	13.3
The Ascott, Jakarta	198	4.0	9.8	198	3.7	8.1	198	4.0	8.5
Somerset Grand Citra	206	4.0	9.8	206	3.9	8.5	203	4.2	9.0
Country Woods	251	1.7	4.2	251	1.7	3.7	251	1.3	2.8
Somerset Millennium	138	0.3	0.7	138	0.6	1.3	138	1.0	2.1
Somerset Salcedo Property	71	0.8	2.0	71	0.7	1.5	71	0.6	1.3
The Ascott, Beijing	272	6.8	16.7	272	9.0	19.7	272	9.1	19.4
Somerset Grand Fortune Garden Property	81	2.5	6.1	81	3.0	6.6	81	2.9	6.2
Somerset Xu Hui	167	1.5	3.7	167	1.5	3.3	167	2.4	5.1
Somerset Ho Chi Minh City	165	5.0	12.2	165	5.0	10.9	165	4.3	9.2
Somerset Grand Hanoi	185	6.0	14.7	185	7.8	17.1	185	8.0	17.1
Total	2,071	40.8	100.0	2,071	45.7	100.0	2,068	46.8	100.0

REVPAU Trends

The following table sets out information on the average REVPAU of the Properties for the financial years ended 31 December 2003, 2004 and 2005:-

Property	Financial Year ended 31 December 2003		Financial Year ended 31 December 2004		Financial Year ended 31 December 2005	
	(S\$)	Foreign currency equivalent	(S\$)	Foreign currency equivalent	(S\$)	Foreign currency equivalent
Somerset Liang Court Property	106	–	117	–	124	–
Somerset Grand Cairnhill	109	–	118	–	150	–
The Ascott, Jakarta	109	US\$62	111	US\$65	112	US\$67
Somerset Grand Citra	115	US\$66	113	US\$67	117	US\$70
Country Woods	39	US\$22	38	US\$22	36	US\$22
Somerset Millennium	53	PHP 1,646	56	PHP 1,879	67	PHP 2,233
Somerset Salcedo Property ⁽¹⁾	33	PHP 1,100	33	PHP 1,100	33	PHP 1,100
The Ascott, Beijing	173	RMB 823	196	RMB 954	192	RMB 947
Somerset Grand Fortune Garden Property	157	RMB 747	164	RMB 798	155	RMB 764
Somerset Xu Hui	95	RMB 452	89	RMB 433	112	RMB 552
Somerset Ho Chi Minh City	139	US\$80	129	US\$76	123	US\$74
Somerset Grand Hanoi	110	US\$63	110	US\$65	117	US\$70
Weighted average by number of Apartment Units	106		110		115	

Notes:-

- (1) Under a contract of lease dated 11 October 2005 (the “Contract of Lease”) between AHHPI and Beccomax Property and Development Corporation, an unrelated third party (collectively, the “Lessors”) and Somerset Salcedo Makati, Inc. (“SSM Inc.”), the Lessors leased the Somerset Salcedo Makati to SSM Inc. for a period of five (5) years from 1 January 2005 (the “Initial Term”) for an aggregate rental income of approximately PHP 5.9 million per month. Of the approximate amount of PHP 5.9 million, AHHPI receives approximately PHP 2.4 million per month as rental income for the 71 Apartment Units and 71 parking lots in the Somerset Salcedo Makati leased to SSM Inc. corresponding to a REVPAU of S\$33 for the Initial Term of the Contract of Lease.

REVPAU Analysis

The improvement in REVPAU of ART’s portfolio from S\$106 in 2003 to S\$110 in FY2004 and S\$115 in FY2005 is a result of dedicated yield management through proactive and timely sales initiatives to benefit from the positive market conditions as well as the efforts of the SR Management Companies in enhancing the Properties through regular maintenance and refurbishments.

In Singapore, the REVPAU of Somerset Liang Court Property and Somerset Grand Cairnhill showed significant improvement. REVPAU for Somerset Liang Court Property increased from S\$106 in FY2003 to S\$117 in FY2004 and to S\$124 in FY2005. This represented increases of 10.4% and 6.0% in FY2004 and FY2005 respectively over their respective preceding years. Somerset Grand Cairnhill also saw a 8.3% improvement from S\$109 in FY2003 to S\$118 in FY2004, as well as an increase of 27.1% to S\$150 in FY2005. The higher REVPAU of these Properties was achieved as a result of increased demand for short to mid-term accommodation and was in-line with the economic growth in Singapore during the relevant periods. The Properties were also able to command higher rental rates due to the optimisation of tenants mix, as well as refurbishment done to the Properties. The recovery in the hospitality industry and return of business and leisure travellers to Singapore after the Severe Acute Respiratory Syndrome (“SARS”) outbreak in the first half of 2003 also helped contribute to the improved REVPAU in FY2004 and FY2005.

In Indonesia, the REVPAU of The Ascott, Jakarta improved by 4.8% from US\$62 in FY2003 to US\$65 in FY2004. In FY2005, the REVPAU also improved by 3.1% over the preceding financial year to US\$67. For Somerset Grand Citra, REVPAU was relatively unchanged in FY2003 and FY2004. However, it increased by 4.5% to US\$70 in FY2005. This was due to higher demand for short to mid-term accommodation where the Average Daily Rates were higher, as well as greater demand from expatriates who placed a greater emphasis on security against the backdrop of recent terrorist events in the country. The REVPAU of Country Woods remained unchanged at US\$22 from FY2003 to FY2005 as the rates were locked in for longer periods with 97% of the length of stay profile having a duration of more than 12 months.

In the Philippines, the REVPAU for Somerset Millennium improved by 14.2% and 18.8% in FY2004 and FY2005 respectively over their respective preceding years. The growth in REVPAU was attributed to the stabilising security environment in the Philippines and with increased number of business travellers.

In China, The Ascott, Beijing and Somerset Grand Fortune Garden Property had robust performances in FY2004, with REVPAU improving by 15.9% and 6.8% respectively over FY2003. This was mainly due to greater demand for accommodation as a result of increased number of business travellers due to the growing Chinese economy, relocation of expatriates, greater tourists arrival in Beijing, as well as strong brand recognition and growing brand loyalty from the increasing number of expatriate business travellers. In FY2005, REVPAU for The Ascott, Beijing dropped slightly by 0.7% while the decline of REVPAU for Somerset Grand Fortune Garden Property was 4.3%. This was mainly due to the lower budgets of a few key corporate clients. As for Somerset Xu Hui, REVPAU declined by 4.2% from RMB 452 in FY2003 to RMB 433 in FY2004 as the Property was partially affected by renovation works carried out in FY2004. However, after the completion of the renovation, Somerset Xu Hui was able to command higher rental rates with REVPAU increasing by 27.5% to RMB 552 in FY2005.

In Vietnam, REVPAU for Somerset Ho Chi Minh City decreased by 5.0% and 2.6% in FY2004 and FY2005 respectively over their respective preceding years due to disruptions caused by construction work in the vicinity of the Property. REVPAU for Somerset Grand Hanoi increased by 3.2% and 7.7% in FY2004 and FY2005 respectively over their respective preceding years due to increasing demand for its accommodation and was in-line with the economic growth in Vietnam. With an established track record for providing quality services and accommodation, the Manager believes that the two award-winning Properties in Vietnam will continue to lead the market in Average Daily Rate and occupancy.

Comparison for the Financial Years ended 31 December 2003, 2004 and 2005

Revenue

Revenue increased by 5.7% from S\$92.5 million in FY2003 to S\$97.8 million in FY2004. The higher revenue was contributed mainly by The Ascott, Beijing, the Somerset Liang Court Property, Somerset Grand Citra and Somerset Grand Cairnhill whose revenues increased by 15.6%, 11.8%, 6.7% and 6.5% respectively. The improved performances from The Ascott, Beijing and Somerset Grand Citra were due to improved REVPAU attributable to the growing economy in China and increased demand for better security accommodation in Jakarta. In respect of the Somerset Liang Court Property and Somerset Grand Cairnhill, the increase was due to improved occupancy and rental rates in FY2004 as the hospitality industry in Singapore recovered from the effects of the outbreak of SARS which inflicted the region in the first half of 2003. The improved performances from these four Properties helped to off-set a decrease of 4.7% in revenue in Somerset Ho Chi Minh City which was affected by construction work in the vicinity.

In FY2005, the revenue generated was S\$101.1 million, representing an increase of 3.4% over FY2004. The higher revenue was contributed mainly by Somerset Grand Cairnhill and Somerset Xu Hui whose revenues increased by 20.2% and 21.3% respectively. Both Properties were able to command higher rental rates in FY2005 due to proactive yield enhancement initiatives such as refurbishment which was carried out in FY2004 and FY2005, as well as marketing tie-ups with credit card companies.

Rental revenue

Revenue from the rental of Apartment Units as well as retail and office spaces for FY2003, FY2004 and FY2005 was S\$83.2 million, S\$89.3 million and S\$92.5 million respectively. This translated to an improvement of 7.3% from FY2003 to FY2004, mainly attributable to The Ascott, Beijing, the Somerset Liang Court Property, Somerset Grand Cairnhill and Somerset Grand Citra as discussed above. From FY2004 to FY2005, rental revenue was higher by 3.6% which was contributed mainly by Somerset Grand Cairnhill and Somerset Xu Hui.

Car park income

Car park income for FY2003, FY2004 and FY2005 was S\$1.5 million, S\$1.5 million and S\$1.9 million respectively. The improvement of S\$0.4 million in FY2005 was primarily attributed to the car park facilities in Somerset Grand Cairnhill where an agreement was entered into with a new car park operator in June 2005 on favourable terms. In addition, the SR Management Company managing Somerset Grand Cairnhill had worked closely with the external car park operator to improve the yield from the car park through advertising and promotion, as well as more prominent signages to increase awareness of drivers passing by the car park.

Hospitality income and other income

The hospitality income and other income in FY2003, FY2004 and FY2005 was S\$7.8 million, S\$7.0 million and S\$6.7 million respectively. The decreasing trends was mainly attributable to lower food and beverage income as these were gradually outsourced, as well as lower telephone income as a result of higher usage of own mobile phones by short-term stayers.

Direct Expenses

(a) Staff costs

Staff costs in FY2003, FY2004 and FY2005 was S\$12.2 million, S\$12.6 million and S\$13.8 million respectively. This translated to an increase of 3.3% from FY2003 to FY2004 and 9.5% from FY2004 to FY2005. The increases were mainly due to rising wages in China and Vietnam, collective labour agreement and annual legislated minimum wage increment in Indonesia, general inflation, as well as higher headcount, to cater to increased business activities.

(b) Operation and maintenance expense

Operation and maintenance expenses increased marginally by 1.7% from S\$12.0 million in FY2003 to S\$12.2 million in FY2004. This was in tandem with higher occupancies in most of the Properties. For FY2005, the operation and maintenance expense was S\$13.3 million, a more significant increase of 9.0% over FY2004. Besides higher housekeeping and cleaning expenses which were in tandem with higher occupancies, there were also marked increases in security expenses as well as electricity and utility charges. Security measures were stepped up in most of the Properties due to the heightened security situation, especially with the London and Bali bombings in 2005. The increase in electricity and utility charges was due to rising oil prices and higher demand of electricity and water in certain countries.

(c) Marketing and selling expenses

Marketing and selling expenses remained relatively stable at S\$1.7 million, S\$1.8 million and S\$1.6 million respectively for FY2003, FY2004 and FY2005. The SR Management Companies were able to maintain the marketing and selling expenses and yet, improved revenue through more innovative marketing initiatives. This can be shown by the decrease in the percentage of marketing and selling expenses over revenue from 1.8% in FY2003 to 1.6% in FY2005.

(d) Property Tax

The property tax in FY2003 of S\$2.8 million was relatively lower compared to S\$4.1 million in FY2004 and S\$3.9 million in FY2005. This was mainly due to a property tax rebate of RMB 4.6 million (equivalent to approximately S\$1.0 million) given to The Ascott, Beijing for the year 2001 as it had only opened during 2001. The property tax rebate was only finalised by the Beijing authorities in FY2003 and accounted for in FY2003. For FY2005, the property tax was S\$3.9 million, representing a decrease of 4.9% from FY2004.

(e) **Serviced Residence Management Fees**

Serviced residence management fees in FY2003, FY2004 and FY2005 was S\$6.9 million, S\$7.4 million and S\$7.8 million respectively. The increases were in-line with the higher revenue and gross operating profit of the Properties over the relevant periods.

(f) **Depreciation**

Depreciation in FY2003 amounting to S\$6.9 million was higher than FY2004 and FY2005 due to a change in the useful life of motor vehicles and equipment from FY2004 onwards from five to seven years for The Ascott, Beijing. In addition, a higher quantum of furniture, fittings and equipment in Someset Grand Hanoi had also been fully depreciated in FY2003. In FY2004 and FY2005, the depreciation expenses remained steady at S\$3.9 million and S\$3.8 million respectively.

(g) **Other Direct Expenses**

Other direct expenses increased by 7.5% from S\$9.3 million in FY2003 to S\$10.0 million in FY2004. This was mainly due to higher business tax incurred by The Ascott, Beijing in 2004, consistent with the better performance of the property in FY2004. In addition, the 2003 business tax included a rebate of RMB1.6 million (approximately S\$0.3 million) granted by the Beijing authorities. For FY2005, the other direct expenses remained stable at S\$10.1 million.

Interest expense

Interest expenses was S\$11.6 million, S\$12.2 million and S\$12.0 million in FY2003, FY2004 and FY2005 respectively. This represented an increase of 5.2% from FY2003 to FY2004 which was primarily due to the interest rates hikes for US\$ borrowings.

Manager's Management Fees

The Manager's Management Fees was S\$4.0 million, S\$4.1 million and S\$4.2 million in FY2003, FY2004 and FY2005 respectively. This included a Base Fee of 0.3% per annum of the Property Values and Base Performance Fee of 4.0% per annum of ART's share of Gross Profit for each financial year. In addition, there was an Additional Outperformance Fee of S\$21,000 for 2004 as ART's share of the Gross Profit for the financial year ended 31 December 2004 increased by 12.2% over FY2003 and this exceeded the 6% threshold for the Additional Outperformance Fee to be paid.

Trustee's fee

The Trustee's fee remained steady at S\$0.1 million for FY2003, FY2004 and FY2005 as the portfolio remained unchanged and the fees were computed based on the acquired values by ART.

Professional fees, audit fees and other operating expenses

Professional fees was S\$0.3 million in FY2003 and it decreased over the next two financial years to S\$0.2 million in FY2005. This was mainly attributable to reduced legal and tax consultancy fees incurred as the SR Management Companies' knowledge of the legal and taxation framework in the different jurisdictions in which the Properties operate increased with the passing of time and experience gained in managing the Properties in the different jurisdictions.

Audit fees also decreased yearly from FY2003 to FY2005. This was generally the result of lower fees negotiated with the auditors.

Other operating expenses fluctuated from S\$0.1 million in FY2003 to S\$1.4 million in FY2004 to a gain of S\$0.4 million in FY2005 due mainly to exchange gains or losses. Although the other trust expenses such as annual listing fees, registry fees and valuation fees remained fairly constant, there was an exchange gain of S\$0.7 million in FY2003, an exchange of loss of S\$0.4 million in FY2004 and an exchange gain of S\$1.0 million in FY2005. The exchange gains or losses mainly related to the translation of inter-company loans which were in foreign currencies, as well as the effects of the unpegging of RMB in FY2005.

Indebtedness

ART has put in place multi-currency revolving credit facilities from Oversea-Chinese Banking Corporation Limited (“OCBC”) and United Overseas Bank Limited (“UOB”) for an aggregate amount of S\$240.0 million for a tenor of five (5) years (the “Facilities”). The Facilities are floating rate facilities with an option for ART to fix the interest rate for the duration of the Facilities. As security for payments in connection with the Facilities, the Singapore Properties have been mortgaged to the two banks. Apartment rental proceeds and insurances in respect of the Singapore Properties have been assigned and the shares of the Property Holding Company in relation to a Property located in China (the “China Property”) have been pledged to the banks. The shares of the Property Company of the China Property will also be pledged in the future. In addition, a negative pledge on the China Property will also be provided to the two banks.

An amount of S\$110.1 million of the Facilities was drawn down on the completion of the acquisition of the Singapore Properties to partially fund the acquisition of these Properties and to be advanced as shareholder’s loans to a Property Holding Company and a Property Company in relation to two Properties located in China for these companies to repay their existing loans. ART intends to refinance an existing loan of a Property Company in China amounting to US\$66.3 million and if necessary, to adopt a suitable hedging strategy. The balance of the Facilities will be used to meet the short-term working capital needs of ART. ART has the option to fix the interest rate for five years.

ART’s two Vietnam Properties, Somerset Ho Chi Minh City and Somerset Grand Hanoi, currently have outstanding loans in the aggregate amount of US\$27.7 million. They will put in place new US dollar denominated term loan facilities in the aggregate amount of US\$36.0 million (equivalent to approximately S\$60.9 million based on exchange rate of US\$1: S\$1.6920), from UOB, for a term of five years. An aggregate amount of US\$27.7 million (equivalent to approximately S\$46.9 million based on exchange rate of US\$1: S\$1.6920) of the new loan facilities will be drawn down subsequent to the completion of the acquisition of its Property Holding Companies, Ascott Residences and Burton Engineering, to refinance the existing loans in the Vietnam Properties. The interest rates for 73.0% of these loans will be fixed for five years. The balance 27.0% will remain on a floating basis to be in-line with the instalment repayment of the loans. As security for the payment of these facilities, the land and buildings and other fixed assets located on the Vietnam Properties will be mortgaged to the bank. ART will give a proportionate guarantee to the bank, based on its effective interest in the Properties. The provision of a guarantee by ART, would save significant interest expense for the Vietnam Properties and hence improve distribution of cash dividends to ART.

As at the Listing Date, ART will have an initial proportionate share of the indebtedness of approximately S\$261.8 million, representing approximately 29.5% of the proportionate share of its Deposited Property, based on the unaudited pro forma consolidated balance sheet as at 31 December 2005. At this gearing level, the Manager believes that ART will have flexibility in respect of future capital expenditure or acquisitions. Based on a 35.0% gearing limit, ART has additional funding capacity of approximately S\$49.0 million.

(see “Strategy – Capital and Risk management Strategy” for further details).

Liquidity and Capital Resources

The principal sources of funding for improvement works for the Properties have been cash flow from operations and bank borrowings.

Net cash from operations will be ART’s primary source of liquidity for funding distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure.

Taking into account the Facilities, the Manager is of the opinion that ART’s working capital is sufficient for its present requirements.

The cash flows from operating activities for FY2005 amounted to S\$46.1 million. This was sufficient to cover interest payment of S\$12.0 million, distribution to Unitholders amounting to S\$26.8 million as well as the purchase of plant and equipment amounting to S\$4.5 million.

Accounting Policies

For a discussion of the principal accounting policies of ART, please see Appendix III, “Independent Accountants’ Report on the Unaudited Pro Forma Consolidated Financial Information”.

STRATEGY

The Manager's principal investment strategy is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences or rental housing properties in the Pan-Asian Region. The initial portfolio of ART will comprise the 12 Properties which are located in five different jurisdictions (Singapore, Indonesia, the Philippines, China and Vietnam). ART's investment strategy is regional in scope and the Manager envisages investments across the Pan-Asian Region. The Manager will make such investments only if it considers these investments to be yield-accretive after taking into account other relevant factors such as regulatory, commercial and political. These investments may be by way of direct property ownership or indirectly through the ownership of legal entities that own these properties.

The Manager intends to implement the investment strategy of ART in accordance with the following guidelines:-

- Investment portfolio primarily comprising real estate used mainly as serviced residences or rental housing properties (including investments in real estate related assets and/or other related value-enhancing assets or instruments);
- Investments will be made, depending on investment opportunities and conditions, in Singapore and in the Pan-Asian Region; and
- Investments will generally be for the long-term.

The Manager will implement the principal investment strategy of ART in accordance with the Property Funds Guidelines, the Trust Deed and any other applicable laws.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for ART will be adhered to for at least three years following the Listing Date, unless otherwise agreed by Unitholders by Extraordinary Resolution in a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Key Objectives

The key objectives of the Manager are to deliver stable and growing distributions to Unitholders in order to provide Unitholders with a competitive rate of return for their investment. The Manager plans to achieve these key objectives through the following strategies:-

- **Active Management of Assets.** Actively managing ART's property portfolio to maximise returns from the property portfolio;
- **Growth by Acquisition.** Selectively acquiring properties that meet the Manager's investment criteria; and
- **Capital and Risk Management.** Employing appropriate capital financing and hedging strategies to manage fluctuation risks in interest rates and foreign exchange risks.

Active Asset Management Strategy

The Manager intends to maximise the overall financial performance of ART's property portfolio by focusing on the performance of each Property.

The Manager will monitor operating results of each year against comparable industry benchmarks as well as against the prior year's results and planned budgets of each Property, in an effort to create a focused, profit-oriented approach to the operation of each Property. The Manager intends to conduct detailed diagnostic reviews of Properties that are not achieving their targets, and will work closely with the SR Management Companies to develop corresponding action plans tailored to improve the operating performance of each of these Properties.

The Manager also intends to work closely with the SR Management Companies in its growth programme for each Property. The SR Management Companies intend to implement a programme to actively manage the Properties in order to generate organic growth and enhance existing strong relationships with key guests through the provision of value-added property related services. In particular, the Manager will, through the SR Management Companies, seek to achieve the optimal occupancy levels and Average Daily Rates and minimise associated interruptions in REVPAU, as well as costs associated with marketing and licensing the serviced residences and/or rental housing properties.

Develop yield management and marketing strategies to maximise REVPAU

The enhancement of the profitability of ART's portfolio depends primarily on the maximisation of REVPAU. Yield management strategies designed to maximise REVPAU include:-

- assessing and adjusting apartment rental rates based on occupancy levels and demand to achieve optimal occupancy rates of each Property and Revenue growth opportunities; and
- determining the appropriate balance between more profitable short-stays and stability of Revenue from longer-staying guests.

The Manager will work closely with the SR Management Companies to continue to establish and develop relationships with global key accounts through the Ascott Group's larger network to enhance ART's Revenue and profitability.

In particular, the SR Management Companies will introduce innovative marketing concepts in order to strengthen brand equity and increase brand recognition and loyalty. Such marketing concepts include:-

- collaborating with key partners to increase visibility of the Properties by participating in global promotional programmes such as the Citibank World Privileges, Visa Business Offers and the Singapore Airlines' Krisflyer programme. The Krisflyer programme for instance, rewards guests with Krisflyer miles for each night of stay at the participating Properties to encourage loyalty among longer-staying guests;
- introducing an enhanced Customer Relationship Management (CRM) system and a global cross-selling platform where staff of the Properties are able to pursue sales leads and negotiate sales across regions through the Internet. This platform is capable of tracking client contact history, storing corporate contacts and activating follow-up actions by the appropriate staff;
- introducing a Heartware campaign to inculcate the Ascott Group brand values and culture amongst the frontline staff so as to motivate them to go the extra mile when serving the customers. Stories of exemplary service delivery are published in the Ascott Group newsletters and winners from across the SR Management Companies are selected and rewarded annually; and
- carrying out our regular resident programmes at the various Properties to foster a sense of communal living in the serviced residences and to allow the residents to interact amongst themselves and with the staff of the SR Management Companies. These programmes also allow the staff to develop a closer rapport with the guests and to obtain first-hand feedback from them.

Improve operating efficiencies and economies of scale

The Manager will work closely with the SR Management Companies to minimise Direct Expenses without compromising on quality of services.

Some of the areas identified for cost management include direct marketing of serviced residences as well as retail and office spaces to prospective tenants in order to reduce commission expenses. By minimising operating expenses, the Manager aims to work with the SR Management Companies to further increase Gross Profit.

The Manager and the SR Management Companies believe that there are further avenues to increase cost savings by identifying synergies across the ART portfolio and leveraging on the size of the Ascott Group's portfolio to achieve economies of scale, for instance through the bulk purchases of supplies and by the centralisation of key functions such as finance and procurement for the Properties located within the same city or region. Other areas identified for cost management include expanding the management responsibilities of general/residence managers to include different Properties located within the same country or region and utilising the Ascott Group's existing proprietary information systems and infrastructure and accounting systems to increase operating efficiencies.

The SR Management Companies have also successfully demonstrated their ability to identify and capitalise on opportunities to enhance and improve the operating performance of the Properties. For instance, they worked together on the planning and execution of the enhancement programme of Somerset Grand Hanoi which took place from January 2004 to September 2005 pursuant to which its finance office and back-of-house office were moved to the basement car park and resulted in an increase in retail and office rental space by 826 sq m. These additional rental spaces are currently all leased out, generating an additional revenue stream from this Property.

Continually maintain quality of portfolio

The Manager will work closely with the SR Management Companies to enhance the assets of ART through upgradings, refurbishments and reconfigurations of the Properties in order to achieve a higher level of guest satisfaction by improving the physical conditions and ambience of, and facilities in the Properties and service levels. Such enhancement strategies include:-

- constant evaluation of opportunities to enhance the Properties;
- repositioning the Properties by adjusting marketing strategies, service levels and pricing to better match the demand characteristics of particular market segments;
- undertaking capital upgrading programmes to enhance the performance and competitiveness of the Properties; and
- capital improvements such as renovation of public and common areas, upgrading of Apartment Units, reconfiguration of space in selected areas and complete redevelopment of the Properties.

For example, several of the Properties provide CCTV surveillance, 24-hour reception and spa facilities for the security and comfort of the guests. Further, most of the Apartment Units of the Properties have been equipped with en-suite broadband access, IDD telephone with voice mail facility, electronic safe and home entertainment system with cable television to keep up with changing technology and evolving client needs.

Acquisition Growth Strategy

The Manager intends to explore investment opportunities principally in the Pan-Asian Region to leverage on the increasing popularity of serviced residences as an alternative accommodation concept arising from the increasing trend in business travel into Asia, an increasing preference of corporate and business executives for home-styled accommodations for extended stays and the increasing levels of foreign direct investments in Asian economies.

The Pan-Asian Region is expected to continue to deliver robust economic performance, facilitated by strengthening foreign investments and sustained growth in domestic demand from increasingly prosperous communities (see Appendix VI, "Independent Serviced Residences Market Overview Report").

The Manager has developed an acquisition strategy to aggressively grow the portfolio size and diversification of ART.

The Manager will pursue acquisitions of suitable assets from third parties in accordance with the acquisition criteria set out below. The Manager believes that it is able to secure from the open market attractive and yield-accretive acquisition opportunities for ART due to:-

- the rapid growth in demand for extended-stay accommodation in the Pan-Asian Region, particularly in rapidly growing markets such as China;
- its ability and experience to identify and adapt well-located residential buildings into serviced residences and rental housing properties. The barriers to entry in the serviced residence sector predominantly come through expertise in identifying suitable properties, efficient management systems and more importantly, brand equity, key criteria which the SR Management Companies possess; and
- limited competition from international operators in the serviced residence sector in Asia.

In addition, the Manager has devised a multi-pronged acquisition strategy for ART relating to the right of first refusal granted to ART by Ascott, the largest serviced residence operator in the Pan-Asian Region. Ascott has granted ART a right of first refusal over future sales of properties by any Ascott Entity that are used, or predominantly used, as serviced residences or as rental housing properties in the Pan-Asian Region (including those under “The Ascott”, “Somerset” and “Citadines” brands) and serviced residences or rental housing properties offered to any Ascott Entity from the Listing Date (for so long as the Manager remains the manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager) (see “Certain Agreements Relating to ART and the Properties – Right of First Refusal” for further details). Leveraging on this strategy, the Manager is confident of sourcing yield-accretive, attractive and suitable acquisitions within the Ascott Group’s immediate network of relationships. ART will pursue the following acquisition opportunity sets which underpin this strategy:-

- **Acquisition of Pan-Asian assets owned wholly or in part by the Ascott Group but are not included in ART at the time of listing**

As the sponsor and the holding company of the Manager, Ascott intends to support ART in its acquisition strategy. For assets with good long-term income and growth potential but which are currently unavailable for acquisition by ART for reasons such as timing, regulatory or contractual limitations or any other factor which makes them unavailable for immediate acquisition by ART, Ascott has the capacity to consider acquiring (the remaining interest that it does not currently own), incubating and enhancing such assets itself with the view of subsequently offering the assets to ART at the appropriate time.

After the listing of ART, the Ascott Group will retain whole or partial ownership of 11 serviced residence assets valued at approximately S\$500 million and comprising approximately 1,500 apartments units in eight cities across Asia. These assets, which are highly complementary to ART’s portfolio, were not incorporated into ART at the time of listing for various reasons set out above. The Ascott Group intends to offer these assets to ART as and when the relevant issues are resolved.

Going forward, with the Ascott Group focused on managing and incubating assets, it will proactively seek and has the capacity to acquire, incubate and enhance newly identified assets “on balance sheet” with a view of subsequently offering such assets to ART at the appropriate time to support ART in its acquisition growth strategy.

- **Acquisition of serviced residence assets currently managed and/or leased but not owned by the Ascott Group**

In addition to managing ART’s initial portfolio, the Ascott Group currently also operates and/or manages for third parties 45 properties comprising more than 6,000 apartment units across 20 cities in the Pan-Asian Region. The Manager believes that these assets have an estimated combined value of approximately S\$2.0 billion and are complementary to ART’s current portfolio.

The majority of the properties under the Ascott Group's management are each owned by separate owners. Where appropriate opportunities arise, ART would be able to leverage on the Ascott Group's knowledge and network of relationships to acquire these assets and offer the owners an exit mechanism to monetise their holdings of the assets.

The Manager believes that these factors give ART a competitive advantage in seeking acquisitions within this portfolio as and when they may become available for sale. The Manager will seek to acquire selected assets from this portfolio on behalf of ART.

- **Acquisition of the Ascott Group's properties to be developed in future**

The Ascott Group has a stable of properties, following completion, for potential future acquisition by ART as serviced residences or rental housing properties, comprising properties to be developed by the Ascott Group (either by itself, its subsidiaries and/or through joint venture entities with other parties) in Singapore and elsewhere in the Pan-Asian Region.

The Ascott Group has demonstrated successfully its ability to source, acquire and redevelop assets. These include the acquisition and conversion of The Ascott, Beijing and The Ascott Sathorn in Bangkok, Thailand. The Ascott, Beijing and The Ascott Sathorn were initially developed as Grade B residential and office buildings respectively. Upon the acquisition of these properties, the Ascott Group successfully converted them into quality serviced residences.

The capital raising associated with the Preferential Offering also provides the Ascott Group with financial capacity to acquire, develop and incubate assets.

- **Acquisitions by leveraging on strategic relationship with the CapitaLand Group**

ART also enjoys support from its major Unitholder, CapitaLand. CapitaLand is one of the largest listed property companies in Asia. The Manager intends to explore opportunities where it may tap on CapitaLand's expertise, experience and knowledge in real estate investments to source for potential acquisitions for injection into ART.

The management of the Manager and the SR Management Companies have a track record of successfully sourcing and executing real estate acquisitions, and have been actively involved in such acquisitions. The Manager also intends to leverage on the extensive experience and contacts of these executive officers within the serviced residence markets in Asia, to source, originate, and structure deals (see "The Manager and Corporate Governance – Executive Officers of the Manager").

In evaluating future acquisition opportunities, the Manager will have regard to the following criteria:-

- *Yield thresholds*

To acquire properties or make investments with yields that are currently or have the potential to be above ART's cost of capital and which are expected to maintain or enhance returns to Unitholders.

- *Location*

To assess properties in terms of their micro-market locations as well as convenient access to major roads and public transportation.

- *Local market characteristics*

To acquire properties in markets enjoying strong economic growth and expanding cross-border business investments and trade. Key considerations are the levels of foreign direct investment, business travel (including intra business travel) and resulting demand for serviced residences or rental housing properties.

- *Value-creation opportunities*

To acquire properties with opportunities for increase in occupancy rates and Average Daily Rates and enhancement of value through active asset management. The potential for adding value through selective renovations or other enhancements will also be assessed.

- *Building and facilities specifications including management of serviced residences*

To acquire properties with due consideration to building specifications, compliance with legal and zoning regulations as well as the size and age of the buildings.

The Manager currently anticipates that a serviced residence would have achieved stable operating statistics and cash flows before ART would consider the acquisition of such serviced residence.

The Manager will generally hold its properties on a long-term basis. However, where the Manager considers that any property in the property portfolio of ART has reached a stage that offers only limited scope for growth, the Manager may recommend divesting the property and using the proceeds for investments in other properties that meet its investment criteria.

Capital and Risk Management Strategy

The Manager aims to optimise ART's capital structure and cost of capital within the borrowing limits set out in the Property Funds Guidelines and intends to use a combination of debt and equity to fund future acquisitions and asset enhancement projects.

The objectives of the Manager in relation to capital and risk management are to:-

- maintain a strong balance sheet by adopting and maintaining a target gearing ratio;
- secure diversified funding sources from both financial institutions and capital markets as ART continually evaluates regional expansion and acquisition opportunities;
- adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and
- manage the foreign exchange exposure through hedging, where appropriate.

By doing so, the Manager believes that ART will be able to maximise Unitholders' returns while maintaining flexibility for future capital expenditure or acquisitions.

The key aspects of capital and risk management are as follows:-

Maintain strong balance sheet by adopting and maintaining a target gearing ratio

The Manager aims to maintain gearing comfortably within borrowing limits allowable under the Property Funds Guidelines. Further, by achieving the right combination of debt and equity, the Manager will be able to minimise cost of capital and maximise returns to Unitholders. ART will have an initial gearing of 29.5% as at the Listing Date computed based on ART's share of aggregate borrowings of ART and its subsidiaries amounting to S\$261.8 million which will be drawn down as at the Listing Date.

Secure diversified funding sources from both financial institutions and capital markets

To finance future acquisitions and refurbishments of properties, in addition to bank borrowings, the Manager will consider accessing the public debt capital markets through the issuance of bonds and notes to diversify its source of funding. The public debt markets could also be accessed for refinancing existing bank loans as it provides ART with the ability to secure longer term funding options in a more cost efficient manner.

In addition to its debt strategy, the Manager intends to capitalise on opportunities to raise additional equity capital for ART through the issue of additional Units, if ART has an appropriate use for such proceeds.

Adopt proactive interest rate management strategy

The Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on the loan facilities while also seeking to ensure that ART's ongoing cost of debt capital remains competitive.

To reduce ART's exposure to interest rate volatility, the Manager will lock in the interest rates at a fixed rate basis for five years of ART's initial indebtedness as follows:-

- an amount of S\$110.1 million drawn down under the Facilities; and
- the amount utilised or to be utilised pursuant to the Facilities to refinance an existing loan of a Property Company in China amounting to US\$66.3 million.

73.0% of its Vietnam subsidiaries' borrowings (ART's share amounting to US\$15.2 million, equivalent to S\$25.7 million based on exchange rate of US\$1: S\$1.6920) will be locked in at a fixed rate basis for five years. The balance 27.0% of the subsidiaries' borrowings will remain on a floating basis to be in-line with the instalment repayment of the loan.

For future borrowings to finance acquisitions and capital expenditure, the Manager intends to adopt an appropriate fixed versus floating interest rate profile.

Manage exposure to foreign exchange

ART has 70.6% of its Deposited Property in a number of countries in the Pan-Asian Region outside Singapore. The (i) cash flows generated by these assets and (ii) capital values of these assets will be subjected to foreign exchange movements.

The Manager will focus on managing the volatility of foreign currency cash flow from overseas assets. For the Properties located in China, a majority of the revenue and operating expenses is denominated in RMB. For the Properties located in Indonesia, the Philippines and Vietnam, a majority of the revenue is denominated in US\$ while the operating expenses are in local currencies in view of the volatility of these local currencies as compared to US\$. The foreign exchange risks associated in remitting RMB and US\$ to Singapore for distribution will be monitored and the Manager may, to the extent feasible, hedge this currency risk (see "Profit Forecast and Profit Projection – Sensitivity Analysis" on the effect of variations in these two foreign exchange rates on the distribution yield).

In managing the currency risks associated with the capital values of the overseas assets, the Manager will as far as possible adopt a natural hedge strategy by borrowing in the same currency as the underlying asset.

BUSINESS AND PROPERTIES

Overview

ART is a Singapore-based real estate investment trust 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 or rental housing properties in the Pan-Asian Region. Its initial asset portfolio comprises serviced residences and a rental housing property located in Singapore, Indonesia, the Philippines, China and Vietnam which may be held directly or indirectly through the Property Companies (or other companies whose primary purpose is to hold or own real properties).

The Manager aims to produce attractive total returns to Unitholders by, among other things:-

- (a) actively managing ART's property portfolio to maximise returns from the property portfolio;
- (b) acquiring properties that meet the Manager's investment criteria; and
- (c) employing appropriate capital financing and hedging strategies to manage fluctuation risks in interest rates and foreign exchange risks.

ART's initial property portfolio will comprise the following properties which will be held directly or through the ownership of shares in the Property Holding Companies and Somerset FG:-

- **Singapore** – Somerset Liang Court Property and Somerset Grand Cairnhill;
- **Indonesia** – The Ascott, Jakarta, Somerset Grand Citra and Country Woods;
- **The Philippines** – Somerset Millennium and Somerset Salcedo Property;
- **China** – The Ascott, Beijing, Somerset Grand Fortune Garden Property and Somerset Xu Hui; and
- **Vietnam** – Somerset Ho Chi Minh City and Somerset Grand Hanoi.

These serviced residences (excluding Country Woods which is a rental housing property) operate under the luxury-tier "The Ascott" and upper-tier "Somerset" brands and are among the world's leading serviced residence chains. Each of these Properties provides fully-equipped kitchens, separate dining areas and spacious living areas and is strategically located within or in close proximity to the central business districts of the countries in which they are located. They are easily accessible to guests via public transportation (with various subway stations being within walking distance), taxis and buses. They also provide guests with a wide variety of dining and entertainment options with restaurants and entertainment facilities located in close proximity to the Properties.

Each of the Properties is owned and operated (save for the Somerset Salcedo Property which is operated by Somerset Salcedo Makati Inc, a subsidiary of the Sponsor, and the Singapore Properties which are owned directly by ART) by the Property Companies which are subsidiaries of ART. In addition to undertaking the day-to-day operations relating to the Properties, the Property Companies provide a limited range of housekeeping, reception, front office and security services for several of the Properties, while the provision of some of these services for the other Properties are outsourced to third party service providers. For the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005, the provision of such services accounted for approximately 7.9%, 7.3% and 7.4% of ART's operating expenses respectively. Other services such as food and beverage and laundry services are largely outsourced to third party service providers. Ascott Holdings has agreed to indemnify ART and/or any of the Property Companies (the "Indemnified Parties") for any claims, damages and/or losses that may be suffered by any of the Indemnified Parties in connection with the provision of these services by the Property Companies and any wrongful dismissal of the employees of the Property Companies (see "Related Party Transactions – Other Related Party Transactions").

Together, the Properties have an aggregate number of 2,068 Apartment Units as at 31 December 2005. For the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005, the Properties generated a Gross Profit of S\$40.8 million, S\$45.7 million and S\$46.9 million respectively.

For the financial year ended 31 December 2005, the Properties had an Average Occupancy Rate of 82.2% across the portfolio, reflecting the quality of ART's initial portfolio of properties.

The Ascott, Jakarta, Somerset Grand Citra, Country Woods, Somerset Millennium, Somerset Salcedo Property, The Ascott, Beijing, Somerset Grand Fortune Garden Property, Somerset Xu Hui, Somerset Ho Chi Minh City and Somerset Grand Hanoi are held by the Property Companies. On 20 January 2006, the Trustee, as trustee for ART, entered into the Share Sale and Purchase Agreements with the Vendor Companies relating to the sale of shares in the Property Holding Company and Somerset FG to the Trustee.

On 20 January 2006, the Trustee, as trustee for ART, entered into the Singapore Property Put and Call Option Agreements (each as amended by a supplemental deed dated 1 March 2006) with the Property Vendor Companies to purchase the Singapore Properties. Pursuant to the exercise of the options, the Trustee entered into the Property Sale and Purchase Agreements and completed the acquisition of the Singapore Properties on the same date (see "Certain Agreements Relating to ART – Description of the Agreements to Acquire the Properties").

Existing and Future Competition

The Pan-Asian serviced residence sector is competitive. Each of the Properties is located in an area that may include other branded and non-branded serviced residences, rental housing properties, hotels or guest houses owned or managed by third parties. The Manager believes that some of ART's key competitors in the serviced residence sector in the Pan-Asian Region are serviced residences operating under the "Oakwood" and "Fraser" brands as well as international hotel chains such as Four Seasons, Marriott and the Shangri La. Several of these operators have announced plans to increase their number of units available for occupation in key cities such as Beijing and Shanghai in-line with the increasing demand for such accommodation in these cities. The Properties owned by ART will compete with such accommodation which are existing or which may be developed in the future. The principal factors on which ART competes are brand recognition, location, rental rates, quality of the accommodation and consistency of the high standards of services provided. The Manager is not aware, to the best of its knowledge, that there are any other branded serviced residence operators with a presence in all the cities in the Pan-Asian Region in which the Properties are situated.

Competitive Strengths of the Properties

The Manager is of the opinion that the Properties enjoy the following competitive strengths:-

- *Strategic locations*

Most of the Properties are conveniently located within or in close proximity to the local prime business districts in their respective micro-markets and enjoy high levels of connectivity via public transportation. Each of the Properties is easily accessible by roads and is well-served by public transport facilities.

- *Strong brand recognition*

ART owns 11 serviced residences in the Pan-Asian Region that are under the luxury-tier "The Ascott" and upper tier "Somerset" brands, both of which are among the world's leading serviced residence chains. Due to this strong branding, we believe that the serviced residences under "The Ascott" and "Somerset" brands are recognised globally and are a desired choice of accommodation for corporate executives and travellers seeking accommodation for extended-stays.

The Ascott Group's serviced residences under the luxury-tier brand "The Ascott" project an elegant and luxurious lifestyle that is appealing to top executives while those under its upper-tier brand "Somerset" offer stylish and contemporary living for senior and upper management executives. As a testament to its quality accommodation and services, the Ascott Group and its properties have won various awards of excellence.

- *Operational synergies with the Ascott Group*

The Ascott Group operates on a large scale in Asia, which enhances its ability to attract talent, develop management systems and achieve economies of scale not available to certain of its competitors. All owners of properties managed by the Ascott Group, which include ART, benefit from a full range of corporate services, including human resources, corporate sales and marketing, corporate advertising, central reservations system, global sales network, centralised purchasing, building system maintenance and financial administration which are not available to independent owners.

Through its synergistic partnership with the Ascott Group, ART will be able to further leverage on the Ascott Group's competitive advantages in the market through the Ascott Group's ability to develop, invest, operate and manage serviced residences and rental housing properties across the Pan-Asian Region.

- *Flexible business model*

The serviced residences business is a flexible business model that provides short to long-term accommodation. The longer lease/licence profile of serviced residences provides certainty and stability to the revenue of the Properties while the shorter licences provide higher operating margins. A significant proportion of the committed leases/licences of the Properties as at 30 November 2005 extends six months from 30 November 2005 and this provides greater certainty and stability in mid-term revenue for ART.

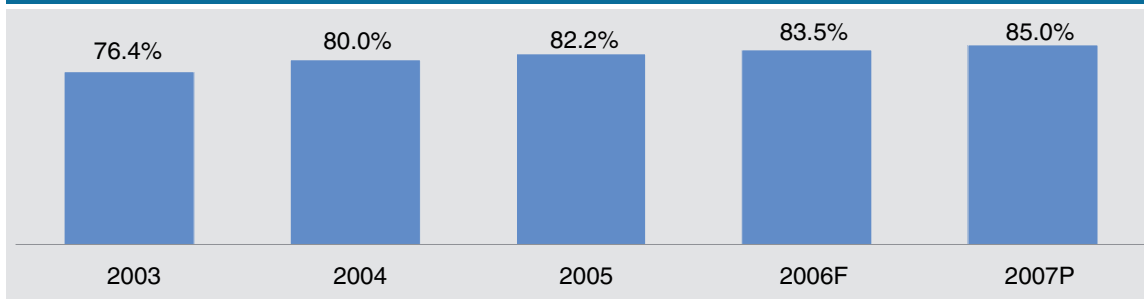
- *Strong guest base and geographical diversification*

The Properties' guest base comprises expatriate families, business travellers, corporate clients and government bodies which provides relative stability to the revenue of the Properties by limiting reliance on any particular group of clients. The Properties are located in five different countries within the Pan-Asian Region, which the Directors of the Manager believe, reduces dependence of ART's revenue on any particular market. The Properties also have a group of quality corporate clients who ensures a diversified and stable source of revenue for the Properties.

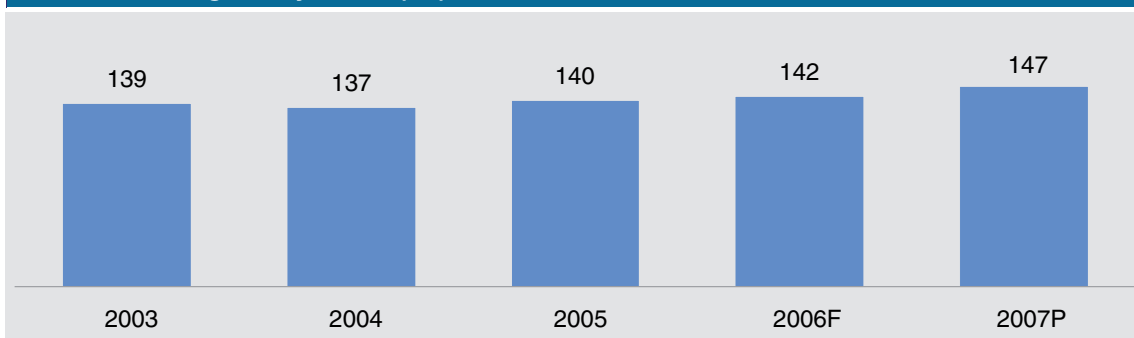
The Portfolio

The charts below set out the portfolio occupancy rate, Average Daily Rate and REVPAU for the financial years ended 31 December 2003, 2004 and 2005 and the forecast and projected portfolio occupancy rate, Average Daily Rate and REVPAU for the years ending 31 December 2006 and 2007:-

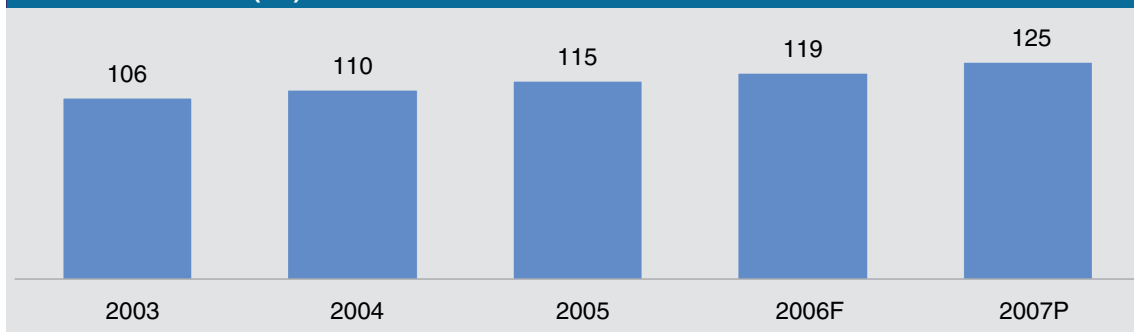
Portfolio Occupancy Rates



Portfolio Average Daily Rates (\$)



Portfolio REVPAU (\$)



The table below sets out certain information with respect to each of the Properties as at 31 December 2005:-

Property	Number of Apartment Units	Completion date (Year)	Land lease expiry (Year)
Somerset Liang Court Property	193	1983	2077
Somerset Grand Cairnhill	144	1989	2082
The Ascott, Jakarta	198	1994	2024
Somerset Grand Citra	203	1996	2024
Country Woods	251	1997 ⁽¹⁾	2025 ⁽²⁾
Somerset Millennium	138	2000	Freehold
Somerset Salcedo Property	71	2000	Freehold
The Ascott, Beijing	272	2001	2066
Somerset Grand Fortune Garden Property	81	2001	2068
Somerset Xu Hui	167	1999	2066
Somerset Ho Chi Minh City	165	1998	2039
Somerset Grand Hanoi	185	1997	2038
Total	2,068		

Notes:-

- (1) This Property was completed in two phases, with the first and second phases being completed in 1974 and 1997 respectively.
- (2) This Property has been developed on plots of land with a leasehold estate interest of 20 years held by PT Indonesia America which expires on 22 October 2025. PT Indonesia America also holds a leasehold estate interest expiring on 24 September 2027 in the land adjacent to the Property which is proposed to be used for future expansion of the Property.

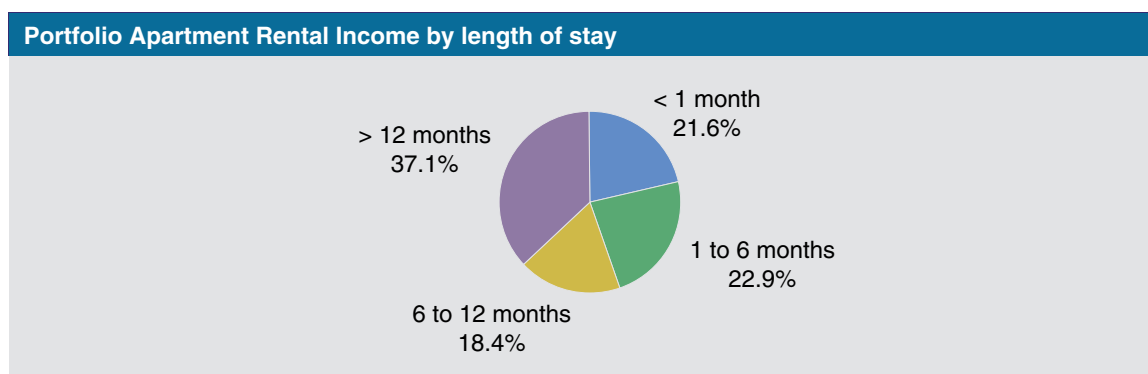
Length of Stay Profile

The leases/licences entered into for the Apartment Units in the Properties may be for one day or up to two years. In-line with normal commercial practice, renewals are generally on the same terms and conditions as the original lease/licence agreements except for the rental rate, which will be revised to the prevailing market rate.

The table below shows the length of stay profile of each of the Properties, as a percentage of the total Apartment Rental Income generated in respect of the Property for the 11 months ended 30 November 2005:-

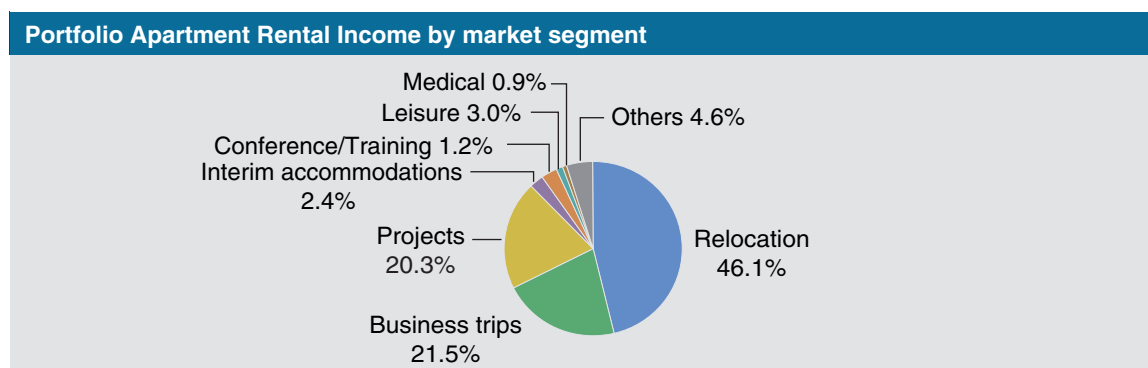
Property	Less than 1 month (%)	Between 1 and 6 months (%)	Between 6 and 12 months (%)	Beyond 12 months (%)
Somerset Liang Court Property	18.3	30.1	12.5	39.1
Somerset Grand Cairnhill	17.6	36.4	24.3	21.7
The Ascott, Jakarta	5.8	27.0	14.8	52.4
Somerset Grand Citra	3.7	15.8	6.5	74.0
Country Woods	1.8	1.2	0.0	97.0
Somerset Millennium	48.4	38.7	3.0	9.9
Somerset Salcedo Property	–	–	–	100.0
The Ascott, Beijing	50.0	11.0	10.0	29.0
Somerset Grand Fortune Garden Property	5.0	38.0	34.0	23.0
Somerset Xu Hui	34.8	24.0	25.8	15.4
Somerset Ho Chi Minh City	12.1	9.6	35.1	43.2
Somerset Grand Hanoi	15.6	21.3	20.2	42.9

The following chart shows the length of stay profile of the Properties on portfolio basis (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005:-

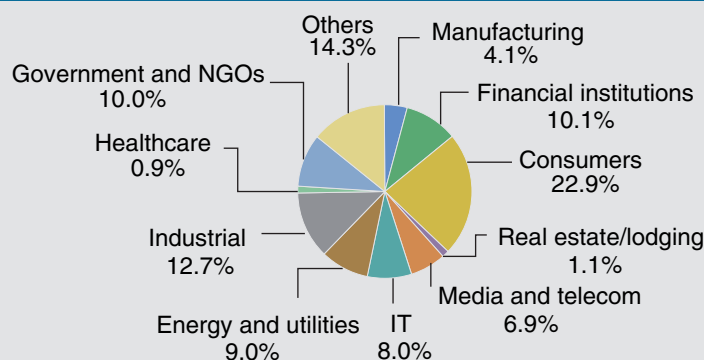


Guest Profile

The following charts show the guest profile of the Properties on portfolio basis (in terms of Apartment Rental Income) by market segment and industry for the 11 months ended 30 November 2005:-



Portfolio Apartment Rental Income by industry



The top ten corporate clients of ART (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005 are as follows:-

Corporate Client	Industry	Percentage of Total Apartment Rental Income (%)
1. Samsung Group	Consumer	5.0
2. Embassy of an OECD country	Government and NGOs	2.8
3. Japan International Cooperation Agency (JICA)	Government and NGOs	0.9
4. Ascott ⁽¹⁾	Real Estate and lodging	0.8
5. Standard Chartered Bank	Financial	0.7
6. Petroliam Nasional Berhad	Energy and Utilities	0.7
7. Petrochina Company Limited	Energy and Utilities	0.7
8. CapitaLand ⁽²⁾	Real Estate and lodging	0.6
9. BP (China) Holdings Limited	Energy and Utilities	0.6
10. Jakarta International School	Government and NGOs	0.5
Total		13.3

Notes:-

- (1) ART and/or the Property Holding Companies may license Apartment Units to the SR Management Companies for use as staff accommodation (see "Other Related Party Transactions - Licensing of Units to SR Management Companies").
- (2) ART and/or the Property Holding Companies may license Apartment Units to CapitaLand, its subsidiaries and associates (but not including Ascott, its subsidiaries and associates) (the "CapitaLand Group") for use as staff accommodation (see "Other Related Party Transactions - Licensing of Apartment Units to the CapitaLand Group").

None of the corporate clients of ART accounted for more than 5.0% of the total Apartment Rental Income for the 11 months ended 30 November 2005.

Valuation

The Properties were valued by Jones Lang LaSalle Property Consultants Pte Ltd (“JLL”), DTZ Debenham Tie Leung (SEA) Pte Ltd (“DTZ”), HVS International (“HVS”) (of whom HVS was appointed by the Trustee) and their respective overseas offices and associates, and their Appraised Value as at 15 December 2005 are set out in the following table:-

Property	Valuers	Appraised Value (as at 15 December 2005)	Percentage of aggregate Appraised Value
		(S\$'million)	(%)
Somerset Liang Court Property	JLL and HVS	127.5	13.8
Somerset Grand Cairnhill	JLL and HVS	154.7	16.7
The Ascott, Jakarta	JLL and HVS	43.0	4.7
Somerset Grand Citra	JLL and HVS	54.6	5.9
Country Woods	JLL and HVS	25.8	2.8
Somerset Millennium	DTZ and HVS	12.7	1.4
Somerset Salcedo Property	DTZ and HVS	12.3	1.3
The Ascott, Beijing	DTZ and HVS	217.7	23.5
Somerset Grand Fortune Garden Property	DTZ and HVS	52.8	5.7
Somerset Xu Hui	DTZ and HVS	51.5	5.6
Somerset Ho Chi Minh City	DTZ and HVS	66.8	7.2
Somerset Grand Hanoi	DTZ and HVS	105.7	11.4
Total		<u>925.1</u>	<u>100.0</u>

Past Refurbishment

Some of the Properties have undergone refurbishment in the last three financial years. The refurbishment works carried out at these Properties generally involved the installation of facilities, the renovation of the exterior and interior of the buildings such as the façade, common areas and the Apartment Units.

Future Improvement Works

The Land Transport Authority and the Urban Redevelopment Authority of Singapore had announced in November 2005 that non-residential developments and all residential projects within the central business district, Marina Bay and those within 400m from MRT and LRT stations may reduce the parking spaces by up to 20.0% from the current permitted level.

Where it is commercially viable to do so, ART may convert the parking spaces of any of its Singapore Properties into spaces for hospitality or commercial usage. Such initiatives would have the effect of increasing the NLA of ART's Singapore Properties and to generate more revenue.

ART may also from time to time undertake refurbishments to the Properties such as renovating the interior of the buildings and the Apartment Units and upgrading the facilities such as the gymnasium and swimming pool to enhance the image of each Property, as well as the standards of accommodations and quality of services that they provide. The Manager believes that these asset enhancement exercises will increase the yield in respect of each Property.

The capital expenditure for replacement and improvement works is forecast and projected to be S\$7.8 million and S\$4.4 million for the Forecast Year 2006 and the Projection Year 2007 respectively. The funding of the replacement and improvement works will primarily comprise cash flow from operations and/or further borrowings (see "Profit Forecast and Profit Projection" for further details of forecast and projected capital expenditure).

Marketing and Licensing Activities

The SR Management Companies will proactively seek out potential guests by direct mailing to target groups, carrying out regular sales activities, advertising, promotions, marketing through the Internet and tapping relevant distribution channels such as property consultants. Site viewings and direct negotiations will be conducted with prospective guests. Brochures of the Properties will be regularly updated and mailed to subscribers to provide them with updated information on the Properties such as offers and promotions. Media publicity will also be arranged where suitable. As guest retention is critical, various customer service initiatives and reward programmes, such as the award of Singapore Airlines Krisflyer miles for each night of stay at the participating Properties, are being implemented to maintain the business relationship with guests. Surveys are also regularly conducted with guests to obtain feedback and to better understand guests' needs and preferences in order to provide better services to the guests during their stays at the Properties.

In undertaking their marketing activities, the SR Management Companies are also able to leverage on the Ascott Group's global reservation system and network of clients to increase the occupancy of the Properties.

With the above marketing and licensing activities undertaken by the SR Management Companies, the Properties are able to secure clients which are multinational corporations (see "Guest Profile" of the respective Properties for further details of the guest profiles of the Properties).

Lease/Licence Agreements and Lease/Licence Management

The lease/licence agreements entered into for each of the Properties are generally based on standard form agreements of the respective Properties which contain terms and conditions commonly found in commercial licence agreements in the jurisdictions in which the Properties are located. In some cases, the guests enjoy specific rent-free periods during the term of their licences.

The SR Management Companies intend to proactively manage the renewal of the leases/licences by monitoring the existing leases/licences and contacting those guests whose leases/licences are expiring with a view to renewing the leases/licences so as to maximise REVPAU for ART. Proactive arrears management procedures have been put in place for each Property. In addition, each of the SR Management Companies has the right to terminate leases/licences upon the occurrence of certain events, such as non-payment of rent or breach of covenants by guests.

Insurance

The Properties are insured in accordance with industry practice in the jurisdictions in which the Properties are located. Insurance policies taken up include property damage and business interruption insurance, terrorism insurance and public liability insurance (including personal injury policies). There are no significant or unusual excess or deductible amounts required under such policies. There are however, certain types of risks that are not covered by such insurance policies, including acts of war and outbreaks of contagious diseases.

Insurance policies are also taken up for the employees of the Singapore Properties and they include hospital plans, personal accident, travel and officers' liability insurance. For employees of the other Properties (excluding the Singapore Properties), similar insurance policies are taken up in compliance with the local employment laws.

Legal Proceeding

None of ART, the Manager and the SR Management Companies is currently involved in any material litigation nor, to the Vendor's knowledge, is any material litigation currently threatened against any of ART, the Manager and/or the SR Management Companies.

THE PROPERTIES

SOMERSET LIANG COURT PROPERTY, SINGAPORE

No. 177B, River Valley Road
Singapore 179032

Description

The Somerset Liang Court Property is owned by the Trustee, as trustee of ART. It comprises approximately 16,908 sq m of NLA (located on the whole of Level 8 to Level 26 of the apartment block) and is one of three strata lots in the Liang Court Mixed Development Complex, representing 24.06% of the total share value of the strata lots comprised in the Complex.

The Somerset Liang Court Property is conveniently located along River Valley Road and offers guests easy access to Orchard Road, the Central Business District and outlying districts. The Somerset Liang Court Property is located adjoining the Liang Court Shopping Centre and is within walking distance to the Clark Quay MRT station.

The Somerset Liang Court Property comprises 193 fully-furnished Apartment Units in one to four-bedroom layouts ranging in size from 67 sq m to 152 sq m. Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system and IDD telephone with voice mail facility, and washing machine cum dryer. The serviced residence provides guests with recreational facilities which include a swimming pool, fitness centre, sauna and steam room with jacuzzi and a residents' lounge. It also provides 24-hour reception, 24-hour security and CCTV surveillance, daily breakfast and maid services, laundry and dry-cleaning services, car park and shuttle bus service to the civic and financial district.

Strata Title

The Trustee, as trustee of ART, is a subsidiary proprietor of one of three strata lots of the Liang Court Mixed Development Complex. Each strata lot has an undivided share in the common property of the Liang Court Mixed Development Complex. The Trustee and the Ascott Group each has 24.06% and 52.86% of the total share values in the Liang Court Mixed Development Complex respectively. The Trustee is a member of the LC Management Corporation, which is responsible for the maintenance and management of the common property of the Liang Court Mixed Development Complex.

SR Management Company

AIM, an indirect subsidiary of Ascott.

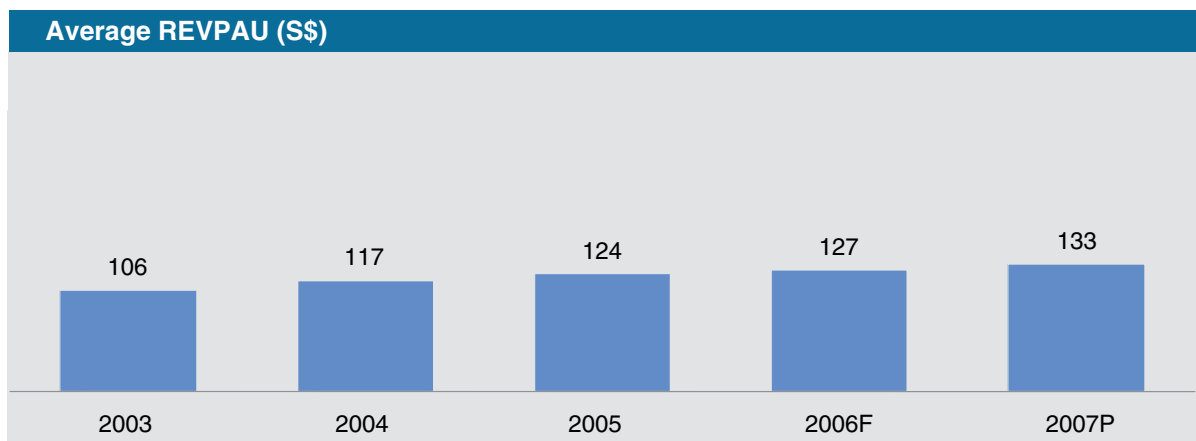
Number of Apartment Units

193

Operating Statistics

The Somerset Liang Court Property had an average REVPAU of S\$124 for the financial year ended 31 December 2005 and the building had 164 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, the Somerset Liang Court Property generated Revenue of S\$8.5 million, or 8.4% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of the Somerset Liang Court Property for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

16,908 sq m

Year of Completion

1983

Title

Leasehold estate of 97 years 30 days expiring on 1 May 2077

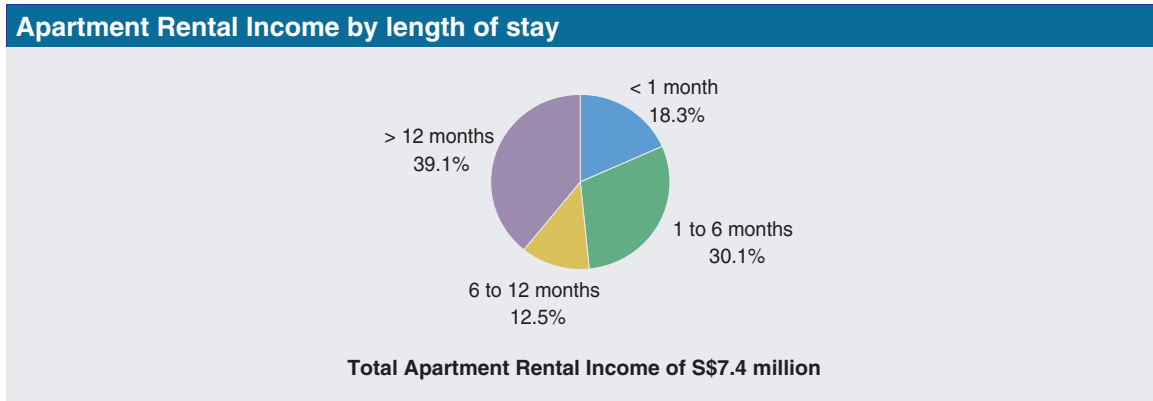
Appraised Value

Appraised Value : S\$127.5 million

Date of appraisal : 15 December 2005

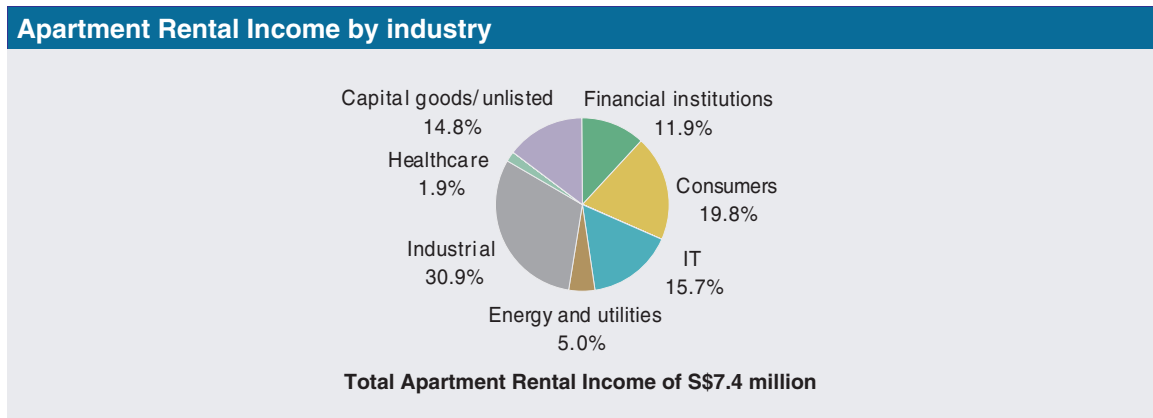
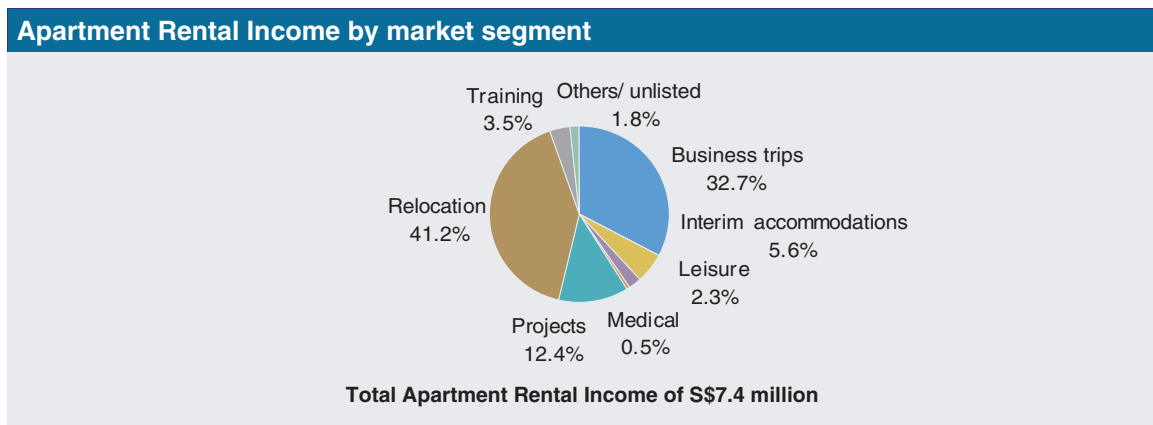
Length of Stay

The following chart shows the length of stay profile of the Somerset Liang Court Property (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of the Somerset Liang Court Property (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 6.0% of Apartment Rental Income, and the top ten clients accounted for approximately 27.6% of Apartment Rental Income, of the Somerset Liang Court Property for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for the Somerset Liang Court Property which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	83	50.6
1 January 2006 to 28 February 2006	19	11.6
1 March 2006 to 31 May 2006	20	12.2
1 June 2006 to 31 August 2006	10	6.1
1 September 2006 to 30 November 2006	12	7.3
1 December 2006 and beyond	20	12.2
	<hr/>	<hr/>
	164	100.0
	<hr/>	<hr/>

SOMERSET GRAND CAIRNHILL, SINGAPORE

No. 15, Cairnhill Road
Singapore 229650

Description

Somerset Grand Cairnhill is owned by the Trustee, as trustee of ART.

Somerset Grand Cairnhill is strategically located in Orchard Road, the main shopping and entertainment district of the city, and is within walking distance to the Somerset MRT station. It is a 32-storey building with a 24-storey tower of serviced residences above a 8-storey podium accommodating a mosque, car park and retail/entertainment/office.

Somerset Grand Cairnhill comprises 144 fully-furnished Apartment Units in studio to three-bedroom layouts ranging in size from 47 sq m to 118 sq m. Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system and IDD telephone with voice mail facility and washing machine cum dryer. The serviced residence provides guests with recreational facilities which include a swimming pool, fitness centre, sauna, jacuzzi, barbeque area, half basketball court, pool table, tennis court, squash court, children's playground and a residents' lounge. It also provides 24-hour reception, 24-hour security and CCTV surveillance, self-service launderette, daily breakfast and maid services, laundry and dry-cleaning services, car park and shuttle bus service to the civic and financial district.

SR Management Company

AIM, an indirect subsidiary of Ascott.

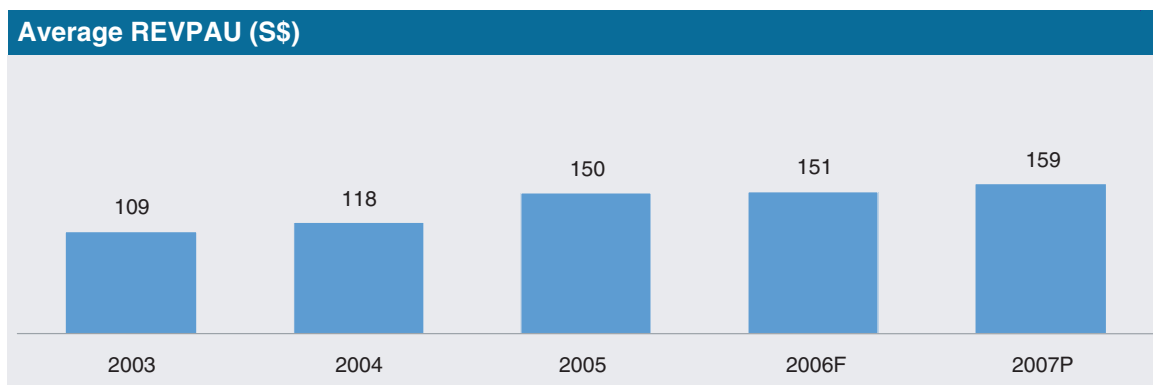
Number of Apartment Units

144

Operating Statistics

Somerset Grand Cairnhill had an average REVP AU of S\$150 for the financial year ended 31 December 2005, and the building had 131 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Grand Cairnhill generated Revenue of S\$11.9 million, or 11.8% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVP AU of Somerset Grand Cairnhill for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December of 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVP AU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).
- (3) The increase in REVP AU over the period from 31 December 2004 to 31 December 2005 was due to an increase in demand for short to mid-term accommodation in Singapore, optimisation of tenant mix and certain refurbishments made to the Property.

Net Lettable Area

18,629 sq m

Year of Completion

1989

Title

Leasehold estate of 99 years expiring on 10 June 2082

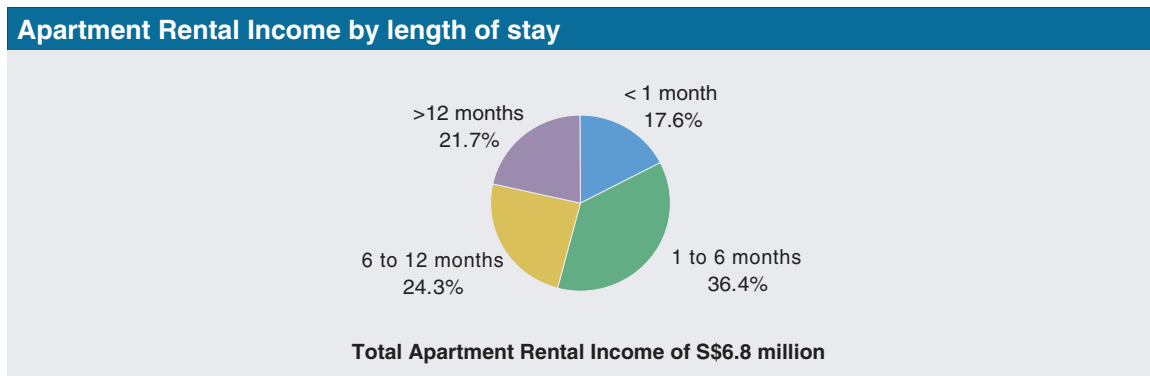
Appraised Value

Appraised Value : S\$154.7 million

Date of appraisal : 15 December 2005

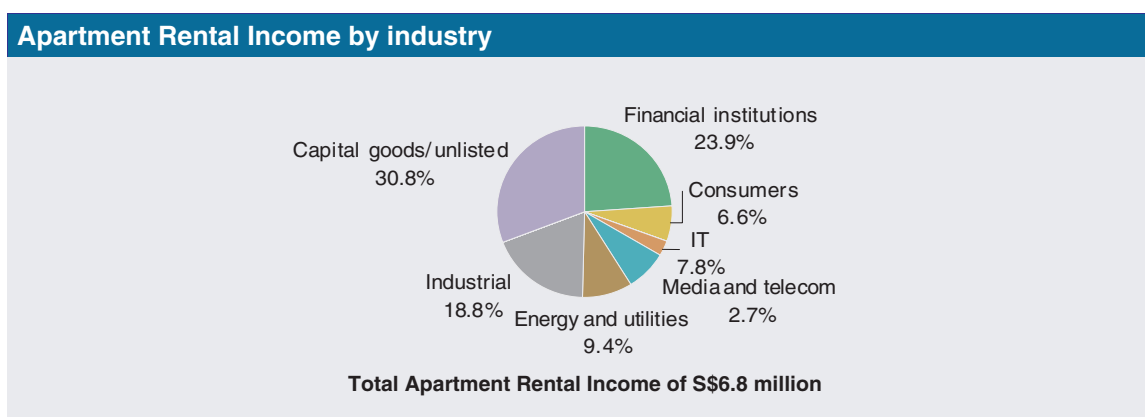
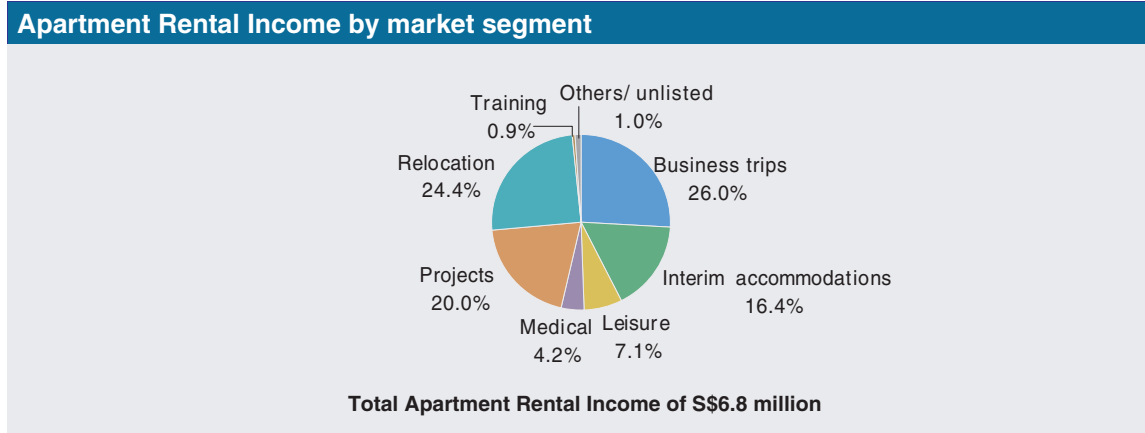
Length of Stay

The following chart shows the length of stay profile of Somerset Grand Cairnhill (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Grand Cairnhill (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 7.0% of Apartment Rental Income, and the top ten clients accounted for approximately 25.4% of Apartment Rental Income, of Somerset Grand Cairnhill for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Grand Cairnhill which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	71	54.2
1 January 2006 to 28 February 2006	30	22.9
1 March 2006 to 31 May 2006	18	13.7
1 June 2006 to 31 August 2006	7	5.3
1 September 2006 to 30 November 2006	4	3.1
1 December 2006 and beyond	1	0.8
	131	100.0

THE ASCOTT, JAKARTA

No. 2, Jalan Kebon Kacang Raya
Central Jakarta
Indonesia 10230

Description

The Ascott, Jakarta is owned by PT Bumi Perkasa, which is 99% owned by Javana. The Trustee, as trustee of ART, owns the entire interest in Javana.

The Ascott, Jakarta comprises a 24-storey tower that adjoins another tower on a two-level basement. It is located in the heart of the city's business and shopping district, the Golden Triangle and is conveniently situated close to the Convention Centre, Plaza Indonesia shopping complex and various embassies and provides guests with a wide variety of dining and entertainment options.

The Ascott, Jakarta comprises 198 fully-furnished Apartment Units in studio to three-bedroom penthouse layouts ranging in size from 50 sq m to 468 sq m. Guest room amenities include home entertainment system, IDD, DID telephone with voice mail facility, broadband internet access, fully-equipped kitchen and washing machine and dryer. The Ascott, Jakarta provides guests with recreational facilities which include a residents' lounge, barbeque area, children's playground, health club with gymnasium, sauna and aerobics studios, games room, snooker room, swimming pool and tennis court. It also provides daily breakfast, maid services, 18 fully-furnished Benchmark Serviced Offices, 24-hour reception, 24-hour security and CCTV surveillance, doctor available on call, dry-cleaning and laundry services, meeting room, private mailbox, underground car-parking facilities, baby-sitting service, minimart and airport transfer service.

Notes:-

- (1) PT Bumi Perkasa had entered into various agreements (the "Relevant Agreements") to transfer the titles to 26 condominium units (the "Affected Ascott Jakarta Units") in The Ascott, Jakarta to various unrelated foreign third parties (the "Affected Ascott Jakarta Parties"). Under Indonesian law, until these Affected Ascott Jakarta Parties are permitted to hold the relevant strata titles, PT Bumi Perkasa will continue to be the legal owner of the strata titles to the Affected Ascott Jakarta Units. Under the Relevant Agreements, all economic interest in the Affected Ascott Jakarta Units has been given to the Affected Ascott Jakarta Parties. Ascott Holdings will procure the consent of the Affected Ascott Jakarta Parties to transfer the Affected Ascott Jakarta Units. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Bumi Perkasa's ownership of the strata titles to the Affected Ascott Jakarta Units.

SR Management Company

PT Ascott International, an indirect subsidiary of Ascott.

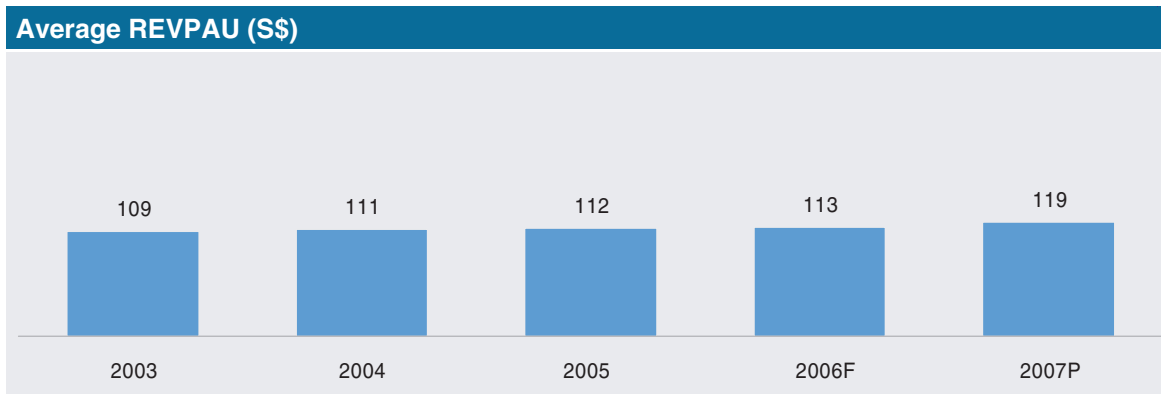
Number of Apartment Units

198

Operating Statistics

The Ascott, Jakarta had an average REVPAU of S\$112 for the financial year ended 31 December 2005 and the building had 161 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, The Ascott, Jakarta generated Revenue of S\$9.2 million, or 9.1% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of The Ascott, Jakarta for the financial years ended 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

21,371 sq m

Year of Completion

1994

Title

Leasehold estate of 20 years expiring on 31 March 2024

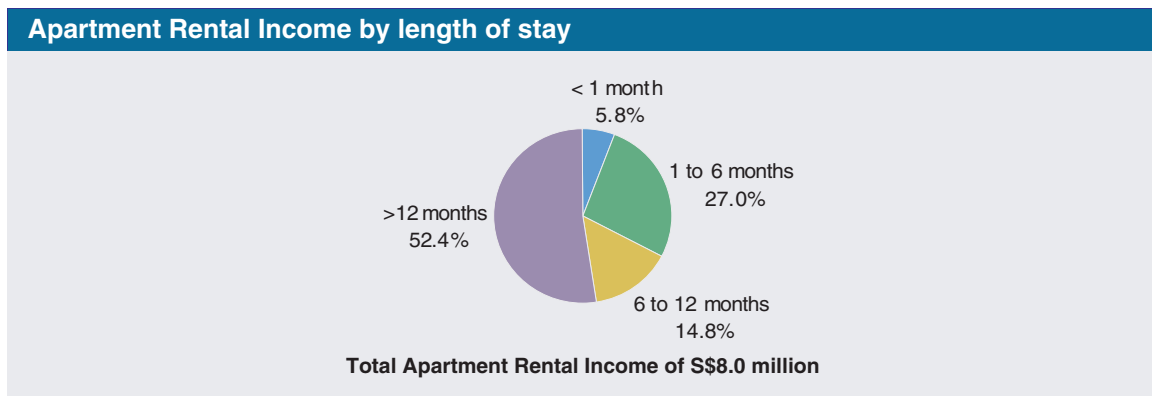
Appraised Value

Appraised Value : S\$43.0 million (equivalent to US\$25.4 million based on an exchange rate of US\$1: S\$1.6920)

Date of appraisal : 15 December 2005

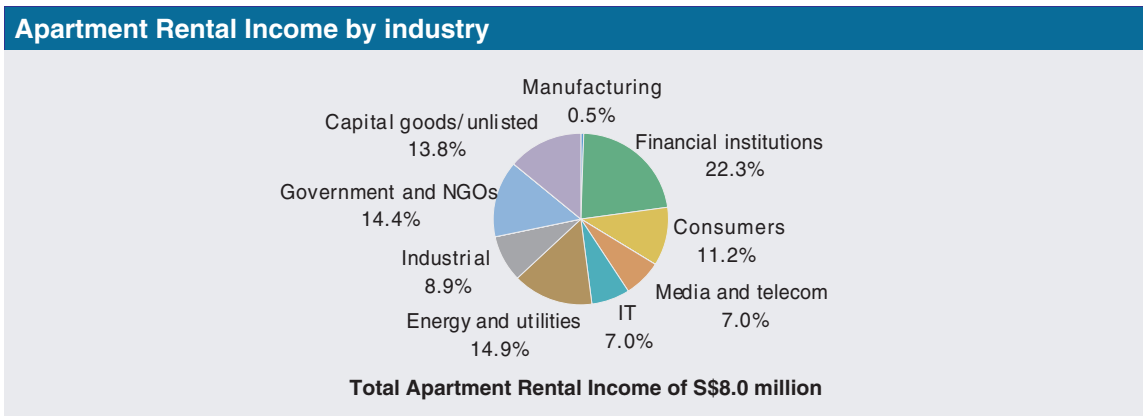
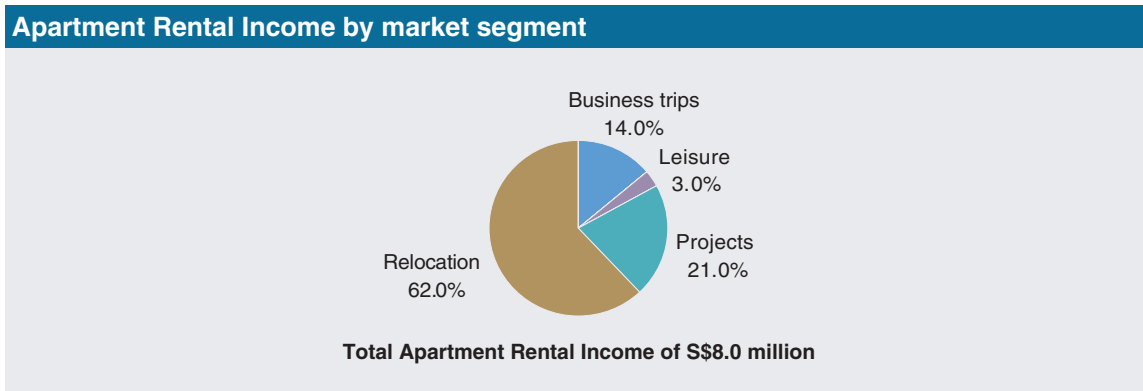
Length of Stay

The following chart shows the length of stay profile of The Ascott, Jakarta (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of The Ascott, Jakarta (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 8.7% of Apartment Rental Income, and the top ten clients accounted for approximately 30.7% of Apartment Rental Income, of The Ascott, Jakarta for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for The Ascott, Jakarta which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	39	24.2
1 January 2006 to 28 February 2006	41	25.5
1 March 2006 to 31 May 2006	31	19.3
1 June 2006 to 31 August 2006	18	11.2
1 September 2006 to 30 November 2006	16	9.9
1 December 2006 and beyond	16	9.9
	161	100.0

SOMERSET GRAND CITRA, JAKARTA

Jl Prof. Dr. Satrio Kav. 1
Kuningan, Jakarta
Indonesia 12940

Description

Somerset Grand Citra is owned by PT Ciputra, a 57.43% subsidiary of Somerset Grand Citra (Singapore), which is wholly-owned by the Trustee, as trustee of ART. The balance 42.57% interest in PT Ciputra is owned by several unrelated third parties.

Somerset Grand Citra is located in the heart of the city's business and shopping district, the Golden Triangle and is conveniently close to prominent shopping centres, embassies and a wide variety of dining and entertainment options.

Somerset Grand Citra comprises 163 fully-furnished Apartment Units in a 24-storey eastern tower and 40 rental housing units in the western tower, in one to five-bedroom penthouse layouts ranging in size from 80 sq m to 731 sq m. Guest room amenities include broadband internet access, fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility, utility area and washing machine and dryer. Somerset Grand Citra provides guests with recreational facilities which include a residents' lounge, spa, barbeque area, children's playground, gymnasium and aerobics centre, outdoor swimming pool, games room, sauna, function room and tennis court. It also provides daily breakfast, maid services, 24-hour reception, 24-hour security and CCTV surveillance, minimart, baby-sitting service, car park, airport transfer, business centre services and laundry and dry-cleaning services.

Notes:-

- (1) PT Ciputra had entered into a statement letter which purports to transfer the title to a single condominium unit (the "Affected Citra Unit") in Somerset Grand Citra to an unrelated foreign third party (the "Affected Citra Party"). The ownership of the Affected Citra Unit may not, however, be validly transferred under the statement letter. Under Indonesian law, until the Affected Citra Party is permitted to hold the relevant strata title, PT Ciputra will continue to be the legal owner of the strata title to the Affected Citra Unit. All economic interest in the Affected Citra Unit has been given to the Affected Citra Party. Ascott Holdings will procure the consent of the Affected Citra Party to transfer the Affected Citra Unit. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Ciputra's ownership of the strata title to the Affected Citra Unit.

SR Management Company

PT Ascott International, an indirect subsidiary of Ascott.

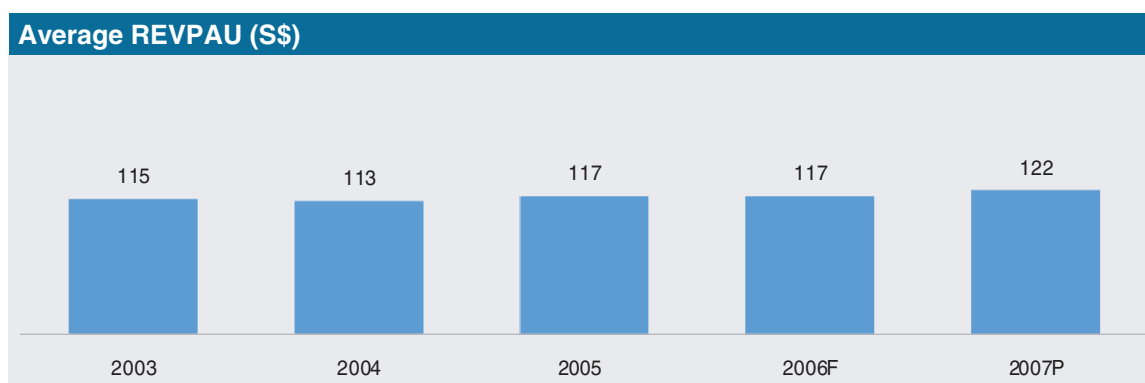
Number of Apartment Units

203 (includes 40 rental housing units)

Operating Statistics

Somerset Grand Citra had an average REVPAU of S\$117 for the financial year ended 31 December 2005 and the building had 135 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Grand Citra generated Revenue of S\$9.6 million, or 9.5% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Grand Citra for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

29,666 sq m

Year of Completion

1996

Title

Leasehold estate of 30 years expiring on 14 August 2024

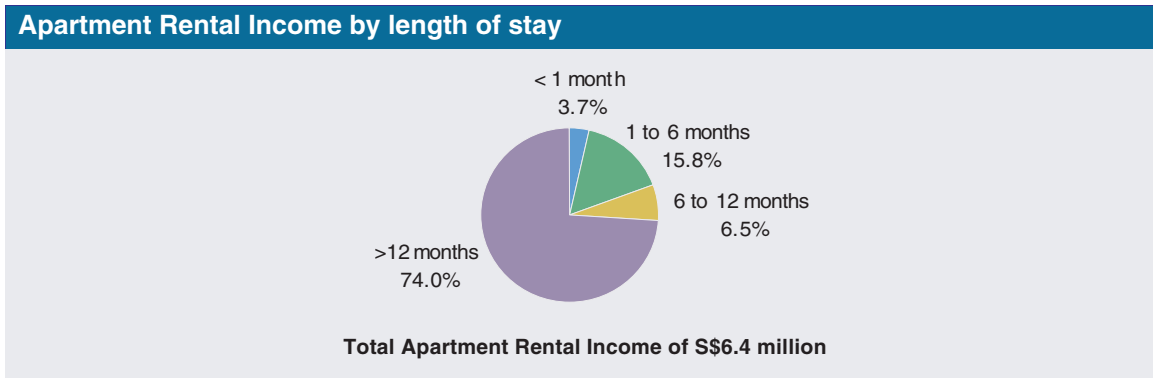
Appraised Value

Appraised Value : S\$54.6 million (equivalent to US\$32.3 million based on an exchange rate of US\$1: S\$1.6920)

Date of appraisal : 15 December 2005

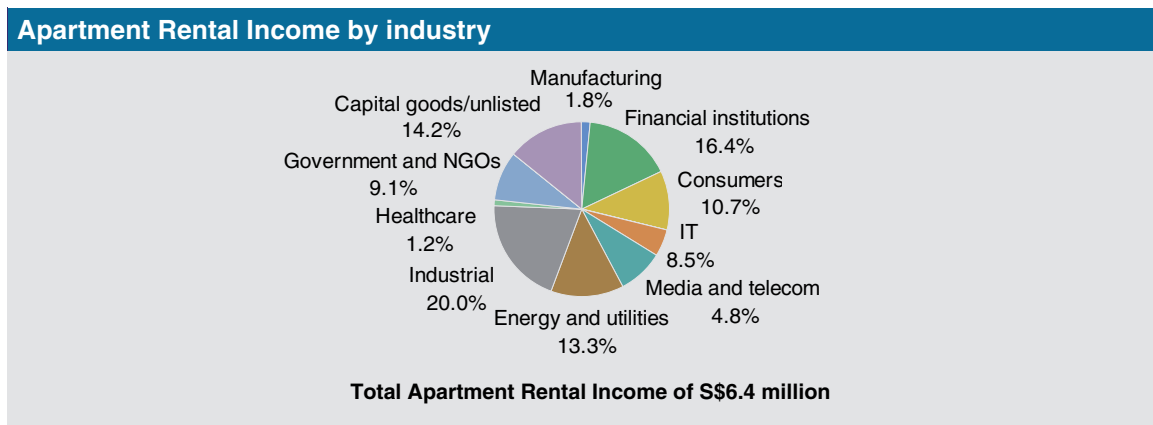
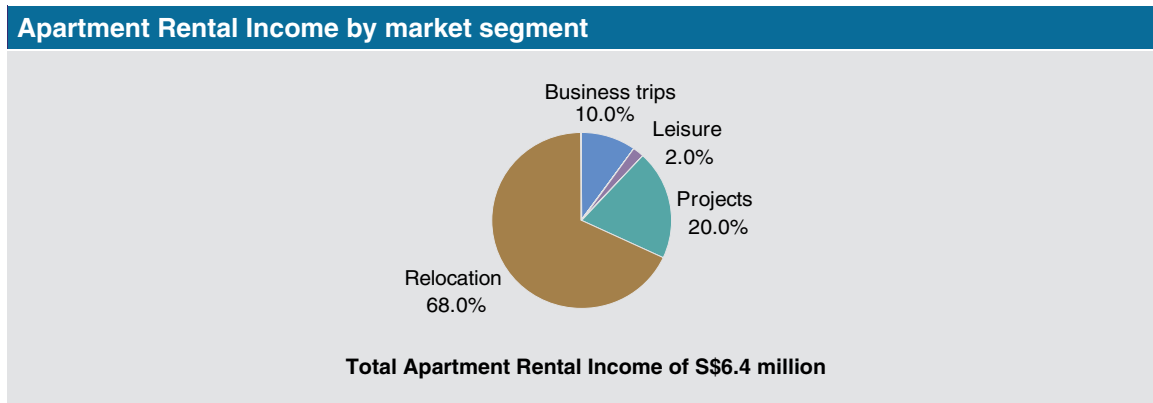
Length of Stay

The following chart shows the length of stay profile of Somerset Grand Citra (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Grand Citra (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 17.6% of Apartment Rental Income, and the top ten clients accounted for approximately 53.5% of Apartment Rental Income, of Somerset Grand Citra for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Grand Citra which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	33	24.4
1 January 2006 to 28 February 2006	34	25.2
1 March 2006 to 31 May 2006	21	15.6
1 June 2006 to 31 August 2006	16	11.9
1 September 2006 to 30 November 2006	14	10.4
1 December 2006 and beyond	17	12.5
	<hr/>	<hr/>
	135	100.0
	<hr/> <hr/>	<hr/> <hr/>

COUNTRY WOODS, JAKARTA

Jl. W.R. Supratman, Pondok Ranji
Ciputat Tangerang, Banten, Jakarta
Indonesia 15412

Description

Country Woods is owned by PT Indonesia America. The Trustee, as trustee of ART, owns the entire effective interest in PT Indonesia America through its interest in Ascott Residences.

Country Woods is located in the heart of South Jakarta, close to expressways and offers guests easy access to international schools, medical facilities, recreational complexes, and other regions of the city.

Country Woods comprises 36 townhouses, 78 bungalows and 137 Apartment Units which vary in size from 120 sq m to 400 sq m, with a choice of layouts including:-

- three and four-bedroom walk-up apartments;
- one, two or three-bedroom serviced apartments;
- two, three or four-bedroom bungalows; or
- four or five-bedroom two-storey townhouses.

Guest room amenities include cable television with the option of high speed internet access, DID with optional IDD line and broadband internet access. Country Woods provides guests with recreational facilities which include a multi-purpose function room, two squash courts, three tennis courts, badminton court, basketball court, children's swimming pool, children's playground, swimming pool and volleyball court, chipping and putting green, gymnasium, play field for cricket or soccer, library, sauna and spa facilities. It also provides 24-hour security and CCTV surveillance, 24-hour reception, business and courier services, daily maid services, private parking space, minimart, restaurant and bar and shuttle bus service to shopping centres.

SR Management Company

PT Ascott International, an indirect subsidiary of Ascott.

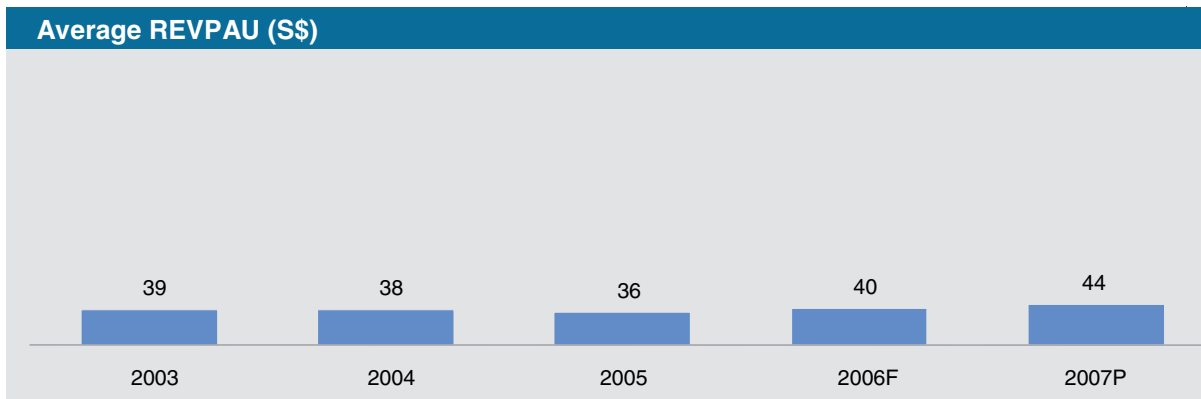
Number of Apartment Units

251 (includes townhouses and bungalows)

Operating Statistics

Country Woods had an average REVPAU of S\$36 for the financial year ended 31 December 2005 and the building had 127 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Country Woods generated Revenue of S\$3.7 million, or 3.7% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Country Woods for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

48,490 sq m

Year of Completion

1997 ⁽¹⁾

Notes:-

- (1) This Property was completed in two phases, with the first and second phases being completed in 1974 and 1997 respectively.

Title

The Property has been developed on plots of land with a leasehold estate interest of 20 years which expires on 22 October 2025. PT Indonesia America also holds a leasehold estate interest expiring on 24 September 2027 in the land adjacent to the Property which is proposed to be used for future expansion of the Property.

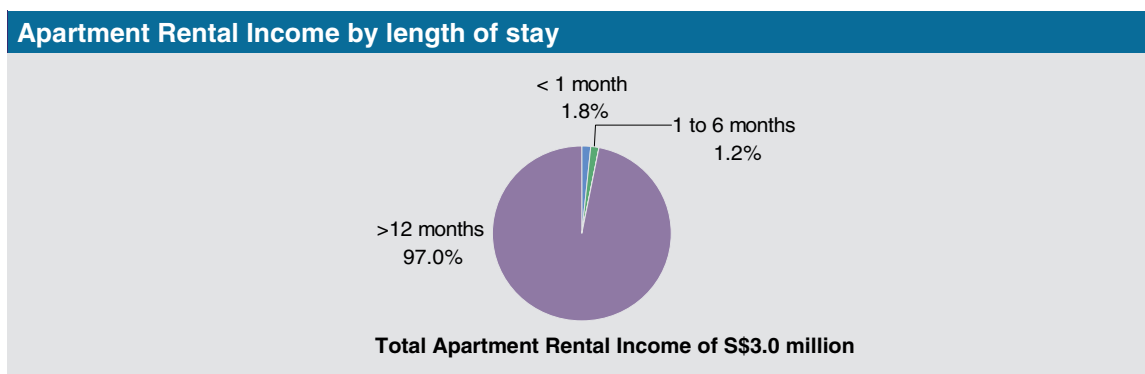
Appraised Value

Appraised Value : S\$25.8 million (equivalent to US\$15.3 million based on an exchange rate of US\$1: S\$1.6920)

Date of appraisal : 15 December 2005

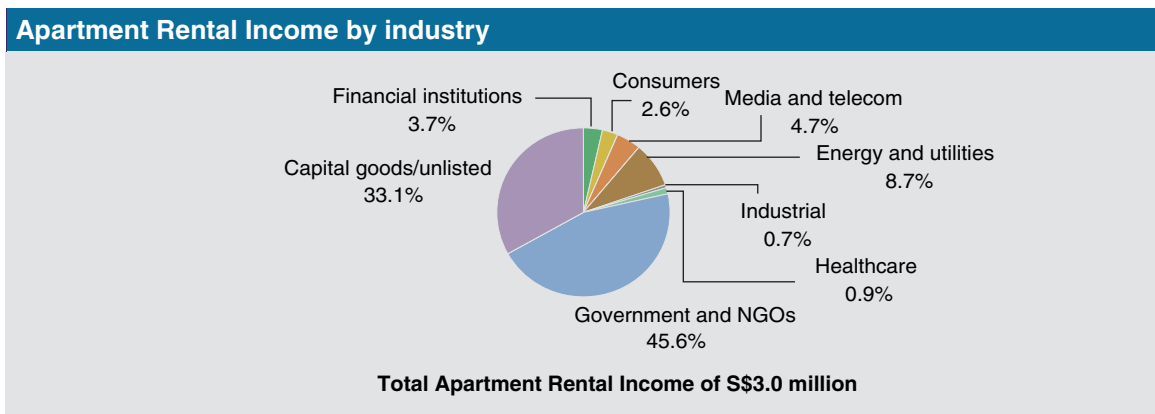
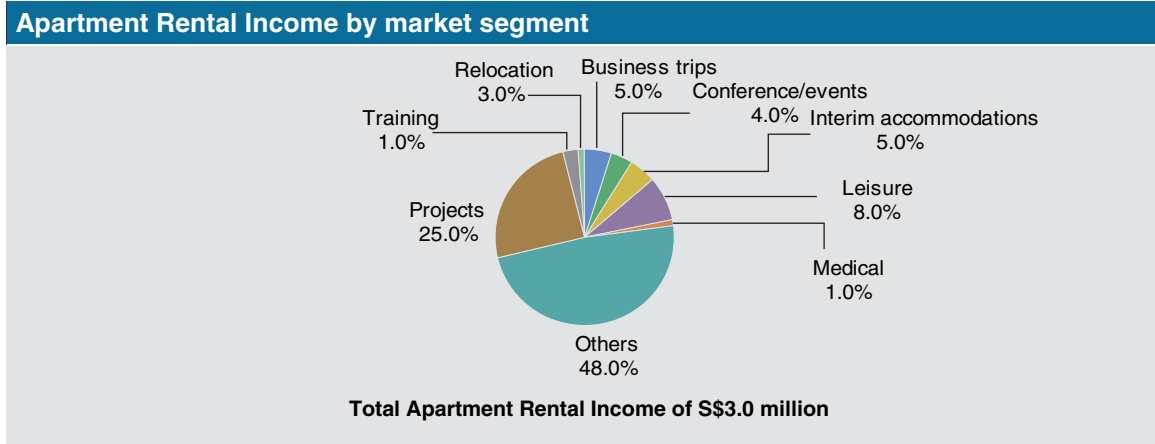
Length of Stay

The following chart shows the length of stay profile of Country Woods (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Country Woods (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 37.3% of Apartment Rental Income, and the top ten clients accounted for approximately 75.9% of Apartment Rental Income, of Country Woods for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Country Woods which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	7	5.5
1 January 2006 to 28 February 2006	6	4.7
1 March 2006 to 31 May 2006	11	8.7
1 June 2006 to 31 August 2006	78	61.4
1 September 2006 to 30 November 2006	20	15.8
1 December 2006 and beyond	5	3.9
	127	100.0

SOMERSET MILLENNIUM, MANILA

104, Aguirre Street, Legaspi Village
Makati City, Manila
Philippines 1229

Description

69 Apartment Units, car park facilities for 42 lots and eight commercial units in Somerset Millennium are owned by AHHPI, which is a wholly-owned subsidiary of Somerset Philippines. The Trustee, as trustee of ART, owns the entire interest in Somerset Philippines. Somerset Philippines also owns 36.82% of the issued and outstanding common shares in SN Resources, which owns 65.0% of the issued and outstanding common shares in SQ Resources. SQ Resources is the operating company of Somerset Millennium. SQ Resources owns units of the apartment facilities and reserved area and SN Resources owns 60 car park units in Somerset Millennium. The balance 63.18% and 35.0% of the issued and outstanding common shares in SN Resources and SQ Resources respectively are owned by unrelated third parties.

Somerset Millennium is conveniently located in the shopping and business district of Makati City, and is situated within walking distance to the Ayala MRT station. Somerset Millennium is easily accessible to guests via public transportation, taxis and buses. It also provides guests with a variety of dining and shopping options as there are a number of restaurants within a short walk or drive from this Property.

Somerset Millennium comprises 138 fully-furnished Apartment Units in studio to penthouse layouts ranging in size from 29 sq m to 193 sq m. Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system and IDD telephone with voice mail facility. Somerset Millennium provides guests with recreational facilities which include fitness centre, a jacuzzi, outdoor swimming pool and residents' lounge. It also provides daily breakfast and maid services, 24-hour security and CCTV surveillance, 24-hour reception, airport transfer, baby-sitting service, business centre services, car park, self-service launderette, laundry and dry-cleaning services, limousine service, restaurants and bar.

SR Management Company

Scotts Philippines, a direct subsidiary of Ascott.

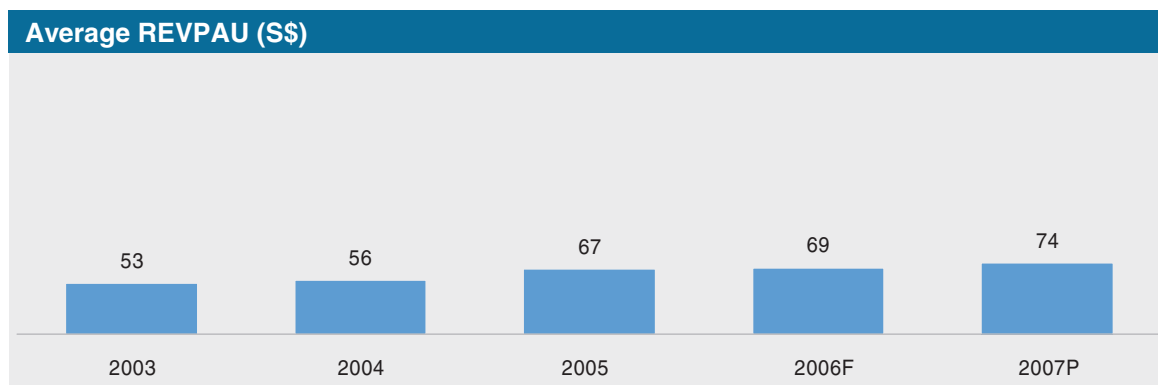
Number of Apartment Units

138 (of which 69 have been leased from unrelated third parties)

Operating Statistics

Somerset Millennium had an average REVPAU of S\$67 for the financial year ended 31 December 2005 and the building had 133 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Millennium generated Revenue of S\$3.7 million, or 3.7% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Millennium for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast (“F”) and projection (“P”) respectively (see “Profit Forecast and Profit Projection” for further information).

Net Lettable Area

4,448 sq m (relates to areas owned by AHHPi)

Year of Completion

2000

Title

Freehold estate

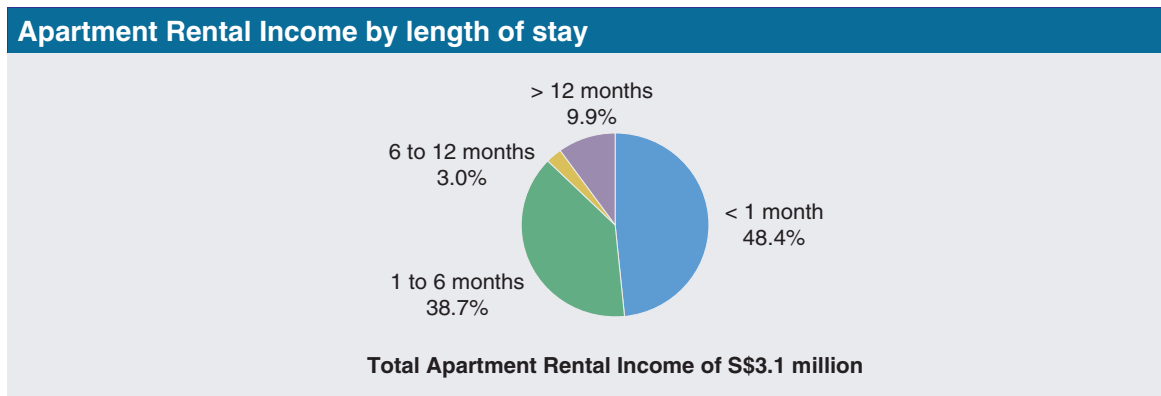
Appraised Value

Appraised Value : S\$12.7 million (equivalent to PHP 419.2 million based on an exchange rate of PHP 1: S\$0.0302)

Date of appraisal : 15 December 2005

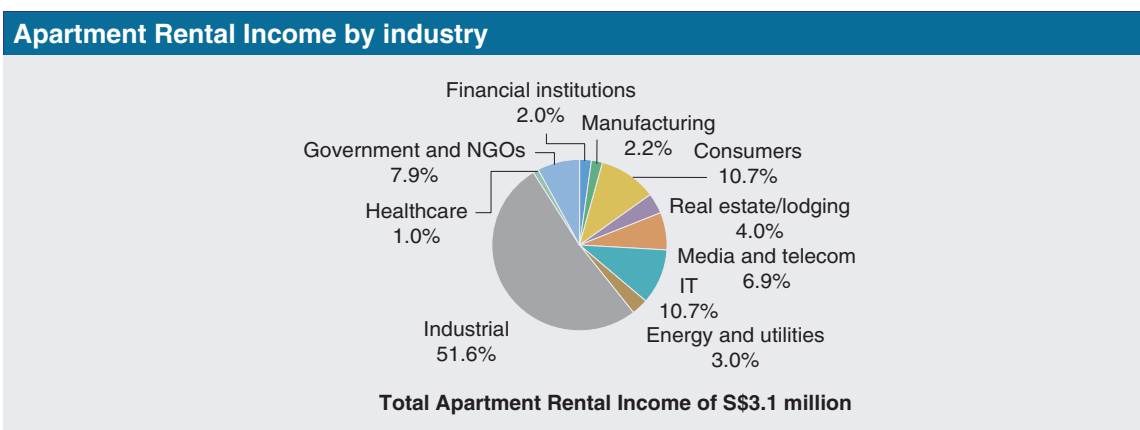
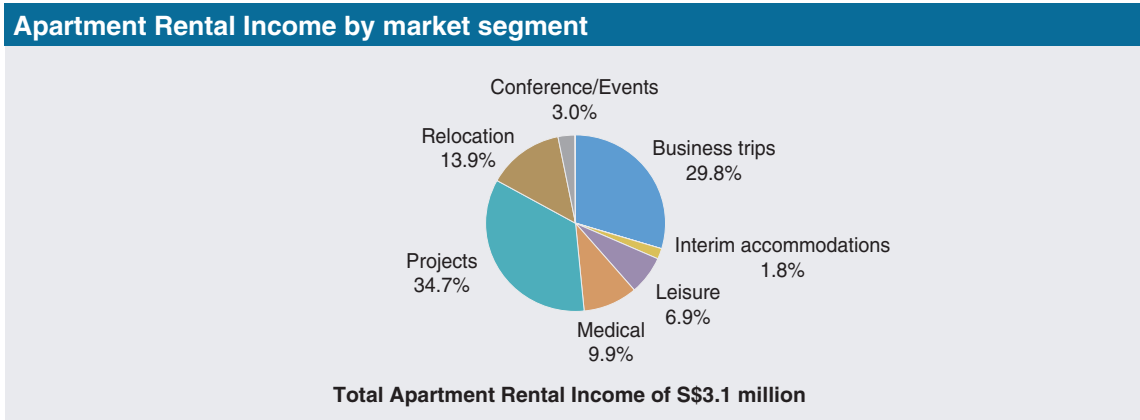
Length of Stay

The following chart shows the length of stay profile of Somerset Millennium (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Millennium (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 8.2% of Apartment Rental Income, and the top ten clients accounted for approximately 27.5% of Apartment Rental Income, of Somerset Millennium for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Millennium which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	119	89.5
1 January 2006 to 28 February 2006	8	6.0
1 March 2006 to 31 May 2006	3	2.3
1 June 2006 to 31 August 2006	2	1.5
1 September 2006 to 30 November 2006	1	0.7
1 December 2006 and beyond	—	—
	133	100.0

SOMERSET SALCEDO PROPERTY, MANILA

H.V. Dela Costa corner L.P. Leviste Street
Salcedo Village, Makati City
Manila, Philippines 1227

Description

AHHPI is a wholly-owned subsidiary of Somerset Philippines and owns 71 Apartment Units (the "Somerset Salcedo Property") out of the 150 Apartment Units within Somerset Salcedo Makati. The remaining 79 Apartment Units in Somerset Salcedo Makati are owned by unrelated third parties. The Trustee, as trustee of ART, owns the entire interest in Somerset Philippines.

Somerset Salcedo Makati is conveniently located in the shopping and business district of Makati city and provides guests with easy accessibility as it is within walking distance to the Buendia MRT station. Guests have a variety of dining and shopping options as a number of restaurants are located within walking distance or a short drive from this Property. There is also an international school within walking distance to Somerset Salcedo Makati where expatriate guests may send their children for schooling.

Somerset Salcedo Makati comprises 150 fully-furnished Apartment Units in studio to three-bedroom layouts ranging in size from 46 sq m to 386 sq m and 180 parking lots. Guest room amenities include broadband internet access, a fully-equipped kitchen, home entertainment system, IDD telephone with voice mail facility and washing machine cum dryer. Somerset Salcedo Makati provides guests with recreational facilities which include fitness centre, a jacuzzi, indoor heated swimming pool, sauna, residents' lounge and children's playroom. It also provides daily breakfast, maid services, 24-hour reception, 24-hour security and CCTV surveillance, airport transfer, baby-sitting service, business centre services, meeting room, car park, self-service launderette, laundry and dry-cleaning services and limousine service.

AHHPI also owns car park facilities in Somerset Salcedo Makati comprising 71 parking lots. The parking facilities will be subject to the overall management by Somerset Salcedo Makati, Inc., the operating company for the Property.

Notes:-

- (1) Under a contract of lease dated 11 October 2005 (the "Contract of Lease") between AHHPI and Beccomax Property and Development Corporation, an unrelated third party (together with AHHPI, the "Lessors") and Somerset Salcedo Makati, Inc. ("SSM Inc."), the Lessors leased Somerset Salcedo Makati ("Leased Property") to SSM Inc. for a period of five (5) years from 1 January 2005 (the "Initial Term") for an aggregate rental income of approximately PHP 5.9 million per month in respect of the 150 Apartment Units in Somerset Salcedo Makati. Of the aggregate monthly rental income of approximately PHP 5.9 million, approximately PHP 2.4 million is attributable and payable to AHHPI as rental income for the 71 Apartment Units and 71 parking lots in the Leased Property leased to SSM Inc. corresponding to a REVPAU of S\$33 for the Initial Term of the Contract of Lease.

Under the Contract of Lease, the Lessors granted SSM Inc the right to enter into any lease, tenancy or licence agreements in respect of the Leased Property. The lease period is renewable for a further period of five (5) years, unless a notice of termination is given by SSM Inc to the Lessors. SSM Inc has the first option to purchase the Leased Property in the event that the Lessors intend to sell the Leased Property.

The Manager believes that the Contract of Lease agreement with SSM Inc has been entered into on normal commercial terms and will not be prejudicial to the interests of ART or the Unitholders.

SR Management Company

Scotts Philippines, a direct subsidiary of Ascott.

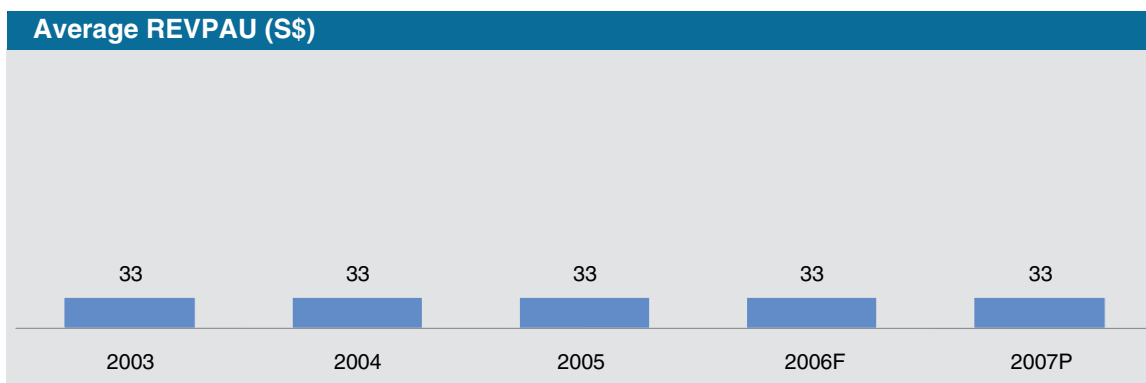
Number of Apartment Units

71

Operating Statistics

Somerset Salcedo Property had an average REVPAU of S\$33 for the financial year ended 31 December 2005 and the building had 125 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Salcedo Property generated Revenue of S\$0.9 million, or 0.9% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of the Somerset Salcedo Property for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December of 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).
- (3) Under the Contract of Lease, AHHPI receives PHP 2.4 million per month as rental income for the 71 Apartment Units and 71 parking lots in the Somerset Salcedo Property corresponding to a REVPAU of S\$33 for the initial term of the Contract of Lease.

Net Lettable Area

5,901 sq m

Year of Completion

2000

Title

Freehold estate

Appraised Value

Appraised Value : S\$12.3 million (equivalent to PHP 407.1 million based on an exchange rate of PHP 1: S\$0.0302)

Date of appraisal : 15 December 2005

THE ASCOTT, BEIJING

108B Jian Guo Road, Chaoyang District
Beijing 100022
China

Description

The Ascott, Beijing is owned by Hemliner Real Estate, which is a wholly-owned subsidiary of Hemliner. The Trustee, as trustee of ART, owns the entire interest in Hemliner.

The Ascott, Beijing is a 21-storey building with 272 Apartment Units located in the prime district of Beijing. Each of the 272 Apartment Units is fully-furnished and ranges in size from 105 sq m to 380 sq m, in one-bedroom to penthouse layouts. It is centrally located in the heart of Beijing's prime business, residential and retail districts. The Ascott, Beijing offers guests easy accessibility to tourist attractions such as the Forbidden City, Tiananmen Square, the World Trade Centre and International Exhibition Centre via public transportation, taxis and buses. It is also located near various transportation hubs (being approximately 30 minutes by car from Beijing Capital International, 20 minutes from Beijing Railway station and a 5-minute walk from the Guomao Subway station which provides guests with convenient access to other districts within Beijing).

Guest room amenities include home entertainment system with satellite and cable channels, and mini hi-fi system with DVD player, fully-equipped kitchen and IDD telephone with voice mail facility, broadband internet access and washing machine cum dryer. Recreational facilities include children's playroom/pool, fully-equipped gymnasium, function rooms, games rooms, billiards room, sauna/steam room and jacuzzi, indoor heated swimming pool and residents' lounge. Other services include 24-hour reception, 24-hour security and CCTV surveillance, business centre services, daily breakfast and maid services, airport transfer, baby-sitting service, laundry and dry-cleaning services, doctor on call, courier services, minimart and car park.

SR Management Company

Ascott Property Management (Beijing), an indirect subsidiary of Ascott.

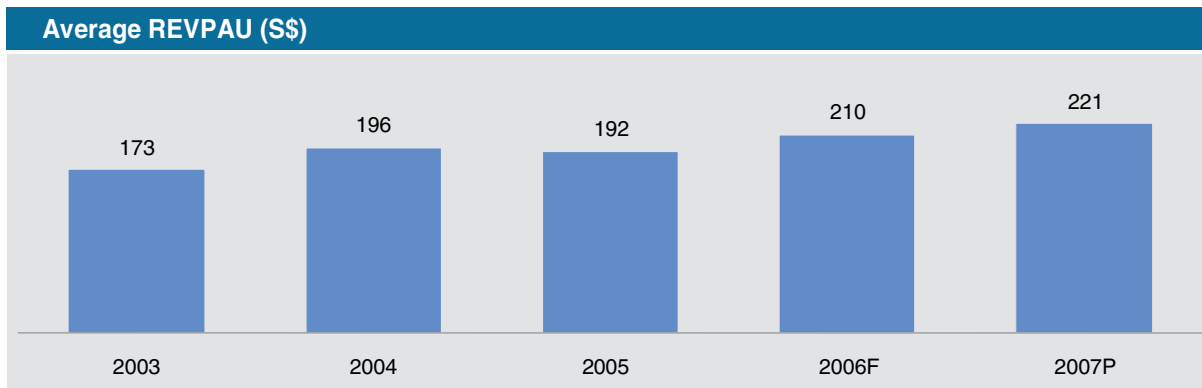
Number of Apartment Units

272

Operating Statistics

The Ascott, Beijing had an average REVPAU of S\$192 for the financial year ended 31 December 2005 and the building had 230 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, The Ascott, Beijing generated Revenue of S\$20.3 million, or 20.1% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of The Ascott, Beijing for the financial years ended 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

59,422 sq m

Year of Completion

2001

Title

Leasehold estate of 70 years expiring on 7 February 2066

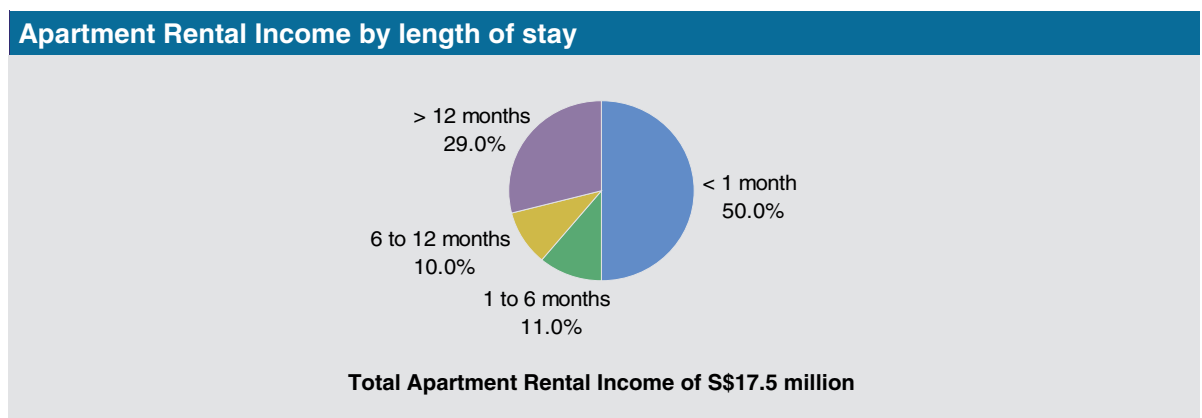
Appraised Value

Appraised Value : S\$217.7 million (equivalent to RMB 1,041.3 million based on an exchange rate of RMB 1: S\$0.2091)

Date of appraisal : 15 December 2005

Length of Stay

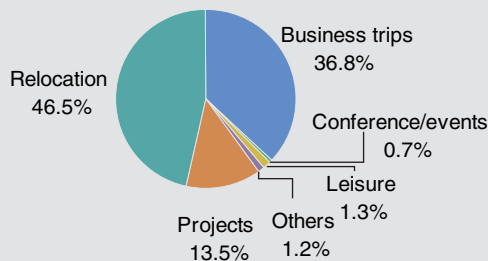
The following chart shows the length of stay profile of The Ascott, Beijing (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

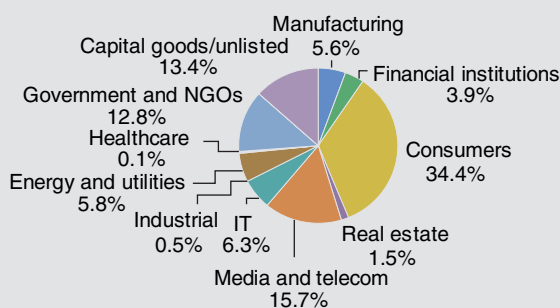
The following charts show the guest profile of The Ascott, Beijing (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-

Apartment Rental Income by market segment



Total Apartment Rental Income of S\$17.5 million

Apartment Rental Income by industry



Total Apartment Rental Income of S\$17.5 million

No one client accounted for more than 23.9% of Apartment Rental Income, and the top ten clients accounted for approximately 43.2% of Apartment Rental Income, of The Ascott, Beijing for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for The Ascott, Beijing which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	116	50.5
1 January 2006 to 28 February 2006	15	6.5
1 March 2006 to 31 May 2006	9	3.9
1 June 2006 to 31 August 2006	–	–
1 September 2006 to 30 November 2006	23	10.0
1 December 2006 and beyond	67	29.1
	230	100.0

SOMERSET GRAND FORTUNE GARDEN PROPERTY, BEIJING

No. 46 Liangmaqiao Road, Chaoyang District
Beijing 100016
China

Description

Somerset Grand Fortune Garden comprises a 23-storey apartment tower and a 26-storey apartment tower with an aggregate of 221 furnished Apartment Units located in the prime Chaoyang district, where the business community, embassies and international schools are within close proximity.

Somerset FG owns 81 Apartment Units out of the 221 Apartment Units in Somerset Grand Fortune Garden. The remaining 140 Apartment Units in Somerset Grand Fortune Garden are owned by Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd. ("Beijing Xin Lian"), an unrelated party. The Trustee, as trustee of ART, owns the entire interest in Somerset FG.

Each of the Apartment Units in Somerset Grand Fortune Garden is fully-furnished and ranges in size from 76 sq m to 340 sq m, in one-bedroom to four-bedroom penthouse layouts. Apartment Units in Somerset Grand Fortune Garden offer amenities which include a fully-equipped kitchen and home entertainment system, broadband internet access and IDD telephone with voice mail facility and washing machine and dryer. Somerset Grand Fortune Garden also provides guests with recreational facilities which include children's pool and playground, fully-equipped gymnasium and aerobics room, indoor swimming pool, sauna, residents' lounge and billiards room. It also provides 24-hour reception, 24-hour security and CCTV surveillance, daily breakfast and maid services, baby-sitting service, business centre services, airport transfer, minimart and laundry and dry-cleaning services.

On 8 September 2005, Somerset FG, Beijing Xin Lian, the developer of Somerset Grand Fortune Garden, and Hua Xin Residences Pte Ltd ("Hua Xin"), a wholly-owned subsidiary of the Sponsor, entered into an agreement (the "SFG Agreement"), pursuant to which, *inter alia*, (a) Hua Xin and Beijing Xin Lian agreed to terminate the sale and purchase agreement in respect of the acquisition of the Somerset Grand Fortune Garden Property by Hua Xin from Beijing Xin Lian, (b) Somerset FG agreed to acquire the Somerset Grand Fortune Garden Property from Beijing Xin Lian and (c) Somerset FG agreed to assume the rights and obligations of Hua Xin under a contract of lease between Hua Xin and Beijing Xin Lian dated 1 November 2001 ("Hua Xin Lease"), which is valid for a period of ten (10) years with an option to extend for another ten years. Pursuant to the Hua Xin Lease and the SFG Agreement, Somerset FG leased the Somerset Grand Fortune Garden Property to Beijing Xin Lian, for a monthly rental income that is equivalent to 38.5% of earnings before interest, tax, depreciation and amortisation of Somerset Grand Fortune Garden for that month.

Notes:-

- (1) Somerset FG does not as at the date of this Prospectus, own the strata titles to the Property and only has contractual rights in respect of the Property. The Trustee, as trustee of ART, owns the entire issued share capital of Somerset FG.

Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd. ("Beijing Xin Lian"), the developer of Somerset Grand Fortune Garden, currently owns the building ownership certificate and the land use certificate to Somerset Grand Fortune Garden. Pursuant to a property sale and purchase agreement dated 8 September 2005 between Beijing Xin Lian and Somerset FG, Somerset FG agreed to acquire the Somerset Grand Fortune Garden Property from Beijing Xin Lian. An application for the issuance of the strata titles to the Somerset Grand Fortune Garden Property, together with the relevant documents, will be made to the real estate administrative authorities for the issuance of the strata titles in relation to the Somerset Grand Fortune Garden Property. The Manager will make an announcement to the SGX-ST upon the issuance of the strata titles, or in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date, as the case may be.

- (2) As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted an option (the "Put Option") to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date.

In the event the Trustee, as trustee of ART, exercises the Put Option, the DPU for the Forecast Year 2006 and the Projection Year 2007 are forecast and projected to be 6.04 cents and 6.13 cents respectively. The forecast DPU of 6.04 cents for Forecast Year 2006 is based on the assumption that the date of completion of the sale of the entire issued and paid-up capital in Somerset FG to the Sponsor ("Completion of Sale of Somerset FG") pursuant to the exercise of the Put Option is 30 September 2006 and hence ART is only entitled to the income of Somerset FG for the nine months ended 30 September

2006. Upon the Completion of Sale of Somerset FG, the Manager intends to make a one-time distribution of the proceeds from the sale to Unitholders. Based on the net asset value of Somerset FG as at 31 December 2005, the one-time distribution by ART of the proceeds from the sale would be approximately 5.88 cents per Unit. The Trustee is of the view that the abovementioned arrangement adequately safeguards Unitholders' interest if the strata titles for the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date (see "Risk Factors – ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings" and "The Properties" for further information).

SR Management Company

Ascott Property Management (Beijing), an indirect subsidiary of Ascott.

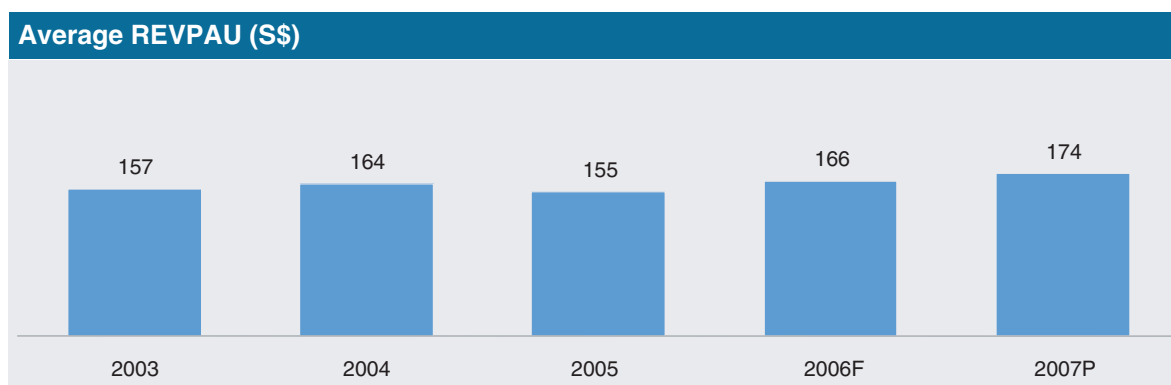
Number of Apartment Units

81

Operating Statistics

Somerset Grand Fortune Garden had an average REVPAU of S\$155 for the financial year ended 31 December 2005 and the building had 175 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, the Somerset Grand Fortune Garden Property generated Revenue of S\$5.1 million or 5.0% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Grand Fortune Garden for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December in respect of 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast ("F") and projection ("P") respectively (see "Profit Forecast and Profit Projection" for further information).

Net Lettable Area

15,899 sq m

Year of Completion

2001

Title

Leasehold estate of 70 years expiring on 27 August 2068

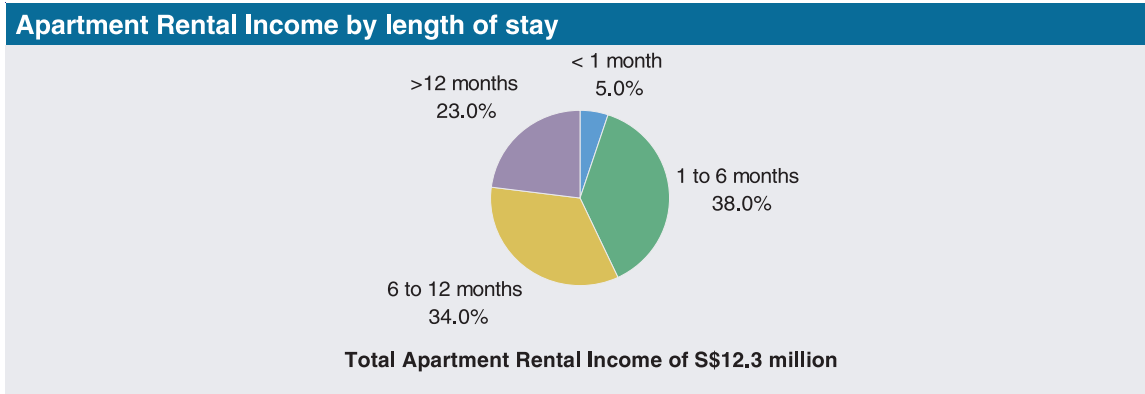
Appraised Value

Appraised Value : S\$52.8 million (equivalent to RMB 252.5 million based on an exchange rate of RMB 1: S\$0.2091)

Date of appraisal : 15 December 2005

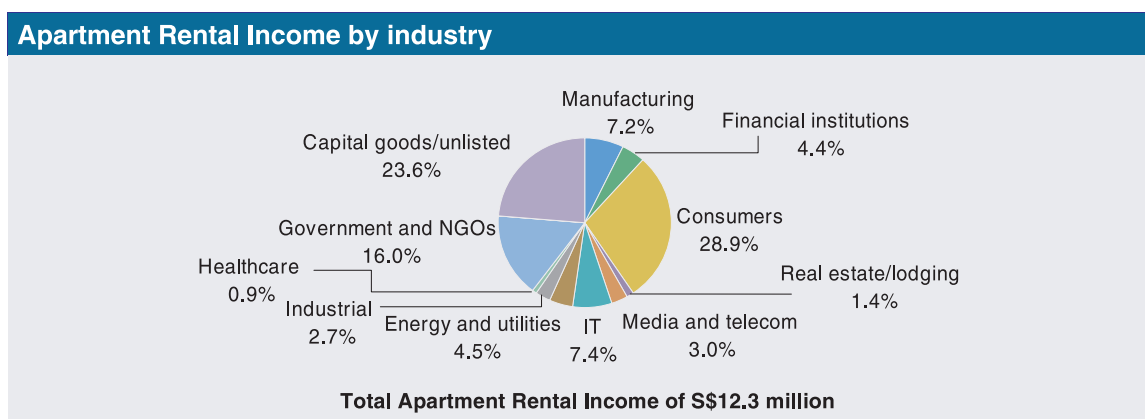
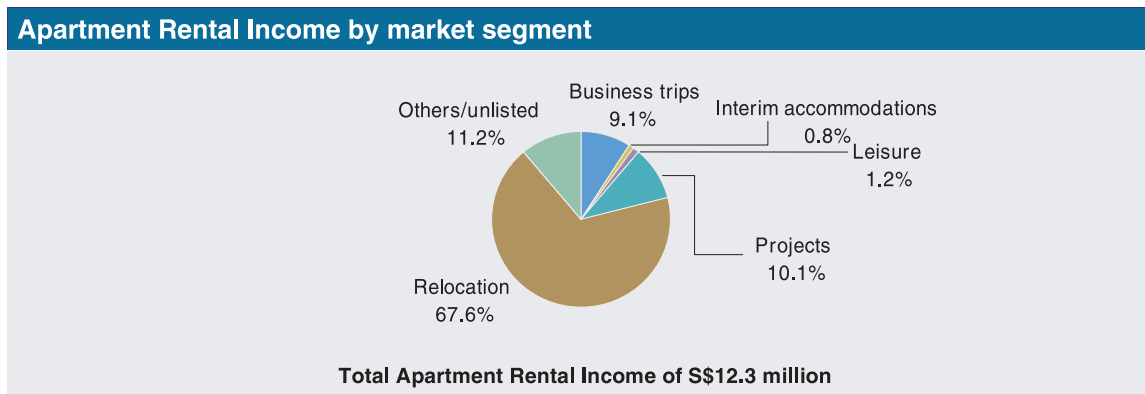
Length of Stay

The following chart shows the length of stay profile of Somerset Grand Fortune Garden (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Grand Fortune Garden (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 9.2% of Apartment Rental Income, and the top ten clients accounted for approximately 31.4% of Apartment Rental Income, of Somerset Grand Fortune Garden for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Grand Fortune Garden which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	28	16.0
1 January 2006 to 28 February 2006	34	19.4
1 March 2006 to 31 May 2006	25	14.3
1 June 2006 to 31 August 2006	34	19.4
1 September 2006 to 30 November 2006	19	10.9
1 December 2006 and beyond	35	20.0
	<hr/>	<hr/>
	175	100.0
	<hr/> <hr/>	<hr/> <hr/>

SOMERSET XU HUI, SHANGHAI

No 888, Shanxinan Road
Xu Hui District, Shanghai
China 200031

Description

Somerset Xu Hui is owned by Shanghai Xin Wei, which is a wholly-owned subsidiary of Glenwood Properties. The Trustee, as trustee of ART, owns the entire interest in Glenwood Properties.

Conveniently located in a prime residential district of Shanghai, Somerset Xu Hui is within a 15-minute walk from the business area of Huai Hai Zhong Road and the Shan Xi Nan Road metro station, offering guests easy access to a variety of entertainment, dining and shopping options in the city. The Pudong Business and Financial district is also easily accessible with a short drive.

Each of the 167 Apartment Units is fully-furnished and ranges in size from 65 sq m to 176 sq m, in one to three-bedroom layouts. Apartment Units in Somerset Xu Hui offer amenities which include a fully-equipped kitchen and home entertainment system, broadband internet access, IDD and DID with voice mail facility. The Property also provides guests with recreational facilities which include a billiards room, children's playground, gymnasium and aerobics centre, function room, games room, indoor heated swimming pool, jacuzzi, steam and sauna rooms and reading room. It also provides daily breakfast and maid services, 24-hour security and CCTV surveillance, 24-hour reception, self-service launderette, a minimart/supermarket, baby-sitting service, basement car park and airport transfer.

SR Management Company

Ascott Property Management (Shanghai), an indirect subsidiary of Ascott.

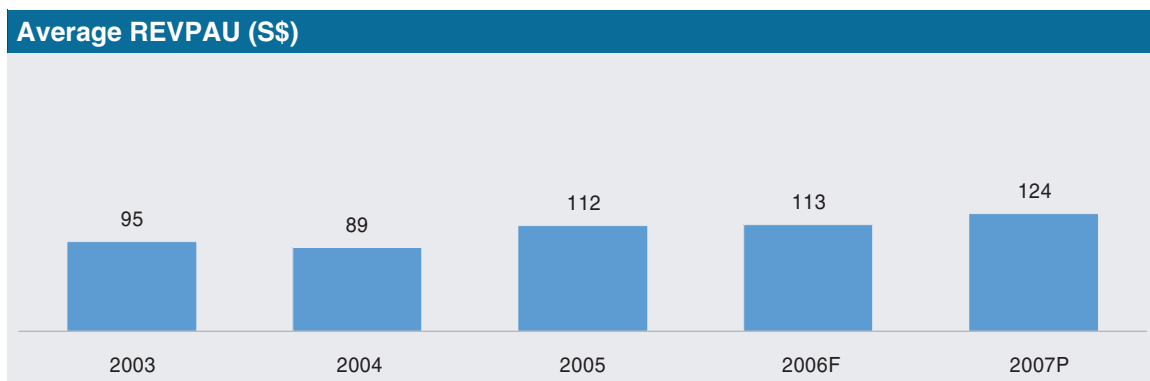
Number of Apartment Units

167

Operating Statistics

Somerset Xu Hui had an average REVPAU of S\$112 for the financial year ended 31 December 2005 and the building had 133 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Xu Hui generated Revenue of S\$7.4 million, or 7.3% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Xu Hui for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.

- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast (“F”) and projection (“P”) respectively (see “Profit Forecast and Profit Projection” for further information).
- (3) The increase in REVPAU over the period from 31 December 2004 to 31 December 2005 was due to the ability to command higher rental rates following the completion of certain renovation works on the Property in 2005.

Net Lettable Area

17,805 sq m

Year of Completion

1999

Title

Leasehold estate of 70 years expiring on 22 June 2066

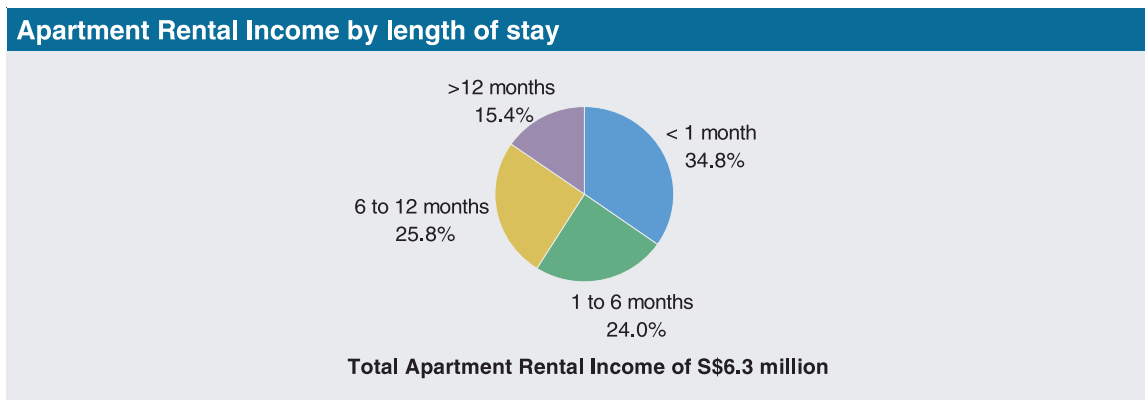
Appraised Value

Appraised Value : S\$51.5 million (equivalent to RMB 246.3 million based on an exchange rate of RMB 1: S\$0.2091)

Date of appraisal : 15 December 2005

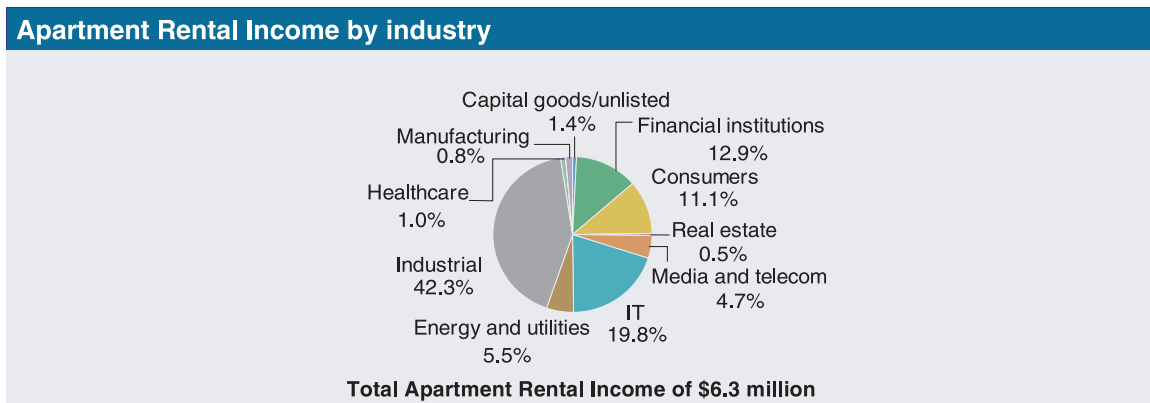
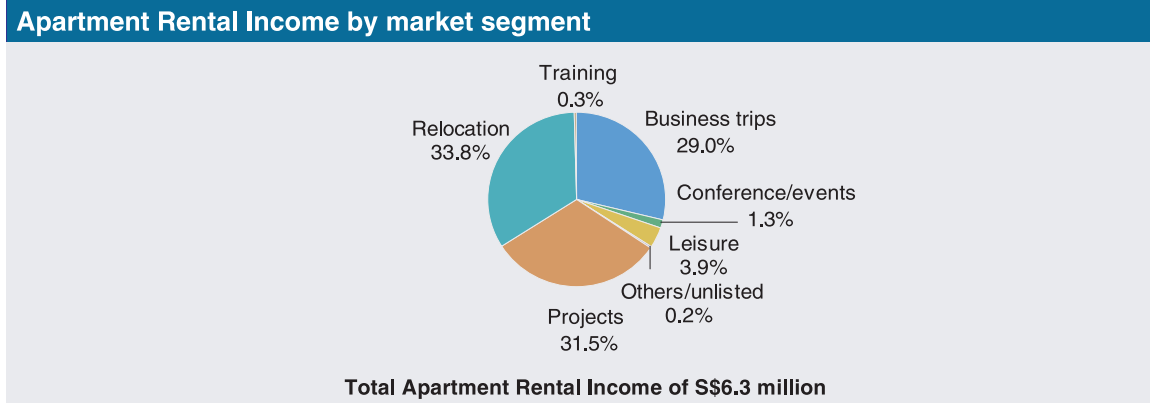
Length of Stay

The following chart shows the length of stay profile of Somerset Xu Hui (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Xu Hui (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 7.0% of the Apartment Rental Income, and the top ten clients accounted for 19.2% of Apartment Rental Income, of Somerset Xu Hui for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Xu Hui which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	43	32.3
1 January 2006 to 28 February 2006	27	20.3
1 March 2006 to 31 May 2006	25	18.8
1 June 2006 to 31 August 2006	25	18.8
1 September 2006 to 30 November 2006	12	9.0
1 December 2006 and beyond	1	0.8
	133	100.0

SOMERSET HO CHI MINH CITY, HO CHI MINH CITY

8A, Nguyen Binh Khiem Street, District 1
Ho Chi Minh City
Vietnam

Description

Somerset Ho Chi Minh City is owned by Mekong – Hacota, which is a 69.0% subsidiary of Ascott Residences. The Trustee, as trustee of ART, owns the entire interest in Ascott Residences.

Somerset Ho Chi Minh City comprises three 12-storey buildings. Strategically located in the business and shopping district (District 1) in Ho Chi Minh City, this Property is within walking distance to business destinations, consulates, shopping centres, the Botanic Gardens, and a wide variety of dining and entertainment places.

Each of the 165 Apartment Units is fully-furnished and ranges in size from 85 sq m to 180 sq m, in two to four-bedroom layouts. In recognition of the quality of services it provides, Somerset Ho Chi Minh City was recently awarded the 2004 Vietnam Economic Times' "Best Service in Serviced Apartments" award in Ho Chi Minh City. Guest room amenities include broadband access, television with satellite and cable channels, a fully-equipped kitchen and IDD telephone with voice mail facility and washing machine and dryer. Somerset Ho Chi Minh City provides guests with recreational facilities which include fully-equipped gymnasium, indoor and large outdoor children's play areas, multi-purpose function room, outdoor jacuzzi, outdoor swimming pool, poolside restaurant, tennis court, table-tennis facility, billiards room, barbeque area and games room. It also provides daily breakfast and maid services, 24-hour reception, 24-hour security and CCTV surveillance, doctor on call, car park, airport transfer, minimart and laundry and dry-cleaning services.

SR Management Company

AIM, an indirect subsidiary of Ascott.

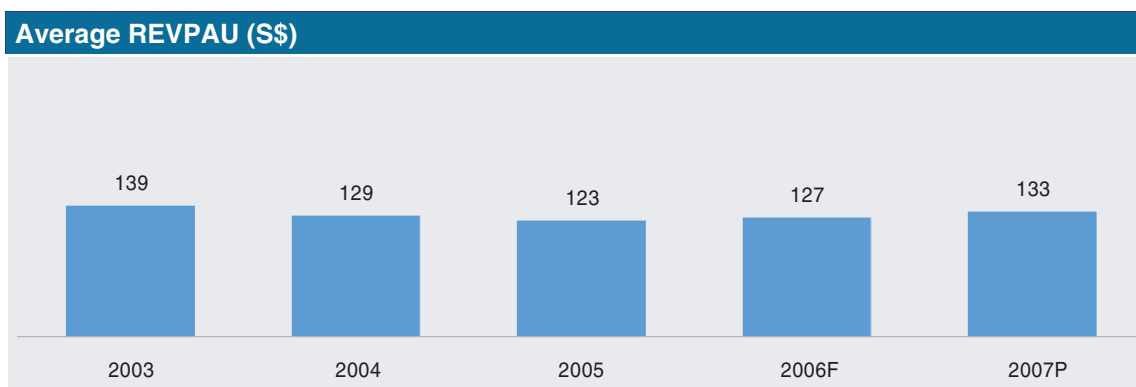
Number of Apartment Units

165

Operating Statistics

Somerset Ho Chi Minh City had an average REVPAU of S\$123 for the financial year ended 31 December 2005 and the building had 157 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Ho Chi Minh City generated Revenue of S\$7.6 million, or 7.5% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Ho Chi Minh City for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast (“F”) and projection (“P”) respectively (see “Profit Forecast and Profit Projection” for further information).

Net Lettable Area

19,154 sq m

Year of Completion

1998

Title

Leasehold estate of 45 years expiring on 25 December 2039

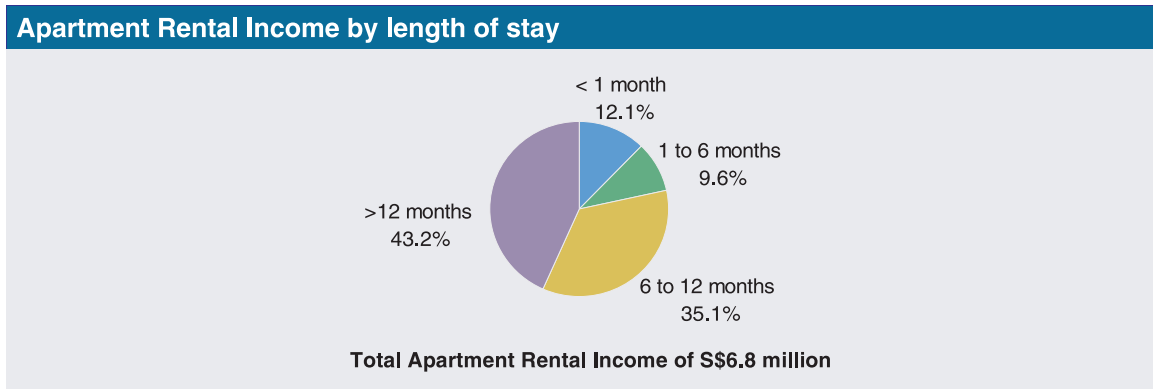
Appraised Value

Appraised Value : S\$66.8 million (equivalent to US\$39.5 million based on an exchange rate of US\$1: S\$1.6920)

Date of appraisal : 15 December 2005

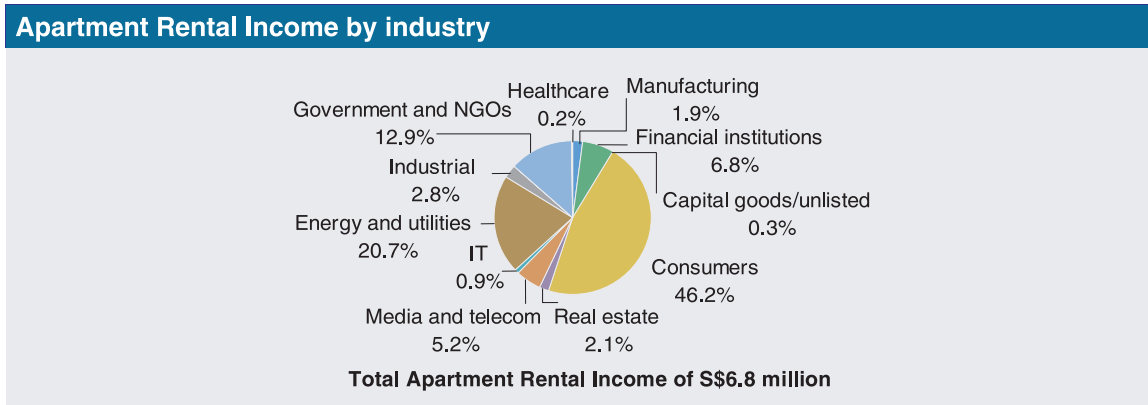
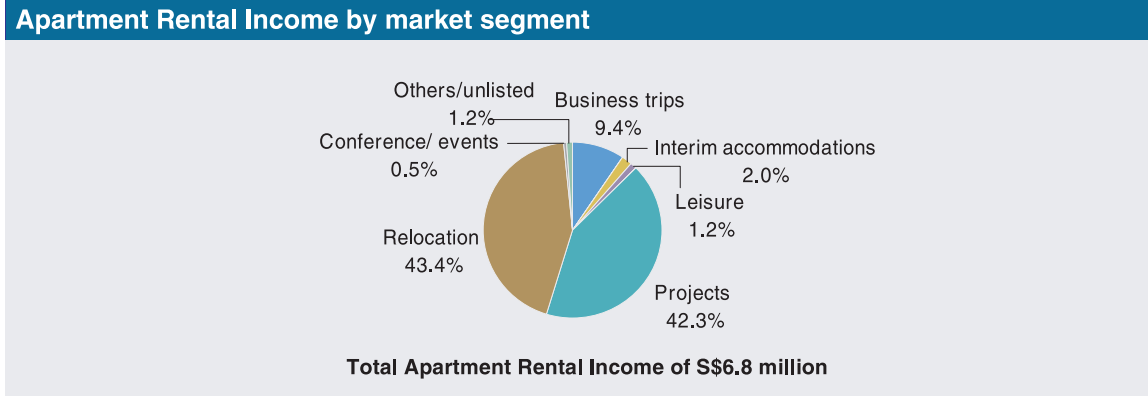
Length of Stay

The following chart shows the length of stay profile of Somerset Ho Chi Minh City (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

The following charts show the guest profile of Somerset Ho Chi Minh City (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-



No one client accounted for more than 9.9% of Apartment Rental Income, and the top ten clients accounted for approximately 42.7% of Apartment Rental Income, of Somerset Ho Chi Minh City for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Ho Chi Minh City which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	31	19.7
1 January 2006 to 28 February 2006	25	15.9
1 March 2006 to 31 May 2006	29	18.5
1 June 2006 to 31 August 2006	29	18.5
1 September 2006 to 30 November 2006	27	17.2
1 December 2006 and beyond	16	10.2
	157	100.0

SOMERSET GRAND HANOI, HANOI

No 49, Hai Ba Trung Street
Hoan Kiem District
Hanoi
Vietnam

Description

Somerset Grand Hanoi is owned by Hanoi Tower Center, a 76.4% subsidiary of Burton Engineering. The Trustee, as trustee of ART, owns the entire interest in Burton Engineering.

Somerset Grand Hanoi is conveniently located within the Central Business District of Hanoi on Hai Ba Trung Street. Somerset Grand Hanoi is easily accessible to guests via public transportation, taxis and buses. There is also a convention centre, child education centre and a shopping mall on the lower floors of the building. As a testament to the quality of services it provides, Somerset Grand Hanoi was recently awarded the 2004 Vietnam Economic Times' "Best Service in Serviced Apartments award" in Hanoi.

The 185 fully-furnished Apartment Units are in one to three-bedroom layouts, each ranging in size from 64 sq m to 162 sq m. Guest room amenities in Somerset Grand Hanoi include television with satellite and cable channels, fully-equipped kitchen and IDD telephone with voice mail facility, broadband access and washing machine cum dryer. This Property also provides guests with recreational facilities which include children's playground, fully-equipped gymnasium, function room, games room, sauna, jacuzzi, snooker room, swimming pool with wading pool, table-tennis facility and tennis court. It also provides daily breakfast and maid services, 24-hour reception, 24-hour security and CCTV surveillance, childcare centre and international kindergarten, baby-sitting service, doctor on call, boardroom, convention centre, laundry and dry-cleaning services, airport transfer, shuttle bus service, car park, meeting room and restaurant.

SR Management Company

AIM, an indirect subsidiary of Ascott.

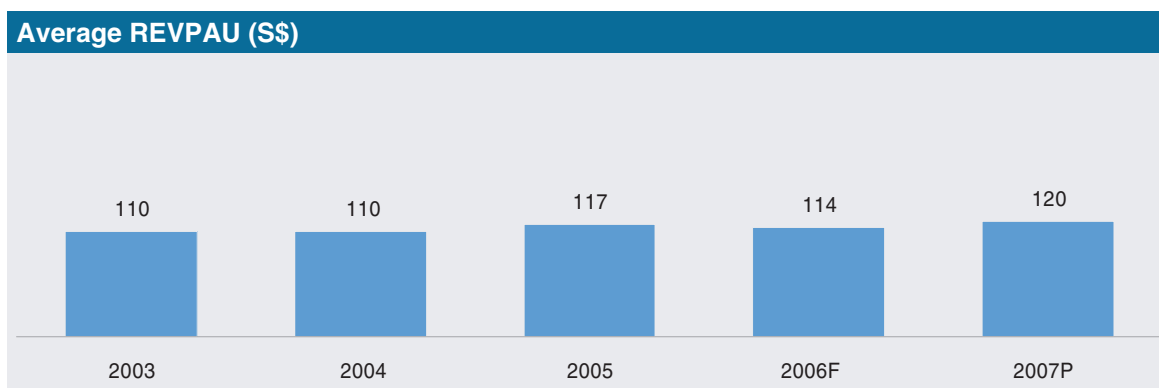
Number of Apartment Units

185

Operating Statistics

Somerset Grand Hanoi had an average REVPAU of S\$117 for the financial year ended 31 December 2005 and the building had 181 occupied Apartment Units as at 30 November 2005. For the financial year ended 31 December 2005, Somerset Grand Hanoi generated Revenue of S\$13.2 million, or 13.0% of the Revenue generated by all 12 Properties.

The following chart illustrates the average REVPAU of Somerset Grand Hanoi for the financial years ended 31 December 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007:-



Notes:-

- (1) For the financial years ended 31 December in respect of 2003, 2004 and 2005 and the financial years ending 31 December 2006 and 2007.
- (2) The REVPAU for the financial years ending 31 December 2006 and 31 December 2007 are based on forecast (“F”) and projection (“P”) respectively (see “Profit Forecast and Profit Projection” for further information).

Net Lettable Area

28,328 sq m

Year of Completion

1997

Title

Leasehold estate of 45 years expiring on 8 February 2038

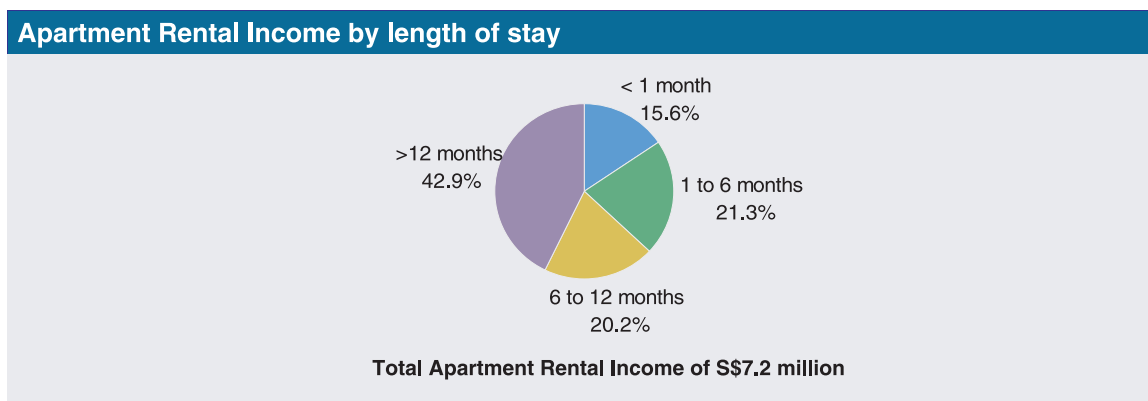
Appraised Value

Appraised Value : S\$105.7 million (equivalent to US\$62.5 million based on an exchange rate of US\$1: S\$1.6920)

Date of appraisal : 15 December 2005

Length of Stay

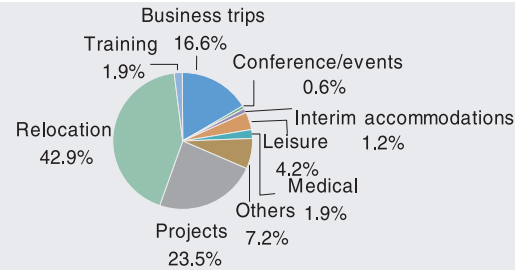
The following chart shows the length of stay profile of Somerset Grand Hanoi (in terms of Apartment Rental Income) generated for the 11 months ended 30 November 2005:-



Guest Profile

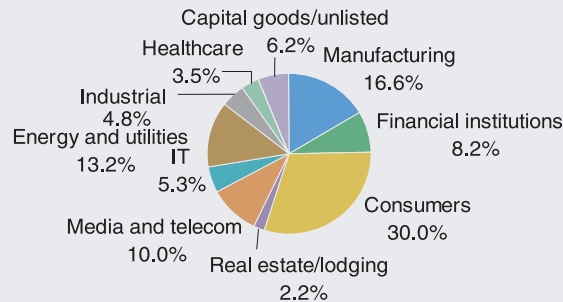
The following charts show the guest profile of Somerset Grand Hanoi (in terms of Apartment Rental Income) for the 11 months ended 30 November 2005, by market segment and by industry:-

Apartment Rental Income by market segment



Total Apartment Rental Income of S\$7.2 million

Apartment Rental Income by industry



Total Apartment Rental Income of S\$7.2 million

No one client accounted for more than 6.8% of Apartment Rental Income, and the top ten clients accounted for approximately 23.0% of Apartment Rental Income, of Somerset Grand Hanoi for the 11 months ended 30 November 2005.

Expiries of Licences

The table below sets out details of expiries in respect of the licences for Somerset Grand Hanoi which, as at 30 November 2005, are scheduled to take place during the periods indicated:-

Period	Number of Apartment Units in respect of which licences are expiring	Percentage of total number of Apartment Units in respect of which licences are expiring (%)
1 December 2005 to 31 December 2005	31	17.1
1 January 2006 to 28 February 2006	31	17.1
1 March 2006 to 31 May 2006	37	20.4
1 June 2006 to 31 August 2006	41	22.7
1 September 2006 to 30 November 2006	25	13.8
1 December 2006 and beyond	16	8.9
	181	100.0

THE MANAGER AND CORPORATE GOVERNANCE

The Manager of ART

The Manager was incorporated in Singapore under the Companies Act under the name of “ART Management Pte Ltd” on 22 November 2005 and changed its name to “ART Management Limited” in connection with its conversion into a public limited company. The Manager subsequently changed its name to “Ascott Residence Trust Management Limited” on 20 January 2006. The Manager is a wholly-owned subsidiary of Ascott. The Manager has a paid-up capital of S\$1,000,000. Its registered office is located at 8 Shenton Way, #13-01, Temasek Tower, Singapore 068811 and its telephone number is 6389-9388.

Directors of the Manager

The Board is entrusted with responsibility for the overall management of the Manager. The following table sets forth information regarding the Directors of the Manager:-

Name	Age	Address	Position
Lim Jit Poh	66	21 Stevens Close Singapore 257962	Non-Executive Chairman
Liew Mun Leong	59	49, Chancery Lane Singapore 309578	Non-Executive Deputy Chairman
Ong Ah Luan Cameron	48	15-A Kee Choe Avenue Singapore 348957	Non-Executive Director
S. Chandra Das	66	28 Cassia Drive Singapore 289721	Non-Executive Director
Paul Ma Kah Woh	58	18 Sunset Place Singapore 597366	Independent Director
David Schaefer	51	Apartment B, 2/F, Block 3, The Mount Austin, 8 Mount Austin Road, Hong Kong	Independent Director
Ku Moon Lun	55	7B, Craigmount 34 Stubbs Road Hong Kong	Independent Director

Experience and Expertise of the Board of Directors

Information on the business and working experience of the Directors of the Manager is set out below:-

Mr Lim Jit Poh is the Non-Executive Chairman of the Manager.

Mr Lim is the Chairman of ComfortDelGro Corporation Limited, the world’s second largest land transport group, and a Director of the Sponsor and several other public-listed companies. He is also a trustee of the Singapore National Employers Federation. Mr Lim has been recognised with several awards from the Government of Singapore and National Trades Union Congress. A former top civil servant and Fulbright scholar, Mr Lim holds a Bachelor of Science with honours in Physics from the University of Singapore, and a Master of Education degree from the University of Oregon, United States.

Mr Liew Mun Leong is the Non-Executive Deputy Chairman of the Manager.

Mr Liew is President and CEO of the CapitaLand Group. He is also Chairman of CapitaLand Residential Limited, CapitaLand Commercial & Integrated Development Limited, CapitaLand Retail Limited and Deputy Chairman of CapitaLand Financial Limited. Concurrently, Mr Liew is Deputy Chairman of the Sponsor and Raffles Holdings Limited, subsidiaries of CapitaLand listed on the SGX-ST. He is Deputy Chairman of CapitaMall Trust Management Limited, the manager of CapitaMall Trust, the first listed real estate investment trust in Singapore, and CapitaCommercial Trust Management Limited.

As public service, Mr Liew chairs the Civil Aviation Authority of Singapore (CAAS), and the Board of Governors of Temasek Polytechnic. Mr Liew also serves as a member of the Council on Corporate Disclosure and Governance, a national body on corporate disclosure and governance including prescribing of accounting standards in Singapore.

With more than two decades of experience in construction and real estate in Singapore and overseas, Mr Liew participated in a number of public sector infrastructural development projects in Singapore, including the development and construction of Changi International Airport. For five years, he was CEO of Singapore Institute of Standards and Industrial Research (SISIR), a statutory board responsible for Singapore's national standards and industrial research and development to support the manufacturing industry in Singapore. Thereafter, he headed a public listed engineering and construction company in Singapore. From 1997 to 1998, Mr Liew was elected the President of International Organisation for Standardisation (ISO).

Mr Liew is also currently a director of The Chinese Opera Institute, Royal Thali Pte Limited, CapitaLand UK Holdings Limited, China Club Investment Pte Limited, Clarke Quay Pte Limited, CapitaLand Financial Services Limited, T.C.C. Capital Land Limited, The Link Management Limited, Singapore-China Foundation Limited and CapitaLand Hope Foundation.

Mr Liew graduated from the University of Singapore with a civil engineering degree in 1970 and is a registered professional civil engineer.

Mr Ong Ah Luan Cameron is a Non-Executive Director of the Manager.

Mr Ong is the Managing Director and Chief Executive Officer of the Sponsor. He was previously the deputy chief executive officer of the Sponsor from April 2003, and before that, chief operating officer from November 2000. Prior to this, he was Somerset Holdings Limited's chief operating officer, and Liang Court Hospitality's president and director. Mr Ong has over 25 years' international experience in hospitality, of which over 10 years has been with the Ascott Group. As deputy CEO, he was responsible for the operational performance of the Ascott Group's properties and brand development across Asia-Pacific and Europe. Mr Ong has received several awards for his contributions to the hospitality industry and is an honorary consultant to the Beijing International Investment Promotion Council. He is also on the executive committee of the Philippines-Singapore Business Council, the Singapore Tourism Hotel and Accommodation Services Industry Skills and Training Council, and an advisor to the Singapore Serviced Apartments Association. Mr Ong is a certified hotel administrator from the Educational Institute of American Hotel and Lodging Association, US. He has also attended senior management programmes at the International Institute for Management Development in Lausanne, Switzerland and Tsinghua University in Beijing, China.

Mr S. Chandra Das is a Non-Executive Director of the Manager.

Mr Das is chairman of Nera Telecommunications Ltd and Nera Electronics Ltd. He is also a non-executive director of the Sponsor and a director of several other public listed companies, and private companies involved in trading and manufacturing. A former Member of Parliament, Mr Das has been conferred numerous awards, such as the President's Medal by the Singapore Australian Business Council in 2000, with the latest being the Distinguished Service (Star) Award by National Trades Union Congress in 2005. He is an Economics honours graduate from the University of Singapore.

Mr Paul Ma Kah Woh is an Independent Director of the Manager.

Mr Ma was a senior partner of KPMG Singapore, where, he was in charge of the Audit & Risk Advisory Practice and Risk Management function for many years until his retirement in September 2003.

Mr Ma sits on the Boards and Audit Committees of Mapletree Investment Pte Ltd, Mapletree Logistics Trust Management Limited, SMRT Corporation Limited, Asia General Holdings Limited and Golden Harvest Entertainment (Holdings) Limited. Mapletree Investment Pte Ltd is a Singapore Government-linked holding company involved in real estate development and management, development and management of real estate investment products and provision of assets, property, lease and development management and property-related capital management services; Mapletree Logistics Trust Management Limited is the Manager of the Mapletree Logistics Trust, a logistics REIT listed in Singapore; SMRT Corporation Limited is a listed company which is principally involved in rapid transit services and bus and taxi operations in Singapore; Asia General Holdings Limited is a public investment holding company with its principal investments in two life and general insurance companies in Singapore and Malaysia. Golden Harvest Entertainment (Holdings) Limited is a company listed in Hong Kong principally involved in film exhibition and distribution in Hong Kong, Malaysia, Singapore, Taiwan and Mainland China.

Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore. He has worked in England, the US and Singapore.

Mr David Schaefer is an Independent Director of the Manager.

Mr Schaefer is currently Managing Director, Head-Asia/Pacific of Citigroup Property Investors. He has been active in real estate and hotel transactions in the Asia-Pacific region for over 15 years as both a principal and investment banker. Prior to joining Citigroup in February 2005, he was formerly an Executive Director and Head of Property-Asia for the Macquarie Bank Group, and Chairman of Macquarie Asia Property Advisers, the Senior Advisor to the Schroder Asian Properties L.P. real estate fund. Mr Schaefer was formerly a director of the Macquarie Central Office CR-REIT, listed on the Korean Stock Exchange. Prior to joining Macquarie, he was a partner and executive chairman of the Southeast Asian affiliate of Choice Hotels International in Singapore, and a partner and chief executive of Quality Hotels (New Zealand) Limited. From 2002 to 2004 Mr Schaefer was a director of the Sponsor. Mr. Schaefer holds a Bachelor of Arts degree and Master of Business Administration from Cornell University, United States.

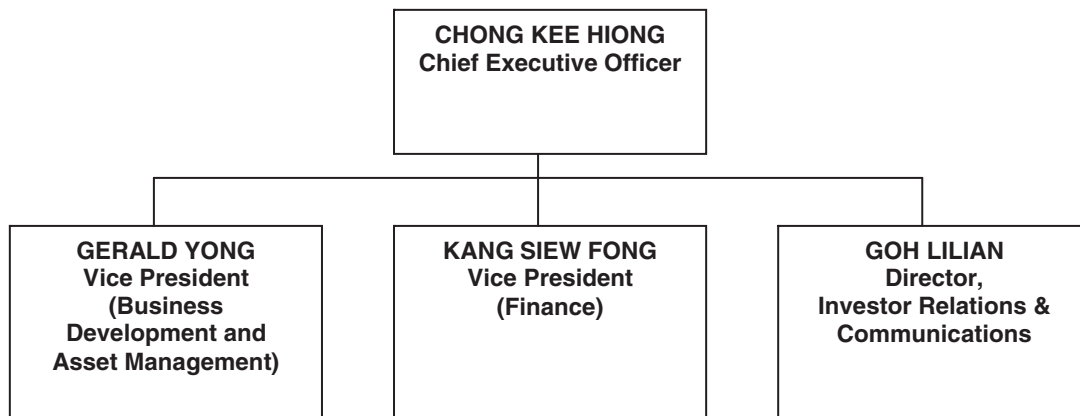
Mr Ku Moon Lun is an Independent Director of the Manager.

Mr Ku was an Executive Director of Davis Langdon & Seah International (“DLS”), a property consultant firm where he was responsible for implementing policies and steering the direction of the DLS group of companies. Mr Ku joined Davis Langdon & Seah Hong Kong Limited, where he was the chairman of the board of directors from 1995 to 2004, in 1971 and has more than 35 years’ experience in the real estate industry in Hong Kong. Mr Ku was previously also the chairman of Premas Hong Kong Limited, a facilities management company, from 2000 to 2002 and chairman of Icofox International, an information technology company, from 2000 to 2003. Mr Ku is a Fellow of the Royal Institute of Chartered Surveyors, Fellow of the Hong Kong Institute of Surveyors, Associate of the Chartered Institute of Arbitrators and Member of the Association of Cost Engineers.

A list of the present and past directorships of each Director of the Manager over the last five years preceding 1 January 2006 is set out in Appendix XI, “Present and Past Principal Directorships of Directors and Executive Officers”.

The Directors of the Manager have the appropriate expertise for serving as Directors of the Manager, as evidenced by their business and working experience set out above.

Management Reporting Structure of the Manager:-



Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager is responsible for working with the board of Directors of the Manager to determine the overall business, investment and operational strategies for ART. The Chief Executive Officer will also work with the other members of the Manager's management team and the SR Management Companies to ensure that the business, investment and operational strategies of ART are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of ART, including overseeing the acquisition of real estate investments and asset management strategies for the Properties.

The **Vice President (Business Development and Asset Management)** of the Manager is responsible for assisting the Chief Executive Officer with the day-to-day operations of ART in relation to investment strategies and strategic planning. He also works closely with the Chief Executive Officer to formulate the investment strategies of ART and to identify and evaluate suitable investment targets and generate investment opportunities. His responsibilities also include evaluating potential divestments where a property is no longer strategic or fails to be yield-accretive. He also supervises the due diligence and documentation of ART in respect of the acquisition or divestment of properties.

As part of his responsibilities, the Vice President (Business Development and Asset Management) of the Manager is also responsible for the appropriate positioning of the properties of ART and the formulation of asset management plans with a view to maximising the rental income of ART. He works closely with the SR Management Companies to ensure that the properties of ART maximise their income generation potential. He will also review the budgets, monthly reporting and forecasting of property performance.

The **Vice President (Finance)** of the Manager is responsible for the finances of ART. A key part of the role is to focus on the financial performance and the key performance indicators to facilitate the effective management of ART. She oversees the preparation of statutory accounts, co-ordinating with external auditors, managing tax affairs, managing borrowings and preparing performance reports for investors and regulators. The Vice President (Finance) is also responsible for investor relations and corporate communications, liaising with ART's Unitholders, including regular statutory reporting such as annual reports to Unitholders and reporting to the SGX-ST and MAS, when necessary. She is supported in her tasks by the Director, Investor Relations and Communications.

The **Director, Investor Relations and Communications** of the Manager is responsible for facilitating communications and liaison with Unitholders. This includes regular statutory reporting, such as producing annual reports to Unitholders and reporting to the SGX-ST in compliance with the Listing Manual. The principal objective of the Director, Investor Relations and Communications is to provide a service to Unitholders by maintaining continuous disclosure and transparent communications with Unitholders and the market. She will assist the Vice President (Finance) in facilitating and co-ordinating the formulation of strategic plans focused primarily on the creation of value for Unitholders, and in promoting and marketing ART to Unitholders, prospective investors and the media through regular communications, roadshows, events and a website.

Executive Officers of the Manager

Information on the working experience of the executive officers of the Manager is set out below:-

Mr Chong Kee Hiong is the Chief Executive Officer of the Manager. He is responsible for determining the overall business, investment and operational strategies for ART.

Mr Chong is also holding a concurrent appointment with the Sponsor as their Deputy Chief Executive Officer (Finance and Investment), overseeing the Ascott Group's finance, strategic planning, asset management, business development, legal and corporate secretarial and investor relations functions. Between 2001 and 2004, he was with Raffles Holdings Limited ("Raffles Holdings") as their Chief Financial Officer where he was a member of the Management Committee responsible for charting the company's growth and development strategies. Prior to September 2005, Raffles Holdings was a leading international hotel chain headquartered in Singapore, which owned and managed a chain of luxury and business hotels within and outside of Singapore. Between 1990 and 2000, he held various senior positions in companies such as Adroit Innovations Limited, Tuan Sing Holdings Limited, RSP Architects, Planners & Engineers Pte Ltd and KPMG Peat Marwick.

Mr Chong obtained a Bachelor in Accountancy from the National University of Singapore and is currently a member of the Institute of Certified Public Accountants of Singapore. He is also a member of the Tax Advisory Committee of Ministry of Finance, Singapore. He also sits on the Finance & IT Committee of Sentosa Development Corporation and is the Treasurer and a member of Orchid Country Club General Committee.

Mr Gerald Yong Choon Miao is the Vice President (Business Development and Asset Management) of the Manager. Mr Yong will be assisting the Chief Executive Officer with the operations of the Manager in relation to investment strategies and strategic planning.

Prior to joining the Manager, Mr Yong was Vice President of Business Development and Asset Management at the Sponsor where he leads the team in investments, divestments and asset management of the group's global portfolio. From 2001 to 2004, Mr Yong was with SembCorp Environmental Management Pte Ltd, holding the position of Vice President Business Development & Strategic Planning, where he was responsible for the overall business development and strategic planning of the company. He led the company's successful market entry into Shanghai, India and Bahrain through acquisitions worth over \$100 million. SembCorp Environmental Management Pte Ltd is the largest environmental management services company in South East Asia, and is part of SembCorp Industries Ltd, a leading engineering conglomerate listed on the SGX-ST. He joined the Civil Aviation Authority of Singapore in 2000 as a Corporate Planning and Development Manager. From 1995 to 1999, Mr Yong held various positions, including Assistant Business Development Manager, Assistant Project Manager and Senior Executive Assistant to the President at SembCorp Utilities Pte Ltd and SembCorp Marine Ltd where he was involved in managing engineering and business development projects in Singapore and Indonesia with worth totalling over S\$1 billion.

Mr Yong obtained an Honours Degree in Engineering from the National University of Singapore on a full scholarship by SembCorp Industries Ltd, and a Master of Business Administration (Distinction), majoring in Corporate Finance & Financial Markets, from Imperial College London Tanaka Business School on the full Raffles-Chevening scholarship awarded by the UK Foreign Commonwealth Office, British Telecoms and Imperial College.

Ms Kang Siew Fong is the Vice President (Finance) of the Manager and has more than 16 years' experience in the finance profession. As Vice President (Finance), Ms Kang is responsible for the performance management and reporting functions of ART.

Prior to joining the Manager, Ms Kang was with the Sponsor for more than 12 years where she held various positions including as Vice President – Finance and Vice President – Business Development and Planning. As a Vice President – Finance of the Sponsor, she was responsible for all aspects of financial management and accounting of the Ascott Group including preparation of the group's consolidated accounts, release of financial results on the SGXNET, co-ordination with external auditors and ensuring compliance with statutory reporting requirements and financial reporting standards. She was also

involved in the mergers and acquisitions activities of the Sponsor as well as formulation and implementation of its financial policies and practices, budgeting and internal controls. She had in-depth knowledge of the Sponsor’s subsidiaries. Prior to joining the Sponsor, Ms Kang was with KPMG Peat Marwick from June 1989 to May 1993.

Ms Kang obtained a Bachelor of Accountancy Degree from the National University of Singapore in 1989.

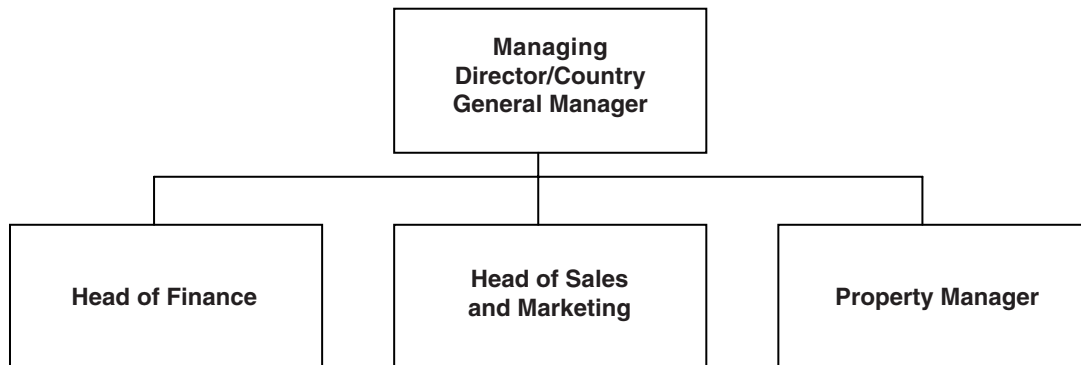
Ms Goh Lilian is the Director, Investor Relations and Communications of the Manager.

Prior to joining the Manager, Ms Goh was the Sponsor’s Investor Relations Manager responsible for building and maintaining relations with shareholders and investors through meetings and other media. Before that, she was with International Copper Association (Asia) as Regional Manager (Asia) for Communications. International Copper Association (Asia) is the Asian headquarters of International Copper Association Ltd, an international non-profit organisation responsible for guiding policy, strategy and funding of international initiatives relating to the use of copper. As part of her portfolio, Ms Goh was responsible for leading the branding and communication initiatives of the organisation as well as the preparation of marketing communications and management of relations with stakeholders (including government authorities, industry players and end-users) and members.

Ms Goh obtained an Honours Degree in Communication Studies from Nanyang Technological University in 1998.

A list of the present and past directorships of each Executive Officer of the Manager over the last five years preceding 1 January 2006 is set out in Appendix XI, “Present and Past Principal Directorships of Directors and Executive Officers”.

Management Reporting Structure of the SR Management Companies



Executive Officers of the SR Management Companies

The SR Management Companies of the respective Properties are as set out in the table below:-

Property	SR Management Company
Somerset Liang Court Property	AIM ^{(1), (2)}
Somerset Grand Cairnhill	AIM
The Ascott, Jakarta	PT Ascott International ^{(1), (3)}
Somerset Grand Citra	PT Ascott International
Country Woods	PT Ascott International
Somerset Millennium	Scotts Philippines ^{(1), (4)}
Somerset Salcedo Property	Scotts Philippines
The Ascott, Beijing	Ascott Property Management (Beijing) ^{(1), (5)}
Somerset Grand Fortune Garden Property	Ascott Property Management (Beijing)
Somerset Xu Hui	Ascott Property Management (Shanghai) ^{(1), (6)}
Somerset Ho Chi Minh City	AIM
Somerset Grand Hanoi	AIM

Notes:-

- (1) The SR Management Companies are subsidiaries of Ascott.
- (2) AIM was incorporated in Singapore on 7 December 1993. It has a paid-up capital of S\$100,000 and its registered office is located at 8 Shenton Way, #13-01 Temasek Tower, Singapore 068811.
- (3) PT Ascott International was incorporated in Indonesia on 30 May 1997. It has a paid-up capital of US\$60,000 and its registered office is located at No 2 Jalan Kebon Kacang Raya, Jakarta 10230, Indonesia.
- (4) Scotts Philippines was incorporated in the Philippines on 23 August 1995. It has a paid-up capital of PHP 8,090,000 and its registered office is located at 106 H.V. Dela Costa Street Salcedo Village, Makati City, the Philippines.
- (5) Ascott Property Management (Beijing) was established in China on 13 December 2001. It has a registered capital of US\$300,000 and its registered office is located at 3F, 108B Jianguo Road, Chao Yang District, Beijing 100022, China.
- (6) Ascott Property Management (Shanghai) was established in China on 7 September 2000. It has a registered capital of US\$350,000 and its registered office is located at Room 204, No. 9B Shenbo Road, Pudong New Area, Shanghai, China.

Each of the SR Management Companies is managed by a managing director or country general manager who is responsible for overseeing and directing the operations of the Property, including the leadership of various property personnel as well as ensuring the efficient management of the relevant property in areas such as guest relations, marketing and building enhancements.

He is assisted by a head of finance, head of sales and marketing and a property manager. The head of finance is responsible for the finance, accounting and tax functions of the Properties. The head of sales and marketing oversees sales and marketing activities and is responsible for the execution of all marketing programmes for the Properties. He is also responsible for the implementation of guest relations' programmes to ensure the continued loyalty of guests. The property manager oversees all building operations of the properties and is in charge of the security, technical, service and car park staff of the Properties. As part of his responsibility, he also manages additions and alterations to the properties to maintain the image of the properties and to ensure that guests are provided with services of a consistently high standard.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of ART. The Manager's main responsibility is to manage ART's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of ART and give recommendations to the Trustee on the acquisition, divestment or enhancement of assets of ART in accordance with ART's stated investment strategy.

The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner; ensure that ART is carried on and conducted in a proper and efficient manner, and conduct all transactions with or for ART at arm's length.

Further, the Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of ART's properties. The Manager will also prepare the accounts of ART.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Guidelines), the Trust Deed, the Tax Ruling and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow or raise monies or provide guarantees or undertakings on behalf of ART (upon such terms and conditions as the Manager deems fit, and in particular by charging or mortgaging all or any part of the Deposited Property) whenever the Manager considers, among other things, that such borrowings are necessary or desirable in order to enable ART to meet any liabilities or to finance the acquisition of any property or the redemption of Units. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that ART's proportionate share of total borrowings exceed (a) 35.0% (or such other limit as may be stipulated by the MAS under the CIS Code) of the proportionate share of its Deposited Property immediately prior to the time the borrowing is incurred or (b) 60.0% (or such other limit as may be stipulated by the MAS under the CIS Code) if a credit rating of ART has been obtained and disclosed to the public.

In the absence of bad faith, fraud, gross negligence, wilful default or material breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof, save where such action, cost, claim, damage, expense or demand is occasioned by bad faith, fraud, gross negligence, wilful default or material breach of the Trust Deed by the Manager. The Manager may, in managing ART and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee appoint such person(s) to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed.

Manager's Management Fees

The Manager is entitled under the Trust Deed to Management Fees comprising the Base Fee and the Performance Fee as follows:-

- (a) a Base Fee of 0.3% per annum of the Property Values; and
- (b) a Performance Fee that comprises the Base Performance Fee and Additional Outperformance Fee. Base Performance Fee shall be 4.0% per annum of ART's share of Gross Profit for each financial year. In the event ART's share of the Gross Profit increases by more than 6.0% annually, the Manager will be entitled to an Additional Outperformance Fee of 1.0% of the difference between ART's share of that financial year's Gross Profit and 106.0% of ART's share of the preceding year's Gross Profit. In the event ART increases its interests in any of the Properties, Property Companies and/or Property Holding Companies, or acquires additional properties and/or shares in companies whose primary purpose is to hold/own real estate (directly or indirectly), during the financial year, for purposes of the calculation of the Additional Outperformance Fee for that financial year and to ensure a similar basis for comparison, ART's share of the Gross Profit for the preceding year shall be adjusted to take into account such increase in interest or acquisition as if it has taken place in the preceding financial year.

The Manager currently intends to take 50.0% of its management fees in cash and 50.0% in Units for the Forecast Year 2006 and the Projection Year 2007 and will make an announcement if it subsequently decides otherwise.

Any increase in the rate of the Manager's Management Fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The management fees are payable to the Manager in the form of cash and/or Units (as the Manager may elect). The portion of the management fees payable in cash shall be payable monthly in arrears and the portion of the management fees payable in the form of Units shall be payable quarterly in arrears.

When the Manager's Management Fees or part thereof is payable to the Manager in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with the relevant amount of the Manager's Management Fees attributable to the relevant period at the "market price", being the volume weighted average price per Unit for all trades on the SGX-ST, in the ordinary course of trading, for a period of five (5) Business Days immediately preceding the relevant Business Day or, where the Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the Trustee at its discretion (after consultation with a stockbroker appointed by the Trustee) upon request by the Manager to review the market price of a Unit, as being the fair market price of a Unit.

Units issued to the Manager in payment of the Manager's Management Fees are entitled to all the rights attached to Units as any other Unitholders, including being entitled to receive distributions.

Subject to the Manager's undertaking to the MAS not to deal in the Units during certain specified periods (see "Corporate Governance of the Manager" for further details), the Manager may, at its option, sell any such Units issued and is entitled to keep any gains made on such sale for its own account.

Acquisition Fee and Divestment Fee

The Manager is also entitled to receive:-

- (a) an acquisition fee of 1.0% of the Enterprise Value of any Real Estate or Real Estate Related Assets acquired directly or indirectly by ART, pro-rated if applicable to the proportion of ART's interest. For this purpose, where the assets acquired by ART are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total debt attributable to the shares being acquired by ART and, where the asset acquired by ART is a property, "Enterprise Value" shall mean the value of the property.

In the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the Deposited Property, provided that the Manager shall charge an acquisition fee of 0.5% instead of 1.0%.

The acquisition fee is payable as soon as practicable after the completion of the relevant acquisition.

The Manager may opt to receive such acquisition fee in the form of cash or Units or a combination of cash and Units as it may determine. Units representing the acquisition fee or any part thereof will be issued at an Issue Price set out under "The Manager and Corporate Governance – Acquisition Fee and Divestment Fee". The Acquisition Fee is payable as soon as practicable after completion of the relevant acquisition. No Acquisition Fee is payable for the acquisition of the Properties.

- (b) a divestment fee of 0.5% of the Enterprise Value of any Real Estate or Real Estate Related Assets divested directly or indirectly by ART, pro-rated if applicable to the proportion of ART's interest.

The divestment fee is payable to the Manager in the form of cash. The Divestment Fee is payable as soon as practicable after completion of the relevant divestment.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any Real Estate or Real Estate Related Assets of ART shall be paid by ART.

In the event the Manager receives an acquisition fee or divestment fee in connection with a transaction with a Related Party (which has the meaning ascribed to it in the Trust Deed), any such acquisition fee or divestment fee shall be paid in the form of Units to be issued by ART at the market price.

Annual Report

An annual report will be issued by the Manager to Unitholders within three months from the end of each accounting period of ART containing, among other things, the following key items:-

- (a) details of all real estate transactions entered into during the accounting period;
- (b) details of ART's real estate assets;
- (c) if applicable, with respect to investments other than real property:-
 - (i) a brief description of the business;
 - (ii) proportion of share capital owned;
 - (iii) cost;
 - (iv) (if relevant) directors' valuation and in the case of listed investments, market value, dividends received during the year (indicating any interim dividends);
 - (v) dividend cover or underlying earnings; and
 - (vi) net assets attributable to investments;
- (d) cost of each property held by ART;
- (e) annual valuation of each property of ART;
- (f) analysis of provision for diminution in value of each property of ART (to the extent possible);
- (g) annual rental income for each property of ART;
- (h) occupancy rate of ART on a portfolio basis;
- (i) REVPAU of each property of ART;
- (j) top ten corporate clients of ART on a portfolio basis;
- (k) remaining term for each of ART's leasehold properties;
- (l) amount of distributable income held pending distribution;
- (m) details of assets other than real estate;
- (n) details of ART's exposure to derivatives;
- (o) details of ART's investments in other property funds;
- (p) details of borrowings by the Trustee and other financial accommodation to the Trustee in relation to ART;
- (q) value of the Deposited Property and the net asset value of ART at the beginning and end of the financial year under review;
- (r) the prices at which the Units were quoted at the beginning and end of the accounting period, and the highest and lowest prices at which the Units were traded on the SGX-ST during the accounting period;
- (s) volume of trade in the Units during the accounting period;

- (t) the aggregate value of all transactions entered into by the Trustee (for and on behalf of ART) with an “interested party” (as defined in the Property Funds Guidelines) or with an “interested person” (as defined in the Listing Manual) during the financial year under review;
- (u) total operating expenses of ART in respect of the accounting period, including expenses paid to the Manager and interested parties (if any) and the Trustee, and taxation incurred in relation to ART’s properties;
- (v) historical performance of ART, including rental income obtained for each property in respect of the accounting period and other various periods of time (e.g. 1-year, 3-year, 5-year or 10-year) and any distributions made;
- (w) total amount of fees paid to the Trustee;
- (x) name of the Manager, together with an indication of the terms and duration of its appointment and the basis of its remuneration;
- (y) total amount of fees paid to the Manager, including any Units issued and the price(s) at which they were issued in part payment thereof;
- (z) total amount of fees paid to the SR Management Companies; and
- (aa) an analysis of realised and unrealised surpluses or losses, stating separately profits and losses as between listed and unlisted investments, if applicable.

The first report will cover the period from the date of establishment of ART to 31 December 2006.

Additionally, ART will announce its net asset value on a quarterly basis. Such announcements will be based on the latest available valuation of ART’s real estate assets and real estate related assets, which will be conducted at least once a year (as required under the Property Funds Guidelines). The first such valuation will be conducted by 31 December 2006.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Trustee to act as the manager of ART.

The Manager may be removed by notice given in writing by the Trustee if:-

- (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Manager fails or neglects after 30 days’ written notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;
- (d) the Unitholders, by a resolution duly passed by a simple majority of Unitholders present and voting at a Unitholders’ meeting duly convened and held in accordance with the provisions of the Trust Deed, with no Unitholder being disenfranchised, shall so decide;
- (e) if the Trustee is of the opinion, and so states in writing such opinion and the reason therefore, that the Manager has, to the prejudice of Unitholders, failed to comply with any provision of the Trust Deed, and summons a meeting of Unitholders pursuant to Section 295 of the SFA, and if at such a meeting the Unitholders by Extraordinary Resolution determine to remove the Manager; or
- (f) the MAS directs the Trustee to remove the Manager.

Corporate Governance of the Manager

The following outlines the main corporate governance practices of the Manager:-

Board of Directors of the Manager

The board of Directors of the Manager (the “Board”) is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board has established a framework for the management of the Manager, including a system of internal controls and a business risk management process. The Board consists of seven members, three of whom are independent directors and four of whom are non-independent directors. No Director of the Manager has entered into any service contract directly with ART.

The composition of the Board is determined using the following principles:-

- (a) the chairman of the Board should be a non-executive Director of the Manager;
- (b) the Board should comprise directors with a broad range of commercial experience including expertise in funds management and the property industry;
- (c) at least one-third of the Board should comprise independent directors; and
- (d) the composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Audit Committee

The audit committee of the Manager (the “Audit Committee”) is appointed by the Board from among the non-executive Directors of the Manager and is composed of three members, a majority of whom (including the chairman of the Audit Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit Committee are Messrs Paul Ma Kah Woh, S. Chandra Das and David Schaefer. Mr Paul Ma Kah Woh has been appointed as the chairman of the Audit Committee. The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager’s internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee’s responsibilities also include:-

- (a) reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- (b) monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;
- (c) reviewing the financial statements and the internal audit reports; and
- (d) reviewing and/or approving all Related Party Transactions and monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to “interested person transactions” (as defined therein) and the provisions of the Property Funds Guidelines relating to “interested party transactions” (as defined therein) (both such types of transactions constituting “Related Party Transactions”).

Dealing in Units

The Trust Deed requires each Director of the Manager to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest (see “The Formation and Structure of ART - Directors’ Declaration of Unitholdings”).

All dealings in Units by Directors of the Manager will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:-

- (a) in the period commencing one month before the public announcement of ART’s annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of ART’s quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
- (b) at any time while in possession of price sensitive information.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two Business Days after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in the Units in the period commencing one month before the public announcement of ART’s annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of ART’s quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

Management of Business Risk

The Board will meet quarterly (or more often, if necessary) and will review the financial performance of the Manager and ART against a previously approved budget. The Board will also review the business risks of ART, examine liability management and will act upon any comments from the auditors of ART.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and ART. In assessing business risks, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual development projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and discuss any disclosure issues.

Conflicts of Interest

The Manager has instituted the following procedures to deal with conflicts of interest issues:-

- (a) The Manager will not manage any other real estate investment trust which invests in the same type of properties as ART.
- (b) All resolutions in writing of the Directors of the Manager in relation to matters concerning ART must be approved by a majority of the Directors, including at least one independent Director.
- (c) At least one-third of the Board shall comprise independent Directors.
- (d) In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the independent Directors of the Manager and must exclude such nominee directors of the Sponsor and/or its subsidiaries.

- (e) In respect of matters in which a Director of the Manager or his Associates have an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors of the Manager and must exclude such interested Directors.
- (f) Under the Trust Deed, the Manager and its Associates are entitled to receive notice of, attend at any such meeting and vote or be counted in a quorum thereof at any meeting of Unitholders convened to approve any matter in which the Manager or any of its Associates has a material interest (including for the avoidance of doubt, the removal of the Manager under paragraph (d) under the heading “Retirement or Removal of the Manager” above and interested party transactions).
- (g) It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of ART with a related party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of ART, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Manager (including the independent Directors of the Manager) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of ART with a related party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee’s right to take such action as it deems fit against such related party.

The Chief Executive Officer of the Manager, Mr Chong Kee Hiong, also holds a concurrent appointment with the Sponsor as their Deputy Chief Executive Officer (Finance and Investment), overseeing the Ascott Group’s finance, strategic planning, asset management, business development, legal and corporate secretarial and investor relations functions. Although Mr Chong Kee Hiong oversees the business development teams of the Manager and the Sponsor, each business development team is distinct and functions separately and independently from each other and acts in the best interests of ART and the Sponsor respectively.

ART’s initial properties are located in the Pan-Asian Region and its strategy is to acquire serviced residences or rental housing properties located in the Pan-Asian Region that are generating revenue and yield-accretive. The Sponsor owns and manages serviced residences and rental housing properties in Europe, the Asia-Pacific and the Gulf region. Potential conflicts of interest between the Sponsor and ART may arise in respect of the serviced residence industry in the Pan-Asian Region, where ART’s initial properties are located and where ART’s regional investment strategy is to acquire serviced residences or rental housing properties located therein.

In order to mitigate any conflict of interest between the Sponsor and ART in the Pan-Asian Region, ART has been granted the right of first refusal by the Sponsor over future sales of properties by any Ascott Entity that are used, or predominantly used, as serviced residences or rental housing properties in the Pan-Asian Region (including those under “The Ascott”, “Somerset” and “Citadines” brands), and if applicable, the shares or equity interests in single purpose corporations which hold such properties (the “Relevant Asset”), which are either wholly or partly owned by the Sponsor or any of its subsidiaries (“Ascott Entity”) (for so long as the Manager remains the Manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager). Where an Ascott Entity proposes to sell a Relevant Asset to an unrelated third party; or a proposed offer for sale of a Relevant Asset is made to an Ascott Entity, the Sponsor shall, grant to the Trustee the first right to purchase the Relevant Asset for the benefit of ART (see “Right of First Refusal”).

Where a property has not generated revenue, the Sponsor will develop such property until it generates revenue and may then offer the property to ART pursuant to the right of first refusal as described above if the property is yield-accretive to the portfolio of ART.

Furthermore, the interests of the Sponsor are aligned with that of ART as it will hold not less than 25.0% of the issued Units in ART after the listing of ART on the SGX-ST.

The Roles and Responsibilities of the SR Management Companies

The SR Management Companies will provide lease/licence management, marketing and serviced residence management services for the Properties. In particular, the SR Management Companies have each undertaken to provide the following services for the Properties:-

- preparation of the annual business plans of the Properties including annual budget and marketing strategy;
- planning, preparation of, contracting for and execution of advertising and promotion programmes for the Apartment Units in the Properties;
- recruitment, training and supervision of all personnel required to properly operate, manage, market and maintain the Properties;
- supervision, direction and control of the licensing and letting of any part of the Properties (including without limitation, engaging external marketing and/or sales agents);
- negotiation of new or renewed lease/licence agreements;
- performance, supervision, direction and/or control of all acts reasonably necessary in connection with the operation, management, marketing, maintenance and repair of the Properties in an efficient and proper manner;
- assistance in the design and selection of equipment used in connection with communications and data processing systems for the Properties; and
- generally, the performance, supervision, direction and control of all acts reasonably necessary in connection with the operation, management, promotion and marketing and maintenance of the Properties in an efficient and proper manner, including, but not limited to, the making of all payments and disbursements.

(see “Certain Agreements Relating to ART and the Properties – Serviced Residence Management Agreements”).

Related Party Transactions

The Manager’s Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of ART or the Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

The Manager will maintain a register to record all Related Party Transactions which are entered into by ART and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into. The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by ART. The Audit Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Guidelines have been complied with. Further, the following procedures will be undertaken:-

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of ART's latest audited consolidated net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of ART's latest audited consolidated net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of ART's latest audited consolidated net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning ART relate to transactions entered into or to be entered into by the Trustee for and on behalf of ART with a related party of the Manager or ART, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of ART or the Unitholders, and in accordance with all applicable requirements under the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or ART. If the Trustee is to sign any contract with a related party of the Manager or ART, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

Save for the transactions described under "Related Party Transaction In Connection with the Setting Up of ART", "Other Related Party Transactions" and "Future Related Party Transactions", ART will, in compliance with Rule 905 of the Listing Manual, announce any interested person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of ART's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in ART's annual report for the relevant financial year.

Role of the Audit Committee for Related Party Transactions

All Related Party Transactions must be reviewed by the Audit Committee and approved by a majority of the Audit Committee in accordance with the Manager's internal control system and in compliance with the relevant provisions of the Listing Manual as well as the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions In Connection with the Setting Up of ART

The Trustee, on behalf of ART, has entered into a number of transactions with the Manager and certain related parties of the Manager in connection with the setting up of ART. These Related Party Transactions are as follows:-

- (a) The Trustee has entered into the Trust Deed with the Manager. The terms of the Trust Deed are generally described in "The Manager and Corporate Governance – Manager's Management Fees" and "The Formation and Structure of ART".
- (b) The Trustee entered into the Share Sale and Purchase Agreements for the acquisition of the shares in the Property Holding Companies and Somerset FG. In addition, the Trustee entered into the Property Sale and Purchase Agreements for the acquisition of the Singapore Properties. The Share Sale and Purchase Agreements and Property Sale and Purchase Agreements are more particularly described in "Certain Agreements Relating to ART – Description of the Agreements to acquire the Properties". The aggregate Acquisition Value of the Properties is S\$662.5 million.

Based on its experience, expertise and knowledge, the Manager believes that the Share Sale and Purchase Agreements and the Property Sale and Purchase Agreements reflect normal commercial terms and are not prejudicial to the interests of ART and the Unitholders.

- (c) The Trustee and the Manager have entered into the Serviced Residence Management Agreements with the SR Management Companies for the operation, maintenance, management and marketing of the Singapore Properties. These agreements are more particularly described in "Certain Agreements Relating to ART — Serviced Residence Management Agreements".

The Manager considers that the SR Management Companies have the necessary expertise and resources to perform the serviced residence management, lease/licence management and marketing services for the Properties.

Based on its experience, expertise and knowledge of contracts, the Manager believes that the Serviced Residence Management Agreements were made on normal commercial terms and are not prejudicial to the interests of ART and/or the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other material transactions with the Manager or any related party of the Manager in connection with the setting up of ART.

Other Related Party Transactions

Licensing of Apartment Units to the CapitaLand Group

Ascott, a controlling unitholder of ART, is a subsidiary of CapitaLand. From time to time, ART and/or the Property Companies may license the Apartment Units to CapitaLand, its subsidiaries and associates (the "CapitaLand Group") for use as staff accommodation. The amounts charged to the CapitaLand Group for the license of the Apartment Units are based on the prevailing market rates for the rental of these units. Accordingly, the Manager believes that rental income charged to the CapitaLand Group is on normal commercial terms, on an arm's length basis and are not prejudicial to the interests of ART and/or its Unitholders. The amounts charged to the CapitaLand Group for the license of the Apartment Units for the last three financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were approximately S\$258,000, S\$315,000, and S\$402,000 respectively.

Licensing of Apartment Units to the SR Management Companies

Each of the SR Management Companies is a subsidiary of Ascott, a controlling unitholder of ART. From time to time, ART and/or the Property Companies may license the Apartment Units to staff of certain of the SR Management Companies, namely, AIM, PT Ascott International, Scotts Philippines, Ascott Property Management (Beijing) and Ascott Property Management (Shanghai) as staff accommodation. The amounts charged to the SR Management Companies for the licence of the Apartment Units are based on the prevailing market rates for the rental of these units. Accordingly, the Manager believes that rental income charged to the SR Management Companies is on normal commercial terms, on arm's length basis and are not prejudicial to the interests of ART and/or its Unitholders. The amounts charged to the SR Management Companies for the license of the Apartment Units for the last three financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were approximately S\$1.58 million, S\$1.62 million and S\$1.64 million respectively.

Licence granted by the SR Management Companies for the use of the "Ascott" and/or "Somerset" trademarks and the provision of serviced residence management services by the SR Management Companies

Under various licence agreements, AIM, a wholly-owned subsidiary of Ascott, granted a licence to each of the SR Management Companies for the use of the "Ascott" and/or "Somerset" trademarks.

Pursuant to the terms of separate Serviced Residence Management Agreements entered into between the Property Companies and the SR Management Companies in relation to the Properties that comprise the initial portfolio of properties (other than the Singapore Properties), the SR Management Companies granted a sub-licence to the Property Companies to use these trademarks in the countries in which the respective Properties are situated for the duration of the relevant Serviced Residence Management Agreements.

In relation to the Singapore Properties, namely, Somerset Liang Court Property and Somerset Grand Cairnhill, and under separate Serviced Residence Management Agreements entered into between the Trustee, the Manager and AIM in respect of each of these Properties, AIM has granted the Trustee, as owner, a right to use the "Somerset" trademarks for the duration of these agreements and solely for the purpose of operating these Properties.

In consideration for the provision of various serviced residence management services and the grant of these licences, the Property Companies have agreed to pay to the SR Management Companies a basic management fee of between 2.0% and 3.0% per annum of total Revenue generated by each Property and an incentive management fee of between 5.0% and 10.0% per annum of gross operating profit of each Property (see "Certain Agreements Relating to ART – Serviced Residence Management Agreements" for further details).

The aggregate value of the licences granted by AIM for use of the "Ascott" and/or "Somerset" and the serviced residence management services provided by the SR Management Companies for the last three financial years ended 31 December 2003, 31 December 2004 and 31 December 2005 were approximately S\$6.92 million, S\$7.37 million and S\$7.77 million respectively. The Manager believes that the grant of licences by AIM are on normal commercial terms, on arm's length basis and are not prejudicial to the interests of ART and/or its Unitholders.

Licence granted by AIM to ART for the use of trademarks

As at the date of this Prospectus, and in consideration for the payment of a nominal sum of S\$1, AIM granted a non-exclusive licence to the Trustee, as trustee of ART, for the use of "Ascott", "Somerset" and other trademarks that AIM owns or has the right to licence in connection with the operations of ART for so long as ARTML remains the manager of ART and/or Ascott and/or its subsidiaries remains a holder of an aggregate of at least 20.0% of the outstanding Units. The licence became effective from 1 March 2006 and (i) may be terminated with the mutual consent of the parties or (ii) will automatically terminate in the event ARTML ceases to be the manager of ART and/or Ascott and/or its subsidiaries ceases to hold an aggregate of at least 20.0% of the outstanding Units in ART. The Manager believes that the licence granted by AIM to the Trustee as trustee of ART, for the use of such trademarks is not prejudicial to the interests of ART and/or its Unitholders.

Indemnity by Ascott Holdings to ART in connection with the operation of the Properties

Pursuant to a deed of indemnity dated 20 January 2006 provided by Ascott Holdings, a wholly-owned subsidiary of the Sponsor, Ascott Holdings agreed to indemnify ART and/or any of the Property Companies at all times from and against all claims, proceedings, judgments, damages, costs, losses, and expenses arising out of or in connection with (i) the provision of services in connection with the operation of the Properties such as laundry services, housekeeping services, food and beverages services and security services by the Property Companies, and (ii) any wrongful dismissal of the employees of the Property Companies. The indemnity also extends to all claims arising from any injury (personal or otherwise) or death suffered by the employees of ART and/or the Property Companies in connection with their employment. The Manager believes that the indemnity by Ascott Holdings is not prejudicial to the interests of ART and/or its Unitholders.

Contract of Lease with a subsidiary of the Sponsor

Under a contract of lease dated 11 October 2005 (the “Contract of Lease”) between AHHPI and Beccomax Property and Development Corporation, an unrelated third party (collectively, the “Lessors”) and Somerset Salcedo Makati, Inc. (“SSM Inc”), a subsidiary of the Sponsor, the Lessors leased the Somerset Salcedo Makati (the “Leased Property”) to SSM Inc. for a period of five (5) years from 1 January 2005 at an aggregate rental income of approximately PHP 5.9 million per month in respect of the 150 Apartment Units in Somerset Salcedo Makati. Of the aggregate monthly rental income of approximately PHP 5.9 million, approximately PHP 2.4 million per month is attributable and payable to AHHPI as rental income for the 71 Apartment Units and 71 parking lots in the Leased Property which is owned by AHHPI. Under the Contract of Lease, the Lessors granted SSM Inc the right to enter into any lease, tenancy or licence agreements in respect of the Leased Property. The lease period is renewable for a further period of five (5) years, unless a notice of termination is given by SSM Inc to the Lessors. SSM Inc has the first option to purchase the Leased Property in the event that the Lessors intend to sell the Leased Property. The amount of rental income received by AHHPI from SSM Inc for the financial year ended 31 December 2005 was PHP 28.8 million. The Manager believes that the Contract of Lease agreement with SSM Inc has been entered into on normal commercial terms and will not be prejudicial to the interests of ART and/or its Unitholders.

Put option in relation to Somerset Grand Fortune Garden Property

Somerset FG does not currently own the strata titles to the Property and only has contractual rights in respect of the Property. As at the date of this Prospectus, Ascott Holdings and the Trustee, as trustee of ART, had entered into a put option agreement pursuant to which the Trustee, as trustee of ART, was granted an option (the “Put Option”) to sell the entire issued and paid-up capital in Somerset FG to Ascott Holdings at the higher of the net asset value of Somerset FG (based on the independent valuation of the Somerset Grand Fortune Garden Property at the relevant time) and the purchase consideration which ART had paid to Ascott Holdings for its acquisition of the issued and paid-up capital in Somerset FG, in the event that the strata titles to the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date.

The Manager believes that the abovementioned arrangement (including the exercise of the Put Option by the Trustee, as trustee of ART, and the sale of the entire issued and paid-up capital in Somerset FG to Ascott Holdings) is not prejudicial to the interests of ART and/or its Unitholders. Further, the Trustee is of the view that the abovementioned arrangement adequately safeguards Unitholders’ interest if the strata titles for the Somerset Grand Fortune Garden Property are not issued on the expiry of six months from the Listing Date (see “Risk Factors – ART may exercise its right under a put option and sell the Somerset Grand Fortune Garden Property to Ascott Holdings” and “The Properties” for further information).

Exempted Agreements

The Trust Deed, the Serviced Residence Management Agreements and the agreements set out under “Other Related Party Transactions” (collectively, the “Exempted Agreements”), each of which would constitute an ongoing Related Party Transaction, are deemed to have been specifically approved by the Unitholders upon subscription and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the fees or rent (or the basis of determining the fees or rent) charged under each of these agreements, which will adversely affect ART. The renewal of such agreements will be subject to Rules 905 and 906 of the Listing Manual.

Future Interested Party Transactions

As a real estate investment trust, ART is regulated by the Property Funds Guidelines and the Listing Manual. The Property Funds Guidelines regulate, among other things, transactions entered into by the Trustee (for and on behalf of ART) with an interested party relating to ART's acquisition of assets from or sale of assets to an interested party, ART's investment in securities of or issued by an interested party and the engagement of an interested party as serviced residence management agent or marketing agent for ART's properties. Depending on the materiality of transactions entered into by ART for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Guidelines may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all interested person transactions, including transactions already governed by the Property Funds Guidelines. Depending on the materiality of the transaction, ART may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as such other guidelines relating to interested person transactions as may be prescribed by the SGX-ST to apply to real estate investment trusts.

The Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or licence agreements to be entered into with interested persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of ART and/or its Unitholders.

Both the Property Funds Guidelines and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning ART relate to transactions entered or to be entered into by the Trustee for and on behalf of ART with a related party (either an "interested party" under the Property Funds Guidelines or an "interested person" under the Listing Manual) of the Manager or ART, the Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements under the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question.

The Manager is not prohibited by either the Property Funds Guidelines or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of ART) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of ART and/or its Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting, or being counted as part of a quorum for, any meeting to approve any matter in which it has a material interest.

THE SPONSOR

The Sponsor, The Ascott Group Limited, is a leading international serviced residence provider which has been listed on the Main Board of the SGX-ST since 1991. The Ascott Group, which pioneered Pan-Asia's first branded luxury serviced residence in 1984, is the serviced residence arm of CapitalLand, one of Asia's largest listed property companies. The Sponsor has a strong global presence which spans 41 cities in 17 countries and owns and/or manages more than 15,000 serviced residence apartment units in the key cities of Europe, Asia-Pacific and the Gulf region. These cities include London, Paris, Brussels, Berlin and Barcelona in Europe; Dubai in the United Arab Emirates; Singapore, Kuala Lumpur, Kuching, Jakarta, Manila, Bangkok, Pattaya, Hanoi, Ho Chi Minh City, Beijing, Shanghai, Guangzhou, Dalian, Tianjin, Suzhou, Tokyo and Seoul in Asia; as well as Sydney, Melbourne and Hobart in Australia and Auckland in New Zealand.

The Ascott Group has a 21-year track record and operates serviced residences under brands that enjoy global recognition. The Ascott Group's serviced residences under the luxury-tier "The Ascott" brand project an elegant and luxurious lifestyle that is appealing to top executives while those under its upper-tier "Somerset" brand offer stylish and contemporary living for senior and upper management executives. The properties operating under the "Citadines" brand provide corporate executives with vibrant, urban lifestyle residences. As a testament to its quality accommodation and services, the Ascott Group has clinched numerous prestigious awards in 2005, including the 2004 Vietnam Economic Times' "Best Service in Serviced Apartments" award in Ho Chi Minh City and Hanoi respectively, the World Travel Award won by The Ascott Metropolis in Auckland, TTG Asia Media's "Best Serviced Residence Operator" award as well as the 2005 Business Traveller "Best Serviced Residence Brand" and "Best Serviced Residence in Asia Pacific" awards.

The Ascott Group also clinched first position in the 2004 and 2005 "China's Top 100 Serviced Residences" ranking and received the 2005 Thailand Apartment Living's "Most Innovative Serviced Residence" award for The Ascott Sathorn and the prestigious "Tourism Tasmania Deluxe Accommodation Award" for Somerset on the Pier, Australia in 2003 and 2004. In addition, The Ascott, Kuala Lumpur was ranked among the top four employers in Malaysia in Hewitt & Associates' "Best Employer in Asia" study in mid-2005.

The Ascott Group, in addition, achieved one of the top 10 scores in the "Business Times' Corporate Transparency Index" in 2004 and 2005 and won the following corporate awards jointly organised by ICPAS, the SGX-ST, the Singapore Institute of Management, Singapore Institute of Directors, Business Times, the Securities Investors' Association of Singapore and the Investment Management Association of Singapore: (a) Best Annual Report award in 2004; (b) Best Operating and Financial Review award in 2004; (c) First runner-up for the Best Annual Report award in 2003; and (d) merit awards for its 1999 and 2000 annual reports.

Several of the Ascott Group's management have gained recognition amongst the local industry and community as a result of their contributions through the Ascott Group. Ascott's Chief Executive Officer, Mr Cameron Ong was conferred the "Hospitality Excellence Award" at the China Hotel Investment Summit in Shanghai in 2005 while Chief Products and Operations Officer, Mr Yip Hoong Mun won the prestigious Magnolia Award in 2004 for his contributions to the serviced residence industry in Shanghai. Named after Shanghai's official flower, the Magnolia Award honours foreigners living in the city who contribute significantly to Shanghai's economic performance, international relations, business environment, management standards and community development. Ascott's area general manager for Australia, Mr Dean Minett, was recognised as a "Legend of Tourism" at a Tourism Training Australia awards ceremony in Sydney in 2004.

The Ascott Group has extensive experience in the ownership and management of serviced residences as well as an established network of relationships with developers and service providers in Singapore and the Pan-Asian Region which the Manager believes ART can leverage on to achieve its business objectives.

The Ascott Group operates on a large scale in Asia, which enhances its ability to attract talent, develop management systems and achieve economies of scale not available to certain of its competitors. All owners of properties managed by the Ascott Group, which include the ART, benefit from a full range of corporate services, including human resources, corporate sales and marketing, corporate advertising, central reservations system, centralised purchasing, building system maintenance and financial administration which are not available to independent owners. In addition, the Ascott Group has a successful track record in conceptualising and implementing revenue-enhancing building expansions and upgrades that ART is well-positioned to benefit from.

In addition, ART has been granted the right of first refusal by the Sponsor over future sales of properties by any Ascott Entity that are used, or predominantly used as, serviced residences or rental housing properties in the Pan-Asian Region (including those under “The Ascott”, “Somerset” and “Citadines” brands) and serviced residences properties or rental housing properties offered to any Ascott Entity from the Listing Date (for so long as the Manager remains the Manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager). This enhances ART’s potential growth in the future (see “Certain Agreements Relating to ART and the Properties – Right of First Refusal” for further details).

THE FORMATION AND STRUCTURE OF ART

The Trust Deed is a complex document and the following is a summary only. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of ART. The Trust Deed is available for inspection at the registered office of the Manager at 8 Shenton Way, #13-01, Temasek Tower, Singapore 068811.

The Trust Deed

ART is a real estate investment trust constituted by the Trust Deed and is principally regulated by the SFA and the CIS Code (including the Property Funds Guidelines).

ART was established on 19 January 2006, pursuant to the Trust Deed which was entered into on 19 January 2006 between ARTML and DBS Trustee.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

The provisions of the SFA and the CIS Code (including the Property Funds Guidelines) prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Manager, the Trustee and the Unitholders under the Trust Deed. The Property Funds Guidelines also impose certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their level of borrowings (up to 35.0% of the value of their deposited property at the time the borrowing is incurred and up to a maximum of 60.0% only if ART obtains a credit rating from Fitch Inc., Moody's or Standard and Poor's and is disclosed to the public) and certain restrictions with respect to interested party transactions.

Operational Structure

ART is established with a principal investment policy of investing in real estate and real estate related assets and the Manager must manage ART such that the principal investments of ART are real estate and real estate related assets. Real estate related assets include shares in companies whose primary purpose is to hold or own real estate and real estate related assets. The principal investment strategy of ART is to invest in serviced residences and rental housing properties in the Pan-Asian Region. ART aims to generate returns for its Unitholders by owning, buying, selling and actively managing such properties in-line with its investment strategy. Subject to the restrictions and requirements in the Property Funds Guidelines, the listing rules of SGX-ST and the Tax Ruling, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate. The Trust Deed allows the Manager to use financial derivative instruments for hedging purposes and efficient portfolio management, provided that the use of such financial derivative instruments is not used to gear the overall portfolio of ART. For further details of the investment objectives and policies of the Manager, please refer to Clause 10 of the Trust Deed.

The Units and Unitholders

The rights, interests and obligations of Unitholders are contained in the Trust Deed.

Each Unit represents an undivided interest in ART. A Unitholder has no equitable or proprietary interest in the underlying assets of ART and is not entitled to the transfer to it of any asset (or any part thereof) or of any estate or interest in any asset and real estate related assets (or any part thereof) or any other asset of ART. A Unitholder's right is limited to the right to require due administration of ART in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of ART (or any part thereof), including all its Authorised Investments (as defined in the Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the assets of ART or any part thereof or lodge any caveat or other notice affecting the real estate assets and real estate related assets of ART (or any part thereof), or require that any Authorised Investments forming part of the assets of ART be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as ART is listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or delisted permanently, the Manager shall pursuant to the Depository Services Agreement appoint CDP as the Unit depository for ART, and all Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units. The Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days after the issue of Units, a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium. For the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to subscribe for (or purchase) Units and to own Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units in ART.

The Manager has the exclusive right to issue Units for the account of ART.

Units, when listed on the SGX-ST, may be traded on the SGX-ST and settled through CDP. For so long as ART is listed on the SGX-ST, the Manager may, subject to the provisions of the Listing Manual and the Trust Deed, issue further Units at sale prices (the "Sale Price") to be determined in accordance with the following provisions:-

- (1) Units may be issued on a Business Day at the "market price" per Unit, which is the volume weighted average price per Unit for all trades on the SGX-ST in the ordinary course of trading for the period of 5 Business Days immediately preceding the relevant Business Day or, where the Manager believes that such market price is not a fair reflection of the market price of a Unit, such amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit.
- (2) The Sale Price of a Unit for a rights issue offered on a *pro rata* basis to all existing Unitholders must not be less than 50.0% of the "market price" per Unit on the Business Day preceding the day on which the intention to make the offer or issue is announced. If required and not waived by the SGX-ST, any such rights entitlement must be tradable on the SGX-ST or the Recognised Stock Exchange on which ART is listed. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this sub-paragraph (2).

- (3) The Sale Price of a Unit for any reinvestment of distribution arrangement under the Trust Deed must not be less than 90.0% of the “market price” of a Unit as at the Business Day immediately following the Record Date (as defined in the Trust Deed) for the determination of Unitholders’ entitlements to distributions. The Trustee must ensure that such an issue is made at a price that is in accordance with the terms specified in this sub-paragraph (3).
- (4) The Sale Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders must be determined in accordance with the conditions set out in sub-paragraphs (5), (6) or (7) below, as applicable.
- (5) New Units may be issued, other than by way of a rights issue offered on a pro rata basis to all existing Unitholders, without the prior approval of Unitholders in a meeting of Unitholders if:-
 - (a) the issue (together with any other issue of Units in the same financial year other than by way of a rights issue offered on a pro rata basis to all existing Unitholders, including Units which may be issued to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee and Divestment Fee) is of Units which in aggregate value would not, immediately after the issue, exceed 10.0% (or such other percentage as may, from time to time, be permitted by the MAS) of the value of the Deposited Property (including the value of any property acquired or to be acquired by ART pursuant to which the new Units are issued), provided that the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20.0% (or such other percentage of outstanding Units as may, from time to time, be permitted by SGX-ST) of the outstanding Units; and
 - (b) if such an issue is made at a discount to the “market price”, the discount does not exceed 5.0% or such other percentage as may, from time to time, be permitted by the MAS.
- (6) New Units may be issued other than by way of a rights issued offered on a pro rata basis to all existing Unitholders, with the approval of Unitholders by Extraordinary Resolution of Unitholders passed at a Unitholders’ meeting duly convened by the Manager in accordance with the Trust Deed if:-
 - (a) the issue of new Units exceeds any of the thresholds in sub-paragraphs (5)(a) and (b) above;
 - (b) the issue of Units to the Manager in payment of the Manager’s Base Fee, Performance Fee, Acquisition Fee and Divestment Fee exceeds any of the percentage limits stated in sub-paragraphs (5)(a) and (b) above; or
 - (c) unless otherwise permitted by the MAS in writing, the issue is a private placement (which, for the avoidance of doubt, shall not include any issue of Units by way of a preferential offering of Units on a pro rata basis to all existing Unitholders or an offering of Units to the public through the Internet or the automated teller machines of Participating Banks which is carried out without preference to any particular group of investors) to the Trustee, the Manager and their Related Parties (as defined in the Trust Deed), and the respective directors of the Trustee and the Manager and their immediate family members and, if required and not waived by the SGX-ST, such person to whom the private placement is to be made, the Related Parties (as defined in the Trust Deed) of such persons, the directors (and their immediate family members) of such persons must, unless permitted by the MAS in writing, abstain from voting at the meeting of Unitholders.

For the purposes of sub-paragraph (5) above and this sub-paragraph (6), “market price” shall mean the volume weighted average price for trades done on the SGX-ST on the day the placement agreement or equivalent agreement is signed. The volume weighted average price shall be calculated based on the trades done for a full market day, or if trading in the listed Units is not available for a full market day, the volume weighted average price shall be calculated based on the trades done on the preceding market day up to the time the placement agreement or equivalent agreement is signed.

- (7) Where Units are issued as full or partial consideration for the acquisition of an investment by ART in conjunction with an issue of Units pursuant to the provisions described in sub-paragraphs (2), (5)(a) or (5)(b) above to raise cash for the consideration for the said investment (or part thereof) or for acquiring other investments in conjunction with the said investment, the Manager shall have the discretion of fixing the sale price of Units so issued as consideration at the same price as the Sale Price for the Units issued in conjunction therewith pursuant to the provisions described in sub-paragraphs (2), (5)(a) or (5)(b), as the case may be.

In addition to the above provisions in the Trust Deed, the aggregate number of additional Units which ART may issue without obtaining Unitholders' approval in every prescribed period shall not exceed 50.0% of the number of Units in issue as at the date of the commencement of the relevant prescribed period, of which the aggregate number of Units issued other than on a pro rata basis to existing Unitholders shall not exceed 20.0% of the number of Units in issue as at the said date. The first prescribed period will commence on the Listing Date and terminate on 31 December 2006.

If in connection with an issue of a Unit, any requisite payment of the Sale Price for such Unit has not been received by the Trustee before the seventh Business Day after the Unit was agreed to be issued (or such other date as the Manager and the Trustee may agree), the Manager may cancel its agreement to issue such Unit and upon notice being given to the Trustee, such Unit will be deemed never to have been issued or agreed to be issued. In such an event, the Manager may, at its discretion, charge the investor (and retain the same for its own account) (i) a cancellation fee of such amount as the Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit and (ii) an amount (if any) by which the Sale Price of such Unit exceeds the repurchase price applying if such Unit was requested to have been repurchased or redeemed on the same day.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual, suspend the issue of Units during:-

- any period when the SGX-ST is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- the existence of any state of affairs which, in the opinion of the Manager or the Trustee (as the case may be), might seriously prejudice the interests of the Unitholders as a whole or the Deposited Property;
- any breakdown in the means of communication normally employed in determining the price of any assets of ART or the current price thereof on the SGX-ST, or when for any reason the prices of any assets of ART cannot be promptly and accurately ascertained;
- any period when remittance of money which will or may be involved in the realisation of any asset of ART or in the payment for such asset of ART cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- in relation to any general meeting of the Unitholders, the period 48 hours before such general meeting or any adjournment thereof;
- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS; or
- when the business operations of the Manager or the Trustee in relation to ART are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or the Trustee (as the case may be) and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists.

In the event of any suspension while ART is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST.

Redemption of Units

When Units are listed on the SGX-ST

Unitholders have no right to request the Manager to repurchase or redeem their Units while the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. However, under the Trust Deed, the Manager may decide to make any offer to repurchase or redeem Units (in which case the repurchase price shall be the Current Unit Value per Unit (as defined in the Trust Deed)). In the event the Manager so decides, such repurchase or redemption must comply with the Property Funds Guidelines and the listing rules of the SGX-ST. Any offer of repurchase or redemption of Units shall be offered on a *pro rata* basis to all Unitholders.

The Manager may also, subject to the listing rules of the SGX-ST, suspend the repurchase or redemption of Units for any period when the issue of Units is suspended pursuant to the terms and conditions of the Trust Deed (see “The Formation and Structure of ART – Suspension of Issue of Units”).

When Listed Units are Suspended or Delisted

If the listed Units have been suspended from trading for at least 60 consecutive calendar days or delisted from the SGX-ST, the Manager is required to offer to redeem the Units within 30 calendar days after the end of the sixtieth consecutive calendar day of such suspension or such de-listing. In offering such redemption, the Manager is required to offer to redeem Units representing in value at least 10.0% of the Deposited Property.

Should a trading suspension be lifted within 30 calendar days after the end of the sixtieth consecutive calendar days of such suspension, the Manager has the option to withdraw any redemption offer made. Should the trading suspension be lifted after the offer period to redeem has commenced, the Manager is required to satisfy all redemption requests which have been received prior to the date the trading suspension is lifted. The Manager will not be obliged to satisfy those redemption requests received after the date the trading suspension is lifted.

When Units are Suspended Indefinitely or Permanently Delisted

If ART continues to be suspended indefinitely or has been permanently delisted from the SGX-ST, the Manager is required to offer to redeem Units at least once a year after the first offer to redeem Units on a suspension or de-listing explained above has closed. In other words, ART will then be treated as an unlisted property fund.

Redemption Procedures

The Manager will send an offer notice to Unitholders in the event of any offer to redeem the Units. Unitholders wishing to redeem will be asked to respond by sending a request for repurchase or redemption. Following receipt of such request for repurchase or redemption, the repurchase price for the Units that are the subject of the request shall be paid by the Manager to the Unitholder as soon as practicable (and as may be prescribed by the Property Funds Guidelines) after the date of the receipt of the request. The repurchase price shall be the Current Unit Value of the relevant Unit on the day the request is accepted by the Manager less the Repurchase Charge, if any, and less an amount to adjust the resultant total downwards to the nearest whole cent. The Repurchase Charge is a charge upon the repurchase or redemption of a Unit of such amount as may from time to time be fixed by the Manager generally or in relation to any specific or class of transaction provided that it shall not exceed 2.0% (or such other percentage as the Manager and the Trustee may agree) of the repurchase price at the time the request for repurchase or redemption of the Unit is accepted by the Manager and that this charge shall not apply while the Units are listed, quoted and traded on the SGX-ST and/or any other Recognised Stock Exchange and the Units have not been suspended from such listing, quotation and trading for more than 60 consecutive calendar days or been permanently delisted.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:-

- (1) receive income and other distributions attributable to the Units held;
- (2) receive audited accounts and the annual reports of ART; and
- (3) participate in the termination of ART by receiving a share of all net cash proceeds derived from the realisation of the assets of ART less any liabilities, in accordance with their proportionate interests in ART.

No Unitholder has a right to require that any asset of ART be transferred to him.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which:-

- (1) may result in ART ceasing to comply with the Listing Rules or the Property Funds Guidelines; or
- (2) encroaches on the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the right of the Trustee and/or the Manager, under the Trust Deed, to determine or agree to any matter.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the Sale Price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of ART in the event that the liabilities of ART exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendment of the Trust Deed

Save where an amendment to the Trust Deed has been approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed, no amendment may be made to the provisions of the Trust Deed unless the Trustee certifies, in its opinion, that such amendment:-

- (1) does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;
- (2) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law); or
- (3) is made to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee may, with the written approval of the competent authorities, alter certain provisions in Clause 10.16 of the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, ART will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or one-tenth in number of Unitholders (whichever is the lesser) requests a meeting to be convened.

A meeting of Unitholders when convened and held in accordance with the Trust Deed may:-

- (1) by Extraordinary Resolution and in accordance with the Trust Deed, sanction any modification, alteration or addition to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;
- (2) by Extraordinary Resolution and in accordance with the Trust Deed, sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Manager's Base Fee, Performance Fee, acquisition fee and divestment fee and the Trustee's fee;
- (3) by Extraordinary Resolution and in accordance with the Trust Deed, sanction any issue of Units by the Manager other than by way of, among others, an issue of Units as described in subparagraphs (1) to (7) of "The Formation and Structure of ART – Issue of Units";
- (4) by Extraordinary Resolution and in accordance with the Trust Deed, remove the auditors;
- (5) by Extraordinary Resolution and in accordance with the Trust Deed, remove the Trustee;
- (6) by Extraordinary Resolution and in accordance with the Trust Deed, direct the Trustee to take any action pursuant to Section 295 of the SFA, including the removal of the Manager; and
- (7) by Ordinary Resolution and in accordance with the Trust Deed, remove the Manager.

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual.

Except as otherwise provided for in the Trust Deed, 14 days' notice at the least (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. The quorum at a meeting shall not be less than two Unitholders present in person or by proxy of one-tenth in value of all the Units for the time being in issue. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed, and each such notice may, in general, be given by advertisement in the daily press and in writing to each stock exchange on which ART is listed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

Voting at a meeting shall be by a show of hands unless a poll is demanded by the chairman of the meeting, or by five or more Unitholders present in person or by proxy, or holding or representing one tenth in value of all the Units represented at the meeting. On a show of hands, every Unitholder has one vote. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Under the Trust Deed, the Manager and its Associates are entitled to receive notice of, attend at any such meeting and vote or be counted in a quorum thereof at any meeting of Unitholders convened to approve any matter in which the Manager or any of its Associates has a material interest (including for the avoidance of doubt, the removal of the Manager and interested party transactions).

Substantial Holdings

The Trust Deed contains provisions relating to reporting requirements applicable to Substantial Unitholders holding Units as required under the Securities and Futures Act. Generally, Substantial Unitholders will be required to notify the Trustee and the SGX-ST of their deemed and direct holdings and any subsequent change in the percentage level of such holdings or their ceasing to hold 5.0% or more of the total number of Units within two Business Days of acquiring such holdings or of such changes or such cessation. Failure to comply with the notification requirements of the Securities and Futures Act constitutes an offence and will render a Substantial Unitholder liable to a fine on conviction.

Directors' Declaration of Unitholdings

Under the Trust Deed, the Directors of the Manager are required to give notice to the Manager of their acquisition of Units or of changes to the number of Units which they hold or in which they have an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which they hold or in which they have an interest, as applicable. Upon such notification, the Manager will promptly announce such interests or changes to the SGX-ST.

A Director of the Manager is deemed to have an interest in Units in the following circumstances:-

- (1) Where the Director is the beneficial owner of a Unit (whether directly through a direct Securities Account or indirectly through a depository agent or otherwise), he is deemed to have an interest in that Unit.
- (2) Where a body corporate is the beneficial owner of a Unit and the Director is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate, he is deemed to have interest in that Unit.
- (3) Where the Director's spouse or infant child (including step-child and adopted child) has any interest in a Unit, he is deemed to have an interest in that Unit.
- (4) Where the Director, his spouse or infant child (including step-child and adopted child):-
 - (a) has entered into a contract to purchase a Unit;
 - (b) has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
 - (c) has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
 - (d) is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder,the Director is deemed to have an interest in that Unit.
- (5) Where the property subject to a trust consists of or includes a Unit and the Director knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit, he is deemed to have an interest in that Unit.

The Trustee

The trustee of ART is DBS Trustee Ltd. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. The Trustee has a paid-up capital of S\$2,500,000. The Trustee has a place of business in Singapore at 6 Shenton Way #36-02, DBS Building, Tower One, Singapore 068809.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:-

- (1) acting as trustee of ART and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of ART with a related party of the Manager or ART are conducted on normal commercial terms, are not prejudicial to the interests of ART and the Unitholders, and in accordance with all applicable requirements under the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question;

- (2) holding the assets of ART on trust for the benefit of the Unitholders in accordance with the Trust Deed; and
- (3) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of ART.

The Trustee has covenanted in the Trust Deed that it shall act honestly and reasonably and will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:-

- (1) a person or entity to exercise any of its powers or perform its obligations; and
- (2) any real estate agents or managers, including a related party of the Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Although the Trustee may borrow money and obtain other financial accommodation for the purposes of ART, both on a secured and unsecured basis, the Manager must not direct the Trustee to incur a liability if to do so would mean that total liabilities of ART exceed 35.0% (or such other limit as may be permitted by the Property Funds Guidelines or specifically permitted by the MAS) of the value of its Deposited Property or unless such borrowing is permitted in accordance with the provisions of the Property Funds Guidelines.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Guidelines), the Tax Ruling and all other relevant laws. It is responsible for safe custody of ART's assets and must cause ART's accounts to be audited. It can also appoint valuers to value the real estate assets and real estate-related assets of ART.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own, bad faith, fraud, gross negligence, wilful default, breach of duty or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of ART over which the Trustee has recourse, provided that the Trustee has acted without bad faith, fraud, gross negligence, wilful default, breach of trust or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of ART for liability arising in connection with certain acts or omissions. These indemnities are subject to applicable laws.

Retirement and Replacement of the Trustee

The Trustee may retire or be replaced under the following circumstances:-

- (1) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).
- (2) The Trustee may be removed by notice in writing to the Trustee by the Manager:-
 - (a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;
 - (b) if the Trustee ceases to carry on business;

- (c) if the Trustee fails or neglects after 30 days' written notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;
- (d) if the Unitholders by Extraordinary Resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the Trust Deed, and of which not less than 21 days' notice has been given to the Trustee and the Manager, shall so decide; or
- (e) if the MAS directs that the Trustee be removed.

Trustee's Fee

Under the Trust Deed, the Trustee's fee is charged on a scaled basis of up to 0.021% per annum of the Property Values, subject to a minimum fee of S\$10,000 per month and a maximum fee of 0.1% per annum of the Property Values.

Any increase in the maximum permitted amount or any change in the structure of the Trustee's fee must be passed by an Extraordinary Resolution of Unitholders at a Unitholders' meeting convened and held in accordance with the provisions of the Trust Deed.

Termination of ART

Under the provisions of the Trust Deed, the duration of ART shall end on the earliest of:-

- such date as may be provided under written law; or
- the date on which ART is terminated by the Manager in the circumstances set out in the Trust Deed, as described below; or
- the date on which ART is terminated by the Trustee in the circumstances set out in the Trust Deed, as described below.

The Manager may at its absolute discretion terminate ART by giving notice in writing to all Unitholders and the Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:-

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable for ART to continue to exist;
- if the net asset value of the Deposited Property shall be less than S\$50,000,000 after the end of the first anniversary of the date of the Trust Deed or any time thereafter;
- if at any time ART becomes unlisted after it has been listed; and
- at any time before the Listing Date.

Subject to the SFA and any other applicable law or regulation, ART may be terminated by the Trustee by notice in writing in any of the following events, namely:-

- if (i) the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee); or (ii) if a receiver is appointed over any of its assets; or (iii) if a judicial manager is appointed in respect of the Manager; or (iv) if any encumbrance shall take possession of any of its assets; or (v) if it shall cease business; and the Trustee in any of the situations above fails to appoint a successor manager in accordance with the provisions of the Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable for ART to continue to exist; and
- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The decision of the Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate ART pursuant to the paragraphs above or otherwise. The Manager shall accept the decision of the Trustee and relieve the Trustee of any liability to it thereof and hold it harmless from any claims whatsoever on its part for damages or for any other relief (save for any liabilities that may be incurred by the Trustee prior to its termination).

Generally, upon the termination of ART, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of ART in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of ART before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in ART.

CERTAIN AGREEMENTS RELATING TO ART

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of ART. The agreements are available for inspection at the registered office of the Manager at 8 Shenton Way, #13-01, Temasek Tower, Singapore 068811 and its telephone number is 6389-9388 for a period of six months from the date of this Prospectus.

Description of the Agreements to acquire the Properties

Share Sale and Purchase Agreements

On 20 January 2006, the Trustee, as trustee for ART, entered into the Share Sale and Purchase Agreements (each as amended by a supplemental deed dated 1 March 2006) with the Vendor Companies pursuant to which the Trustee agreed to acquire shares in the Property Holding Companies and Somerset FG from the Vendor Companies.

The purchase consideration for shares in the Property Holding Companies and Somerset FG is calculated based on the net asset value of each Property Holding Company and Somerset FG which are pegged to the Appraised Values of their underlying Properties.

Each Share Sale and Purchase Agreement provided, *inter alia*, for the relevant Vendor Company to:-

- (a) fulfill certain conditions precedent prior to completion, which include the receipt by the Trustee of such waivers or consents as may be necessary to enable the Trustee to be registered as holder of the shares of the relevant Property Holding Company or Somerset FG, there being no compulsory acquisition of the relevant Property or any part of it, and no notice of such intended compulsory acquisition has been given, by the government or other competent authority, and there being no material damage to the Property;
- (b) provide representations and warranties in respect of the shares in the Property Holding Companies and Somerset FG with certain limitations on the liability of the Vendor Company in respect of any breach of warranties, including provisions for an aggregate maximum liability, minimum thresholds for claims and limitation periods;
- (c) indemnify the Trustee against any and all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever that the Trustee may incur or suffer in connection with or arising from any breach (actual or alleged) or inaccuracies of any of the warranties and/or any default by the Vendor Company of its obligations under the relevant Share Sale and Purchase Agreement; and
- (d) execute in favour of the Trustee a deed of indemnity, covenanting with the Trustee to indemnify the relevant Property Holding Company or Somerset FG against any losses, liabilities and damages it has suffered or any depletion in or reduction in value of its assets or increase in its liabilities in relation to it and/or any of its subsidiaries in connection with or arising from any claim for taxation which has been made in respect of any transaction effected or deemed to have been effected on or before the date immediately preceding the completion of the Share Sale and Purchase Agreement or by reference to any income, profits or gains earned, accrued or received on or before the date immediately preceding the completion of the Share Sale and Purchase Agreement.

As at the date of this Prospectus, the Trustee completed its acquisition of all the shares in the Property Holding Companies and Somerset FG, the purchase consideration of which were satisfied by the issue of an aggregate of 80,890,124 Units to the Sponsor and Ascott Holdings under the direction of the respective Vendor Companies, with certain adjustments by way of cash payments as provided for in the Share Sale and Purchase Agreements. The number of Units issued to the Sponsor or Ascott Holdings as consideration for shares in each of the Property Holding Companies and Somerset FG are as follows:-

- (a) 1 Unit as consideration for 100% interest in Javana, which in turn holds 99% of the interest in PT Bumi Perkasa, the owner of The Ascott, Jakarta;
- (b) 138,652 Units as consideration for 100% interest in Somerset Grand Citra (Singapore) which in turn holds 57.43% of the interest in PT Ciputra, the owner of Somerset Grand Citra;

- (c) 40,912,264 Units as consideration for 100% interest in Ascott Residences which in turn holds 69.0% interest in Mekong-Hacota and the entire effective interest in PT Indonesia America, the owners of Somerset Ho Chi Minh City and Country Woods respectively;
- (d) 1 Unit as consideration for 100% interest in Somerset Philippines, which in turn holds 100% of the interest in AHHP, the owner of 69 Apartment Units in Somerset Millennium and 71 Apartment Units in Somerset Salcedo Makati. Somerset Philippines also holds 36.82% of the interest in SN Resources, which in turn holds 65% of the interest in SQ Resources, the operating company of Somerset Millennium. The balance 63.18% and 35% interest in SN Resources Inc and SQ Resources Inc are held by unrelated third parties;
- (e) 16,027,792 Units as consideration for 100% interest in Hemliner, which in turn holds 100% of the interest in Hemliner Real Estate, the owner of The Ascott, Beijing;
- (f) 1 Unit as consideration for 100% interest in Somerset FG, the owner of the Somerset Grand Fortune Garden Property;
- (g) 7,599,071 Units as consideration for 100% interest in Glenwood Properties, which in turn holds 100% of the interest in Shanghai Xin Wei, the owner of Somerset Xu Hui;
- (h) 16,212,342 Units as consideration for 100% interest in Burton Engineering, which in turn holds 76.4% of the interest in Hanoi Tower Center, the owner of Somerset Grand Hanoi. The balance 23.6% of the interest in Hanoi Tower Center is held by unrelated third parties.

In addition to the acquisition of the shares in the Property Holding Companies and Somerset FG, the Trustee also purchased the debts owing by the Property Holding Companies and Somerset FG to the relevant Vendor Companies and other companies within the Ascott Group. The Trustee completed its purchase of the aforesaid debts at the same time as the acquisition of the shares in the Property Holding Companies and Somerset FG and the purchase consideration for the aforesaid debts were satisfied by the issue of an aggregate of 207,230,568 Units to the Sponsor and Ascott Holdings under the direction of the relevant Vendor Companies and other companies within the Ascott Group, with certain adjustments by way of cash payments as provided for in the Share Sale and Purchase Agreements.

Property Sale and Purchase Agreements

On 20 January 2006, the Trustee, as trustee for ART, entered into the Singapore Property Put and Call Option Agreements (each as amended by a supplemental deed dated 1 March 2006) with the Property Vendor Companies to purchase the Singapore Properties. Pursuant to the exercise of the options, the Trustee entered into the Property Sale and Purchase Agreements and completed the acquisition of the Singapore Properties on the same date.

Somerset Liang Court Property

The purchase price of the Somerset Liang Court Property was S\$127.50 million based on the Appraised Value of the Somerset Liang Court Property which was satisfied as to payment of S\$28.56 million in cash and the issue of 74,951,700 Units to Ascott Holdings under the direction of Somerset Investments on the completion of the sale and purchase of the Somerset Liang Court Property. Subsequent to the completion, Ascott Holdings transferred the 74,951,700 Units to the Sponsor.

Somerset Grand Cairnhill

The purchase price of Somerset Grand Cairnhill was S\$154.65 million based on the Appraised Value of Somerset Grand Cairnhill which was satisfied as to payment of approximately S\$34.62 million in cash and the issue of 13,308,999 Units and 77,618,609 Units to Ascott Holdings and its subsidiary, The Ascott Capital Pte Ltd ("TAC") respectively under the direction of Cairnhill Place. Under the direction of TAC, the 77,618,609 Units were issued to Ascott Holdings. Subsequent to the completion of the Somerset Grand Cairnhill Sale and Purchase Agreement, Ascott Holdings transferred the aggregate of 90,927,608 Units to the Sponsor.

Description of the Agreement for the Acquisition of the Singapore Properties

The principal terms of the sale and purchase of the Singapore Properties are summarised below:-

- Each of the Singapore Properties was sold subject to and with the benefit of all existing licence agreements and tenancies (if any) as from the date of completion of the sale and purchase of the Singapore Properties.

- On completion of the sale and purchase of the Singapore Properties, the security deposits and other deposits held by the Property Vendor Companies were transferred to the Trustee and all assignable bank guarantees covering security deposits issued to Property Vendor Companies were assigned to the Trustee. In respect of bank guarantees which were not assignable to the Trustee, the Property Vendor Companies agreed to use its best endeavours to procure for the Trustee, within three months from the date of completion of the sale and purchase of the Property Vendor Properties, replacement bank guarantees on the same terms as such bank guarantees.
- Each of the Singapore Properties was sold in its existing state and condition (subject to fair wear and tear) and where applicable, as regards access, repair, physical state, light, air, drainage, sewerage and utility services.
- Certain limited representations and warranties were made by each of the Property Vendor Companies, as vendors, in respect of the Singapore Properties and existing licence agreements and tenancies (if any) and claims for breach of warranties are subject to certain limitations, including provisions for an aggregate maximum liability, minimum thresholds for claims and limitation periods for claims after completion.

Information on the title of the Properties located in Singapore

Information on the title of the Somerset Liang Court Property

Title to the Somerset Liang Court Property is comprised in one subsidiary strata certificate of title for a leasehold estate for 97 years and 30 days commencing from 2 April 1980 and is subject to the terms of Lease I/7703C, as varied by instrument numbers I/20288C, I/26350C, I/67041D, I/67042D, and I/76755D (collectively, the "URA Lease") issued by the Urban Redevelopment Authority.

Some of the terms of the URA Lease are as follows:-

- the lessee shall pay a yearly rent of S\$12.00 payable in advance on 1 January of every year;
- the lessee shall pay all charges for the supply of water, gas, sanitation or electric light or power as may be charged or imposed by relevant competent authorities in respect of the demised premises;
- the lessee shall pay all rates, taxes, assessments, property tax impositions and outgoings;
- the lessee shall not demise, mortgage, charge or assign or transfer the demised premises in whole or in part except with the consent of the lessor;
- the lessee shall not erect or put up any building or erection whatsoever on the demised premises or make any alterations or additions to any building or structure erected or to be erected or on the demised premises except with the consent of the lessor; and
- if the lessee shall fail to perform or observe any of the terms and conditions of the URA Lease, then the lessor shall be entitled to terminate the URA Lease.

Information on the title of Somerset Grand Cairnhill

Title to Somerset Grand Cairnhill is comprised in one certificate of title for a leasehold estate for 99 years commencing from 11 June 1983 and is subject to the terms of State Lease No. 16445 (as supplemented by a Supplemental Lease dated 14 August 2004) issued by The President of the Republic of Singapore.

Some of the terms of the State Lease are as follows:-

- the lessee shall pay a yearly rent of S\$12.00 payable in advance on 1 January of every year;
- the lessee shall pay all rates, taxes, charges, assessments, outgoings and impositions;
- the lessee shall not demise, mortgage, charge, assign, sublet, underlet or part with possession of the land in whole or in part except with the consent of the lessor;

- the lessee shall not make any alterations or additions to the existing buildings or erect or put up any buildings or erections whatsoever on the land except with the consent of the lessor; and
- if the lessee shall fail to perform or observe any of the terms and conditions of the State Lease then the lessor shall be entitled to terminate the State Lease.

Information on the title of the Properties located in Indonesia

Information on the title of The Ascott, Jakarta

There is one master Hak Guna Bangunan (“HGB”) land title covering the land on which The Ascott Jakarta is located. Such HGB title is evidenced by the HGB Certificate No. 616/Kebon Melati issued on 4 December 1997 with the total area of 8,101 sq m. This HGB title has been extended once and will expire on 31 March 2024.

In addition to the master HGB title, there are 239 strata title certificates registered under the name of PT Bumi Perkasa. There are also 52 strata title certificates registered under the name of other owners (being individuals and owners). PT Bumi Perkasa had entered into various agreements (the “Relevant Agreements”) to transfer the titles to 26 condominium units (the “Affected Ascott Jakarta Units”) in The Ascott, Jakarta to various unrelated foreign third parties (the “Affected Ascott Jakarta Parties”). Under Indonesian law, until these Affected Ascott Jakarta Parties are permitted to hold the relevant strata titles, PT Bumi Perkasa will continue to be the legal owner of the strata titles to the Affected Ascott Jakarta Units. Under the Relevant Agreements, all economic interest in the Affected Ascott Jakarta Units has been given to the Affected Ascott Jakarta Parties. Ascott Holdings will procure the consent of the Affected Ascott Jakarta Parties to transfer the Affected Ascott Jakarta Units. Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Bumi Perkasa’s ownership of the strata titles to the Affected Ascott Jakarta Units.

Information on the title of Somerset Grand Citra

There is one master HGB land title covering the land on which the buildings are located. Such HGB title is evidenced by the HGB Certificate No. 253/Karet Kuningan issued on 15 August 1994 with the total area of 11,435 sq m. This HGB title will expire on 14 August 2024.

In addition to the master HGB title, there are 275 strata title certificates registered under the name of PT Ciputra, which consist of (i) 265 strata titles relating to units of apartments, (ii) 6 strata titles related to area for restaurant, shops, a salon and a business centre, and (iii) 4 strata titles relating to common area.

PT Ciputra had entered into a statement letter which purports to transfer the title to a single condominium unit (the “Affected Citra Unit”) in Somerset Grand Citra to an unrelated foreign third party (the “Affected Citra Party”). The ownership of the Affected Citra Unit may not, however, be validly transferred under the statement letter. Under Indonesian law, until the Affected Citra Party is permitted to hold the relevant strata title, PT Ciputra continues to be the legal owner of the strata title to the Affected Citra Unit. Under the arrangement, all economic interest in the Affected Citra Unit has been given to the Affected Citra Party. Ascott Holdings will procure the consent of the Affected Citra Party to transfer the Affected Citra Unit and Ascott Holdings has agreed to indemnify ART and/or any of its subsidiaries for any claims, losses or damages (which would include payments of property tax to the relevant authorities in Indonesia) that may be suffered or incurred by ART and/or any of its subsidiaries arising from PT Ciputra’s ownership of the strata title to the Affected Citra Unit.

For units in Somerset Grand Citra having an area exceeding 150 sq m, the strata title certificates are broken down into two certificates or more.

There is a mortgage created upon the 206 strata titles (out of the 275 strata titles) that are registered under the name of PT Ciputra in connection with certain facilities granted by a financial institution to PT Ciputra. This mortgage was created in favour of Ascott Holdings pursuant to an undertaking given by Ascott Holdings to secure PT Ciputra’s obligations to repay the facilities. The facilities have since been repaid.

Information on the title of Country Woods

There are currently nine Hak Guna Bangunan (“HGB”) certificates in relation to various plots of land owned by PT Indonesia America. Seven of the HGB certificates constitute the land on which Country Woods is located. The remaining two HGB certificates constitute titles to the land adjacent to Country Woods which is proposed to be used for future expansion of Country Woods. These nine HGB certificates are registered under the name of PT Indonesia America. Of the nine HGB certificates, seven HGB certificates (the “Relevant HGB Certificates”) will expire in 2025 with the two remaining HGB certificates expiring in 2027.

The plots of land (the “Affected Plots of Land”) under the Relevant HGB Certificates were originally registered under the names of three individuals whose rights of ownership of the Affected Plots of Land were evidenced by the Hak Milik titles. Under Indonesian law, a Hak Milik title may be converted into a HGB title by the execution of a deed of relinquishment to relinquish the Hak Milik title in favour of the Government of Indonesia which will then issue the HGB title (the “Deed of Relinquishment”).

In 1975, the land on which Country Woods is located was registered under the name of PT Indonesia America as evidenced by title certificate HGB No.1/Pondok Ranji dated 22 October 1975 (“HGB No.1”). HGB No. 1 has been further replaced by HGB No.240/ Pondok Ranji, HGB No.241/ Pondok Ranji, HGB No.242/ Pondok Ranji, HGB No.243/ Pondok Ranji, HGB No.244/ Pondok Ranji, HGB No.245/ Pondok Ranji and HGB No.246/ Pondok Ranji, which are all dated 18 December 1987 (the “Intermediate HGBs”). The Intermediate HGBs were subsequently replaced by HGB No.02818/ Rengas dated 20 July 2005, HGB No.02824/ Rengas dated 28 October 2005, HGB No. 02825/ Rengas, HGB No. 02826/ Rengas, HGB No. 02827/ Rengas, HGB No. 02828/ Rengas and HGB No. 02829/ Rengas, which are all dated 22 November 2005.

PT Indonesia America may be subject to challenge by the owners of the Hak Milik titles to the Affected Plots of Land in respect of the Relevant HGB certificates, who may not have executed the Deeds of Relinquishment and may be holding on to their Hak Milik titles in respect of the Affected Plots of Land. However a HGB certificate is the strongest evidence of ownership of HGB land and to the best of the Manager’s knowledge and belief, PT Indonesia America has proper legal title to the plots of land on which Country Woods is located as evidenced by the existing HGB Certificates. Such plots of land are capable of being freely transferable to third parties and be subject to a mortgage (Hak Tanggungan) (see “Risk Factors” for further details).

Information on the title of the Properties located in the Philippines

Information on the title of Somerset Millennium

The title of Somerset Millennium relating to 69 Apartment Units, car park units and commercial units, is comprised in 218 Condominium Certificates of Title which are owned by AHHPI, SN Resources and SQ Resources.

The following are several of the salient terms affecting the title:-

- All units and/or common areas shall be used in accordance and/or in pursuance of a full-service apartment/hotel condominium, except those units located on the ground, 2nd, 10th, 11th, 28th, 29th and penthouse (lower/upper) floors, wherein unit owners have the option whether or not to join the apartment/hotel pool, subject to the apartment/hotel operator’s acceptance.
- No transfer or conveyance shall be valid if the concomitant transfer of the appurtenant membership in the Condominium Corporation (as defined in the Condominium Act of the Philippines) will cause the alien interest in such corporation to exceed the limits imposed by law.
- No encumbrance, sale, conveyance, transfer or any other form of disposition of a unit shall be accepted for registration unless accompanied by a certificate of the Treasurer of the Condominium Corporation and attested by the President certifying that the subject unit is free from any delinquency with respect to any one or more regular and/or special assessment.
- No less than thirty (30) days written notice must be given to the Condominium Corporation or to its designated/appointed serviced residence management corporation (if any) of the terms of any contemplated sale or lease, together with the name and address of the prospective purchaser or lessee.

The Condominium Corporation or its designated/appointed serviced residence management corporation (if any) has the right and option within the 30-day period to designate the purchaser or lessee who will buy or lease the said unit before the Condominium Corporation offers the said unit to other persons. If the Corporation fails to designate a purchaser or lessee within the said period, the unit owner may, at the expiration of the period, offer to sell or lease his unit to the purchaser or lessee named in the notice.

Information on the title of the Somerset Salcedo Property

The title of the Somerset Salcedo Property relating to 71 Apartment Units, 71 parking lots, common area and certain furniture, fixtures and equipment, is comprised in 142 Condominium Certificates of Title.

The following are several of the salient terms affecting the title:-

- Residential units shall be occupied and used only as private dwellings by their respective owners, their families, guests, domestic help or their lessees or tenants.
- All parking units shall be used solely for the temporary storage of motor vehicles.
- No transfer of any unit or mortgage annotation shall be registered with the office of the Registry of Deeds unless a clearance shall have been issued by the Condominium Corporation that all assessments owed to the Condominium Corporation have been paid.
- Any transfer (which includes, *inter alia*, sale and assignment) of the Property that violates the following restrictions shall be null and void:-
 - (a) No transfer or conveyance of a unit shall be valid if the concomitant transfer of the appurtenant membership in the condominium corporation will cause the alien interest in the corporation to exceed the limits imposed by existing laws.
 - (b) Pre-emption right – disposing unit owner must give notice to other unit owners of intention to transfer his/her/its unit and, within fourteen (14) calendar days from the date of such notice, each unit owner desiring to accept the offer shall provide notice thereof to the disposing owner, the condominium corporation, and each other unit owner.

Any unsold offered units remaining after other unit owners purchase less than all of the offered units may be sold to a third person.

Offered units that remain unsold may be sold by the disposing owner by entering into a binding agreement with a third person within ninety (90) days from the date of the Sale Notice; provided that:-

- (i) the terms and conditions of such sale shall be comparable to and in all events no less favourable to the disposing owner than the terms and conditions upon which the offered units were offered to the non-selling unit owners, and
- (ii) any agreement to sell to a third party shall be contingent upon:-
 - (a) compliance with the provisions on involuntary transfers, where applicable;
 - (b) consent of each non-selling unit owner, which consent shall not be unreasonably denied and which shall be either given or denied within fourteen (14) calendar days of the notification of the disposing owner of the identity of a proposed purchaser. Denied consent shall not be deemed unreasonable if the third person purchaser:-
 - (1) is one of the entities, from time to time specified in a resolution of the unit owners;
 - (2) lacks good business reputation in the Philippines or in foreign jurisdictions;

- (3) lacks adequate financial resources to fulfil its obligations under the owners' agreement between Beccomax Property and Development Corporation and Somerset Hospitality Holdings (Phils.), Inc. dated 7 September 2001; and/or
- (4) is engaged in the serviced residence business.

In cases where the unit or the rights therein are transferred to an affiliate, disposing unit owners must give written notice to other unit owners prior to such transfer.

In case of a foreclosure sale, levy on execution or execution sale, including execution pending appeal, the disposing owner shall immediately notify the other unit owners in writing of the same and shall have a period of seven (7) calendar days within which to dissolve the levy or prevent the execution sale or take such actions as may be necessary to prevent the execution sale, failing which, the other unit owners shall be entitled to exercise the pre-emption right.

- (c) All transfers of units or rights therein shall be subject to the following conditions at or prior to the consummation thereof:-
 - (i) the transferee is required to execute a deed of ratification to be bound by all terms and conditions of the aforesaid owners' agreement.
 - (ii) the transferee is required to acknowledge and expressly assume all liabilities and obligations of the disposing unit owner under the owners' agreement, to the extent of the units transferred.
 - (iii) all approvals required by unit owners and appropriate government authorities have been obtained.
 - (iv) compliance with the aforesaid pre-emption right, unless the transfer is made to an affiliate.
 - (v) transfer will not violate and shall comply with laws or regulations issued by any governmental authority, including foreign ownership restriction, applicable to the condominium corporation.

Information on the title of the Properties located in China

Information on the title of The Ascott, Beijing

Title to The Ascott, Beijing is comprised in the Building Ownership Certificate with serial number No. 1320012 and the State-owned Land Use Certificate with serial number No.1320012 both issued by Beijing Municipal Land Resource and Housing Administration Bureau on 20 June 2003. The tenure of the land is for 70 years, expiring on 7 February 2066.

Information on the title of the Somerset Grand Fortune Garden Property

ART does not as at the date of this Prospectus own the strata titles to, and only has contractual rights in respect of, the Somerset Grand Fortune Garden Property. Beijing Xin Lian Xie Chuang Real Estate Development Co. Ltd., the developer of Somerset Grand Fortune Garden, currently owns the building ownership certificate and the land use certificate to Somerset Grand Fortune Garden (see "Property Portfolio" and "The Properties" for further details). The tenure of the land is for 70 years, expiring on 27 August 2068.

Information on the title of Somerset Xu Hui

Title to Somerset Xu Hui is comprised in the Shanghai Real Estate Ownership Certificate with serial number No.003324 and Shanghai Real Estate Ownership Certificate with serial number No.003325, both issued by the Shanghai Municipal Housing and Land Administration Bureau on 14 May 2001. The tenure of the lease is for 70 years, expiring on 22 June 2066.

Information on the title of the Properties located in Vietnam

Information on the title of Somerset Ho Chi Minh City

Title to Somerset Ho Chi Minh City is comprised in the Land Use Rights Certificate issued in the name of Mekong-Hacota. The tenure is for a period of 45 years expiring on 25 December 2039.

The following are several of the salient terms affecting the title of the Property:-

- The lessee may not transfer the land to other parties without permission from the competent authorities.
- In the event of division or merger of the lessee or transfer of the assets and erections on the land to other parties, the lessee has to give a six months' notice in writing to lessor to seek the approval of the lessor.
- The underlying lease contract in relation to the Land Use Rights Certificate will be terminated in the following cases:-
 - (a) a serious breach by one party affecting the other;
 - (b) the lessee becomes insolvent or has to sell its assets by order of court;
 - (c) the lessee fails to comply with financial obligations according to Vietnamese Law; or
 - (d) the decision on leasing the land to the lessee or the lessee's investment licence is withdrawn before expiry of its term.

Information on the title of Somerset Grand Hanoi

Title to Somerset Grand Hanoi is comprised in the Land Use Rights Certificate issued in the name of Hanoi Tower Center. The tenure is for a period of 45 years expiring on 8 February 2038.

The following are several of the salient terms affecting the title of the Property:-

- The lessee may not transfer the land to other parties without permission from the competent authorities.
- If the land is returned in whole or in part to the authorities before the expiry of the term, the lessee and Hanoi Tower Center are required to give six months' notice in writing to the lessor seeking the approval of the competent authorities.
- The underlying lease contract in relation to the Land Use Rights Certificate will be terminated in the following cases:-
 - (a) the lease contract has expired and no renewal is made;
 - (b) the lessee becomes insolvent or has to sell its assets by order of court; or
 - (c) the lessee's Investment Licence is withdrawn before expiry of its term.

Serviced Residence Management Agreements

The Properties will be managed by the SR Management Companies, pursuant to a separate serviced residence management agreement for each of the Properties (see “Key Investment Highlights of ART – SR Management Companies”).

Under the Serviced Residence Management Agreements, the SR Management Companies are each entitled to a basic management fee and/or an incentive management fee for each Property. In relation to each Property, the basic management fee ranges between 2.0% and 3.0% per annum of total Revenue of each Property. In relation to each Property, the incentive management fee ranges between 5.0% and 10.0% per annum of gross operating profit of each Property.

Once the formula for the determination of the serviced residence management fee for a Property is agreed between ART or the Property Companies and the relevant SR Management Company, the formula will be fixed for the entire duration of the initial term of ten years of the Serviced Residence Management Agreement and may be revised only at the point of renewal of the Serviced Residence Management Agreement, subject to the mutual agreement of the parties.

Serviced Residence Management Agreements in respect of the Singapore Properties (“Singapore Serviced Residence Management Agreements”)

The Singapore Properties will be managed by AIM (the “Singapore SR Management Company”) pursuant to the respective Singapore Serviced Residence Management Agreements.

Pursuant to the Singapore Serviced Residence Management Agreements, the Singapore SR Management Company will operate, manage, promote and market the Singapore Properties.

The initial term of each of the Singapore Serviced Residence Management Agreements is ten years commencing on the date of the acquisition of the respective Singapore Properties by the Trustee, as trustee of ART.

At least three months prior to expiry of the initial term of each of the Singapore Serviced Residence Management Agreements, the Singapore SR Management Company may by written notice request the Trustee and the Manager to extend the agreement for a further period of ten years upon the same terms and conditions as contained in the respective Singapore Serviced Residence Management Agreement. In the event that the Singapore SR Management Company decides to review the management fees, any proposed revision of the management fees shall only be included in the relevant Singapore Serviced Residence Management Agreement upon renewal if the parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of the Singapore SR Management Company’s written notice, the relevant Singapore Serviced Residence Management Agreement shall be renewed for a further period equivalent to the initial term upon the same terms and conditions as contained in the Singapore Serviced Residence Management Agreements.

Singapore SR Management Company’s Services

The services provided by the Singapore SR Management Company for the Singapore Properties include the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain the Singapore Properties in accordance with the standards prescribed in the Singapore Serviced Residence Management Agreements;
- supervision, direction and control of the licensing of the serviced residence units and other space (as may be applicable) at the Singapore Properties and the determination of the services to be provided by the Trustee to the guests, licencees and concessionaires thereof;
- negotiation and execution of licences and concessions for the serviced residence units or other space (as may be applicable) at the Singapore Properties on such terms as may be determined by the Singapore SR Management Company to be appropriate;

- planning, preparation of and contracting for advertising and promotional programmes for the Singapore Properties; and
- performance, supervision, direction and control of all acts reasonably necessary in connection with the operation, management, promotion, marketing and maintenance of the Singapore Properties in an efficient and proper manner.

Expenses for Certain Services

The Singapore SR Management Company shall provide or shall procure the Ascott Group to provide, the Singapore Properties with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by the Singapore SR Management Company and/or the Ascott Group, including the services as follows:-

- (i) the provision of Ascott Serviced Residence Management System (“ASRMS”);
- (ii) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (iii) educational and training programmes and facilities.

In consideration of the provision of the above services to the Singapore Properties, the Trustee shall pay to the SR Management Company and/or the Ascott Group, for each Singapore Property:-

- (a) US\$20 per serviced residence unit per month with respect to the provision of the ASRMS; and
- (b) US\$1,500 per month with respect to the provision of the services under (ii) and (iii) above.

Expenses

The Singapore SR Management Company is entitled to utilise funds deposited in the operating accounts of ART opened in respect of each of the Singapore Properties to pay such sums as may be necessary for the Singapore SR Management Company to carry out its obligations under the budget approved by the Trustee on the recommendation of the Manager and/or under the respective Singapore Serviced Residence Management Agreements. Such sums include, but are not limited to, approved operating expenses.

Termination

Any party to each Singapore Serviced Residence Management Agreement may, upon written notice, terminate the appointment of the Singapore SR Management Company on the occurrence of certain specified events, which include the liquidation of the Singapore SR Management Company.

On the termination of the appointment of the Singapore SR Management Company in respect of the relevant Singapore Property, the Manager shall, as soon as practicable, recommend to the Trustee, the appointment of a replacement property manager for the affected property.

Assignment

The Singapore SR Management Company is entitled to assign or transfer any of its rights, benefits or obligations under the relevant Singapore Serviced Residence Management Agreement to any of its affiliates to be the party and/or to perform the services under that Singapore Serviced Residence Management Agreement.

In the event that the Trustee sells any Singapore Property in its entirety, the Trustee may upon seeking prior written consent from the Singapore SR Management Company (such consent not to be unreasonably withheld), assign the relevant Singapore Serviced Residence Management Agreement to the purchaser of the relevant Singapore Property, and such purchaser shall be bound by all rights, benefits and obligations of the Trustee as set out in the relevant Singapore Serviced Residence Management Agreement.

Indemnity by Trustee

The Trustee, as trustee of ART, shall indemnify and hold the Singapore SR Management Company harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by the Singapore SR Management Company of its obligations under the respective Singapore Serviced Residence Management Agreement except those arising from the Singapore SR Management Company's fraud, wilful default, gross negligence, bad faith or reckless disregard of its obligations under the relevant Singapore Serviced Residence Management Agreement.

In addition, the Trustee, as trustee of ART, shall indemnify and hold the Singapore SR Management Company harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of the Trustee or its employees and the Trustee will, at the Singapore SR Management Company's request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

No Restriction on Singapore SR Management Company

Nothing in each of the Singapore Serviced Residence Management Agreements shall prevent the Singapore SR Management Company or any of its affiliates from engaging in or undertaking serviced residence management businesses or projects or other businesses or from rendering services of any kind to any other person or entity in the Asia-Pacific region or elsewhere in the world.

The Ascott Jakarta Serviced Residence Management Agreement

A management agreement was entered into between PT Bumi Perkasa and PT Ascott International on 6 February 2006 pursuant to which PT Ascott International was appointed to operate, manage, promote, market and maintain The Ascott, Jakarta for and on behalf of PT Bumi Perkasa ("The Ascott Jakarta Serviced Residence Management Agreement").

The initial term of The Ascott Jakarta Serviced Residence Management Agreement is ten (10) years commencing on 1 March 2006. PT Ascott International may extend The Ascott Jakarta Serviced Residence Management Agreement for a further period equivalent to the initial term upon the same terms and conditions as contained in The Ascott Jakarta Serviced Residence Management Agreement by giving written notice to PT Bumi Perkasa of such intention no later than three (3) months prior to the expiration of the initial term. In the event that PT Ascott International decides to review the management fees, any proposed revision of the management fees shall only be included in The Ascott Jakarta Serviced Residence Management Agreement upon renewal if the parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of PT Ascott International's written notice, The Ascott Jakarta Serviced Residence Management Agreement shall be renewed for the same term upon the same terms and conditions as contained in The Ascott Jakarta Serviced Residence Management Agreement.

PT Ascott International's Services

The services provided by PT Ascott International for The Ascott, Jakarta include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain The Ascott, Jakarta in accordance with the standards prescribed in The Ascott Jakarta Serviced Residence Management Agreement;
- supervision, direction and control of the licensing of serviced residence units and other space in The Ascott, Jakarta (as may be applicable) and the determination of the services to be provided by PT Bumi Perkasa to the guests, licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to The Ascott, Jakarta as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of licences and concessions for serviced residence units or other space (as may be applicable) at The Ascott, Jakarta on such terms as may be determined by PT Ascott International to be appropriate;

- establishment of all rental, licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental, licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of The Ascott, Jakarta;
- planning, preparation of and contracting for advertising and promotional programmes for The Ascott, Jakarta; and
- advising PT Bumi Perkasa on marketing and public relations and conduct of marketing and public relations activities for The Ascott Jakarta on behalf of PT Bumi Perkasa.

Expenses for Certain Services

PT Ascott International shall provide, or shall procure the Ascott Group to provide, The Ascott, Jakarta with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by PT Ascott International and/or the Ascott Group, including services as follows:-

- (i) the provision of Ascott Serviced Residence Management System (“ASRMS”);
- (ii) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (iii) educational and training programmes and facilities.

In consideration of the provision of the above services to The Ascott, Jakarta, PT Bumi Perkasa shall pay to the PT Ascott International and/or the Ascott Group:-

- (a) US\$20 per serviced residence unit per month with respect to the provision of the ASRMS; and
- (b) US\$1,500 per month with respect to the provision of the services under (ii) and (iii) above.

Expenses

PT Ascott International is entitled to utilise funds deposited in the operating account of PT Bumi Perkasa opened in respect of The Ascott, Jakarta to pay such sums as may be necessary for the PT Ascott International to carry out its obligations under the approved budget and/or under The Ascott Jakarta Serviced Residence Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Ascott Jakarta Serviced Residence Management Agreement may be terminated on the occurrence of certain specified events, which include voluntarily or involuntarily dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Ascott Jakarta Serviced Residence Management Agreement may be terminated upon thirty (30) days’ written notice by PT Ascott International if, *inter alia*,:-

- The Ascott, Jakarta is, in the opinion of PT Ascott International, not constructed or maintained in accordance with the standards prescribed in The Ascott Jakarta Serviced Residence Management Agreement;
- The Ascott, Jakarta is, in the opinion of PT Ascott International, materially altered from its description in The Ascott Jakarta Serviced Residence Management Agreement for any reasons; and

- PT Bumi Perkasa unreasonably interferes with or involves itself in any way with the operation of The Ascott, Jakarta such that PT Ascott International is hindered from carrying out its duties under The Ascott Jakarta Serviced Residence Management Agreement or is unable to have exclusive control over the management and operation of The Ascott, Jakarta.

The Ascott Jakarta Serviced Residence Management Agreement may also be terminated by PT Ascott International if PT Bumi Perkasa does not pay PT Ascott International all and/or any sums due and owing to PT Ascott International under The Ascott Jakarta Serviced Residence Management Agreement within ten (10) days from the date of a written demand thereof.

Assignment

PT Ascott International shall have the right to assign or transfer any of its rights, benefits or obligations under The Ascott Jakarta Serviced Residence Management Agreement to any of its affiliates to be the party to and/or perform the services under The Ascott Jakarta Serviced Residence Management Agreement.

In the event that PT Bumi Perkasa sells The Ascott, Jakarta in its entirety, PT Bumi Perkasa may upon seeking prior written consent from the PT Ascott International, assign The Ascott Jakarta Serviced Residence Management Agreement to the purchaser of The Ascott, Jakarta, and such purchaser shall be bound by all rights, benefits and obligation of PT Bumi Perkasa as set out in The Ascott Jakarta Serviced Residence Management Agreement.

Indemnity by PT Bumi Perkasa

PT Bumi Perkasa shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by PT Ascott International of its obligations under The Ascott Jakarta Serviced Residence Management Agreement except those arising from PT Ascott International's fraud, wilful default, gross negligence, bad faith or reckless disregard of its obligations under The Ascott Jakarta Serviced Residence Management Agreement.

In addition, PT Bumi Perkasa shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of PT Bumi Perkasa or its employees and PT Bumi Perkasa will, at PT Ascott International's request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

The Somerset Grand Citra Serviced Residence Management Agreement

A management agreement was entered into between PT Ciputra and PT Ascott International on 27 February 2006 pursuant to which PT Ascott International was appointed to operate, manage, promote, market and maintain Somerset Grand Citra for and on behalf of PT Ciputra (the "Somerset Grand Citra Serviced Residence Management Agreement").

The initial term of the Somerset Grand Citra Serviced Residence Management Agreement is ten (10) years commencing on 1 March 2006. The Somerset Grand Citra Serviced Residence Management Agreement may be extended upon mutual agreement for a further period equivalent to the initial term upon the same terms and conditions as contained in the Somerset Grand Citra Serviced Residence Management Agreement by giving written notice to PT Ciputra of such intention no later than three (3) months prior to the expiration of the initial term. In the event that PT Ascott International decides to review the management fees, any proposed revision of the management fees shall only be included in the Somerset Grand Citra Serviced Residence Management Agreement upon renewal if the parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of PT Ascott International's written notice, the Somerset Grand Citra Serviced Residence Management Agreement shall be renewed for the same term upon the same terms and conditions as contained in the Somerset Grand Citra Serviced Residence Management Agreement.

PT Ascott International's Services

The services provided by PT Ascott International for Somerset Grand Citra include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain Somerset Grand Citra in accordance with the standards prescribed in the Somerset Grand Citra Serviced Residence Management Agreement;
- supervision, direction and control of the licensing of serviced residence units and other space in Somerset Grand Citra (as may be applicable) and the determination of the services to be provided by PT Ciputra to the guests, licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to Somerset Grand Citra as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of licences and concessions for serviced residence units or other space (as may be applicable) at Somerset Grand Citra on such terms as may be determined by PT Ascott International to be appropriate;
- establishment of all rental, licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental, licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of Somerset Grand Citra;
- planning, preparation of and contracting for advertising and promotional programmes for Somerset Grand Citra; and
- advising PT Ciputra on marketing and public relations and conduct of marketing and public relations activities for Somerset Grand Citra on behalf of PT Ciputra.

Expenses for Certain Services

PT Ascott International shall provide or shall procure the Ascott Group to provide Somerset Grand Citra with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by PT Ascott International and/or the Ascott Group. PT Ciputra shall reimburse PT Ascott International and/or the Ascott Group for the expenses in connection with the services rendered by PT Ascott International under the Somerset Grand Citra Serviced Residence Management Agreement.

Expenses

PT Ascott International is entitled to utilise funds deposited in the operating account of PT Ciputra opened in respect of Somerset Grand Citra to pay such sums as may be necessary for the PT Ascott International to carry out its obligations under the approved budget and/or under Somerset Grand Citra Serviced Residence Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Somerset Grand Citra Serviced Residence Management Agreement may be terminated on the occurrence of certain specified events, which include voluntarily or involuntarily dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Somerset Grand Citra Serviced Residence Management Agreement may be terminated upon thirty (30) days' written notice by PT Ascott International if, *inter alia*,:-

- Somerset Grand Citra is, in the opinion of PT Ascott International, not constructed or maintained in accordance with the standards prescribed in the Somerset Grand Citra Serviced Residence Management Agreement;
- Somerset Grand Citra is, in the opinion of PT Ascott International, materially altered from its description in the Somerset Grand Citra Serviced Residence Management Agreement for any reasons;
- PT Ciputra unreasonably interferes with or involves itself in any way with the operation of Somerset Grand Citra such that PT Ascott International is hindered from carrying out its duties under the Somerset Grand Citra Serviced Residence Management Agreement or is unable to have exclusive control over the management and operation of Somerset Grand Citra.

The Somerset Grand Citra Serviced Residence Management Agreement may also be terminated by PT Ascott International if PT Ciputra does not pay PT Ascott International all and/or any sums due and owing to PT Ascott International under the Somerset Grand Citra Serviced Residence Management Agreement within thirty (30) days from the date of a written demand thereof.

Assignment

PT Ascott International shall, with prior written notice to PT Ciputra, have the right to assign or transfer any of its rights, benefits or obligations under the Somerset Grand Citra Serviced Residence Management Agreement to any of its affiliates to be the party to and/or perform the services under the Somerset Grand Citra Serviced Residence Management Agreement.

In the event that PT Ciputra sells Somerset Grand Citra in its entirety, PT Ciputra may upon seeking prior written consent from PT Ascott International assign Somerset Grand Citra Serviced Residence Management Agreement to the purchaser of Somerset Grand Citra and such purchaser shall be bound by all rights, benefits and obligation of the PT Ciputra as set out in the Somerset Grand Citra Serviced Residence Management Agreement.

Indemnity by PT Ciputra

PT Ciputra shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by PT Ascott International of its obligations under the Somerset Grand Citra Serviced Residence Management Agreement except those arising from PT Ascott International's wilful default, gross negligence, bad faith or reckless disregard of its obligations under the Somerset Grand Citra Serviced Residence Management Agreement.

In addition, PT Ciputra shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of PT Ciputra or its employees and PT Ciputra will, at PT Ascott International's request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

The Country Woods Rental Housing Management Agreement

A management agreement was entered into between PT Indonesia America and PT Ascott International on 6 February 2006 pursuant to which PT Ascott International was appointed to operate, manage, promote, market and maintain Country Woods for and on behalf of PT Indonesia America (the "Country Woods Rental Housing Management Agreement").

The initial term of the Country Woods Rental Housing Management Agreement is ten (10) years commencing on 1 March 2006. PT Ascott International may extend the Country Woods Rental Housing Management Agreement for a further period equivalent to the initial term upon the same terms and conditions as contained in the Country Woods Rental Housing Management Agreement by giving written notice to PT Indonesia America of such intention no later than three (3) months prior to the expiration of the initial term. In the event that PT Ascott International decides to review the management fees, any proposed revision of the management fees shall only be included in the Country Woods Rental Housing Management Agreement upon renewal if the parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of PT Ascott International's written notice, the Country Woods Rental Housing Management Agreement shall be renewed for the same term upon the same terms and conditions as contained in the Country Woods Rental Housing Management Agreement.

PT Ascott International's Services

The services provided by PT Ascott International for Country Woods include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain Country Woods in accordance with the standards prescribed in the Country Woods Rental Housing Management Agreement;
- supervision, direction and control of the licensing of furnished managed residence units and other space in Country Woods (as may be applicable) and the determination of the services to be provided by PT Indonesia America to the guests, lessees, licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to Country Woods as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of leases, licences and concessions for furnished managed residence units or other space (as may be applicable) at Country Woods on such terms as may be determined by PT Ascott International to be appropriate;
- establishment of all rental, licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental, licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of Country Woods;
- planning, preparation of and contracting for advertising and promotional programmes for Country Woods; and
- advising PT Indonesia America on marketing and public relations and conduct of marketing and public relations activities for Country Woods on behalf of PT Indonesia America.

Expenses for Certain Services

PT Ascott International shall provide or shall procure the Ascott Group to provide Country Woods with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by the PT Ascott International and/or the Ascott Group, including services as follows:-

- (i) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (ii) educational and training programmes and facilities.

In consideration of the provision of the above services to Country Woods, PT Indonesia America shall pay to PT Ascott International and/or the Ascott Group US\$1,500 per month with respect to the provision of the services under (i) and (ii) above.

Expenses

PT Ascott International is entitled to utilise funds deposited in the operating account of PT Indonesia America opened in respect of Country Woods to pay such sums as may be necessary for the PT Ascott International to carry out its obligations under the approved budget and/or under Country Woods Rental Housing Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Country Woods Rental Housing Management Agreement may be terminated on the occurrence of certain specified events, which include voluntary or involuntary dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Country Woods Rental Housing Management Agreement may be terminated upon thirty (30) days' written notice by PT Ascott International if, *inter alia*,:-

- Country Woods is, in the opinion of PT Ascott International, not constructed or maintained in accordance with the standards prescribed in the Country Woods Rental Housing Management Agreement;
- Country Woods is, in the opinion of PT Ascott International, materially altered from its description in the Country Woods Rental Housing Management Agreement for any reasons; or
- PT Indonesia America unreasonably interferes with or involves itself in any way with the operation of Country Woods such that PT Ascott International is hindered from carrying out its duties under the Country Woods Rental Housing Management Agreement or is unable to have exclusive control over the management and operation of Country Woods.

The Country Woods Rental Housing Management Agreement may also be terminated by PT Ascott International if PT Indonesia America does not pay PT Ascott International all and/or any sums due and owing to PT Ascott International under the Country Woods Rental Housing Management Agreement within ten (10) days from the date of a written demand thereof.

Assignment

PT Ascott International shall have the right to assign or transfer any of its rights, benefits or obligations under the Country Woods Rental Housing Management Agreement to any of its affiliates to be the party to and/or perform the services under the Country Woods Rental Housing Management Agreement.

In the event that PT Indonesia America sells Country Woods in its entirety, PT Indonesia America may upon seeking prior written consent from PT Ascott International assign Country Woods Rental Housing Management Agreement to the purchaser of Country Woods and such purchaser shall be bound by all rights, benefits and obligation of the PT Indonesia America as set out in the Country Woods Rental Housing Management Agreement.

Indemnity by PT Indonesia America

PT Indonesia America shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by PT Ascott International of its obligations under the Country Woods Rental Housing Management Agreement except those arising from PT Ascott International's fraud, wilful default, gross negligence, bad faith or reckless disregard of its obligations under the Country Woods Rental Housing Management Agreement.

In addition, PT Indonesia America shall indemnify and hold PT Ascott International harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of PT Indonesia America or its employees and PT Indonesia America will, at PT Ascott International's request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

The Somerset Millennium Serviced Residence Management Agreement

A management agreement was entered into between SQ Resources and Somerset International Management (Asia Pacific) Pte Ltd (now known as Ascott International Management (2001) Pte Ltd ("AIM") on 2 May 2000 pursuant to which AIM was appointed to operate, manage and market the Somerset Millennium Property (the "Somerset Millennium Serviced Residence Management Agreement").

The initial term of the Somerset Millennium Serviced Residence Management Agreement is ten (10) years commencing on 1 July 2000. At least three (3) months prior to expiry of the initial term of the Somerset Millennium Serviced Residence Management Agreement, either party to the agreement may by written notice request the other party to extend the agreement for a further period of five (5) years upon such terms and conditions as may be mutually agreed between the parties.

By an assignment agreement dated 1 August 2002 entered into between AIM and Scotts Philippines (the "Somerset Millennium SR Management Company"), Ascott assigned and transferred all its rights, titles, benefits, interests and obligations under the Somerset Millennium Serviced Residence Management Agreement to Scotts Philippines.

The Somerset Millennium SR Management Company's Services

The services provided by the Somerset Millennium SR Management Company for the Somerset Millennium Property include the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain the Somerset Millennium Property in accordance with the standards prescribed in the Somerset Millennium Serviced Residence Management Agreement;
- supervision, direction and control of the leasing and letting of apartment units and other space in the Somerset Millennium Property and the determination of the services to be provided by SQ Resources to the lessees, licencees and concessionaires thereof;
- negotiation and execution of leases, licences and concessions for apartment units or other space at the Somerset Millennium Property on such terms as may be determined by the Somerset Millennium SR Management Company to be appropriate and approved by SQ Resources in writing;
- planning, preparation of and contracting for advertising and promotional programmes for the Somerset Millennium Property; and
- performance, supervision, direction and control of all acts reasonably necessary in connection Somerset Millennium Property in an efficient and proper manner.

Reimbursable Expenses

The Somerset Millennium SR Management Company shall provide for the Somerset Millennium Property those group benefits, services and facilities generally made available by the Somerset Millennium SR Management Company collectively to the other properties owned/managed by the Somerset Millennium SR Management Company, such services to include, but not limited to:-

- (i) regional advertising and sales promotion services, centralised reservation services, central purchasing and procuring services (the "Advertising and Promotional Services"); and
- (ii) educational and training programmes and facilities (the "Educational Services").

In consideration of the Somerset Millennium SR Management Company providing the services above to the Somerset Millennium SR Management Company, SQ Resources shall pay the Somerset Millennium SR Management Company:-

- (a) US\$1,000 per month with respect to the rendering of front office and operating software;
- (b) US\$850 per month with respect to the rendering of Advertising and Promotional Services; and
- (c) US\$500 per month for the Educational Services.

Termination

The Somerset Millennium Serviced Residence Management Agreement may be terminated by either party *inter alia*, on the occurrence of certain specified events, which include the liquidation of either party, by the Somerset Millennium SR Management Company if SQ Resources fails to pay any consultant appointed by it (the "Consultant") within 14 days from the date of written demand by the Consultant; by the Somerset Millennium SR Management Company upon 30 days written notice if there is a material change in the management of SQ Resources or by SQ Resources upon 30 days written notice if there is a material change in the management of the Somerset Millennium SR Management Company, as the case may be, or if the Somerset Millennium Property is sold in its entirety and the Somerset Millennium SR Management Company is not desirous of managing and operating the Somerset Millennium Property for the buyer.

In addition, if either party (the "Defaulting Party") is in breach of any term of the Somerset Millennium Serviced Residence Management Agreement which is capable of remedy and the Defaulting Party fails to cure the breach within 30 days of receipt of notice from the party not in breach (the Non-Defaulting Party) to remedy the breach, the Non-Defaulting Party may terminate the Somerset Millennium Serviced Residence Management Agreement, upon giving 30 days' written notice to the Defaulting Party.

Assignment

Neither party to the Somerset Millennium Serviced Residence Management Agreement are entitled to assign or transfer any of their rights, benefits or obligations under the Somerset Millennium Serviced Residence Management Agreement except with the prior written consent of the other party to the agreement, except in the event that SQ Resources sells the Somerset Millennium Property in its entirety, SQ Resources may upon seeking written consent from the Somerset Millennium SR Management Company, assign the Somerset Millennium Serviced Residence Management Agreement to the purchaser of the Somerset Millennium Property.

The Ascott, Beijing Serviced Residence Management Agreement

A management agreement was entered into between Hemliner Real Estate and Ascott Property Management (Beijing) on 6 February 2006 pursuant to which Ascott Property Management (Beijing) was appointed to operate, manage, promote and market The Ascott, Beijing for and on behalf of Hemliner Real Estate ("The Ascott, Beijing Serviced Residence Management Agreement").

The initial term of The Ascott, Beijing Serviced Residence Management Agreement is ten (10) years commencing on 1 March 2006. Ascott Property Management (Beijing) may extend The Ascott, Beijing Serviced Residence Management Agreement for a further period equivalent to the initial term upon the same terms and conditions as contained in The Ascott, Beijing Serviced Residence Management Agreement by giving written notice to Hemliner Real Estate of such intention no later than three (3) months prior to the expiration of the initial term. In the event that Ascott Property Management (Beijing) decides to review the management fees, any proposed revision of the management fees shall only be included in The Ascott, Beijing Serviced Residence Management Agreement upon renewal if the parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of Ascott Property Management (Beijing)'s written notice, The Ascott, Beijing Serviced Residence Management Agreement shall be renewed for the same term upon the same terms and conditions as contained in The Ascott, Beijing Serviced Residence Management Agreement.

Ascott Property Management (Beijing)'s Services

The services provided by Ascott Property Management (Beijing) for The Ascott, Beijing include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain The Ascott, Beijing in accordance with the standards prescribed in The Ascott, Beijing Serviced Residence Management Agreement;
- supervision, direction and control of the licensing of serviced residence units and other space in The Ascott, Beijing (as may be applicable) and the determination of the services to be provided by Hemliner Real Estate to the guests, licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to The Ascott, Beijing as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of licences and concessions for serviced residence units or other space (as may be applicable) at The Ascott, Beijing on such terms as may be determined by Ascott Property Management (Beijing) to be appropriate;
- establishment of all rental, licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental, licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of The Ascott, Beijing;
- planning, preparation of and contracting for advertising and promotional programmes for The Ascott, Beijing; and
- advising Hemliner Real Estate on marketing and public relations and conduct of marketing and public relations activities for The Ascott, Beijing on behalf of Hemliner Real Estate.

Expenses for Certain Services

Ascott Property Management (Beijing) shall provide, or shall procure the Ascott Group to provide, The Ascott, Beijing with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by the Ascott Property Management (Beijing) and/or the Ascott Group, including services as follows:-

- (i) the provision of Ascott Serviced Residence Management System ("ASRMS");
- (ii) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (iii) educational and training programmes and facilities.

In consideration of the provision of the above services to The Ascott, Beijing, Hemliner Real Estate shall pay to the Ascott Property Management (Beijing) and/or the Ascott Group:-

- (a) US\$20 per serviced residence unit per month with respect to the provision of the ASRMS; and
- (b) US\$1,500 per month with respect to the provision of the services under (ii) and (iii) above.

Expenses

Ascott Property Management (Beijing) is entitled to utilise funds deposited in the operating account of Hemliner Real Estate opened in respect of The Ascott, Beijing to pay such sums as may be necessary for the Ascott Property Management (Beijing) to carry out its obligations under the approved budget and/or under the Ascott, Beijing Serviced Residence Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Ascott, Beijing Serviced Residence Management Agreement may be terminated on the occurrence of certain specified events, which include voluntary or involuntary dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Ascott, Beijing Serviced Residence Management Agreement may be terminated upon thirty (30) days' written notice by Ascott Property Management (Beijing) if, *inter alia*,:-

- The Ascott, Beijing is, in the opinion of Ascott Property Management (Beijing), not constructed or maintained in accordance with the standards prescribed in The Ascott, Beijing Serviced Residence Management Agreement;
- The Ascott, Beijing is, in the opinion of Ascott Property Management (Beijing), materially altered from its description in the Ascott, Beijing Serviced Residence Management Agreement for any reasons; or
- Hemliner Real Estate unreasonably interferes with or involves itself in any way with the operation of The Ascott, Beijing such that Ascott Property Management (Beijing) is hindered from carrying out its duties under The Ascott, Beijing Serviced Residence Management Agreement or is unable to have exclusive control over the management and operation of The Ascott, Beijing.

The Ascott, Beijing Serviced Residence Management Agreement may also be terminated by Ascott Property Management (Beijing) if Hemliner Real Estate does not pay Ascott Property Management (Beijing) all and/or any sums due and owing to Ascott Property Management (Beijing) under the Ascott, Beijing Serviced Residence Management Agreement within ten (10) days from the date of a written demand thereof.

Assignment

Ascott Property Management (Beijing) shall have the right to assign or transfer any of its rights, benefits or obligations under the Ascott, Beijing Serviced Residence Management Agreement to any of its related corporations to be the party to and/or perform the services under the Ascott, Beijing Serviced Residence Management Agreement.

In the event that Hemliner Real Estate sells The Ascott, Beijing in its entirety, Hemliner Real Estate may upon seeking prior written consent from Ascott Property Management (Beijing), assign the Ascott, Beijing Serviced Residence Management Agreement to the purchaser of The Ascott, Beijing, and such purchaser shall be bound by all rights, benefits and obligation of Hemliner Real Estate as set out in the Ascott, Beijing Serviced Residence Management Agreement.

Indemnity by Hemliner Real Estate

Hemliner Real Estate shall indemnify and hold Ascott Property Management (Beijing) harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by Ascott Property Management (Beijing) of its obligations under the Ascott, Beijing Serviced Residence Management Agreement except those arising from Ascott Property Management (Beijing)'s fraud, wilful default, gross negligence, bad faith or reckless disregard of its obligations under the Ascott, Beijing Serviced Residence Management Agreement.

In addition, Hemliner Real Estate shall indemnify and hold Ascott Property Management (Beijing) harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of Hemliner Real Estate and its employees and Hemliner Real Estate will, at Ascott Property Management (Beijing)'s request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

The Somerset Grand Fortune Garden Property Serviced Residence Management Agreement

A management agreement was entered into between Beijing Xin Lian Xie Chuang ("Beijing Xin Lian"), the developer of Somerset Grand Fortune Garden and Ascott Property Management (Beijing) on 13 December 2001 pursuant to which Ascott Property Management (Beijing) was appointed to operate, manage, promote and market the Somerset Grand Fortune Garden Property for and on behalf of Beijing Xin Lian (the "Somerset Grand Fortune Garden Property Serviced Residence Management Agreement").

The initial term of the Somerset Grand Fortune Garden Property Serviced Residence Management Agreement is ten (10) years commencing on 13 December 2001. The Somerset Grand Fortune Garden Property Serviced Residence Management Agreement may be extended upon both parties' mutual agreement.

Ascott Property Management (Beijing)'s Services

The services provided by Ascott Property Management (Beijing) for the Somerset Grand Fortune Garden Property include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain the Somerset Grand Fortune Garden Property in accordance with the standards prescribed in the Somerset Grand Fortune Garden Property Serviced Residence Management Agreement;
- supervision, direction and control of the licensing of serviced residence units and other space in the Somerset Grand Fortune Garden Property (as may be applicable) and the determination of the services to be provided by Beijing Xin Lian to the licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to the Somerset Grand Fortune Garden Property as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of licences and concessions for serviced residence units or other space (as may be applicable) at the Somerset Grand Fortune Garden Property on such terms as may be determined by Ascott Property Management (Beijing) to be appropriate;
- establishment of all licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of the Somerset Grand Fortune Garden Property;
- planning, preparation of and contracting for advertising and promotional programmes for the Somerset Grand Fortune Garden Property; and
- advising Beijing Xin Lian on marketing and public relations and conduct of marketing and public relations activities for the Somerset Grand Fortune Garden Property on behalf of Beijing Xin Lian.

Expenses for Certain Services

The Ascott Property Management (Beijing) shall provide or shall procure the Ascott Group to provide the Somerset Grand Fortune Garden Property with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by Ascott Property Management (Beijing) and/or the Ascott Group, including services as follows:-

- (i) the provision of front office operating software;
- (ii) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (iii) educational and training programmes and facilities.

In consideration of the provision of the above services to the Somerset Grand Fortune Garden Property, Beijing Xin Lian shall pay to Ascott Property Management (Beijing) and/or the Ascott Group:-

- (a) US\$2,000 per month with respect to the provision of the services under (i) above; and
- (b) US\$1,500 per month with respect to the provision of the services under (ii) and (iii) above.

Expenses

Ascott Property Management (Beijing) is entitled to utilise funds deposited in the operating account of Beijing Xin Lian opened in respect of the Somerset Grand Fortune Garden Property to pay such sums as may be necessary for Ascott Property Management (Beijing) to carry out its obligations under the Somerset Grand Fortune Garden Property Serviced Residence Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Somerset Grand Fortune Garden Property Serviced Residence Management Agreement may be terminated on the occurrence of certain specified events, which include voluntary or involuntary dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Somerset Grand Fortune Garden Property Serviced Residence Management Agreement may be terminated upon written notice by Ascott Property Management (Beijing) if, *inter alia*, the Somerset Grand Fortune Garden Property is, in the opinion of Ascott Property Management (Beijing), not constructed or maintained in accordance with the standards agreed by the parties.

The Somerset Xu Hui Serviced Residence Management Agreement

A management agreement was entered into between Shanghai Xin Wei and Ascott Property Management (Shanghai) on 6 February 2006 pursuant to which Ascott Property Management (Shanghai) was appointed to operate, manage, promote and market Somerset Xu Hui for and on behalf of Shanghai Xin Wei (the "Somerset Xu Hui Serviced Residence Management Agreement").

The initial term of the Somerset Xu Hui Serviced Residence Management Agreement is ten (10) years commencing on 1 March 2006. Ascott Property Management (Shanghai) may extend the Somerset Xu Hui Serviced Residence Management Agreement for a further period equivalent to the initial term upon the same terms and conditions as contained in the Somerset Xu Hui Serviced Residence Management Agreement by giving written notice to Shanghai Xin Wei of such intention no later than three (3) months prior to the expiration of the initial term. In the event that Ascott Property Management (Shanghai) decides to review the management fees, any proposed revision of the management fees shall only be included in the Somerset Xu Hui Serviced Residence Management Agreement upon renewal if the

parties mutually agree to such proposed revision. If the parties fail to agree on the proposed revision of the management fees within one (1) month from the date of Ascott Property Management (Shanghai)'s written notice, the Somerset Xu Hui Serviced Residence Management Agreement shall be renewed for the same term upon the same terms and conditions as contained in the Somerset Xu Hui Serviced Residence Management Agreement.

Ascott Property Management (Shanghai)'s Services

The services provided by Ascott Property Management (Shanghai) for Somerset Xu Hui include, *inter alia*, the following:-

- recruitment, training and supervision of all personnel required to properly operate and maintain Somerset Xu Hui in accordance with the standards prescribed in the Somerset Xu Hui Serviced Residence Management Agreement;
- supervision, direction and control of the licensing of serviced residence units and other space in Somerset Xu Hui (as may be applicable) and the determination of the services to be provided by Shanghai Xin Wei to the guests, licencees and concessionaires thereof;
- planning, initiation, supervision and control of the maintenance and repairs to Somerset Xu Hui as may be reasonably necessary for the proper maintenance and operation thereof;
- negotiation and execution of licences and concessions for serviced residence units or other space (as may be applicable) at Somerset Xu Hui on such terms as may be determined by Ascott Property Management (Shanghai) to be appropriate;
- establishment of all rental, licence fees and rates (including, where appropriate, discount or complimentary services) and, in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental, licence fees or income of any nature;
- negotiation and execution of contracts reasonably necessary for or desirable in connection with the operation, management, promotion, marketing and maintenance of Somerset Xu Hui;
- planning, preparation of and contracting for advertising and promotional programmes for Somerset Xu Hui; and
- advising Shanghai Xin Wei on marketing and public relations and conduct of marketing and public relations activities for Somerset Xu Hui on behalf of Shanghai Xin Wei.

Expenses for Certain Services

The Ascott Property Management (Shanghai) shall provide or shall procure the Ascott Group to provide Somerset Xu Hui with certain group benefits, services and facilities generally made available by the Ascott Group collectively to other properties managed by Ascott Property Management (Shanghai) and/or the Ascott Group, including services as follows:-

- (i) the provision of Ascott Serviced Residence Management System ("ASRMS");
- (ii) regional advertising and sales promotion services and marketing services, centralised reservation services, central purchasing and procuring services; and
- (iii) educational and training programmes and facilities.

In consideration of the provision of the above services to Somerset Xu Hui, Shanghai Xin Wei shall pay to Ascott Property Management (Shanghai) and/or the Ascott Group:-

- (a) US\$20 per serviced residence unit per month with respect to the provision of the ASRMS; and
- (b) US\$1,500 per month with respect to the provision of the services under (ii) and (iii) above.

Expenses

Ascott Property Management (Shanghai) is entitled to utilise funds deposited in the operating account of Shanghai Xin Wei opened in respect of Somerset Xu Hui to pay such sums as may be necessary for Ascott Property Management (Shanghai) to carry out its obligations under the approved budget and/or under the Somerset Xu Hui Serviced Residence Management Agreement. Such sums include, but are not limited to, approved operating expenses.

Termination

The Somerset Xu Hui Serviced Residence Management Agreement may be terminated on the occurrence of certain specified events, which include voluntary or involuntary dissolution, bankruptcy or insolvency of either party, or either party compounds with its creditors or has a receiver appointed over all or any substantial part of its assets or passes title in lieu of foreclosure, or if either party shall cease or threaten to cease (other than in the course of a bona fide amalgamation or reconstruction) to carry on the whole or any substantial part of its business.

The Somerset Xu Hui Serviced Residence Management Agreement may be terminated upon thirty (30) days' written notice by Ascott Property Management (Shanghai) if, *inter alia*,:-

- Somerset Xu Hui is, in the opinion of Ascott Property Management (Shanghai), not constructed or maintained in accordance with the standards prescribed in the Somerset Xu Hui Serviced Residence Management Agreement;
- Somerset Xu Hui is, in the opinion of Ascott Property Management (Shanghai), materially altered from its description in the Somerset Xu Hui Serviced Residence Management Agreement for any reasons; or
- Shanghai Xin Wei unreasonably interferes with or involves itself in any way with the operation of Somerset Xu Hui such that Ascott Property Management (Shanghai) is hindered from carrying out its duties under the Somerset Xu Hui Serviced Residence Management Agreement or is unable to have exclusive control over the management and operation of Somerset Xu Hui.

The Somerset Xu Hui Serviced Residence Management Agreement may also be terminated by Ascott Property Management (Shanghai) if Shanghai Xin Wei does not pay Ascott Property Management (Shanghai) all and/or any sums due and owing to Ascott Property Management (Shanghai) under the Somerset Xu Hui Serviced Residence Management Agreement within ten (10) days from the date of a written demand thereof.

Assignment

Ascott Property Management (Shanghai) shall have the right to assign or transfer any of its rights, benefits or obligations under the Somerset Xu Hui Serviced Residence Management Agreement to any of its related corporations to be the party to and/or perform the services under the Somerset Xu Hui Serviced Residence Management Agreement.

In the event that Shanghai Xin Wei sells Somerset Xu Hui in its entirety, Shanghai Xin Wei may upon seeking prior written consent from Ascott Property Management (Shanghai), assign Somerset Xu Hui Serviced Residence Management Agreement to the purchaser of Somerset Xu Hui, and such purchaser shall be bound by all rights, benefits and obligation of Shanghai Xin Wei as set out in the Somerset Xu Hui Serviced Residence Management Agreement.

Indemnity by Shanghai Xin Wei

Shanghai Xin Wei shall indemnify and hold Ascott Property Management (Shanghai) harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever (including without limitation, reasonable legal fees) in respect of or arising from the performance by Ascott Property Management (Shanghai) of its obligations under the Somerset Xu Hui Serviced Residence Management Agreement except those arising from Ascott Property Management (Shanghai)'s fraud, wilful default, gross negligence, bad faith or reckless disregard of its obligations under the Somerset Xu Hui Serviced Residence Management Agreement.

In addition, Shanghai Xin Wei shall indemnify and hold Ascott Property Management (Shanghai) harmless from any and all liabilities, losses, damages, claims, demands, costs or expenses of any nature whatsoever arising from the default, bad faith, negligence or misconduct of Shanghai Xin Wei or its employees and Shanghai Xin Wei will, at Ascott Property Management (Shanghai)'s request, assume the defence of any claim or legal proceedings in which such liability or penalty is sought.

The Somerset Ho Chi Minh City Serviced Residence Management Agreement and Assignment Agreement

A management agreement was entered into between Mekong-Hacota and Stamford Hospitality Management Pte Ltd (now known as Ascott International Management (Dubai) Pte Ltd ("AIM (Dubai)")) on 1 September 1996 (the "Somerset Ho Chi Minh City Serviced Residence Management Agreement") pursuant to which AIM (Dubai) was appointed to provide advisory services relating to the maintenance and management of Somerset Ho Chi Minh City and the promotion, operation and development of the service apartments business conducted on Somerset Ho Chi Minh City.

The initial term of the Somerset Ho Chi Minh City Serviced Residence Management Agreement is ten (10) years commencing on 1 January 1998. The agreement may be renewed by agreement between the parties on the same terms for a further term of five (5) years following the initial term provided that the party who wishes to renew the agreement shall notify the other party in writing at least six (6) months prior to expiry of the initial term of the Somerset Ho Chi Minh City Serviced Residence Management Agreement of its desire to renew the agreement.

By an assignment agreement dated 1 June 2002 entered into between AIM (Dubai) and AIM, AIM (Dubai) assigned and transferred all its rights, title, benefit, interest and obligations in and under the Somerset Ho Chi Minh City Serviced Residence Management Agreement to AIM.

AIM's Services

The services provided by AIM for Somerset Ho Chi Minh City include, *inter alia*, the following:-

- recruit and supervise all personnel required for Somerset Ho Chi Minh City and ensure that the employment of such personnel is in compliance with all regulations, statutes and laws in force;
- direct and control the leasing of the serviced apartments and other space in Somerset Ho Chi Minh Property and determine the services to be provided by Mekong-Hacota to the tenants;
- plan, initiate, supervise and control the maintenance and repairs to Somerset Ho Chi Minh City;
- negotiate and execute tenancy agreements for tenants on behalf of Mekong-Hacota for the serviced apartments and other spaces in Somerset Ho Chi Minh City;
- establish all rental and rates and in connection therewith, the supervision, direction and control of collection, receipt and giving of receipts for all rental or income of any nature;
- plan, prepare and contract for advertising and promotional programmes for Somerset Ho Chi Minh City; and
- advise Mekong-Hacota on marketing and public relations and conducting of marketing and public relations activities for Somerset Ho Chi Minh City on behalf of Mekong-Hacota.

Reservation Fee

Under the Somerset Ho Chi Minh City Serviced Residence Management Agreement, Mekong-Hacota shall pay AIM a reservation fee for the maintenance of communications network and computerised reservations and booking facility maintained and/or operated by AIM. The reservation fee shall be based on the applicable charges in respect of the reservations made.

Termination

The Somerset Ho Chi Minh City Property Agreement may be terminated by either party *inter alia*, on the occurrence of certain specified events, which include the liquidation of either party and the joint venture contract dated 22 September 1994 for the establishment of Mekong-Hacota being terminated.

In addition, if either party (the “Defaulting Party”) defaults in the observance or performance of any of its undertakings, warranties or obligations under the Somerset Ho Chi Minh City Serviced Residence Management Agreement, the other party shall be entitled to (a) immediately terminate the Somerset Ho Chi Minh City Serviced Residence Management Agreement by a written notice served on the Defaulting Party if the default is material and is not remediable; or (b) if the default is remediable but not remedied within 30 days from the date of service of a notice by the non-defaulting party on the Defaulting Party specifying the default and requiring the Defaulting Party to remedy the same, immediately terminate the Somerset Ho Chi Minh City Serviced Residence Management Agreement by written notice served on the Defaulting Party after the expiry of the 30-day period.

The Somerset Grand Hanoi Serviced Residence Management Agreement

By a management agreement entered into between Hanoi Tower Center (the “Somerset Grand Hanoi Property Owner”) and AIM (formerly known as Liang Court Hospitality (S) Pte Ltd) (the “Somerset Grand Hanoi SR Management Company”) on 21 November 1995 (as supplemented by supplemental agreement dated 15 July 1998) pursuant to which AIM was appointed to operate, manage and market Somerset Grand Hanoi (the “Somerset Grand Hanoi Serviced Residence Management Agreement”).

The initial term of the Somerset Grand Hanoi Serviced Residence Management Agreement is ten (10) years commencing on 1 June 1997.

AIM's Services

The services provided by AIM for Somerset Grand Hanoi include the following:-

- recruitment and supervision of all personnel required for Somerset Grand Hanoi and ensuring that the employment of all such personnel is in compliance with all regulations, statues and laws in force in Vietnam;
- directing and controlling the leasing of apartment units in Somerset Grand Hanoi and determination of the services to be provided by the Somerset Grand Hanoi Property Owner to the tenants;
- negotiation and execution of tenancy agreements for Somerset Grand Hanoi;
- negotiation and execution of contracts reasonably necessary or desirable in connection with the operation of Somerset Grand Hanoi;
- planning, preparation of and contracting for advertising and promotional programmes for Somerset Grand Hanoi; and
- performance, supervision, direction and control of all acts reasonably necessary in connection with the operation of Somerset Grand Hanoi in an efficient and proper manner.

Termination

The Somerset Grand Hanoi Serviced Residence Management Agreement may be terminated by either party *inter alia*, on the occurrence of certain specified events, which include a breach by one party of the agreement which is not cured within 30 days of notice to the other party, liquidation proceedings. AIM may also terminate the Somerset Grand Hanoi Serviced Residence Management Agreement in the event the Somerset Grand Hanoi Property Owner fails to pay AIM its management or incentive fee within 14 days from the date that AIM has made a written demand.

In the event of a termination of the Somerset Grand Hanoi Serviced Residence Management Agreement by the party not in default, the defaulting party shall pay a termination fee to the non-defaulting party.

Right of First Refusal

On 20 January 2006, an agreement was entered into between the Trustee and the Sponsor pursuant to which ART was granted a right of first refusal, which is effective from the Listing Date, over future sales of properties which are used, or primarily used, as serviced residences or rental housing properties in the Pan-Asian Region (including but not limited to and for the avoidance of doubt those under “The Ascott”, “Somerset” and “Citadines” brands) and if applicable, the shares or equity interests in single purpose corporations which hold such properties directly or indirectly (together, the “Relevant Assets”), which are either wholly or partly owned by the Sponsor or any of its wholly-owned subsidiaries (an “Ascott Entity”).

Where:-

- an Ascott Entity proposes to sell or transfer a Relevant Asset (whether wholly-owned or partly owned and excluding a sale of a Relevant Asset by an Ascott Entity to any related corporation of such Ascott Entity pursuant to a reconstruction, amalgamation, restructuring, merger or any analogous event) to an unrelated third party; or
- a proposed offer for sale or transfer of a Relevant Asset is made to an Ascott Entity,

and the Sponsor shall, subject to the applicable laws, regulations and government policies (including those in other countries relating to property ownership by foreign persons) as well as overriding contractual obligations of the relevant Ascott Entity (if any), give written notice thereof to the Trustee, and will grant to the Trustee the first right to purchase the Relevant Asset for the benefit of ART.

If (i) the Trustee does not enter into a binding commitment for the purchase of the Relevant Asset within 30 days (or such longer period as may be mutually agreed) from the date of the Trustee’s receipt of the relevant documents or (ii) the Trustee indicates in writing that it will not be purchasing the Relevant Asset or (iii) the proposed purchase of the Relevant Asset is aborted by the Trustee, the relevant Ascott Entity is entitled to (as the case may be):-

- sell its Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Ascott Entity to the Trustee provided that this will not be applicable if the proposed purchase of the Relevant Asset is aborted by the Trustee; and
- purchase the Relevant Asset offered to it without any accountability, liability or obligation to the Trustee.

In the event that the Trustee enters into a binding commitment for the purchase of the Relevant Asset, AIM and/or any of its affiliates shall have the right of first refusal but not the obligation to provide serviced residence management services in relation to such Relevant Asset.

The right of first refusal was granted by the Sponsor to the Trustee for so long as the Manager remains the manager of ART and the Sponsor and/or any of its related corporations remains a shareholder of the Manager.

TAXATION

The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. Recipients of this Prospectus and all prospective investors in the Units should consult their own tax advisers concerning the application of Singapore income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other taxing jurisdiction.

The IRAS has issued the Tax Ruling on the taxation of ART and its Unitholders. This Tax Ruling applies to taxable income from Singapore Properties, including income from property related services provided in respect of such properties and other incidental income.

Taxation of ART

Income Subject to Tax (“Taxable Income”)

Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not be taxed on Taxable Income of ART. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from distributions to Unitholders that are made out of Taxable Income. However, to the extent that the beneficial owner is an individual who does not hold the Units through a partnership or a Qualifying Unitholder, the Trustee and Manager will make the distributions without deducting any income tax.

A Qualifying Unitholder is a Unitholder who is a:-

- (i) tax resident Singapore-incorporated company;
- (ii) body of persons registered or constituted in Singapore (for example, town council, statutory board, registered charity, registered co-operative society, registered trade union, management corporation, club and trade and industry association); or
- (iii) Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deducted at source in respect of distribution from ART.

To obtain distributions free of tax deducted at source, Unitholders who are Qualifying Unitholders must disclose their tax status in a prescribed form provided by the Trustee (see “Appendix IV, the Independent Taxation Report – Form A in the Annex”).

Where the Units are held in joint names, the Trustee and Manager will deduct income tax from the distributions made out of Taxable Income, unless all the joint owners are individuals.

Where the Units are held by a foreign non-individual, tax at the reduced rate of 10.0% will be deducted on distributions of Taxable Income made during the period from 18 February 2005 to 17 February 2010. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:-

- (a) who does not have a permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of nominees, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from distributions made out of Taxable Income, except:-

- (a) where the beneficial owners of the Units are individuals or Qualifying Unitholders, tax may not be deducted from the distributions under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (see “Appendix IV, The Independent Taxation Report - Form B in the Annex”);
- (b) where the beneficial owners of the Units are foreign non-individuals, tax may be deducted at the reduced rate of 10.0% for distributions made during the period from 18 February 2005 to 17 February 2010 under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (see “Appendix IV, The Independent Taxation Report - Form B in the Annex”); and
- (c) where the Units are held by the nominees as agent banks or Supplementary Retirement Scheme operators acting for individuals who purchased the Units within the Central Provident Fund Investment Scheme or the Supplementary Retirement Scheme respectively, tax will not be deducted from the distributions made in respect of these Units.

In accordance with this Prospectus, the Trustee and Manager will distribute at least 90.0% of Taxable Income (other than gains on sale of real properties and shares determined to be trading gains). To the extent of the amount of Taxable Income not distributed, tax will be assessed on, and collected from, the Trustee on such amount. In the event of a distribution subsequently made out of such retained taxable income, the Trustee and Manager will not make a further deduction of income tax from the distribution made.

Income Exempt from Tax (“ Tax-Exempt Income”)

ART, besides owning the Singapore Properties, will own the shares in the Property Holding Companies and Somerset FG (see “Appendix 1 – Ownership Structure of the Properties”). Provided the Property Holding Companies and Somerset FG are tax residents of Singapore, the dividends that these companies will pay to ART are expected to be mainly in the form of one-tier (tax exempt) dividends. The Trustee will be exempt from tax on such dividends.

Distribution made out of the Tax-Exempt Income of ART will not be subject to tax deduction at source.

Gains on Sale of Real Properties and Shares

Singapore does not impose tax on capital gains. Gains derived by ART from the disposal of its real property or shares in the Property Holding Companies and Somerset FG will not be liable to Singapore income tax unless the gains are considered income of a trade or business. The gains may also be taxed if the properties or shares are acquired with the intent or purpose of making a profit from its subsequent sale and not for long-term investment purposes.

ART is entitled to the facts and circumstances test derived from case law in determining whether any gain from the sale of any of its real properties or shares is or is not derived from the conduct of a property or share trading business.

Gains or profits arising from sale of real properties and shares, if considered to be trading gains derived from a trade or business carried on by ART, will be taxable under Section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore. Tax on such gains or profits will be assessed on, and collected from, the Trustee. In the event that the Trustee and the Manager exercise their discretion to make a distribution out of such gains assessed to tax directly on the Trustee, the Trustee and the Manager will not make a further deduction of income tax from the distribution made.

Taxation of ART's Unitholders

Distribution out of Taxable Income ("Taxable Income Distribution")

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of Taxable Income Distribution (i.e. the amount of distribution before tax deduction at source, if any).

Taxable Income Distribution received by Individuals

Taxable Income Distribution received by individuals, irrespective of their nationality or tax residence status, is exempt from tax under Section 13(1)(ze)(v) of the Income Tax Act, Chapter 134 of Singapore. This tax exemption does not apply to the portion, if any, of Taxable Income Distribution that is made out of franked dividends. This tax exemption also does not apply to individuals who derive the distribution through a partnership in Singapore or from the carrying on of a trade, business or profession.

Accordingly, individuals who hold the Units as investment assets and not through a partnership in Singapore will be exempt from tax on Taxable Income Distribution (excluding distributions out of franked dividends). Individuals who hold the Units as trading assets or through a partnership in Singapore will have to pay Singapore income tax on ART's Taxable Income Distribution at their own applicable tax rates, notwithstanding that they may have received the distribution without tax deduction at source.

Taxable Income Distribution received by Qualifying Unitholders

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are liable to Singapore income tax on Taxable Income Distribution, notwithstanding that they may have received the distribution without tax deduction at source.

Taxable Income Distribution received by Other Non-Individual Unitholders

Other non-individual Unitholders are liable to Singapore income tax on Taxable Income Distribution.

Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10.0% will be imposed on Taxable Income Distribution made during the period from 18 February 2005 to 17 February 2010.

Tax Deducted at Source on Taxable Income Distribution

The tax deducted at the prevailing corporate tax rate by the Trustee and the Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of Taxable Income Distribution.

The tax deducted at the reduced rate of 10.0% on Taxable Income Distribution made during the period from 18 February 2005 to 17 February 2010 to foreign non-individual Unitholders is a final tax imposed on the gross amount of distribution.

Distribution in respect of Net Overseas Income

Distribution made in respect of Net Overseas Income will comprise two components – a tax-exempt income component and a capital component (see "Distributions").

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution refers to distribution made out of ART's income that is exempt from tax, for example, one-tier (tax exempt) dividends received from the Property Holding Companies. Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

Capital Distribution

Capital Distribution refers to distribution made out of Unitholders' contributions (i.e. capital). Capital Distribution represents a return of capital to Unitholders for tax purposes and is therefore not income subject to tax.

For Unitholders who hold the Units as trading assets, the amount of Capital Distribution will be applied to reduce the cost of their Units for the purpose of calculating the amount of taxable trading gains arising from a subsequent disposal of the Units. In the event that the amount of Capital Distribution exceeds the cost of the Units, the excess will be subject to tax.

Distribution out of Capital Gains

Distribution out of capital gains is not a taxable distribution to Unitholders, unless the distribution is considered gains or profits of a trade or business carried on by the Unitholder, for example, if the Units are held as trading assets.

Disposal of Units

Any gains on disposal of the Units are not liable to Singapore income tax provided the Units are held as investment assets. Where the Units are held as trading assets, any gains on disposal of the Units are liable to tax under Section 10(1)(a) of the Income Tax Act, Chapter 134 of Singapore. Where the Units are not held as trading assets but the Unitholder had not the intention to hold the Units for purposes of long-term investment, any gains on disposal of the Units could be construed as “gains or profits of an income nature” liable to tax under Section 10(1)(g) of the Income Tax Act, Chapter 134 of Singapore.

Terms and Conditions of the Tax Ruling

The application of the Tax Ruling is conditional upon the Trustee and the Manager fulfilling certain terms and conditions.

The Trustee and the Manager have given the relevant undertakings to take all reasonable steps necessary to safeguard the IRAS against tax leakages and to comply with all administrative requirements to ensure ease of tax administration.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Ruling either in part or in whole at any time.

Stamp Duty

Under the Stamp Duties (Real Estate Investment Trusts) (Remission) Rules 2005, stamp duty on the instruments of transfer of Singapore properties to real estate investment trusts to be listed or already listed on the SGX-ST would be remitted for instruments executed during the period from 18 February 2005 to 17 February 2010.

Therefore, stamp duty will be remitted on the transfer of Singapore properties into ART for a period of five years from 18 February 2005.

Stamp duty will not be imposed on instruments of transfers relating to the Units. In the event of a change of trustee for ART, stamp duty on any document effecting the appointment of a new trustee and the transfer of trust assets from the incumbent trustee to the new trustee will be charged at a nominal rate not exceeding S\$10.00 as specified under Article 3(g)(ii) of the First Schedule to the Stamp Duties Act, Chapter 312 of Singapore.

PLAN OF DISTRIBUTION

The Vendor is making a Preferential Offering of up to 340,500,000 Units (representing up to approximately 75% of the total number of Units which will be in issue after the Preferential Offering) for acceptance by the Singapore Registered Shareholders at the Preferential Offering Sale Price under the Preferential Offering.

Under the Preferential Offering, the Vendor intends to offer the Units by way of a preferential offer to the Singapore Registered Shareholders. The Singapore Registered Shareholders will be at liberty to accept, decline, renounce, or trade their Entitlements and will be eligible to apply for the Units in excess of their provisional allocation under the Preferential Offering. Subject to the terms and conditions set forth in the Underwriting Agreement, to the extent that the Units offered to the Singapore Registered Shareholders (excluding CapitalLand) by way of the Preferential Offering are not purchased (whether by the Singapore Registered Shareholders, the Purchasers or the Renounees), the Sole Lead Underwriter is expected to purchase or procure purchasers for such Units at the Preferential Offering Sale Price, subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Sole Lead Underwriter at any time prior to payment being made for the Units, upon the occurrence of certain events including, among other things, a change of conditions in financial or currency markets or global or regional economic environment or the legal or regulatory environment; and in each case the effect of which is such as to, in the opinion of the Sole Lead Underwriter, among other things, be likely to have a material adverse effect on the success of the Preferential Offering or the level of Units being applied for or the distribution of Units.

The Sole Lead Underwriter and its associates may engage in transactions with, and perform services for, the Manager, the Vendor, the Trustee or ART in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with ART, for which they have received customary fees.

As the Units are offered to the Singapore Registered Shareholders by the Vendor under a Preferential Offering, unlike a conventional initial public offering of securities, no price discovery in respect of the likely market price of a Unit was undertaken prior to the commencement of trading of the Units on the SGX-ST on the Listing Date. The price at which the Units will trade when trading commences on the SGX-ST will be determined by the market.

Lock-up Arrangements

Sponsor

To demonstrate its commitment to ART, subject to exceptions described below, the Sponsor has agreed with the Sole Lead Underwriter that it will not, without the prior written consent of the Sole Lead Underwriter (such consent not to be unreasonably withheld or delayed), directly or indirectly, offer, sell or contract to sell or otherwise dispose of any or all of the Units held by it as at the Listing Date, for a period of 180 days from and including the Listing Date (the "Lock-up Period").

The restriction described in the preceding paragraph does not apply to the transfer of Units by the Sponsor to and between the wholly-owned subsidiaries of the Sponsor, provided that (i) each such subsidiary has executed and delivered to the Sole Lead Underwriter an undertaking to the effect of the foregoing restriction, to remain in effect for the remainder of the Lock-up Period and (ii) the Sponsor shall not (and will not cause or permit any such wholly-owned subsidiary to), for the remainder of the Lock-up Period, offer, issue, sell or contract to issue or sell or exchange for shares in, the share capital of such other wholly-owned subsidiaries to which any Units have been so transferred.

The Manager

The Manager has agreed with the Sole Lead Underwriter that it will not (and will not cause or permit ART to), for the Lock-up Period, directly or indirectly, without the written consent of the Sole Lead Underwriter (such consent not be unreasonably withheld or delayed), offer, issue, sell or contract to issue or sell or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the issuance, sale or disposition of (whether by actual issuance, sale or otherwise)) any Units nor make any announcement with respect to any of the foregoing transactions, other than as required by applicable laws or regulations.

The restriction described in the preceding paragraph does not apply to the issue of Units to the Manager in payment of the management fees due to it under the Trust Deed.

CapitaLand

CapitaLand, in respect of the Units it will own through its three wholly-owned subsidiaries pursuant to the Preferential Offering, will not, directly or indirectly, offer, sell or contract to sell or otherwise dispose of any of such Units for the the Lock-up Period. The restriction does not apply to the transfer of Units by its subsidiaries to CapitaLand and between wholly-owned subsidiaries of CapitaLand.

SGX-ST Listing

ART has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering, ART, the Manager or the Units. The Manager expects that the Units will commence trading on the SGX-ST on a “ready” basis on or about 31 March 2006.

Prior to this Preferential Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Preferential Offering at or above the Preferential Offering Sale Price.

Offering Expenses

The estimated amount of the expenses in relation to the Preferential Offering includes the financial advisory fee, professional and other fees as well as all other incidental expenses in relation to the Preferential Offering, which will be borne by the Trustee on behalf of ART.

A breakdown of these estimated expenses is as follows⁽¹⁾:-

	(S\$'000)
Financial advisory, professional and other fees ⁽²⁾	4,075
Listing fees	140
Other issue expenses ⁽³⁾	1,345
Total estimated expenses of the Preferential Offering	5,560

The issue costs will be charged against net assets attributable to Unitholders.

Notes:-

- (1) Amounts include GST, where applicable.
- (2) Includes financial advisory fees, solicitors' fees and fees for the Independent Reporting Accountants, the Independent Tax Advisor, the Independent Valuers and other professionals' fees.
- (3) Includes cost of printing of prospectus and certain other expenses incurred or to be incurred in connection with the Preferential Offering.

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units. Additionally, approval has been obtained from the SGX-ST for the setting up of a temporary counter to allow Unitholders and any investors to trade in board lots of 20 Units. This temporary counter will be maintained for one calendar month from the expected Listing Date of 31 March 2006. Based on the expected Listing Date of 31 March 2006, this temporary counter is expected to be available from 31 March 2006 to 30 April 2006, both dates inclusive. After 30 April 2006, Unitholders and investors can trade in odd lots of Units in the SGX-ST's Unit Share Market.

Persons who traded their nil-paid Entitlements and/or odd lots in Units through the Brokers will be required to pay a commission of S\$20 for each transaction.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of the Singapore Registered Shareholders, the Purchasers and the Renounees on the Listing Date.

Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fees

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.05% of the transaction value, subject to a maximum of S\$200 per transaction. The clearing fee, transfer fee, deposit fee and unit withdrawal fee may be subject to Goods and Services Tax (currently 5.0%).

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

EXPERTS

The Independent Accountants were responsible for preparing the Independent Accountants’ Report on the Profit Forecast and Profit Projection and the Independent Accountants’ Report on the Unaudited Pro Forma Consolidated Financial Information found in Appendix II and III of this Prospectus respectively.

The Independent Tax Advisor was responsible for preparing the Independent Taxation Report found in Appendix IV of this Prospectus.

The Independent Valuers were responsible for preparing the Independent Property Valuation Summary Reports in Appendix V of this Prospectus.

The Independent Property Consultant was responsible for preparing the Independent Serviced Residences Market Overview Report in Appendix VI of this Prospectus.

Each of Wong Partnership, Shook Lin & Bok and Stamford Law Corporation does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

CONSENTS

J.P. Morgan (S.E.A.) Limited has given and has not before the registration of this Prospectus withdrawn its written consent to being named in this Prospectus as the Joint Financial Advisor, Sole Global Co-ordinator and Sole Lead Underwriter to the Preferential Offering.

The Independent Accountants, the Independent Tax Advisor, the Independent Valuers and the Independent Property Consultant have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective reports (where applicable) and all references thereto in the form and context in which they respectively appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL INFORMATION

- (1) The directors of the Vendor and the Manager collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts contained in this Prospectus are true and accurate in all material respects, all expressions of opinion, intention and expectation contained in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable and there are no material facts the omission of which would make any statement in this Prospectus misleading in any material respect. Where information in this Prospectus has been extracted from public sources, the directors of the Vendor and the Manager accept responsibility for accurately reproducing such information, but accept no further or other responsibility in respect of such information.
- (2) The profit forecast and profit projection contained in "Profit Forecast and Profit Projection" have been stated by the Directors of the Manager after due and careful enquiry and consideration.
- (3) There are no legal or arbitration proceedings pending or, so far as the Directors of the Manager are aware, threatened against the Manager the outcome of which, in the opinion of the Directors of the Manager, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.
- (4) There are no legal or arbitration proceedings pending or, so far as the Directors of the Manager are aware, threatened against ART, the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma consolidated basis) of ART.
- (5) The name, age and address of each of the Directors of the Manager are set out in "The Manager - Directors of the Manager". A list of the present and past directorships of each director and executive officer of the Manager over the last five years preceding 1 January 2006 is set out in Appendix XI.
- (6) There is no family relationship among the Directors and executive officers of the Manager.
- (7) Liang Court Holdings Limited (presently known as Ascott Holdings and prior thereto, Somerset Holdings Limited) ("Ascott Holdings") was held to be in breach of Section 213(12)(b) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") for failing to give to all the shareholders of Ascott Holdings the statement in compliance with Part C of the Tenth Schedule of the Companies Act by the statutorily prescribed time, relating to the notice of take-over by Somerset Land Pte Ltd. On that date, Mr Liew Mun Leong was a non-executive director and Mr Ong Ah Luan Cameron was the chief operating officer of Ascott Holdings respectively.

Save as disclosed above, none of the Directors or executive officers of the Manager is or was involved in any of the following events:-

- (a) an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her at any time during the last 10 years;
- (b) being a partner of any partnership against which an application or a petition under any bankruptcy laws of any jurisdiction has been filed at any time during the last 10 years or at any time within two years from the date he or she ceased to be a partner;
- (c) being a director or an equivalent person or a key executive of any entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or any any time within two years from the date he or she ceased to a director or an equivalent person or a key executive, against which an application or a petition has been filed under any laws of any jurisdiction for the winding up or dissolution of that entity or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency at any time during the last 10 years;

- (d) having an unsatisfied judgment against him or her;
- (e) convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for three months or more, or being the subject of any criminal proceedings (including any pending criminal proceedings which he or she is aware of) for such purpose;
- (f) convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or being the subject of any criminal proceedings (including any pending criminal proceedings which he or she is aware of) for such breach;
- (g) having any judgment entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere at any time during the last 10 years;
- (h) having any judgment against him or her in any civil proceedings in Singapore or elsewhere involving a finding of fraud, misrepresentation or dishonesty on his or her part at any time during the last 10 years;
- (i) being the subject of any civil proceedings (including any pending civil proceedings which he or she is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his or her part at any time during the last 10 years;
- (j) convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (k) disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part in any way directly or indirectly in the management of any entity or business trust;
- (l) been subject to any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity; and
- (m) to his or her knowledge been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any entity (not being a corporation) which has been investigated for a breach or law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust.
- (n) been subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by MAS of any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

- (8) The financial year-end of ART is 31 December. The annual audited financial statements of ART will be prepared and sent to Unitholders within three months of the financial year-end.
- (9) A full valuation of each of the real estate assets held by ART will be carried out at least once a year in accordance with the Property Funds Guidelines. Generally, where the Manager proposes to issue new Units or to redeem existing Units, a valuation of the real properties held by ART must be carried out in accordance with the Property Funds Guidelines. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by ART if it is of the opinion that it is in the best interest of Unitholders to do so.
- (10) While ART is listed on the SGX-ST, investors may check the SGX-ST website <http://www.sgx.com> for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao* for the price range within which Units were traded on the SGX-ST on the preceding day.
- (11) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of ART. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to ART, or any part of any fees, allowances or benefits received on purchases charged to ART.
- (12) The dates of, parties to, and general nature of every material contract which the Trustee (in its capacity as trustee of ART) has entered into within the two years preceding the date of lodgement of this Prospectus (not being contracts entered into in the ordinary course of the business of ART) are as follows:-
- (a) the Trust Deed;
 - (b) the Share Sale and Purchase Agreements;
 - (c) the Deed of Indemnity;
 - (d) the put option between the Trustee, as trustee of ART, and the Sponsor in relation to Somerset Grand Fortune Garden Property as disclosed in the section “The Properties – Somerset Grand Fortune Garden Property”;
 - (e) the deeds of indemnity executed by the Sponsor in favour of ART in relation to The Ascott, Jakarta and Somerset Grand Citra as disclosed in the sections “The Properties – The Ascott, Jakarta” and “The Properties - Somerset Grand Citra”;
 - (f) the Singapore Property Put and Call Option Agreements; and
 - (g) the Property Sale and Purchase Agreements.
- (13) Copies of the following documents are available for inspection at the registered office of the Manager at 8 Shenton Way, #13-01, Temasek Tower, Singapore 068811 and its telephone number is 6389-9388 for a period of six months from the date of this Prospectus:-
- (a) the material contracts referred to in paragraph 12, save for the Trust Deed (which will be available for so long as ART is in existence);
 - (b) the Independent Accountants’ Report on the Profit Forecast and Profit Projection;
 - (c) the Independent Accountants’ Report on the Unaudited Pro Forma Consolidated Financial Information;
 - (d) the Independent Taxation Report;
 - (e) the Independent Property Valuation Summary Reports;

- (f) the Independent Serviced Residences Market Overview Report;
- (g) the written consents of the Independent Accountants; the Independent Tax Advisor, the Independent Valuers and the Independent Property Consultant, as described in “Experts”;
- (h) the undertaking of the Manager to the MAS covenanting, *inter alia*, not to deal in the Units during certain stipulated periods as described in the section “The Manager – Dealings in Units”; and
- (i) the Depository Services Agreement.

GLOSSARY

Companies

AHHPI	Ascott Hospitality Holdings Philippines, Inc.
AIM	Ascott International Management (2001) Pte Ltd
ARTML or the Manager	Ascott Residence Trust Management Limited, as manager of ART
Ascott, the Sponsor or the Vendor	The Ascott Group Limited
Ascott Group	Ascott, its subsidiaries and associated companies
Ascott Holdings	The Ascott Holdings Limited
Ascott Property Management (Beijing)	Ascott Property Management (Beijing) Co., Ltd
Ascott Property Management (Shanghai)	Ascott Property Management (Shanghai) Co., Ltd
Ascott Residences	Ascott Residences Pte Ltd
Burton Engineering	Burton Engineering Pte Ltd
Cairnhill Place	Cairnhill Place (1999) Limited
Glenwood Properties	Glenwood Properties Pte Ltd
Hanoi Tower Center	Hanoi Tower Center Company Limited
Hemliner	Hemliner Pte Ltd
Hemliner Real Estate	Hemliner (Beijing) Real Estate Co., Ltd
Javana	Javana Pte Ltd
Mekong-Hacota	Mekong-Hacota Joint Venture Company Limited
PT Ascott International	P T Ascott International Management Indonesia
PT Bumi Perkasa	P T Bumi Perkasa Andhika
PT Ciputra	P T Ciputra Liang Court
PT Indonesia America	P T Indonesia America Housing
Scotts Philippines	Scotts Philippines, Inc.
Shanghai Xin Wei	Shanghai Xin Wei Property Development Co., Ltd
SN Resources	SN Resources, Inc.
Somerset FG	Somerset FG Pte. Ltd.
Somerset Grand Citra (Singapore)	Somerset Grand Citra (S) Pte Ltd

Somerset Investments	Somerset Investments Pte Ltd
Somerset Philippines	Somerset Philippines (S) Pte Ltd
SQ Resources	SQ Resources, Inc.
<u>Measurements</u>	
%	per centum or percentage
m	metres
sq m	square metres
<u>General</u>	
Additional Outperformance Fee	1.0% of the difference between ART's share of that financial year's Gross Profit and 106.0% of ART's share of the preceding year's Gross Profit in the event ART's share of Gross Profit increases by more than 6.0% annually
Additional Units	Has the meaning ascribed to it in the section "The Preferential Offering – Rights of Singapore Registered Shareholders"
Apartment Unit	An available apartment unit for lease or licence, as the case may be, in a Property
ARE	Application Form for the Units and Excess Units issued to Singapore Registered Shareholders in respect of their Entitlements of the Units under the Preferential Offering
ARS	Application Form for the Units to be issued to purchasers of the provisional allocations of Units under the Preferential Offering traded on the SGX-ST through the book-entry (scripless) settlement system
ART	Ascott Residence Trust
Apartment Rental Income	Income from the rental or licensing of Apartment Units under ART's portfolio
Appraised Value	The average of the valuations of a Property (including furniture, fittings and equipment) by the Independent Valuers appointed by the Manager and the Trustee
Ascott Entity	Ascott and/or its wholly-owned subsidiaries
Ascott Residences Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Ascott Residences
Ascott Shareholders	The shareholders of Ascott
Ascott Shares	Ordinary shares in the issued and paid-up capital of Ascott
Ascott Performance Shares	Ascott Shares issued under the Ascott Performance Share Plan which was approved and adopted by Ascott on 18 April 2002

Ascott Share Options	Options granted under the Ascott Share Option Plan which was approved and adopted by Ascott on 23 October 2000 and subsequently modified at an extraordinary general meeting of Ascott on 18 April 2002
Associate	Any corporation which in relation to the person concerned (being a corporation) is a subsidiary or a holding company or a subsidiary of a corporation at least 30.0% of the issued equity share capital of which is beneficially owned by the person concerned or an Associate thereof under the preceding part of this definition; where the person concerned is an individual or firm or other unincorporated body, the expression "Associate" means and includes any corporation directly or indirectly controlled by such person
ATMs	Automated teller machines
Average Daily Rates	Apartment Rental Income divided by the number of paid occupied nights during the applicable period
Average Occupancy Rate	The total paid occupied nights divided by total available nights in the applicable period
Base Fee	0.3% per annum of the Property Values payable to the Manager
Base Performance Fee	4.0% per annum of ART's share of Gross Profit for each financial year payable to the Manager
Benchmark Serviced Office	Serviced offices in several of the Properties which offer guests the following business facilities: IDD telephones and voicemail facility, broadband internet access, 24-hour access and security surveillance, conference and meeting rooms with multimedia equipment, computer workstations, full secretarial services, virtual office, parking, pantry and complimentary directory listing
BMSMA	Building Maintenance and Strata Management Act 2004
Books Closure Date	The date when the Transfer Books and the Register of Members of Ascott will be closed in order to determine the entitlement of Singapore Registered Shareholders to the Units for the purposes of the Preferential Offering
Brokers	CIMB-GK Securities Pte Ltd, DBS Vickers Securities (Singapore) Pte Ltd, Kim Eng Securities Pte Ltd, OCBC Securities Pte Ltd, Philip Securities Pte Ltd and UOB Kay Hian Private Ltd
Burton Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott Holdings and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Burton Engineering
CapitaLand	CapitaLand Limited
CCTV	Closed circuit television
CDP	The Central Depository (Pte) Limited
CIS Code	The Code on Collective Investment Schemes issued by the MAS

Companies Act	Companies Act, Chapter 50 of Singapore
Closing Date	23 March 2006
CPF	Central Provident Fund
Current Unit Value	At any time, the net asset value of the Deposited Property divided by the number of Units in issue and deemed to be in issue at the time
Deed of Indemnity	The deed of indemnity dated 20 January 2006 entered into between Ascott Holdings and the Trustee
Deposited Property	All the assets of ART, including the properties held in its portfolio, based on the latest valuation
Depository Services Agreement	The depository services agreement dated 1 March 2006 entered into between CDP, the Manager and the Trustee relating to the deposit of the Units in CDP and for the Units to be traded through CDP's book-entry (scripless) clearance and settlement system
Direct Expenses	Has the meaning ascribed to it in the Trust Deed
Directors	The directors of the Manager
DPU	Distribution per Unit
Enterprise Value	Has the meaning ascribed to it in the Trust Deed
Entitlements	The entitlements of Singapore Registered Shareholders to purchase the Units provisionally allocated to them under the Preferential Offering
Entitlements Trading Period	The "nil-paid" trading period for the Entitlements which will be from 9 March 2006 to 17 March 2006 (both dates inclusive)
Excess Units	Has the meaning ascribed to it in the section "The Preferential Offering – Rights of Singapore Registered Shareholders"
Extraordinary Resolution	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened under the provisions of the Trust Deed
Facilities	The multi-currency revolving credit facilities from Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited for an aggregate amount of S\$240.0 million for a tenor of five (5) years
Forecast Year 2006	1 January 2006 to 31 December 2006
FY	Financial year
Glenwood Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott Holdings and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Glenwood Properties
Government	The Government of the Republic of Singapore
Gross Profit	Has the meaning ascribed to it in the Trust Deed

Group or Pro Forma Group	ART and its subsidiaries following the completion of the acquisition of the Singapore Properties and the Property Holding Companies and Somerset FG
GST	Goods and services tax
Hemliner Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between The Ascott Hospitality Holdings Pte Ltd, a subsidiary of the Sponsor, and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Hemliner
HVS International or HVS	SG & R Singapore Pte Ltd (trading as HVS International Singapore)
Independent Accountants	KPMG
Independent Property Consultant	Jones Lang LaSalle Property Consultants Pte Ltd
Independent Tax Advisor	Ernst & Young
Independent Valuers	Jones Lang LaSalle Property Consultants Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd, HVS International and their respective overseas offices and associates
Investible Savings	The balance in the CPF Ordinary Account plus the net amounts (if any) withdrawn for education and investment
IRAS	Inland Revenue Authority of Singapore
Javana Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Javana
Joint Financial Advisors	J.P. Morgan (S.E.A.) Limited and CapitaLand Financial Services Limited
Land Titles (Strata) Act	Land Titles (Strata) Act, Chapter 158 of Singapore, as amended by the BMSMA
LC Management Corporation	The Management Corporation Strata Title Plan No. 3027
Liang Court Mixed Development Complex	The building which is constructed on Lot 147V of Town Subdivision 9 at 177B, 177A and 177 River Valley Road, Singapore 179032
Listing Date	The date of admission of ART to the Official List of the SGX-ST
Listing Manual	The Listing Manual issued by the SGX-ST
Manager's Management Fees	Comprises Base Fee and Performance Fee
Market Day	A day on which the SGX-ST is open for trading in securities
Market Price	The volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of five (5) business days preceding the relevant business day or, if the Manager believes that the

foregoing calculation does not provide a fair reflection of the Market Price of a Unit, an amount as determined by the Manager (after consultation with a stockbroker approved by the Trustee), and as approved by the Trustee, as being the fair Market Price

MAS	The Monetary Authority of Singapore
Member Company	A stockbroking firm which is a member company of the SGX-ST
Net Lettable Area or NLA	Area in the strata lots that is to be leased and is usually the area in respect of which rent is payable
Net Overseas Income	In relation to each Overseas Property and for each distribution period, the consolidated net profit (excluding gains from the sale of the property or shares by the Property Companies or Property Holding Companies, as the case may be) of the relevant Property Holding Company and Somerset FG before depreciation but after applicable tax and attributable expenses (excluding management fees paid in Units) of ART
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
Overseas Properties	The Properties (other than the Singapore Properties)
Overseas Shareholders	Ascott Shareholders whose registered addresses appearing in Ascott's Register of Members or Depository Register (as the case may be) are outside Singapore, and who have not, at least five (5) Market Days prior to the Books Closure Date, provided the Vendor or CDP, as the case may be, with addresses in Singapore for the service of notice and documents
PAL	Provisional Allocation Letter in respect of Entitlements to be issued to Singapore Registered Shareholders who are not Depositors
Pan-Asian Region	In the context of this Prospectus, it refers to all countries in Asia and the Asia-Pacific region
Participating Banks	DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
Performance Fee	Comprises the Base Performance Fee and Additional Outperformance Fee.
PHP	Philippines Peso, the lawful currency of the Philippines
PRC or China	The People's Republic of China
Preferential Offering	The proposed preferential offering of up to 340,500,000 Units of ART to the Singapore Registered Shareholders on a renounceable basis of 200 Units for every 1,000 Shares of Ascott, held as at Books Closure Date at the Preferential Offering Sale Price
Preferential Offering Sale Price	The sale price per Unit pursuant to the Preferential Offering

Projection Year 2007	1 January 2007 to 31 December 2007
Properties	Somerset Liang Court Property, Somerset Grand Cairnhill, The Ascott, Jakarta, Somerset Grand Citra, Country Woods, Somerset Millennium, the Somerset Salcedo Property, The Ascott, Beijing, the Somerset Grand Fortune Garden Property, Somerset Xu Hui, Somerset Ho Chi Minh City and Somerset Grand Hanoi and “Property” means any one of them
Property Companies	PT Bumi Perkasa, PT Ciputra, PT Indonesia America, AHHPI, SN Resources, SQ Resources, Hemliner Real Estate, Shanghai Xin Wei, Somerset FG, Mekong-Hacota, Hanoi Tower Center and “Property Company” means any one of them
Property Funds Guidelines	The guidelines for real estate investment trusts issued by the MAS as Appendix 2 to the CIS Code
Property Holding Companies	Javana, Somerset Grand Citra (Singapore), Somerset Philippines, Hemliner, Glenwood Properties, Ascott Residences and Burton Engineering and “Property Holding Company” means any one of them
Property Sale and Purchase Agreements	The Somerset Liang Court Property Sale and Purchase Agreement and the Somerset Grand Cairnhill Sale and Purchase Agreement and “Property Sale and Purchase Agreement” means any one of them
Property Values	The aggregate of the values of Real Estate held directly by ART and where Real Estate is held indirectly by the Trust Special Purpose Vehicles, the values of the underlying Real Estate held by such Special Purpose Vehicles pro-rated to the effective interest of ART’s respective shareholdings in such Special Purpose Vehicles
Property Vendor Companies	The respective vendors of the Singapore Properties, (being Somerset Investments (in relation to the Somerset Liang Court Property) and Cairnhill Place (in relation to Somerset Grand Cairnhill)), and “Property Vendor Company” means any one of them
Purchasers	Investors who have purchased the Entitlements during the Entitlements Trading Period
Qualifying Unitholder	Unitholder who is:- <ul style="list-style-type: none"> (a) a Singapore-incorporated company which is tax resident in Singapore; (b) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or (c) a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from ART

Real Estate	Has the meaning ascribed to it in the Trust Deed and refers to any land, and any interest, option or other right in or over any land and includes shares in an unlisted company whose sole purpose is to hold/own such real estate, such as a special purpose vehicle
Real Estate Related Assets	Has the meaning ascribed to it in the Trust Deed and means listed or unlisted debt securities and listed shares of or issued by property companies or corporations or Special Purpose Vehicles, mortgage-backed securities, listed or unlisted units in unit trusts or interests in other property funds and assets incidental to the ownership of Real Estate, including, without limitation, furniture, carpets, furnishings, machinery and plant and equipment installed or used or to be installed or used in or in association with any Real Estate or any building thereon
Recognised Stock Exchange	Any stock exchange of repute in any part of the world
REIT	Real estate investment trust
related party	Refers to an interested person and/or, as the case may be, an interested party
Related Party Transactions	Refers to an interested person transaction and/or, as the case may be, an interested party transaction
Renounees	Persons in whose favour the provisional allocation of Units has been renounced
Revenue	Has the meaning ascribed to it in the Trust Deed
REVPAU	Refers to revenue per available unit in the Properties, determined by dividing Apartment Rental Income by the number of available nights in the applicable period
RMB	Renminbi, the lawful currency of the People's Republic of China
Rp	Rupiah, the lawful currency of Indonesia
S\$ or Singapore Dollars and cents	Singapore dollars and cents, the lawful currency of the Republic of Singapore
Securities Account	Securities account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP (but does not include a securities sub-account)
Securities Act	U.S. Securities Act of 1933, as amended
Serviced Residence Management Agreements	Separate serviced residence management agreements entered into with the SR Management Companies pursuant to which the SR Management Companies were appointed to operate, maintain, manage and market the Properties
SFA or Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore
SGX-ST	Singapore Exchange Securities Trading Limited

Share Sale and Purchase Agreements	The Javana Share Sale and Purchase Agreement, the Somerset Grand Citra Share Sale and Purchase Agreement, the Somerset Philippines Share Sale and Purchase Agreement, the Hemliner Share Sale and Purchase Agreement, the Glenwood Share Sale and Purchase Agreement, the Ascott Residences Share Sale and Purchase Agreement, the Somerset FG Share Sale and Purchase Agreement and the Burton Share Sale and Purchase Agreement and “Share Sale and Purchase Agreement” means any of them
Singapore Property Put and Call Option Agreements	The Somerset Grand Cairnhill Put and Call Option Agreement and the Somerset Liang Court Put and Call Option Agreement
Singapore Registered Shareholders	Ascott Shareholders whose registered addresses appearing in Ascott’s Register of Members or the Depository Register (as the case may be) are in Singapore or have, at least five (5) Market Days prior to the Books Closure Date, provided the Vendor or CDP (as the case may be) with addresses in Singapore for the service of notices and documents
Singapore Properties	The Somerset Liang Court Property and Somerset Grand Cairnhill
Somerset FG Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott Holdings and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Somerset FG
Somerset Grand Cairnhill	The building known as “Cairnhill Place” which is constructed on Lot 918K of Town Subdivision 27 at 15, Cairnhill Road, Cairnhill Place, 229650
Somerset Grand Cairnhill Put and Call Option Agreement	The put and call option agreement dated 20 January 2006 between the Trustee and Cairnhill Place (as amended by a supplemental deed dated 1 March 2006)
Somerset Grand Cairnhill Sale and Purchase Agreement	The sale and purchase agreement entered into between Cairnhill Place and the Trustee for the sale of Somerset Grand Cairnhill
Somerset Grand Citra Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott Holdings and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Somerset Grand Citra (Singapore)
Somerset Grand Fortune Garden Property	The 81 Apartment Units out of the 221 Apartment Units in Somerset Grand Fortune Garden owned by the Trustee, as trustee of ART
Somerset Liang Court Property	The strata lot number U788L of Town Subdivision 9, being one of three strata lots in the Liang Court Mixed Development Complex representing 24.06% of the total share value of the strata lots comprised in the Liang Court Mixed Development Complex
Somerset Liang Court Property Sale and Purchase Agreement	The sale and purchase agreement entered into between Somerset Investments and the Trustee for the sale of the Somerset Liang Court Property

Somerset Liang Court Put and Call Option Agreement	The put and call option agreement dated 20 January 2006 between the Trustee and Somerset Investments (as amended by a supplemental deed dated 1 March 2006)
Somerset Philippines Share Sale and Purchase Agreement	The sale and purchase agreement dated 20 January 2006 between Ascott Holdings and the Trustee (as amended by a supplemental deed dated 1 March 2006) for the sale and purchase of 100% of the interest in Somerset Philippines
Somerset Salcedo Property	The 71 Apartment Units out of the 150 Apartment Units in Somerset Salcedo Makati owned by the Trustee, as trustee of ART
Special Purpose Vehicle	Has the meaning ascribed to it in the Trust Deed
SR Management Companies	AIM, PT Ascott International, Scotts Philippines, Ascott Property Management (Beijing), Ascott Property Management (Shanghai) and “SR Management Company” means any one of them
Sub-Underwriter	DBS Bank Ltd
Substantial Unitholder	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Tax Ruling	The tax ruling dated 16 November 2005 issued by the IRAS on the taxation of ART and its Unitholders, including any modification, amendment and revision that may be made to it up to the date of this Prospectus
Temporary Occupation Permit	The temporary occupation permit issued by the Building and Construction Authority under the Building Control Act, Chapter 29 of Singapore
Trust Deed	The trust deed dated 19 January 2006 entered into between the Trustee and the Manager constituting ART
Trustee or DBS Trustee	DBS Trustee Ltd, trustee of ART
US\$ or United States Dollar	United States dollar, the lawful currency of the United States of America
Unaudited Pro Forma Consolidated Financial Information	ART’s unaudited pro forma consolidated statements of total return for each of the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005, unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005 and unaudited pro forma consolidated balance sheet as at 31 December 2005
Unit	An undivided interest in ART as provided for in the Trust Deed
Unitholder(s)	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Unit Registrar or Share Registrar	Lim Associates (Pte) Ltd

Vendor Companies

Ascott (in relation to its 100% interest in Javana and Ascott Residences) and Ascott Holdings (in relation to its 100% interest in Somerset Philippines, Glenwood Properties, Somerset Grand Citra (Singapore), Somerset FG and Burton Engineering), The Ascott Hospitality Holdings Pte Ltd (in relation to its 100% interest in Hemliner) and the Property Vendor Companies and “Vendor Company” means any one of them

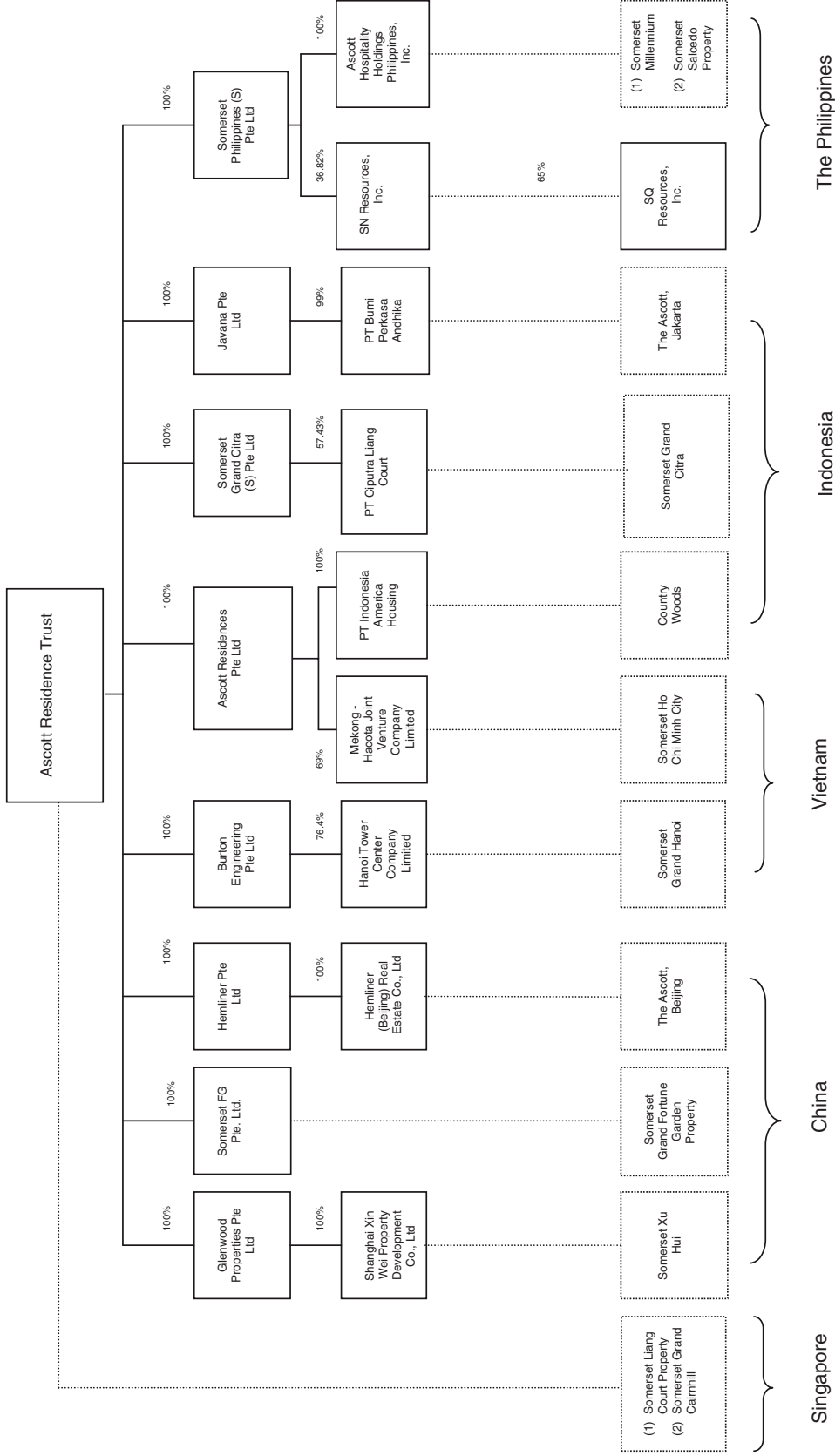
The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine general shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

OWNERSHIP STRUCTURE OF THE PROPERTIES



Notes:-

For further details on the effective interest of ART in the Properties or the Property Company, please see "Summary Property Statistics".

**INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST AND
PROFIT PROJECTION**

The Board of Directors
Ascott Residence Trust Management Limited
(in its capacity as Manager of Ascott Residence Trust)
No. 8 Shenton Way
#13-01 Temasek Tower
Singapore 068811

DBS Trustee Ltd
(in its capacity as Trustee of Ascott Residence Trust)
6 Shenton Way #36-02
DBS Building, Tower One
Singapore 068809

6 March 2006

Dear Sirs

Letter from the Reporting Accountants on the Profit Forecast for the Financial Year Ending 31 December 2006 and the Profit Projection for the Financial Year Ending 31 December 2007

This letter has been prepared for inclusion in the prospectus (the "Prospectus") to be issued in connection with the listing and preferential offering of up to 340,500,000 units in Ascott Residence Trust ("ART") at the offer price of S\$0.68 per unit.

The directors of Ascott Residence Trust Management Limited (the "Directors") are responsible for the preparation and presentation of the forecast and projected Consolidated Statements of Total Return for the financial year ending 31 December 2006 (the "Profit Forecast") and the financial year ending 31 December 2007 (the "Profit Projection") as set out on pages 76 and 77 of the Prospectus, which have been prepared on the basis of their assumptions as set out on pages 80 to 88 of the Prospectus.

We have examined the Profit Forecast of ART for the financial year ending 31 December 2006 and the Profit Projection for the financial year ending 31 December 2007 as set out on pages 76 and 77 of the Prospectus in accordance with Singapore Standard on Assurance Engagements applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 80 to 88 of the Prospectus on which they are based.

Profit Forecast

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages III-24 to III-28 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “*Reporting Framework for Unit Trusts*” (but not all the required disclosures for the purpose of this letter), which is the framework to be adopted by ART in the preparation of its financial statements.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As ART is newly established without any history of activities and because the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion the Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies as set out on pages III-24 to III-28 of the Prospectus, and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 “*Reporting Framework for Unit Trusts*” (but not all the required disclosures for the purpose of this letter), which is the framework to be adopted by ART in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn, in particular, to the risk factors set out on pages 49 to 66 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Directors’ Profit Forecast and Profit Projection as set out on pages 89 and 92 of the Prospectus.

Yours faithfully

KPMG
Certified Public Accountants

Leong Kok Keong
Partner

Singapore

**INDEPENDENT ACCOUNTANTS' REPORT
ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors
Ascott Residence Trust Management Limited
(in its capacity as Manager of Ascott Residence Trust)
No. 8 Shenton Way
#13-01 Temasek Tower
Singapore 068811

DBS Trustee Ltd
(in its capacity as Trustee of Ascott Residence Trust)
6 Shenton Way #36-02
DBS Building, Tower One
Singapore 068809

6 March 2006

Dear Sirs

ASCOTT RESIDENCE TRUST

We report on the unaudited pro forma consolidated financial information set out on pages III-4 to III-39 of the prospectus (the "Prospectus") to be issued in connection with the preferential offering of up to 340,500,000 units in Ascott Residence Trust ("ART"). The unaudited pro forma consolidated financial information of ART and its subsidiaries (collectively, the "Pro forma Group"), has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments:-

- (a) unaudited pro forma consolidated statements of total return for the financial years ended 31 December 2003, 2004 and 2005, which have been prepared to provide information about how the purchase of 2 properties comprising Somerset Liang Court Property and Somerset Grand Cairnhill (the "Singapore Properties") from Somerset Investments Pte Ltd and Cairnhill Place (1999) Limited, respectively, and the purchase of the following companies (the "Property Entities") from The Ascott Group Limited and its subsidiaries by ART under the same terms set out in the Prospectus might have affected the unaudited pro forma consolidated statements of total return presented, had the Pro forma Group had been in place and the properties as set out on pages III-30 to III-32 had been purchased since the beginning of the periods being reported on:-
- Glenwood Properties Pte Ltd and its subsidiary:-
 - Shanghai Xin Wei Property Development Co., Ltd
 - Hemliner Pte Ltd and its subsidiary:-
 - Hemliner (Beijing) Real Estate Co., Ltd
 - Somerset FG Pte. Ltd.
 - Javana Pte Ltd and its subsidiary:-
 - PT Bumi Perkasa Andhika
 - Somerset Grand Citra (S) Pte Ltd and its subsidiary:-
 - PT Ciputra Liang Court

**INDEPENDENT ACCOUNTANTS' REPORT
ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

- Ascott Residences Pte Ltd and its subsidiaries:-
 - PT Indonesia America Housing; and
 - Mekong-Hacota Joint Venture Company Limited
 - Burton Engineering Pte Ltd and its subsidiary:-
 - Hanoi Tower Center Company Limited
 - Somerset Philippines (S) Pte Ltd and its subsidiaries:-
 - Ascott Hospitality Holdings Philippines, Inc.; and
 - SN Resources, Inc. and its subsidiary:-
 - SQ Resources, Inc.
- (b) unaudited pro forma consolidated balance sheet as at 31 December 2005, which have been prepared to provide information on the financial position of the Pro forma Group, had the Pro forma Group been in place and the purchase of the properties as set out on pages III-30 to III-32 by the Pro forma Group under terms set out in the Prospectus been undertaken on 31 December 2005; and
- (c) unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005, which has been prepared to provide information on the cash flows of the Pro forma Group, had the Pro forma Group been in place and the purchase of the properties as set out on pages III-30 to III-32 by the Pro forma Group under the same terms set out in the Prospectus been undertaken since the beginning of the period being reported on.

The unaudited pro forma consolidated financial information have been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro forma Group's actual total returns, financial position or cash flows.

The unaudited pro forma consolidated financial information is the responsibility of the directors of Ascott Residence Trust Management Limited (the "Directors"). Our responsibility is to express an opinion on the unaudited pro forma consolidated financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: "*Auditors and Public Offering Documents*". Our work, which involved no independent examination of the underlying financial information, consisted primarily of:-

- (a) comparing the unaudited pro forma consolidated financial information to the restated financial statements (financial statements prepared in accordance with Generally Accepted Accounting Principles applicable in the respective countries, restated to align to Singapore Financial Reporting Standards) (the "Restated Financial Statements") of Shanghai Xin Wei Property Development Co., Ltd, Hemliner (Beijing) Real Estate Co., Ltd, PT Bumi Perkasa Andhika, PT Ciputra Liang Court, PT Indonesia America Housing, Mekong-Hacota Joint Venture Company Limited, Hanoi Tower Center Company Limited, Ascott Hospitality Holdings Philippines, Inc., SN Resources, Inc. and SQ Resources, Inc. (collectively, the "Overseas Companies") for the financial years ended 31 December 2003, 2004 and 2005; the audited financial statements of Somerset Investments Pte Ltd, Cairnhill Place (1999) Limited, Glenwood Properties Pte Ltd, Hua Xin Residences Pte Ltd, Javana Pte Ltd, Ascott Residences Pte Ltd and Burton Engineering Pte Ltd for the financial years ended 31 December 2003, 2004 and 2005; the audited financial statements of Hemliner Pte Ltd for the financial years ended 31 March 2003, 2004 and 2005 and the unaudited management accounts of Hemliner Pte Ltd for the 9-month periods ended 31 December 2003, 2004 and 2005; the unaudited management accounts of Somerset Grand Citra (S) Pte Ltd and Somerset Philippines (S) Pte Ltd for the period from 27 October 2005 (date of incorporation) to 31 December 2005; and the unaudited management accounts of Somerset FG Pte. Ltd. for the period from 5 September 2005 (date of incorporation) to 31 December 2005; and

**INDEPENDENT ACCOUNTANTS' REPORT
ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

- (b) considering the evidence supporting the adjustments and discussing the unaudited pro forma consolidated financial information with the Directors.

In our opinion:-

- (a) the unaudited pro forma consolidated financial information has been properly prepared from the Restated Financial Statements of the Overseas Companies, the audited financial statements of Somerset Investments Pte Ltd, Cairnhill Place (1999) Limited, Glenwood Properties Pte Ltd, Hua Xin Residences Pte Ltd, Javana Pte Ltd, Ascott Residences Pte Ltd and Burton Engineering Pte Ltd for the financial years ended 31 December 2003, 2004 and 2005, the audited financial statements of Hemliner Pte Ltd for the financial years ended 31 March 2003, 2004 and 2005 and the unaudited management accounts of Hemliner Pte Ltd for the 9-month periods ended 31 December 2003, 2004 and 2005; the unaudited management accounts of Somerset Grand Citra (S) Pte Ltd and Somerset Philippines (S) Pte Ltd for the period from 27 October 2005 (date of incorporation) to 31 December 2005 and the unaudited management accounts of Somerset FG Pte. Ltd. for the period from 5 September 2005 (date of incorporation) to 31 December 2005, (all of which were prepared in accordance with Singapore Financial Reporting Standards) and is presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Certified Public Accountants of Singapore;
- (b) the unaudited pro forma consolidated financial information has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies to be adopted by ART;
- (c) each material adjustment to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such financial information; and
- (d) the unaudited pro forma consolidated financial information has been properly prepared on the basis of the assumptions set out on pages III-8 to III-15 after making the adjustments described on pages III-18 to III-23.

Yours faithfully

KPMG
Certified Public Accountants

Leong Kok Keong
Partner

Singapore

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

A INTRODUCTION

Ascott Residence Trust (“ART”) is a Singapore-based unit trust constituted pursuant to a trust deed dated 19 January 2006 (the “Trust Deed”) made between Ascott Residence Trust Management Limited (the “Manager”) and DBS Trustee Ltd (the “Trustee”). ART is formed primarily to own and invest in a portfolio of serviced residences located in Singapore, Indonesia, Philippines, Vietnam and the People’s Republic of China (“PRC”).

ART acquired certain equity interests in the following companies from The Ascott Group Limited and its subsidiaries, namely Glenwood Properties Pte Ltd and its subsidiary, Shanghai Xin Wei Property Development Co., Ltd; Hemliner Pte Ltd and its subsidiary, Hemliner (Beijing) Real Estate Co., Ltd; Somerset FG Pte. Ltd.; Javana Pte Ltd and its subsidiary, PT Bumi Perkasa Andhika; Somerset Grand Citra (S) Pte Ltd and its subsidiary, PT Ciputra Liang Court; Ascott Residences Pte Ltd and its subsidiaries, PT Indonesia America Housing and Mekong-Hacota Joint Venture Company Limited; Burton Engineering Pte Ltd and its subsidiary, Hanoi Tower Center Company Limited and Somerset Philippines (S) Pte Ltd and its subsidiaries, Ascott Hospitality Holdings Philippines, Inc., SN Resources, Inc. and SQ Resources, Inc. (the “Property Entities”); that collectively holds 10 properties, known as Somerset Xu Hui, The Ascott, Beijing, Somerset Grand Fortune Garden Property, The Ascott, Jakarta, Somerset Grand Citra, Jakarta, Country Woods, Somerset Ho Chi Minh City, Somerset Grand Hanoi, Somerset Millennium and Somerset Salcedo Property and acquired 2 properties in Singapore comprising Somerset Liang Court Property and Somerset Grand Cairnhill (the “Singapore Properties”) from Somerset Investments Pte Ltd and Cairnhill Place (1999) Limited, respectively. Somerset FG Pte. Ltd. acquired a foreign property, Somerset Grand Fortune Garden Property, from Hua Xin Residences Pte Ltd (“Hua Xin”) prior to its acquisition by ART.

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Details of the Properties Entities acquired were as follows:-

Name of company acquired	Principal activities	Place of incorporation/ business	Effective equity interest acquired %	Name of vendor
Glenwood Properties Pte Ltd and its subsidiary:-	Investment holding	Singapore	100	The Ascott Holdings Limited
Shanghai Xin Wei Property Development Co., Ltd	Property development and management	PRC	100	
Hemliner Pte Ltd and its subsidiary: -	Investment holding	Singapore	100	The Ascott Hospitality Holdings Pte Ltd
Hemliner (Beijing) Real Estate Co., Ltd	Rental and sale of apartment, real estate management service and managing of gymnasium and shop	PRC	100	
Somerset FG Pte. Ltd.	Property investment and investment holding	Singapore	100	The Ascott Holdings Limited
Javana Pte Ltd and its subsidiary:-	Investment holding	Singapore	100	The Ascott Group Limited
PT Bumi Perkasa Andhika	Property development and management	Indonesia	99	
Somerset Grand Citra (S) Pte Ltd and its subsidiary:-	Investment holding	Singapore	100	The Ascott Holdings Limited
PT Ciputra Liang Court	Property investment and management	Indonesia	57	
Ascott Residences Pte Ltd and its subsidiaries:-	Investment and development of serviced apartments	Singapore	100	The Ascott Group Limited
PT Indonesia America Housing	Property investment	Indonesia	100	
Mekong-Hacota Joint Venture Company Limited	Property development and investment	Vietnam	69	
Burton Engineering Pte Ltd and its subsidiary:-	Investment holding	Singapore	100	The Ascott Holdings Limited
Hanoi Tower Center Company Limited	Construction and operation of serviced apartments and office complex	Vietnam	76	
Somerset Philippines (S) Pte Ltd and its subsidiaries:-	Investment holding	Singapore	100	The Ascott Holdings Limited
Ascott Hospitality Holdings Philippines, Inc.	Property investment	Philippines	100	

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Name of company acquired	Principal activities	Place of incorporation/ business	Effective equity interest acquired %	Name of vendor
SN Resources, Inc. and its subsidiary:-	Property investment	Philippines	97	
SQ Resources, Inc.	Property investment	Philippines	63	

The Singapore Properties were acquired from the following companies (the “Singapore Property Companies”):-

Name of property acquired	Principal activities	Place of incorporation/ business	Name of vendor
Somerset Liang Court Property	Property investment, investment holding and operation of serviced residences and retail mall	Singapore	Somerset Investments Pte Ltd
Somerset Grand Cairnhill	Property investment	Singapore	Cairnhill Place (1999) Limited

The 10 properties owned by the Property Entities and the Singapore Properties acquired are hereafter referred to collectively as the “Properties”.

The consideration on acquisitions of the Property Entities and the Singapore Properties was satisfied by way of issuance of units in ART and cash consideration through the draw down of borrowing facilities.

On the assumption that the acquisition of the Properties took place on 1 January 2003, at the date of this report, ART has the following interests in subsidiaries (collectively, the “Pro forma Group”):-

Name of company	Principal activities	Place of incorporation/ business	Effective equity interest held %
Glenwood Properties Pte Ltd and its subsidiary:-	Investment holding	Singapore	100
Shanghai Xin Wei Property Development Co., Ltd	Property development and management	PRC	100
Hemliner Pte Ltd and its subsidiary:-	Investment holding	Singapore	100
Hemliner (Beijing) Real Estate Co., Ltd	Rental and sale of apartment, real estate management service and managing of gymnasium and shop	PRC	100
Somerset FG Pte. Ltd.	Property investment and investment holding	Singapore	100
Javana Pte Ltd and its subsidiary:-	Investment holding	Singapore	100
PT Bumi Perkasa Andhika	Property development and management	Indonesia	99 ⁽¹⁾

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Name of company	Principal activities	Place of incorporation/ business	Effective equity interest held %
Somerset Grand Citra (S) Pte Ltd and its subsidiary:	Investment holding	Singapore	100
PT Ciputra Liang Court	Property investment and management	Indonesia	57
Ascott Residences Pte Ltd and its subsidiaries:-	Investment and development of serviced apartments	Singapore	100
PT Indonesia America Housing	Property investment	Indonesia	100
Mekong-Hacota Joint Venture Company Limited	Property development and investment	Vietnam	69
Burton Engineering Pte Ltd and its subsidiary:-	Investment holding	Singapore	100
Hanoi Tower Center Company Limited	Construction and operation of serviced apartments and office complex	Vietnam	76
Somerset Philippines (S) Pte Ltd and its subsidiaries:-	Investment holding	Singapore	100
Ascott Hospitality Holdings Philippines, Inc.	Property investment	Philippines	100
SN Resources, Inc. and its subsidiary:-	Property investment	Philippines	97 ⁽²⁾
SQ Resources, Inc.	Property investment	Philippines	63

(1) The balance of 1.0% interest in PT Bumi Perkasa Andhika is owned by an Indonesian national (the "Individual"). Under the articles of association of PT Bumi Perkasa Andhika, holders of 85% or more of the share capital of PT Bumi Perkasa Andhika may approve the distribution of profit to the shareholders of PT Bumi Perkasa Andhika in proportion to their shareholdings. Under an assignment of dividend agreement between Javana and the Individual, the Individual has agreed to assign to Javana all dividends payable to him in relation to his shares in PT Bumi Perkasa Andhika.

(2) Based on the Pro forma Group's entitlement of the retained earnings of SN Resources, Inc., arising from the Pro forma Group's 36.8% equity interest in the issued common shares and 100% equity interest in the issued preference shares of SN Resources, Inc.

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

B BASES OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

No financial statements of ART have been prepared for any financial period as ART was constituted on 19 January 2006.

KPMG has been appointed as auditors of ART since the inception of ART.

The unaudited pro forma consolidated financial information set out in this report, expressed in Singapore dollars, have been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments, and shows the unaudited pro forma consolidated statements of total return of the Pro forma Group for each of the three financial years ended 31 December 2003, 2004 and 2005, the unaudited pro forma consolidated balance sheet of the Pro forma Group as at 31 December 2005 and the unaudited pro forma consolidated statement of cash flows of the Pro forma Group for the financial year ended 31 December 2005.

The unaudited pro forma consolidated financial information has been compiled based on:-

- (a) the restated financial statements (financial statements prepared in accordance with Generally Accepted Accounting Principles applicable in the respective countries, restated to align to Singapore Financial Reporting Standards (“FRS”)) (the “Restated Financial Statements”) of Shanghai Xin Wei Property Development Co., Ltd, Hemliner (Beijing) Real Estate Co., Ltd, PT Bumi Perkasa Andhika, PT Ciputra Liang Court, PT Indonesia America Housing, Mekong-Hacota Joint Venture Company Limited, Hanoi Tower Center Company Limited, Ascott Hospitality Holdings Philippines, Inc., SN Resources, Inc. and SQ Resources, Inc. (collectively, the “Overseas Companies”) for the financial years ended 31 December 2003, 2004 and 2005;
- (b) the audited financial statements (prepared in accordance with the FRS) of Somerset Investments Pte Ltd, Cairnhill Place (1999) Limited, Glenwood Properties Pte Ltd, Hua Xin, Javana Pte Ltd, Ascott Residences Pte Ltd and Burton Engineering Pte Ltd for the financial years ended 31 December 2003, 2004 and 2005;
- (c) the audited financial statements of Hemliner Pte Ltd for the financial years ended 31 March 2003, 2004 and 2005 and the unaudited management accounts of Hemliner Pte Ltd for the 9-month periods ended 31 December 2003, 2004 and 2005; and
- (d) the unaudited management accounts of Somerset Grand Citra (S) Pte Ltd and Somerset Philippines (S) Pte Ltd for the period from 27 October 2005 (date of incorporation) to 31 December 2005 and the unaudited management accounts of Somerset FG Pte. Ltd. for the period from 5 September 2005 (date of incorporation) to 31 December 2005.

The unaudited pro forma consolidated statements of total return for the financial years ended 31 December 2003, 2004 and 2005, reflect the total returns of the Pro forma Group as if it had purchased the Properties on 1 January 2003, under the same terms set out in the prospectus (the “Prospectus”) to be issued in connection with the preferential offering of 340,500,000 units in ART.

The unaudited pro forma consolidated balance sheet as at 31 December 2005 reflect the financial position of the Pro forma Group as if it had purchased the Properties on 31 December 2005, under the same terms set out in the Prospectus.

The unaudited pro forma consolidated statement of cash flows show the cash flows for the financial year ended 31 December 2005, assuming ART had purchased the Properties on 1 January 2005, under the same terms set out in the Prospectus.

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The unaudited pro forma consolidated financial information has been prepared on the basis of the accounting policies set out in section F to be read in conjunction with section G.

The objective of the unaudited pro forma consolidated financial information of the Pro forma Group is to show what the total returns, financial position and cash flows might have been, had ART as described above existed at an earlier date. However, the unaudited pro forma consolidated financial information of the Pro forma Group is not necessarily indicative of the total returns, financial position and cash flows of the operations that would have been attained had the Pro forma Group actually existed earlier. The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Pro forma Group's actual total returns, financial position or cash flows.

The statutory audited financial statements of the Property Entities, the Singapore Property Companies and Hua Xin for the respective financial years were prepared in accordance with the following body of accounting standards and audited by the following firms of Certified Public Accountants in accordance with the following body of auditing standards:-

Name of company	Body of accounting standards	Auditors/ Professional bodies	Body of auditing standards	Financial years ended
Glenwood Properties Pte Ltd	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	Singapore Standards on Auditing ("SSA")	31 December 2003, 2004 and 2005
Shanghai Xin Wei Property Development Co., Ltd	Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises"	KPMG Huazhen <i>The Chinese Institute of Certified Public Accountants</i>	China's Independent Auditing Standards	31 December 2003, 2004 and 2005
Hemliner Pte Ltd	FRS	Pricewaterhouse-Coopers <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 March 2003, 2004 and 2005
Hemliner (Beijing) Real Estate Co., Ltd	Accounting Standards for Business Enterprises and the "Accounting System for Business Enterprises"	Pricewaterhouse-Coopers Zhong Tian Certified Public Accountants Ltd. Co. (Beijing Branch) <i>The Chinese Institute of Certified Public Accountants</i>	China's Independent Auditing Standards	31 December 2003, 2004 and 2005
Hua Xin	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005

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Name of company	Body of accounting standards	Auditors/ Professional bodies	Body of auditing standards	Financial years ended
Javana Pte Ltd	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005
PT Bumi Perkasa Andhika	Statement of Financial Accounting Standards ("PSAK")	KPMG Siddharta Siddharta & Widjaja <i>Indonesian Institute of Accountants</i>	Indonesian Standards on Auditing	31 December 2003, 2004 and 2005
PT Ciputra Liang Court	PSAK	Ernst & Young Prasctio, Sarwoko & Sandjaja <i>Indonesian Institute of Accountants</i>	Indonesian Standards on Auditing	31 December 2003
	PSAK	KPMG Siddharta Siddharta & Widjaja <i>Indonesian Institute of Accountants</i>	Indonesian Standards on Auditing	31 December 2004 and 2005
Ascott Residences Pte Ltd	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005
PT Indonesia America Housing	PSAK	KPMG Siddharta Siddharta & Widjaja <i>Indonesian Institute of Accountants</i>	Indonesian Standards on Auditing	31 December 2003, 2004 and 2005
Mekong-Hacota Joint Venture Company Limited	International Financial Reporting Standards	KPMG Limited <i>Vietnam Accounting Association</i>	International Standards on Auditing	31 December 2003 and 2004
	Vietnamese Accounting Standards, the Vietnamese Accounting System and Accounting Principles Generally Accepted in Vietnam	KPMG Limited <i>Vietnam Accounting Association</i>	Vietnamese Standards on Auditing and International Standards on Auditing accepted in Vietnam	31 December 2005

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Name of company	Body of accounting standards	Auditors/ Professional bodies	Body of auditing standards	Financial years ended
Burton Engineering Pte Ltd	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005
Hanoi Tower Center Company Limited	FRS	KPMG Limited <i>Vietnam Accounting Association</i>	Vietnamese Standards on Auditing and International Standards on Auditing accepted in Vietnam	31 December 2003 and 2004
	Vietnamese Accounting Standards, the Vietnamese Accounting System and Accounting Principles Generally Accepted in Vietnam	KPMG Limited <i>Vietnam Accounting Association</i>	Vietnamese Standards on Auditing and International Standards on Auditing accepted in Vietnam	31 December 2005
Ascott Hospitality Holdings Philippines, Inc.	Accounting Principles Generally Accepted in the Philippines	KPMG Laya Mananghaya & Co. <i>Philippine Institute of Certified Public Accountants</i>	Auditing Standards Generally Accepted in the Philippines	31 December 2003, 2004 and 2005
SN Resources, Inc.	Accounting Principles Generally Accepted in the Philippines	KPMG Laya Mananghaya & Co. <i>Philippine Institute of Certified Public Accountants</i>	Auditing Standards Generally Accepted in the Philippines	31 December 2003, 2004 and 2005
SQ Resources, Inc.	Accounting Principles Generally Accepted in the Philippines	KPMG Laya Mananghaya & Co. <i>Philippine Institute of Certified Public Accountants</i>	Auditing Standards Generally Accepted in the Philippines	31 December 2003, 2004 and 2005
Somerset Investments Pte Ltd	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005
Cairnhill Place (1999) Limited	FRS	KPMG <i>Institute of Certified Public Accountants of Singapore</i>	SSA	31 December 2003, 2004 and 2005

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The statutory audited financial statements of the Property Entities, the Singapore Property Companies and Hua Xin were prepared in accordance with the generally accepted accounting principles in the respective countries. For the purpose of inclusion in the unaudited pro forma consolidated financial information, management has made certain adjustments to those audited financial statements of the Property Entities, which were prepared in accordance with generally accepted accounting principles other than FRS, so as to comply with FRS.

Except for PT Ciputra Liang Court, PT Bumi Perkasa Andhika and PT Indonesia America Housing, the auditors' reports of the statutory financial statements of the Singapore Property Companies, the Property Entities and Hua Xin, as of and for the financial year ended 31 December 2003, were not subject to any qualifications, modifications or disclaimers.

Except for PT Ciputra Liang Court, PT Bumi Perkasa Andhika and Ascott Hospitality Holdings Philippines, Inc., the auditors' reports of the statutory financial statements of the Singapore Property Companies, the Property Entities and Hua Xin, as of and for the financial year ended 31 December 2004 were not subject to any qualifications, modifications or disclaimers.

Except for PT Bumi Perkasa Andhika and Ascott Hospitality Holdings Philippines, Inc., the auditors' reports of the statutory financial statements of the Singapore Property Companies, the Property Entities and Hua Xin, as of and for the financial year ended 31 December 2005 were not subject to any qualifications, modifications or disclaimers.

The auditors' report of the statutory financial statements of Hemliner Pte Ltd as of and for the financial years ended 31 March 2003, 2004 and 2005 were not subject to any qualifications, modifications or disclaimers.

The unqualified auditors report on the statutory financial statements of PT Ciputra Liang Court for the financial year ended 31 December 2003 drew attention to a note in the financial statements that provided a summary of the effects that the economic condition in Indonesia had on PT Ciputra Liang Court as well as the measures that PT Ciputra Liang Court had implemented or planned to implement in response to the economic condition. The audit report also stated that the financial statements included the effects of the economic condition to the extent that it could be determined and estimated.

The statutory auditors of PT Ciputra Liang Court drew attention to the following matter in their unqualified auditors' reports to the financial statements for the financial year ended 31 December 2004:-

The operations of PT Ciputra Liang Court have been affected, and were expected to continue to be affected for the foreseeable future, by the country's economic condition. As a result, there were uncertainties that affect future operations, and the recoverability of PT Ciputra Liang Court's assets. The ultimate outcome of these matters could not be determined at the date of the auditors' report.

The statutory auditors of PT Bumi Perkasa Andhika drew attention to the following matter in their unqualified auditors' reports to the financial statements for the financial years ended 31 December 2003, 2004 and 2005:-

The operations of PT Bumi Perkasa Andhika had been affected, and were expected to continue to be affected for the foreseeable future, by the country's economic condition. As a result, there were uncertainties that affect future operations, and the recoverability of PT Bumi Perkasa Andhika's assets. The ultimate outcome of these matters could not be determined at date of the auditors' report.

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The statutory auditors of PT Indonesia America Housing drew attention to the following matter in their unqualified auditors' reports to the financial statements for the financial year ended 31 December 2003:-

Many Asia-Pacific countries, including Indonesia, were experiencing economic difficulties, including liquidity problems, volatility in prices and significant slowdowns in business activities. The operations of PT Indonesia America Housing had been affected by the country's economic conditions, and the effects of which could not be determined at the date of the auditors' report.

The unqualified auditors' report on the statutory financial statements of Ascott Hospitality Holdings Philippines, Inc. for the financial years ended 31 December 2004 and 2005 drew attention to Ascott Hospitality Holdings Philippines, Inc.'s net capital deficiency during the financial years ended 2003, 2004 and 2005, which indicated the existence of a material uncertainty which may cast significant doubt about Ascott Hospitality Holdings Philippines, Inc.'s ability to continue as a going concern.

The financial statements of Somerset Grand Citra (S) Pte Ltd and Somerset Philippines (S) Pte Ltd for the period from 27 October 2005 (date of incorporation) to 31 December 2005 and the financial statements of Somerset FG Pte. Ltd. for the period from 5 September 2005 (date of incorporation) to 31 December 2005 have not been audited as the companies have not completed their first statutory financial period.

Details on the (1) Manager's management fees and (2) Trustee's fee are set out in Section G.

1 Unaudited pro forma consolidated statements of total return

The unaudited pro forma consolidated statements of total return have been prepared for illustrative purposes and on the basis that ART purchased the Property Entities and the Singapore Properties and one of its subsidiaries, Somerset FG Pte. Ltd. had purchased Somerset Grand Fortune Garden Property since the beginning of the periods being reported.

In arriving at the unaudited pro forma consolidated statements of total return for the financial years ended 31 December 2003, 2004 and 2005, the following summarised pro forma adjustments were made to the aggregated financial statements comprising the Restated Financial Statements of the Overseas Companies, the audited financial statements of Somerset Investments Pte Ltd, Cairnhill Place (1999) Limited, Glenwood Properties Pte Ltd, Hua Xin, Javana Pte Ltd, Ascott Residences Pte Ltd, Burton Engineering Pte Ltd, and the unaudited management accounts of Hemliner Pte Ltd, Somerset Grand Citra (S) Pte Ltd, Somerset Philippines (S) Pte Ltd and Somerset FG Pte. Ltd.:-

- adjustments to account for the results of the Property Entities, Hua Xin and the Singapore Properties based on the assumption that the group structure had been in place since 1 January 2003;
- adjustments to account for the reversal of the results of certain business divisions of Shanghai Xin Wei Property Development Co., Ltd, Somerset Investments Pte Ltd and Hua Xin which are not proposed to be acquired by ART;
- adjustments to reverse income and expenses that are not in-line with ART's structure and replace them with similar income and expenses based on ART's structure, and include manager's management fees, other trust expenses (comprising recurring operating expenses such as the annual listing fee, registry fee, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and other miscellaneous expenses relating to ART) and borrowing costs;

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- adjustments to reverse any surplus or deficit on revaluation of investment properties assuming that the Properties were stated at their valuation amounts based on independent valuation as set out on pages III-30 to III-32 of the Prospectus and the valuation amounts remained unchanged throughout the periods presented; and
- adjustments to account for the income tax effect on the profits of the Pro forma Group on the assumption that the Pro forma Group existed since 1 January 2003 and on the assumption that ART will not be taxed on the portion of the taxable income that is distributed to unitholders.

In addition, the following assumptions were made for each of the periods presented:-

- 100% of the taxable income available for distribution to unitholders is distributed;
- other than Shanghai Xin Wei Property Development Co., Ltd, Hemliner (Beijing) Real Estate Co., Ltd, Mekong-Hacota Joint Venture Company Limited and Hanoi Tower Center Company Limited, all the subsidiaries declared dividends out of the profit for each of the reporting period on the last day of the reporting period;
- Shanghai Xin Wei Property Development Co., Ltd, Hemliner (Beijing) Real Estate Co., Ltd, Mekong-Hacota Joint Venture Company Limited and Hanoi Tower Center Company Limited, declared dividends out of the profits in the following reporting period upon obtaining the respective regulatory approvals for such distribution; and
- fair values of any derivative financial instruments are assumed to be unchanged for the financial years ended 31 December 2003, 2004 and 2005.

2 Unaudited pro forma consolidated balance sheet

The unaudited pro forma consolidated balance sheet has been prepared after incorporating the following:-

- adjustments to account for the reversal of the assets and liabilities of those businesses which are not proposed to be acquired by ART; and
- adjustments to reflect the issuance of units (net of unit issue costs, estimated to be S\$5,560,000), to replace existing borrowings not in-line with the Pro forma Group's financing structure with the proposed bank borrowings of S\$226,812,000, and to reflect consolidation entries to eliminate cost of investment in subsidiaries and to account for minority interests.

3 Unaudited pro forma consolidated statement of cash flows

The unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005 has been prepared assuming ART had purchased the Property Entities and the Singapore Properties and one of its subsidiaries, Somerset FG Pte. Ltd., had purchased Somerset Grand Fortune Garden Property on 1 January 2005, based on the cash flows directly attributable to the Property Entities, the Singapore Properties and Hua Xin and incorporating the following:-

- adjustments to reverse cash flows of the businesses which are not proposed to be acquired by ART;
- adjustments to include ART's cash flows relating to payments for the acquisition of the Properties;

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- Manager's management fees and trust expenses; and
- adjustments to reverse the cash flows relating to existing borrowings and replace them with ART's borrowings and unit fund structure.

In addition, the following assumptions were made:-

- 100% of taxable income available for distribution to Unitholders is distributed for each of the periods presented. Distributions to Unitholders are paid on a semi annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates; and
- Unitholders' distribution in relation to the financial year ended 31 December 2005 was paid out during the year itself.

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C UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF TOTAL RETURN

The unaudited pro forma consolidated statements of total return of the Pro forma Group for each of the three financial years ended 31 December 2003, 2004 and 2005, have been prepared for inclusion in the Prospectus and are presented below. Details of the pro forma adjustments made are set out on pages III-18 to III-20 of the Prospectus.

	Note	Financial years ended 31 December		
		2003 S\$'000	2004 S\$'000	2005 S\$'000
Revenue	2	92,518	97,787	101,113
Direct expenses	3	(51,752)	(52,040)	(54,307)
Gross profit		40,766	45,747	46,806
Interest income		305	154	194
Interest expense		(11,596)	(12,181)	(12,013)
Other income		307	391	614
Manager's management fees		(3,966)	(4,136)	(4,183)
Trustee's fee		(134)	(134)	(134)
Professional fees		(322)	(282)	(195)
Audit fees		(386)	(376)	(356)
Other operating expenses		(148)	(1,392)	383
Net profit	4	24,826	27,791	31,116
Income tax	5	(4,766)	(6,438)	(6,453)
Total return for the year after income tax		20,060	21,353	24,663
Minority interests		(3,325)	(3,556)	(3,585)
Total return for the year attributable to unitholders before distribution		16,735	17,797	21,078
Distribution to unitholders from operations		(6,749)	(11,990)	(12,751)
Total return for the year attributable to unitholders after distribution		9,986	5,807	8,327
Attributable to:				
– Unitholders		16,735	17,797	21,078
– Minority interests		3,325	3,556	3,585
Total return for the year after income tax		20,060	21,353	24,663

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Reconciliation from total return for the financial years attributable to unitholders to total unitholders' distribution:-

	Financial years ended 31 December		
	2003	2004	2005
	S\$'000	S\$'000	S\$'000
Total return for the year attributable to unitholders before distribution	16,735	17,797	21,078
Net effect of non-tax deductible/chargeable items and other adjustments	8,137	5,633	5,768
Total unitholders' distribution	<u>24,872</u>	<u>23,430</u>	<u>26,846</u>
Unitholders' distribution:			
– from operations	6,749	11,990	12,751
– unitholders' contribution	18,123	11,440	14,095
	<u>24,872</u>	<u>23,430</u>	<u>26,846</u>

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Financial year ended 31 December 2003	Aggregated financial statements S\$'000	Pro forma adjustments (see notes below)					Unaudited pro forma consolidated financial statements S\$'000
		S\$'000 (1)	S\$'000 (2)	S\$'000 (3)	S\$'000 (4)	S\$'000 (5)	
Revenue	121,242	(292)	(29,347)	915	–	–	92,518
Direct expenses	(76,947)	392	26,561	(1,758)	–	–	(51,752)
Gross profit	44,295	100	(2,786)	(843)	–	–	40,766
Interest income	2,713	(1,866)	(29)	(513)	–	–	305
Interest expense	(17,206)	1,315	1,955	2,340	–	–	(11,596)
Other income	2,015	(291)	(1,417)	–	–	–	307
Manager's management fees	–	–	–	(3,966)	–	–	(3,966)
Trustee's fee	–	–	–	(134)	–	–	(134)
Professional fees	(783)	–	461	–	–	–	(322)
Audit fees	(312)	–	31	(105)	–	–	(386)
Other operating expenses	1,317	38	(1,417)	(86)	–	–	(148)
Net profit	32,039	(704)	(3,202)	(3,307)	–	–	24,826
Net deficit on revaluation of investment properties	(3,932)	–	2,409	–	1,523	–	–
Total return for the year before income tax	28,107	(704)	(793)	(3,307)	1,523	–	24,826
Income tax	(5,733)	–	1,997	(464)	–	(566)	(4,766)
Total return for the year after income tax	22,374	(704)	1,204	(3,771)	1,523	(566)	20,060
Minority interests	–	(3,325)	–	–	–	–	(3,325)
Total return for the year attributable to unitholders before distribution	22,374	(4,029)	1,204	(3,771)	1,523	(566)	16,735
Distribution to unitholders from operations							(6,749)
Total return for the year attributable to unitholders after distribution							9,986

Notes to pro forma adjustments:-

- Accounting for minority shareholder's share of profits and elimination of intercompany transactions for the financial year ended 31 December 2003 arising from the assumption that the Pro forma Group existed since 1 January 2003.
- Accounting for the reversal of the results of businesses not acquired by the ART.
- Adjustments to reverse income and expenses that are not in-line with ART's structure and replace them with similar income and expenses based on ART's structure, and to include manager's management fees, other trust expenses (comprising recurring operating expenses such as the annual listing fee, registry fee, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and other miscellaneous expenses relating to ART) and borrowing costs.
- Adjustments to reverse any surplus or deficit on revaluation of investment properties assuming that the Properties were stated at their valuation amounts based on independent valuation as set out on pages III-30 to III-32 of the Prospectus and valuation amounts remained unchanged throughout the periods presented.
- Adjustments to account for the income tax effect on the profits of the Pro forma Group on the assumption that the Pro forma Group existed since 1 January 2003 and on the assumption that ART will not be taxed on the portion of the taxable income that is distributed to unitholders.

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Financial year ended 31 December 2004	Aggregated financial statements S\$'000	Pro forma adjustments (see notes below)					Unaudited pro forma consolidated financial statements S\$'000
		S\$'000 (1)	S\$'000 (2)	S\$'000 (3)	S\$'000 (4)	S\$'000 (5)	
Revenue	112,601	(310)	(15,351)	847	–	–	97,787
Direct expenses	(63,124)	456	12,654	(2,026)	–	–	(52,040)
Gross profit	49,477	146	(2,697)	(1,179)	–	–	45,747
Interest income	4,569	(5,238)	(760)	1,583	–	–	154
Interest expense	(24,445)	5,232	2,467	4,565	–	–	(12,181)
Other income	2,088	(1,259)	(438)	–	–	–	391
Manager's management fees	–	–	–	(4,136)	–	–	(4,136)
Trustee's fee	–	–	–	(134)	–	–	(134)
Professional fees	(212)	–	(70)	–	–	–	(282)
Audit fees	(286)	–	15	(105)	–	–	(376)
Other operating expenses	1,036	35	(1,759)	(704)	–	–	(1,392)
Net profit	32,227	(1,084)	(3,242)	(110)	–	–	27,791
Net surplus on revaluation of investment properties	4,649	–	(3,269)	–	(1,380)	–	–
Total return for the year before income tax	36,876	(1,084)	(6,511)	(110)	(1,380)	–	27,791
Income tax	(4,191)	–	1,263	(1,000)	455	(2,965)	(6,438)
Total return for the year after income tax	32,685	(1,084)	(5,248)	(1,110)	(925)	(2,965)	21,353
Minority interests	–	(3,556)	–	–	–	–	(3,556)
Total return for the year attributable to unitholders before distribution	32,685	(4,640)	(5,248)	(1,110)	(925)	(2,965)	17,797
Distribution to unitholders from operations							(11,990)
Total return for the year attributable to unitholders after distribution							5,807

Notes to pro forma adjustments:-

- Accounting for minority shareholder's share of profits and elimination of intercompany transactions for the financial year ended 31 December 2004 arising from the assumption that the Pro forma Group existed since 1 January 2003.
- Accounting for the reversal of the results of businesses not acquired by the ART.
- Adjustments to reverse income and expenses that are not in-line with ART's structure and replace them with similar income and expenses based on ART's structure, and to include manager's management fees, other trust expenses (comprising recurring operating expenses such as the annual listing fee, registry fee, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and other miscellaneous expenses relating to ART) and borrowing costs.
- Adjustments to reverse any surplus or deficit on revaluation of investment properties assuming that the Properties were stated at their valuation amounts based on independent valuation as set out on pages III-30 to III-32 of the Prospectus and valuation amounts remained unchanged throughout the periods presented.
- Adjustments to account for the income tax effect on the profits of the Pro forma Group on the assumption that the Pro forma Group existed since 1 January 2003 and on the assumption that ART will not be taxed on the portion of the taxable income that is distributed to unitholders.

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Financial year ended 31 December 2005	Aggregated financial statements S\$'000	Pro forma adjustments (see notes below)					Unaudited pro forma consolidated financial statements S\$'000
		S\$'000 (1)	S\$'000 (2)	S\$'000 (3)	S\$'000 (4)	S\$'000 (5)	
Revenue	116,615	(422)	(15,080)	–	–	–	101,113
Direct expenses	(62,577)	494	9,902	(2,126)	–	–	(54,307)
Gross profit	54,038	72	(5,178)	(2,126)	–	–	46,806
Interest income	3,674	(3,763)	(20)	303	–	–	194
Interest expense	(26,717)	3,812	3,138	7,754	–	–	(12,013)
Other income	2,567	(1,684)	(269)	–	–	–	614
Manager's management fees	–	–	–	(4,183)	–	–	(4,183)
Trustee's fee	–	–	–	(134)	–	–	(134)
Professional fees	(274)	–	79	–	–	–	(195)
Audit fees	(271)	–	20	(105)	–	–	(356)
Other operating expenses	941	69	102	(729)	–	–	383
Net profit	33,958	(1,494)	(2,128)	780	–	–	31,116
Net deficit on revaluation of investment properties	(4,521)	–	–	–	4,521	–	–
Total return for the year before income tax	29,437	(1,494)	(2,128)	780	4,521	–	31,116
Income tax	(8,365)	–	288	(822)	–	2,446	(6,453)
Total return for the year after income tax	21,072	(1,494)	(1,840)	(42)	4,521	2,446	24,663
Minority interests	–	(3,585)	–	–	–	–	(3,585)
Total return for the year attributable to unitholders before distribution	21,072	(5,079)	(1,840)	(42)	4,521	2,446	21,078
Distribution to unitholders from operations							(12,751)
Total return for the year attributable to unitholders after distribution							8,327

Notes to pro forma adjustments:-

- Accounting for minority shareholder's share of profits and elimination of intercompany transactions for the financial year ended 31 December 2005 arising from the assumption that the Pro forma Group existed since 1 January 2003.
- Accounting for the reversal of the results of businesses not acquired by the ART.
- Adjustments to reverse income and expenses that are not in-line with ART's structure and replace them with similar income and expenses based on ART's structure, and to include manager's management fees, other trust expenses (comprising recurring operating expenses such as the annual listing fee, registry fee, valuation fees, costs associated with the preparation and distribution of reports to unitholders, investor communication costs and other miscellaneous expenses relating to ART) and borrowing costs.
- Adjustments to reverse any surplus or deficit on revaluation of investment properties assuming that the Properties were stated at their valuation amounts based on independent valuation as set out on pages III-30 to III-32 of the Prospectus and valuation amounts remained unchanged throughout the periods presented.
- Adjustments to account for the income tax effect on the profits of the Pro forma Group on the assumption that the Pro forma Group existed since 1 January 2003 and on the assumption that ART will not be taxed on the portion of the taxable income that is distributed to unitholders.

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D UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

The unaudited pro forma consolidated balance sheet as at 31 December 2005 has been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the unaudited pro forma consolidated balance sheet are consistent with those described in Bases of Preparation of Unaudited Pro Forma Consolidated Financial Information.

As at 31 December 2005	Note	Aggregated financial statements S\$'000	Pro forma adjustments (see notes below)		Unaudited pro forma consolidated financial statements S\$'000
			S\$'000 (1)	S\$'000 (2)	
Assets					
Investment properties	6	1,120,111	(208,954)	–	911,157
Plant and equipment	7	22,845	(8,961)	–	13,884
Deferred tax assets	8	2,273	(433)	–	1,840
Inventories		357	(68)	–	289
Trade and other receivables	9	123,920	(67,077)	(33,404)	23,439
Cash and bank balances		15,061	(189)	(5,560)	9,312
Investment in subsidiaries		210,392	–	(210,392)	–
Total assets		1,494,959	(285,682)	(249,356)	959,921
Liabilities					
Bank overdraft		6,260	–	–	6,260
Trade and other payables	10	762,592	(391,539)	(330,071)	40,982
Provision for taxation		3,626	(2,975)	–	651
Bank loans and borrowings	11	216,256	(12,069)	63,181	267,368
Deferred tax liabilities	8	6,354	(6,198)	–	156
Deferred income		6	(4)	–	2
Total liabilities (excluding net assets attributable to unitholders)		995,094	(412,785)	(266,890)	315,419
Minority Interests		–	–	50,759	50,759
Net assets attributable to unitholders	12	499,865	127,103	(33,225)	593,743

Notes to pro forma adjustments:-

- Adjustments to account for the reversal of the assets and liabilities of those businesses which are not proposed to be acquired by ART;
- Adjustments to reflect the issuance of units (net of unit issue costs, estimated to be S\$5,560,000), to replace existing borrowings not in-line with the Pro forma Group's financing structure with the proposed bank borrowings of S\$226,812,000, and to reflect consolidation entries to eliminate cost of investment in subsidiaries and to account for minority interests.

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E UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The unaudited pro forma consolidated statement of cash flows for the financial year ended 31 December 2005 has been prepared for inclusion in the Prospectus and is presented below. The assumptions used to prepare the unaudited pro forma consolidated statement of cash flows are consistent with those described in Bases of Preparation of Unaudited Pro Forma Consolidated Financial Information.

Financial year ended 31 December 2005	S\$'000
Operating activities	
Total return for the year before income tax	31,116
Adjustments for:	
Depreciation of plant and equipment	3,830
Manager's management fees paid in units	2,092
Interest expense	12,013
Interest income	(194)
Gain on disposal of plant and equipment	(6)
	48,851
Operating income before working capital changes	48,851
Changes in working capital:-	
Inventories	13
Trade and other receivables	(5,160)
Deferred income	2
Trade and other payables	8,842
	52,548
Cash generated from operations	52,548
Income tax paid	(6,453)
	46,095
Cash flows from operating activities	
	46,095
Investing activities	
Interest received	194
Net cash inflow on acquisitions of subsidiaries	10,420
Purchase of investment properties	(63,181)
Purchase of plant and equipment	(4,512)
	(57,079)
Cash flows from investing activities	
	(57,079)
Financing activities	
Distribution to Unitholders*	(26,846)
Payment of unit issue costs	(5,560)
Interest paid	(12,013)
Proceeds from bank loans	63,181
Repayment of bank loans	(4,276)
	14,486
Cash flows from financing activities	
	14,486
Net increase in cash and cash equivalents	3,502
Cash and cash equivalents at beginning of year	–
	3,502
Cash and cash equivalents at end of year	

* Assuming total Unitholders' distribution in relation to the financial year ended 31 December 2005 was paid out during the year itself.

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Acquisition of Subsidiaries

The effect of acquisition of subsidiaries is set out below:-

	S\$'000
Investment properties	633,111
Plant and equipment	9,780
Deferred tax assets	1,840
Inventories	289
Trade and other receivables	23,439
Cash and bank balances (net of bank overdraft)	8,612
Trade and other payables	(40,982)
Bank loans	(204,187)
Deferred income	(2)
Provision for taxation	(651)
Deferred tax liabilities	(156)
Minority interests	(50,759)
	380,334
Net identifiable assets and liabilities	380,334
Purchase consideration	380,334
Less: Consideration units issued	(380,334)
	-
Cash consideration paid	-
Cash acquired	(10,420)
	(10,420)
Net cash inflow	(10,420)

Significant Non-Cash Transactions

During the year, there were the following non-cash transactions:-

- ART issued 288,120,692 units at S\$1.32 per unit, amounting to approximately S\$380.3 million, as satisfaction of the purchase consideration on the acquisition of subsidiaries and novation of loans to ART;
- ART issued 165,879,308 units at S\$1.32 per unit, amounting to approximately S\$219.0 million, as partial satisfaction of the purchase consideration on the Singapore Properties acquired; and
- ART issued approximately 1,585,000 units at S\$1.32 per unit, amounting to approximately S\$2.1 million, as payments for the portion of the Manager's management fees which is payable in the form of units (see Section G).

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F NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1 Significant Accounting Policies

The significant accounting policies of the Pro forma Group, to be adopted by ART, which have been consistently applied in preparing the unaudited pro forma consolidated financial information set out in this report, are as follows:-

(a) Basis of preparation

The unaudited pro forma consolidated financial information is prepared in accordance with the bases set out in Section B and applied to the financial information prepared in accordance with Singapore Financial Reporting Standards and is presented in accordance with relevant presentation principles of Recommended Accounting Practice 7 “Reporting *Framework for Unit Trusts*” issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes issued by Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed.

The financial information, which are expressed in Singapore dollars and rounded to the nearest thousand, is prepared on the historical cost basis, except that investment properties are stated at valuation.

(b) Functional currency

Items included in the financial statements of each entity in the Pro forma Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”). The unaudited pro forma consolidated financial information of the Pro forma Group is presented in Singapore dollars, which is the functional currency of ART.

(c) Consolidation

Subsidiaries are companies controlled by ART. Control exists when ART has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

(d) Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the statement of total returns. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair value was determined.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis so as to write off items of plant and equipment over their estimated useful lives as follows:-

Furniture, fittings and equipment	-	3 to 7 years
Plant and machinery	-	5 to 10 years

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(f) *Investment properties*

Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition, and at valuation thereafter. Valuations are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

Any increase or decrease on revaluation is credited or charged to the statement of total returns as a net appreciation or depreciation in the value of the investment properties.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total returns is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

(g) *Trade and other receivables*

Trade and other receivables are stated at their cost less allowance for doubtful receivables.

(h) *Cash and bank balances*

Cash and bank balances comprise cash balances and bank deposits.

(i) *Impairment*

The carrying amounts of the Pro forma Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. An impairment loss is recognised in the statement of total returns whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property carried at a revalued amount is recognised in the same way as a revaluation decrease on the basis set out in Note 1(f).

(j) *Liabilities and interest-bearing liabilities*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

(k) *Net assets attributable to unitholders*

Net assets attributable to unitholders represents the unitholders' residual interest in ART's net assets upon termination.

Expenses incurred in connection with the initial public offering of ART on the Main Board of Singapore Exchange Securities Trading Limited are deducted directly from the net assets attributable to the unitholders.

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(l) *Revenue recognition*

Rental Income

Rental income from investment properties and operating leases is recognised in the statement of total returns on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest Income

Interest income from bank deposits is recognised on a time-apportioned accrual basis.

(m) *Expenses*

Management fees

Management fees are recognised on an accrual basis based on the applicable formula stipulated in Section G.

Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses is Trustee's fee which is based on the applicable formula stipulated in Section G.

Borrowing costs

Borrowing costs comprise interest payable on borrowings calculated using the effective interest rate method and amortisation of transaction cost.

(n) *Taxation*

Taxation on the returns for the year comprises current and deferred tax. Income tax is recognised in the statement of total returns except to the extent that it relates to items directly related to net assets attributable to Unitholders, in which case it is recognised in net assets attributable to Unitholders.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences on initial recognition of assets and liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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The Inland Revenue Authority of Singapore (“IRAS”) has issued a tax ruling on the taxation of ART for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of ART, the Trustee will not be taxed on the taxable income of ART.

Although ART is not taxed on its taxable income, the Trustee and the Manager are required to deduct income tax at the prevailing corporate tax rate from distributions of such taxable income to Unitholders. The trustee and the Manager will not deduct tax from distributions made out of ART’s taxable income to the extent that the beneficial unitholder is:-

- an individual who does not hold the Units through a partnership;
- a company incorporated and tax resident in Singapore;
- body of persons, other than companies or partnerships, registered or constituted in Singapore (e.g. town councils, statutory boards, registered charity, registered co-operative societies and registered trade union); and
- Singapore branch of a foreign company which has obtained from the IRAS a waiver from tax deducted at source in respect of distribution from ART.

The above tax transparency ruling does not apply to gains from sale of real properties and shares. Such gains, if they are considered as trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessable to tax and may distribute the capital gains without tax being deducted at source.

(o) *Derivative Financial Instruments*

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of total returns. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 1(p)).

The fair value of interest rate swaps is the estimated amount that the Pro Forma Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current credit worthiness of swap counterparties.

(p) *Cash Flow Hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instruments is recognised directly in net assets attributable to Unitholders. The ineffective part of any gain or loss is recognised immediately in the statement of total returns.

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(q) *Segment reporting*

A segment is a distinguishable component of the Pro forma Group that is engaged in providing products or services (business segment) within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Pro forma Group's business and geographical segments. The primary format, geographical segments, is based on the Pro forma Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, borrowings and expense, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

2 Revenue

	Financial years ended 31 December		
	2003	2004	2005
	S\$'000	S\$'000	S\$'000
Rental income	83,184	89,351	92,495
Parking fees	1,458	1,519	1,854
Food and beverage income	744	518	484
Service charge	380	476	406
Other hospitality income	6,752	5,923	5,874
	92,518	97,787	101,113
	92,518	97,787	101,113

3 Direct Expenses

	Financial years ended 31 December		
	2003	2004	2005
	S\$'000	S\$'000	S\$'000
Staff cost	12,224	12,617	13,796
Operations and maintenance expenses	12,041	12,164	13,295
Property tax	2,736	4,137	3,927
Serviced residence management fees	6,923	7,371	7,769
Depreciation of plant and equipment	6,854	3,895	3,830
Marketing and selling expenses	1,650	1,825	1,560
Other direct expenses	9,324	10,031	10,130
	51,752	52,040	54,307
	51,752	52,040	54,307

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4 Net Profit

The following items have been included in arriving at net profit:

	Financial years ended 31 December		
	2003	2004	2005
	S\$'000	S\$'000	S\$'000
Exchange (gain)/loss	(742)	353	(985)
Loss/(Gain) on disposal of plant and equipment	62	100	(6)
Allowance for/(Reversal of) doubtful debts	70	220	(49)
	<u>70</u>	<u>220</u>	<u>(49)</u>

5 Income Tax

	Financial years ended 31 December		
	2003	2004	2005
	S\$'000	S\$'000	S\$'000
Current tax expense			
Current year	<u>4,766</u>	<u>6,438</u>	<u>6,453</u>
Reconciliation of effective tax expense			
Net profit	<u>24,826</u>	<u>27,791</u>	<u>31,116</u>
Income tax using Singapore tax rates (2003: 22%, 2004: 20%, 2005: 20%)	5,462	5,558	6,223
Effect of different tax rates in other countries	882	1,617	1,307
Expenses not deductible for tax purposes	3,198	2,468	2,920
Tax rebates/exemption	(1,542)	(1,003)	(905)
Income not subject to tax	(4,170)	(3,364)	(3,531)
Income tax at concessionary rate	-	(343)	-
Tax benefits not recognised	225	1,022	-
Others	711	483	439
Total tax expense	<u>4,766</u>	<u>6,438</u>	<u>6,453</u>

6 Investment Properties

	2005
	S\$'000
Cost of investment properties	<u>911,157</u>

Certain investment properties with a total carrying value of S\$449,417,000 are pledged as security to banks for banking facilities granted to certain subsidiaries (see note 11).

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The investment properties are stated at their appraised values (net of plant and equipment acquired) based on the average of two valuations of each investment properties by independent valuers appointed by the Manager (namely Jones Lang LaSalle Property Consultants Pte Ltd and its overseas offices and associates (“Jones Lang LaSalle”), DTZ Debenham Tie Leung (SEA) Pte Ltd and its overseas offices and associates (“DTZ Debenham Tie Leung”) and the Trustee on 15 December 2005. The method of valuation of the independent valuer appointed by the Trustee, HVS International is based on Income, Sales Comparison and Cost approaches. The methods of valuation of the respective independent valuers appointed by the Manager are stated below:-

Description of property	Title	Term of lease (years)	Remaining term (years)	Location	Average valuation by Sponsor's and Trustee's independent valuers \$ million	% of total net assets	Sponsor's Independent valuers	Sponsor's independent valuers' methods of valuation
Somerset Liang Court Property	Leasehold	97	72	Singapore	125.2	21.1%	Jones Lang LaSalle	Income Capitalisation Approach and Discounted Cash Flow Approach
Somerset Grand Cairnhill	Leasehold	99	77	Singapore	152.9	25.8%	Jones Lang LaSalle	Income Capitalisation Approach and Discounted Cash Flow Approach
The Ascott, Jakarta	Leasehold	20	19	Indonesia	42.4	7.1%	Jones Lang LaSalle	Income Capitalisation Approach and Discounted Cash Flow Approach
Somerset Grand Citra, Jakarta	Leasehold	30	19	Indonesia	54.2	9.1%	Jones Lang LaSalle	Income Capitalisation Approach and Discounted Cash Flow Approach

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Description of property	Title	Term of lease (years)	Remaining term (years)	Location	Average valuation by Sponsor's and Trustee's independent valuers		% of total net assets	Sponsor's independent valuers	Sponsor's independent valuers' methods of valuation
					S\$ million				
Country Woods	Leasehold	20	20 ⁽¹⁾	Indonesia	25.3		4.3%	Jones Lang LaSalle	Income Capitalisation Approach and Discounted Cash Flow Approach
Somerset Millennium	Freehold	Not applicable	Not applicable	Philippines	12.2		2.1%	DTZ Debenham Tie Leung	Discounted Cash Flow and Direct Capitalisation Methods
Somerset Salcedo Property	Freehold	Not applicable	Not applicable	Philippines	12.3		2.1%	DTZ Debenham Tie Leung	Discounted Cash Flow and Direct Capitalisation Methods
The Ascott, Beijing	Leasehold	70	61	PRC	214.7		36.2%	DTZ Debenham Tie Leung	Direct Comparison Approach and Discounted Cash Flow Approach
Somerset Grand Fortune Garden Property	Leasehold	70	63	PRC	51.9		8.7%	DTZ Debenham Tie Leung	Direct Comparison Approach and Discounted Cash Flow Approach

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Description of property	Title	Term of lease (years)	Remaining term (years)	Location	Average valuation by Sponsor's and Trustee's independent valuers \$ million	% of total net assets	Sponsor's Independent valuers	Sponsor's independent valuers' methods of valuation
Somerset Xu Hui	Leasehold	70	61	PRC	48.7	8.2%	DTZ Debenham Tie Leung	Direct Comparison Approach and Discounted Cash Flow Approach
Somerset Ho Chi Minh City	Leasehold	45	34	Vietnam	66.6	11.2%	DTZ Debenham Tie Leung	Discounted Cash Flow Approach
Somerset Grand Hanoi	Leasehold	45	33	Vietnam	104.8	17.7%	DTZ Debenham Tie Leung	Discounted Cash Flow Approach
Appraised value of Properties, net of plant and equipment					911.2			
Plant and equipment (see Note 7)					13.9			
Appraised value of Properties, including plant and equipment					925.1			

Note:-

- (1) Country Woods has been developed on plots of land with a leasehold estate interest of 20 years held by PT Indonesia America Housing which expires on 22 October 2025. PT Indonesia America Housing also holds a leasehold estate interest expiring on 24 September 2027 in the land adjacent to Country Woods.

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7 Plant and Equipment

At 31 December 2005	Furniture, fittings and equipment S\$'000	Plant and Machinery S\$'000	Total S\$'000
Cost	61,077	10,958	72,035
Accumulated depreciation	(47,698)	(10,453)	(58,151)
Carrying amount	<u>13,379</u>	<u>505</u>	<u>13,884</u>

Certain plant and equipment with a total carrying value of S\$5,233,000 are pledged as security to banks for banking facilities granted to certain subsidiaries (see note 11).

8 Deferred Tax

Deferred tax assets and liabilities as at end of the year were as follows:-

	2005 S\$'000
Deferred tax assets	
Unutilised tax losses	1,716
Provisions and accruals not currently deductible	110
Others	14
	<u>1,840</u>
Deferred tax liabilities	
Accelerated tax depreciation	<u>156</u>

9 Trade and Other Receivables

	2005 S\$'000
Trade receivables	4,475
Deposits, prepayments and other receivables	9,304
Amounts due from affiliated corporations	9,660
	<u>23,439</u>

An affiliated corporation is a corporation in which a significant unitholder has significant financial interests.

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10 Trade and Other Payables

	2005 S\$'000
Trade payables	1,338
Rental deposits and advance rental	12,102
Accruals and other payables	17,531
Amounts due to affiliated corporations	10,011
	40,982
	40,982

11 Bank Loans

	2005 S\$'000
Secured bank loans	267,368
	267,368
	267,368
Maturity of liabilities	
Within 1 year	2,369
After 1 year but within 5 years	264,999
	267,368
	267,368

The secured bank loans are secured on (1) certain investment properties and plant and equipment with an aggregate carrying value of S\$454,650,000, (2) pledge of shares of certain subsidiaries and (3) negative pledge on a property owned by a subsidiary.

The effective interest rate of the term loans as at 31 December 2005 ranges from 4.00% to 6.38% per annum.

12 Net Assets Attributable to Unitholders

	2005 S\$'000
Unitholder's contribution	
Creation of units	599,303
Unit issue costs	(5,560)
	593,743
	593,743
Units in issue ('000)	454,000
	454,000
	454,000
Net assets attributable to unitholders per unit (S\$)	1.31
	1.31

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13 Units in Issue

	2005 '000
Creation of units	<u>454,000</u>

Each unit in ART represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:-

- receive income and other distributions attributable to the units held;
- participate in the termination of ART by receiving a share of all net cash proceeds derived from the realisation of the assets of ART less any liabilities, in accordance with their proportionate interests in ART. However, a Unitholder has no equitable or proprietary interest in the underlying assets of ART and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of ART; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:-

- a Unitholder's right is limited to the right to require due administration of ART in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in ART. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that liabilities of the Trust (excluding net assets attributable to unitholders) exceed its assets.

14 Financial Instruments

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Pro forma Group's business. The Pro forma Group's written risk management policies and guidelines set out its overall business strategies, tolerance of risk and general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Pro forma Group, as and when they fall due.

The Pro forma Group has established credit limits for customers and monitors their balances. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

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At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Liquidity risk

The Pro forma Group monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Pro forma Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Pro forma Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Foreign currency risk

The Group has exposure to foreign currency risks as a result of its operations in several countries. The currencies giving rise to this risk are primarily US dollars and Chinese Renminbi.

15 Segment Reporting

(a) Geographical segment

Financial year ended 31 December 2003

	Singapore S\$'000	China S\$'000	Indonesia S\$'000	Vietnam S\$'000	Philippines S\$'000	Inter-segment elimination S\$'000	Total S\$'000
Rental income	14,771	28,257	19,224	18,243	2,727	(38)	83,184
Others	2,056	1,150	2,603	2,371	1,408	(254)	9,334
Revenue	16,827	29,407	21,827	20,614	4,135	(292)	92,518
Gross profit	8,135	10,831	9,741	10,818	1,141	100	40,766
Interest income							305
Interest expense							(11,596)
Unallocated net expenses							(4,649)
Net profit							24,826
Income tax							(4,766)
Total return for the year after income tax							20,060
Minority interests							(3,325)
Total return for the year attributable to unitholders							16,735

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Financial year ended 31 December 2004

	Singapore S\$'000	China S\$'000	Indonesia S\$'000	Vietnam S\$'000	Philippines S\$'000	Inter-segment elimination S\$'000	Total S\$'000
Rental income	16,404	30,949	19,851	19,286	2,897	(36)	89,351
Others	1,993	1,275	2,828	1,246	1,368	(274)	8,436
Revenue	18,397	32,224	22,679	20,532	4,265	(310)	97,787
Gross profit	8,826	13,474	9,284	12,678	1,339	146	45,747
Interest income							154
Interest expense							(12,181)
Unallocated net expenses							(5,929)
Net profit							27,791
Income tax							(6,438)
Total return for the year after income tax							21,353
Minority interests							(3,556)
Total return for the year attributable to unitholders							17,797

Financial year ended 31 December 2005

	Singapore S\$'000	China S\$'000	Indonesia S\$'000	Vietnam S\$'000	Philippines S\$'000	Inter-segment elimination S\$'000	Total S\$'000
Rental income	18,145	31,598	19,723	19,579	3,483	(33)	92,495
Others	2,293	1,169	2,830	1,229	1,485	(388)	8,618
Revenue	20,438	32,767	22,553	20,808	4,968	(421)	101,113
Gross profit	8,838	14,369	9,601	12,342	1,583	73	46,806
Interest income							194
Interest expense							(12,013)
Unallocated net expenses							(3,871)
Net profit							31,116
Income tax							(6,453)
Total return for the year after income tax							24,663
Minority interests							(3,585)
Total return for the year attributable to unitholders							21,078

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

As at 31 December 2005

	Singapore S\$'000	China S\$'000	Indonesia S\$'000	Vietnam S\$'000	Philippines S\$'000	Total S\$'000
Assets and liabilities						
Segment assets	276,590	347,074	129,766	174,801	29,850	958,081
Unallocated assets						
- Deferred tax assets						1,840
Total assets						<u>959,921</u>
Segment liabilities	-	187,893	10,122	52,135	1,281	251,431
Unallocated liabilities						
- Bank loans						63,181
- Provision for taxation						651
- Deferred tax liabilities						156
						63,988
Total liabilities (excluding net assets attributable to unitholders)						<u>315,419</u>

Financial year ended 31 December 2005

	Singapore S\$'000	China S\$'000	Indonesia S\$'000	Vietnam S\$'000	Philippines S\$'000	Total S\$'000
Other segmental information						
Capital expenditure	282,150	-	-	-	-	282,150
Allowance for/(Reversal of) doubtful debts	(84)	(29)	-	57	7	(49)
Depreciation of plant and equipment	910	2,074	362	341	143	3,830

(b) Business segment

As the Pro forma Group operates predominantly in one business segment which is property investment and management of serviced apartments, no other segment information by business segment is presented.

ASCOTT RESIDENCE TRUST AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

G MANAGER'S MANAGEMENT AND TRUSTEE'S FEES

1 Manager's Management Fees

The Manager is entitled to receive Management Fees comprising Base Fee and Performance Fee as follows:-

- a Base Fee of 0.3% per annum of the Value of the Deposited Property; and
- a Performance Fee that comprises the Base Performance Fee and Additional Outperformance Fee. Base Performance Fee shall be 4.0% per annum of ART's share of Gross Profit for each financial year. In the event ART's share of Gross Profit increases by more than 6.0% annually, the Manager will be entitled to an Additional Outperformance Fee of 1.0% of the difference between ART's share of that financial year's Gross Profit and 106% of ART's share of the preceding year's Gross Profit.

2 Trustee's Fee

The Trustee's fee is presently charged on a scaled basis of up to 0.021% per annum of the Property Values, subject to a minimum of S\$10,000 per month and a maximum of 0.1% per annum of the Property Values excluding out-of-pocket expenses and GST.

INDEPENDENT TAXATION REPORT

The Board of Directors
Ascott Residence Trust Management Limited
as Manager of Ascott Residence Trust
8 Shenton Way
#13-01 Temasek Tower
Singapore 068811

DBS Trustee Ltd
as Trustee of Ascott Residence Trust
6 Shenton Way #36-02
DBS Building, Tower One
Singapore 068809

6 March 2006

Dear Sirs

SINGAPORE TAXATION REPORT

This letter has been prepared at the request of Ascott Residence Trust Management Limited (the "Manager") for inclusion in the Prospectus for Ascott Residence Trust ("ART") to be dated 6 March 2006 in connection with the listing of ART on the Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide prospective purchasers of the units in ART ("Units") with an overview of the Singapore income tax consequences of the purchase, ownership and disposition of the Units. This letter principally addresses Unitholders who hold the Units as investment assets. Unitholders who hold or acquire the Units for dealing purposes should consult their own tax advisers concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situations. In particular, Unitholders who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any tax treaty which their country of residence may have with Singapore.

This letter is based on the Singapore income tax law and the relevant interpretation thereof current at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include any gender.

SINGAPORE TAXATION OF TRUSTS IN GENERAL

Under current Singapore income tax law, a trustee is liable to income tax on the taxable income of a trust. The taxable income of a trust comprises:-

- (a) income accruing in or derived from Singapore; and
- (b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

The taxable income of a trust is ascertained in accordance with the provisions of the Singapore income tax law, after deduction of all allowable expenses and any other allowances permitted under the law. This taxable income is taxed at the prevailing corporate rate of income tax and the tax is assessed on, and collected from, the trustee.

Also, under the current Singapore income tax law, a beneficiary of a trust is taxed on the income of the trust to which he is beneficially entitled. The trust income that is taxable in the hands of the beneficiary is the amount of the taxable income of the trust that corresponds to his beneficial entitlement. A corresponding amount of the tax paid by the trustee on the taxable income of the trust is generally imputed as a tax credit to the beneficiary of the trust (the "imputed tax credit"). The amount of tax credit is calculated by multiplying the regrossed amount of the distribution with the corporate tax rate applicable to the year in which the distribution is made. This imputed tax credit is available to the beneficiary for offset against his income tax liability on his overall income subject to Singapore income tax (including his beneficially entitled portion of the income of the trust).

The interpretation of the Inland Revenue Authority of Singapore ("IRAS") is that the source of income of a beneficiary of a trust is the entitlement to the share of the income of the trust. Following this interpretation of the IRAS, the taxable distribution received by beneficiaries is generally considered gains or profits of an income nature taxable under Section 10(1)(g) of the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act") but the distribution received by any beneficiary who is dealing in the units of a trust would be taxable under Section 10(1)(a) of the Income Tax Act as income from a trade or business.

TAXATION OF ART

The Singapore taxation of the main items of income that ART is expected to derive and of any gains arising from the disposal of its investments is as described below.

Income Subject to Tax ("Taxable Income")

The Taxable Income of ART will comprise substantially income derived from the letting of its Singapore Properties as serviced residences and the provision of services incidental to its business of providing serviced residences. The amount of Taxable Income will be ascertained in accordance with the provisions of the Income Tax Act, after deduction of all allowable expenses and any other allowances permitted under that Act.

ART has obtained a tax ruling from the IRAS to apply the provisions in Section 43(2) of the Income Tax Act for the taxation of its Taxable Income ("Tax Ruling"). This Tax Ruling does not apply to gains from the disposal of properties or shares by ART that are considered gains or profits taxable under Section 10(1)(a) of the Income Tax Act.

Tax Treatment under the Terms of the Tax Ruling

Taxable Income Distributed to Unitholders

Subject to meeting the terms and conditions of the Tax Ruling, the Trustee will not be taxed on ART's Taxable Income, to the extent of the amount that is distributed to Unitholders. Instead, the Trustee and the Manager will deduct income tax at the applicable corporate tax rate (currently 20.0%) from such distributions ("Taxable Income Distributions"). Tax will not be deducted if the Unitholder beneficially entitled to the distributions is an individual who does not hold the Units through a partnership or a Qualifying Unitholder.

“Qualifying Unitholders” refers to:-

- (a) companies incorporated and tax resident in Singapore;
- (b) bodies of persons, other than companies or partnerships, registered or constituted in Singapore (for example, registered charities, town councils, statutory boards, registered co-operative societies and registered trade unions); and
- (c) Singapore branches of foreign companies which have obtained from the IRAS waiver from tax deducted at source in respect of distributions from ART.

Where the Units are jointly held by individuals, the Trustee and the Manager will not deduct income tax from Taxable Income Distributions. For all other cases of joint holdings, the Trustee and the Manager will deduct income tax from the distributions.

Where the beneficial owner of the Units is a foreign non-individual, tax at the reduced rate of 10.0% will be deducted on Taxable Income Distributions made by ART during the period from 18 February 2005 to 17 February 2010. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:-

- (a) who does not have a permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of nominees, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from Taxable Income Distributions, except:-

- (a) where the beneficial owners of the Units are individuals or Qualifying Unitholders, tax may not be deducted from the distributions under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (See “Declaration by Unitholders”);
- (b) where the beneficial owners of the Units are foreign non-individuals, tax may be deducted at the reduced rate of 10.0% for distributions made during the period from 18 February 2005 to 17 February 2010 under certain circumstances. These include a declaration by the nominee of the status of the beneficial owners of the Units and the provision of certain particulars of the beneficial owners of the Units by the nominee to the Trustee and the Manager in a prescribed form provided by the Trustee (See “Declaration by Unitholders”); and
- (c) where the Units are held by the nominees as agent banks or Supplementary Retirement Scheme operators acting for individuals who purchased the Units within the Central Provident Fund Investment Scheme or the Supplementary Retirement Scheme respectively, tax will not be deducted from the distributions made in respect of these Units.

Taxable Income not Distributed

In accordance with ART’s distribution policy, the Trustee and the Manager will distribute at least 90.0% of its Taxable Income (other than gains on sale of real properties or shares determined to be trading gains) to Unitholders. To the extent of the amount of Taxable Income not distributed to Unitholders (“Retained Taxable Income”), tax will be assessed on, and collected from, the Trustee on such amount.

In the event that a distribution is subsequently made out of Retained Taxable Income, the Trustee and the Manager will not make a further deduction of income tax from the distribution made.

Rollover Adjustments

Taxable Income Distributions made to Unitholders will be based on the amount of Taxable Income determined by the Manager. In the event that the Taxable Income finally agreed with the IRAS is different from the Taxable Income determined by the Manager for distribution purposes, the difference will be added to or deducted from, as the case may be, the Taxable Income determined by the Manager for the next distribution immediately after the difference has been agreed with the IRAS.

The practical effect of these rollover adjustments to Unitholders is that the Taxable Income for a distribution period may be lower or higher than the Taxable Income ascertained based strictly on the income of ART for that distribution period.

Income Exempt from Tax (“Tax-Exempt Income”)

ART, besides owning the Singapore Properties, will own the shares in the Property Holding Companies and Somerset FG (see “Appendix I – Ownership Structure of the Properties” in the Prospectus). Provided the Property Holding Companies and Somerset FG are tax residents of Singapore, the dividends that these companies will pay to ART are expected to be mainly in the form of one-tier (tax exempt) dividends. The Trustee will be exempt from tax on such dividends.

Distribution made out of the tax-exempt income (“Tax-Exempt Income Distribution”) of ART will not be subject to tax deduction at source.

Gains on Sale of Real Properties and Shares

Singapore does not impose tax on capital gains. Gains derived by ART from the disposal of its real property or shares in the Property Holding Companies and Somerset FG will not be liable to Singapore income tax unless the gains are considered income of a trade or business. The gains may also be taxed if the properties or shares are acquired with the intent or purpose of making a profit from its subsequent sale and not for long-term investment purposes.

ART is entitled to the facts and circumstances test derived from case law in determining whether any gain from the sale of any of its real properties or shares is or is not derived from the conduct of a property or share trading business.

Should such gains be determined to be trading gains and hence subject to income tax, the tax will be assessed on, and collected from, the Trustee. In the event that the Trustee and the Manager exercise their discretion to make a distribution out of such gains assessed to tax directly on the Trustee, the Trustee and the Manager will not make a further deduction of income tax from the distribution made.

TAXATION OF UNITHOLDERS

Subject to ART’s distribution policy (See “Distributions” in the Prospectus), the Trustee and the Manager will make the following distributions to Unitholders in respect of a distribution period:-

- (a) Taxable Income Distribution;
- (b) Tax-Exempt Income Distribution; and
- (c) Distribution of its capital (“Capital Distribution”)

The Trustee and the Manager may also, at their discretion, make a distribution out of the following income or gains:-

- (a) income that has been assessed to tax on the Trustee, for example, Retained Taxable Income and gains on sale of real properties or shares that are considered trading gains; and
- (b) gains on sale of real properties or shares that are determined to be capital gains and hence not assessed to tax on the Trustee.

The tax treatment of each type of distributions in the hands of Unitholders is described below.

Taxable Income Distribution

Taxable Income Distribution refers to distribution made by the Trustee and the Manager out of ART's Taxable Income that is not taxed on the Trustee by virtue of the Tax Ruling. Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of Taxable Income Distribution (i.e. the amount of distribution before tax deduction at source, if any).

Following the interpretation of the IRAS on the source of income of a distribution by a trust, the Taxable Income Distribution received by Unitholders is chargeable to tax under Section 10(1)(g) or 10(1)(a) of the Income Tax Act depending on the circumstances of the Unitholders concerned. If a Unitholder holds the Units as investment assets, the Taxable Income Distribution is chargeable to tax under Section 10(1)(g) of the Income Tax Act as gains or profits of an income nature. If a Unitholder holds the Units as trading assets, the Taxable Income Distribution is chargeable to tax under Section 10(1)(a) of the Income Tax Act.

Taxable Income Distribution is taxed as income of the year which corresponds to the year of income out of which the distribution is made, regardless of when the distribution is paid to the Unitholders. For example, if a Unitholder receives a Taxable Income Distribution, say, on 28 February 2007 in respect of the distribution period ending 31 December 2006, the distribution will be considered income derived by the Unitholder for the year 2006 and assessable to tax for the Year of Assessment 2007.

Taxable Income Distribution received by Individuals

Taxable Income Distribution received by individuals, irrespective of their nationality or place of residence, is exempt from tax under Section 13(1)(ze)(v) of the Income Tax Act. This tax exemption does not apply to that portion of Taxable Income Distribution that is made out of franked dividends, if any. This tax exemption also does not apply to individuals who derive the distribution through a partnership in Singapore or from the carrying on of a trade, business or profession.

Accordingly, individuals who hold the Units as investment assets and not through a partnership in Singapore will be exempt from tax on ART's Taxable Income Distribution (excluding distributions out of franked dividends). Individuals who hold the Units as trading assets or through a partnership in Singapore will pay Singapore income tax on ART's Taxable Income Distribution at their own applicable tax rates, notwithstanding that they may have received the distribution without tax deduction at source.

Singapore tax-resident individuals are taxed at progressive tax rates, currently ranging from 0% to 21.0%. The top marginal tax rate will be reduced to 20.0% for the Year of Assessment 2007 (in respect of income for the year 2006). Non-Singapore tax resident individuals are taxed at the prevailing corporate tax rate, currently 20.0%.

Taxable Income Distribution received by Qualifying Unitholders

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are liable to Singapore income tax on ART's Taxable Income Distribution, notwithstanding that they may have received the distribution without tax deduction at source.

Taxable Income Distribution received by Other Non-Individual Unitholders

Non-individual Unitholders who are not Qualifying Unitholders ("Other Non-Individual Unitholders") are liable to Singapore income tax on ART's Taxable Income Distribution.

Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10.0% will be imposed on Taxable Income Distribution made by ART during the period from 18 February 2005 to 17 February 2010. This tax is deducted at source by the Trustee and the Manager.

A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:-

- (a) who does not have a permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Tax Deducted at Source on Taxable Income Distribution

The tax deducted at the prevailing corporate tax rate by the Trustee and the Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of ART's Taxable Income Distribution.

The tax deducted at the reduced rate of 10.0% on Taxable Income Distribution made during the period from 18 February 2005 to 17 February 2010 to foreign non-individual Unitholders is a final tax imposed on the gross amount of distribution.

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution refers to distribution made by the Trustee and the Manager out of ART's income that is exempt from tax, for example, one-tier (tax exempt) dividends received from the Property Holding Companies and Somerset FG. For this purpose, ART has obtained an approval from the IRAS to treat distribution based on tax-exempt income that ART reasonably expects to receive from the Property Holding Companies within nine months after the end of the relevant financial year as Tax-Exempt Income Distribution. This approval is subject to a rollover adjustment mechanism. Under this mechanism, the amount of tax-exempt income that ART expects to receive is compared to the amount of tax-exempt income subsequently received by ART after deduction of expenses. In the event that the amount of actual tax-exempt income received is lesser, the amount of Tax-Exempt Income Distribution for the distribution period immediately following the receipt of the tax-exempt income will be reduced by the amount of Tax-Exempt Income over-distributed.

Tax-Exempt Income Distribution is exempt from tax in the hands of all Unitholders.

Capital Distribution

Capital Distribution refers to distribution made by the Trustee and the Manager out of Unitholders' contributions (i.e. capital). Capital Distribution represents a return of capital to Unitholders for tax purposes and is therefore not income subject to tax.

For Unitholders who hold the Units as trading assets, the amount of Capital Distribution will be applied to reduce the cost of their Units for the purpose of calculating the amount of taxable trading gains arising from a subsequent disposal of the Units. In the event that the amount of Capital Distribution exceeds the cost of the Units, the excess will be subject to tax.

Other Distribution of Income or Gains

Distribution out of Income Assessed to Tax on Trustee

Unless otherwise exempt, Unitholders are liable to Singapore income tax on distribution made out of income that has been assessed to tax on the Trustee. Such a distribution is taxed as income of the year in which the distribution is made. The amount of distribution taxable is the amount of distribution regressed at the corporate tax rate applicable to the year in which the distribution is made. Unitholders are entitled to claim an imputed tax credit as a set-off against their Singapore income tax liabilities, including the tax liability on the regressed amount of distribution received from ART. Foreign non-individual Unitholders will be entitled to claim a refund of the imputed tax credit that is in excess of the tax payable at the reduced rate of 10.0% on the regressed amount of distribution for distributions made during the period from 18 February 2005 to 17 February 2010.

Unitholders who are exempt from tax on the distribution, for example individuals who hold the Units as investment assets and not through a partnership in Singapore, will also be entitled to claim the imputed tax credit attached to such distribution as a set-off against their Singapore income tax liabilities and a refund of that part of the imputed tax credit that is in excess of their Singapore income tax liabilities.

Distribution out of Capital Gains

Distribution out of capital gains is not a taxable distribution to Unitholders, unless the distribution is considered gains or profits of a trade or business carried on by the Unitholder, for example, if the Units are held as trading assets.

GAINS ON DISPOSAL OF UNITS

Singapore does not impose tax on capital gains. Therefore gains on disposal of the Units that are capital in nature will not be subject to tax. However, such gains may be considered income in nature and subject to income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the Unitholder had not the intention to hold the Units as long-term investments.

If a Unitholder has held the Units as investment assets, any gains arising from subsequent sales of the Units should generally be considered capital gains not subject to Singapore income tax. However, if the Units have been held as trading assets, the gains arising from a subsequent sale will be taxed as income. The precise tax status of one Unitholder will vary from another. Because of this, Unitholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

DECLARATION BY UNITHOLDERS

To receive gross Taxable Income Distribution (i.e. without tax deduction at source) or Taxable Income Distribution net of tax deduction at the reduced rate of 10.0%, as the case may be:-

- (a) in respect of Units held directly by beneficial owners who are Qualifying Unitholders or foreign non-individual Unitholders, these Unitholders will have to make a declaration of their tax residence status and provide such other particulars as may be required in a prescribed form provided by the Trustee; and
- (b) in respect of Units held by nominees for the benefit of individuals, Qualifying Unitholders or foreign non-individual Unitholders, these nominees will have to declare the tax residence status of the ultimate beneficial owners of the Units and provide such other particulars of the ultimate beneficial owners as may be required in a prescribed form provided by the Trustee.

A draft sample of each of the prescribed forms is attached as an Annex to this Taxation Report.

The prescribed form must be completed and returned to the Trustee within the time limit set by the Trustee and the Manager. The Trustee and the Manager will make a Taxable Income Distribution without deduction of tax or after deduction of tax at the reduced rate of 10.0% (for distributions made by ART during the period from 18 February 2005 to 17 February 2010 to foreign non-individual Unitholders), as the case may be, only if they are satisfied from the statements and declaration made in the prescribed forms as to the status of the Unitholders and that they are the beneficial recipients of the distributions to be made.

Unitholders who are individuals do not have to make this declaration.

Tax residence of a company

A company is considered a tax resident of Singapore if its business is controlled and managed in Singapore, for example, if its board of directors meets and conducts the company's business in Singapore.

Singapore branches of foreign companies

Taxable Income Distributions to Singapore branches of foreign companies (“Singapore branches”) will be made after deduction of tax at the applicable corporate tax rate, unless these Singapore branches submit, together with the duly completed prescribed form, a copy of the letter of approval from the IRAS to waive the deduction of tax from distributions made by ART. Singapore branches, including insurance and bank branches, can apply to the IRAS for waiver of deduction of tax subject to the same terms and conditions imposed under the administrative concession currently available for Sections 12(6) and (7) payments to Singapore branches which are not banks. The details of this administrative concession can be found in the e-Tax Guide issued by the IRAS on 31 August 1998.

TERMS AND CONDITIONS OF THE TAX RULING

The Tax Ruling granted by the IRAS is conditioned upon the Trustee and the Manager fulfilling certain terms and conditions. The Trustee and the Manager have given the relevant undertakings to the IRAS to take all reasonable steps necessary to safeguard the IRAS against tax leakages as a result of the ruling, and to comply with all administrative requirements to ensure ease of tax administration.

The IRAS has expressly reserved the rights to review, amend and revoke the Tax Ruling either in part or in whole at any time.

Yours faithfully

Ernst & Young
Singapore

To: Lim Associates (Pte) Ltd
 10 Collyer Quay
 #19-08 Ocean Building
 Singapore 049315

FORM A
DECLARATION FOR SINGAPORE TAX PURPOSES

Name of registered holder (preprinted)	Securities Account No. (preprinted)
Address (preprinted)	Holding : Units (preprinted)
Name of Counter: Ascott Residence Trust	

Please read the following important notes carefully before completion of this Form :-

- 1 The Trustee and the Manager of Ascott Residence Trust ("ART") will not deduct tax from distributions made out of ART's taxable income that is not taxed at the Trustee level of ART to:-
 - (a) Unitholders who are individuals and who hold the units either in their sole names or jointly with other individuals;
 - (b) Unitholders which are companies incorporated and tax resident in Singapore;
 - (c) Unitholders which are Singapore branches of foreign companies that have obtained specific approval from the Inland Revenue Authority of Singapore to receive the distribution from the Trustee of ART without deduction of tax; or
 - (d) Unitholders which are non-corporate entities (excluding partnerships) constituted or registered in Singapore, such as:-
 - (i) institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act (Cap. 134);
 - (ii) co-operative societies registered under the Co-operative Societies Act (Cap. 62);
 - (iii) trade unions registered under the Trade Unions Act (Cap. 333);
 - (iv) charities registered under the Charities Act (Cap. 37) or established by an Act of Parliament; and
 - (v) town councils.
- 2 For distributions made to classes of unitholders that do not fall within the categories stated under Note 1 above, the Trustee and the Manager of ART will deduct tax at the rate of 10% if the unitholders are foreign non-individual investors. A foreign non-individual investor is one who is not a resident of Singapore* for income tax purposes and:-
 - (a) who does not have a permanent establishment[^] in Singapore; or
 - (b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the units in ART are not obtained from that operation.
- 3 Unitholders are required to complete the applicable Section A, B or C if they fall within the categories (b) to (d) stated under Note 1 or Section D if they qualify as a foreign non-individual investor as described under Note 2.
- 4 The Trustee and the Manager of ART will rely on the declarations made in this Form to determine (i) if tax is to be deducted for the categories of unitholders listed in (b) to (d) under Note 1; and (ii) if tax is to be deducted at the rate of 10% for distributions to foreign non-individual investors. Please therefore ensure that the appropriate section of this Form is completed in full and legibly and is returned to Lim Associates (Pte) Ltd within the stipulated time limit. Failure to comply with any of these requirements will render this Form invalid and therefore, the Trustee and the Manager will be obliged to deduct tax at the prevailing corporate tax rate from the distributions in respect of which this declaration is made.
- 5 **Unitholders who fall within class (a) under Note 1 are not required to submit this declaration form.**
- 6 Unitholders who do not fall within the classes of Unitholders listed in Note 1 and Note 2 above can choose not to return this Form as tax will be deducted from the distributions made to them at the prevailing corporate tax rate in any case.
- 7 Unitholders who hold their units jointly (where at least one of the joint holders is not an individual) or through nominees do not have to return this Form.
- 8 Please make sure that the information given and the declaration made in this Form is true and correct. The making of a false or incorrect declaration constitutes an offence under the Income Tax Act and the Declarant shall be liable to the appropriate penalties imposed under the said Act.
- 9 This Form must be returned to Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 by [Date] .

* A company is not a resident of Singapore if the management and control of its business is exercised outside Singapore.

[^] Under the Singapore Income Tax Act, permanent establishment means a fixed place where a business is wholly or partly carried on including a place of management, a branch, an office, a factory, a warehouse, a workshop, a farm or plantation, a mine, oil well, quarry or other place of extraction of natural resources, a building or work site or a construction, installation or assembly project. A unitholder shall be deemed to have a permanent establishment in Singapore if it:-

- (i) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or
- (ii) has another person acting on the unitholder's behalf in Singapore who:-
 - (a) has and habitually exercises an authority to conclude contracts;
 - (b) maintains stock of goods or merchandise for the purpose of delivery on its behalf; or
 - (c) habitually secures orders wholly and almost wholly for the unitholder or for such other enterprises as are controlled by the unitholder.

DECLARATION FOR SINGAPORE TAX PURPOSES

Section A : To be completed by Unitholder which is a Singapore incorporated company

I, _____, NRIC/Passport No. _____, the Director of _____ ("the Company") hereby declare that the Company is the beneficial owner of the holdings stated above and that:

Tick (/) either the "Yes" or "No" box

	Yes	No
(a) the Company is incorporated in Singapore and its registration number is _____;	<input type="checkbox"/>	<input type="checkbox"/>
(b) the management and control of the Company's business for the preceding year and from the beginning of this year to the date of this Declaration was exercised in Singapore and there is no intention, at the time of this Declaration, to change the place of management and control of the Company to a location outside Singapore; and	<input type="checkbox"/>	<input type="checkbox"/>
(c) the Company has previously filed tax returns with the Inland Revenue Authority of Singapore.	<input type="checkbox"/>	<input type="checkbox"/>

If your reply to (c) is "Yes", please proceed with (d) -

(d) the Company is declared as a tax resident of Singapore [#] based on the latest tax return filed with the Inland Revenue Authority of Singapore.	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

Signature of Declarant : _____ Date: _____

Contact No: _____

[#] A company is tax resident in Singapore if the management and control of its business is exercised in Singapore.

Section B : To be completed by Unitholder which is a Singapore branch of a foreign company

I, _____, NRIC/Passport No. _____, the manager of _____ (the "Singapore Branch") hereby declare that the Singapore Branch is the beneficial owner of the holdings stated above and that the Inland Revenue Authority of Singapore has granted approval to the Singapore Branch to receive distribution from ART without deduction of tax. A copy of the letter of approval dated _____ is attached.

Signature of Declarant : _____ Date : _____

Contact No: _____

Section C : To be completed by Unitholder which falls under Note 1(d)

I, _____, NRIC/Passport No. _____, the principal officer of _____ ("the Entity") hereby declare that the Entity is the beneficial owner of the holdings stated above and that the entity is (tick whichever is applicable):

- an institution, authority, person or fund specified in the First Schedule to the Income Tax Act (Cap. 134).

- a co-operative society registered under the Co-operative Societies Act (Cap. 62).

- a trade union registered under the Trade Unions Act (Cap. 333).

- a charity registered under the Charities Act (Cap. 37) or a charity established by an Act of Parliament.

- a town council.

- any other non-corporate entity (other than a partnership) constituted or registered in Singapore.

Signature of Declarant : _____ Date : _____

Contact No : _____

Section D : To be completed by Unitholder which falls under Note 2

I, _____, NRIC/Passport No. _____, the Director/Principal Officer of _____ (the "Entity") hereby declare that the Entity is the beneficial owner of the holdings stated above and that:

Tick (/) either the "Yes" or "No" box

	Yes	No
(a) the Entity is not a resident of Singapore* for income tax purposes for the preceding year and from the beginning of this year to the date of this Declaration and there is no intention, at the time of this Declaration, to change the tax residence of the Entity to Singapore; and	<input type="checkbox"/>	<input type="checkbox"/>
(b) the Entity does not have a permanent establishment* in Singapore.	<input type="checkbox"/>	<input type="checkbox"/>

If your reply to (b) is "No", please proceed with (c) -

(c) the funds used to acquire the holdings in ART are not obtained by the Entity from any operation carried on in Singapore through a permanent establishment in Singapore.	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

Signature of Declarant : _____ Date : _____

Contact No : _____

/ Please see front page.

To: Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

FORM B
DECLARATION BY DEPOSITORY AGENTS FOR SINGAPORE TAX PURPOSES

Name of registered holder (preprinted) Address (preprinted)	Securities Account No. (preprinted) Holding: Units (preprinted)
Name of Counter: Ascott Residence Trust	

Please read the following important notes carefully before completion of this Form:

- 1 The Trustee and the Manager of Ascott Residence Trust ("ART") will deduct tax at the prevailing corporate tax rate from distributions made out of ART's taxable income, that is not taxed at the Trustee level of ART, in respect of units held by you in your capacity as a Depository Agent except where the beneficial owners of these units are: -
 - (i) individuals and the units are not held through a partnership in Singapore;
 - (ii) qualifying unitholders; or
 - (iii) foreign non-individual investors.
- 2 Tax will not be deducted for distributions made in respect of units held by you for the benefit of unitholders who fall within categories (i) and (ii) of Note 1. Tax will be deducted at the reduced rate of 10% for distributions made in respect of units held by you for the benefit of foreign non-individuals.
- 3 A qualifying unitholder refers to:
 - (i) a company incorporated and tax resident in Singapore;
 - (ii) non-corporate entities (excluding partnerships) constituted or registered in Singapore; such as
 - (a) institutions, authorities, persons or funds specified in the First Schedule to the Income Tax Act (Cap. 134);
 - (b) co-operative societies registered under the Co-operative Societies Act (Cap. 62);
 - (c) trade unions registered under the Trade Unions Act (Cap. 333);
 - (d) charities registered under the Charities Act (Cap. 37) or established by an Act of Parliament; and
 - (e) town councils; or
 - (iii) a Singapore branch of a foreign company which has obtained from the Inland Revenue Authority of Singapore, a waiver from tax deducted at source in respect of distributions from the Trustee of ART.
- 4 A foreign non-individual is one who is not a resident in Singapore* for income tax purposes and:
 - (i) who does not have a permanent establishment[^] in Singapore; or
 - (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the units in ART are not obtained from that operation.
- 5 The Trustee and the Manager of ART will rely on the declarations made in this Form to determine the applicable rate at which tax is to be deducted in respect of the units held by you in your capacity as a Depository Agent. Please therefore ensure that this Form and the Annexes are completed in full and legibly and is returned to Lim Associates (Pte) Ltd within the stipulated time limit. Failure to comply with any of these requirements will render this Form invalid and the Trustee and the Manager will deduct tax at the prevailing corporate tax rate from the distributions in respect of which this declaration is made.
- 6 Please make sure that the information given and the declaration made in this Form is true and correct. The making of false or incorrect declaration constitutes an offence under the Income Tax Act and the Declarant shall be liable to the appropriate penalties imposed under the said Act.
- 7 This Form, together with hard copy of the Annexes, must be returned to Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 by **[Date]**. Please complete the Annexes using the soft copy of the excel spreadsheet provided to you and also email a soft copy of the completed Annexes to Lim Associates (Pte) Ltd at _____ by **[Date]**. Please note that it is **compulsory** to email the soft copy of the completed Annexes.

Declaration	
I, _____, NRIC/Passport No. _____, the principal officer of _____ ("the Depository Agent") hereby declare that the ART units registered in the name of the Depository Agent and deposited in the sub-accounts maintained with The Central Depository (Pte) Ltd, as listed in the Annexes 1 to 3 to this declaration, belonged beneficially to persons who are individuals, qualifying unitholders (as defined in Note 3 above) and foreign non-individuals (as defined in Note 4 above), respectively. The details of each of these beneficial owners are also listed in the respective Annexes.	
We hereby also undertake to provide the actual amount of gross distribution made to each qualifying unitholder in the format provided in Annex 2.1 and to email a soft copy of Annex 2.1 to Lim Associates (Pte) Ltd within 21 days from the date of the distribution.	
Signature of Declarant : _____	Date : _____
Contact No : _____	

* A company is not a resident of Singapore if the management and control of its business for the preceding year and from the beginning of this year to the date of this declaration was exercised outside Singapore and there is no intention, at the time of this declaration, to change the tax residence of the company to Singapore.

[^] Under the Singapore Income Tax Act, permanent establishment means a fixed place where a business is wholly or partly carried on including a place of management, a branch, an office, a factory, a warehouse, a workshop, a farm or plantation, a mine, oil well, quarry or other place of extraction of natural resources, a building or work site or a construction, installation or assembly project. A unitholder shall be deemed to have a permanent establishment in Singapore if it:

- (i) carries on supervisory activities in connection with a building or work site or a construction, installation or assembly project; or
- (ii) has another person acting on the unitholder's behalf in Singapore who:
 - (a) has and habitually exercises an authority to conclude contracts;
 - (b) maintains stock of goods or merchandise for the purpose of delivery on its behalf; or
 - (c) habitually secures orders wholly and almost wholly for the unitholder or for such other enterprises as are controlled by the unitholder.

Distribution Period:-

Annex to Declaration Form B - Individuals

S/No.	CDP Sub-Account No.	Name of beneficiary holder(s)	Identification No.*	Number of units
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

* This refers to Singapore NRIC No., foreign ID No. or Passport No.

Distribution Period:-

Annex to Declaration Form B - Qualifying Unitholders

S/No.	CDP Sub-Account No.	Name of beneficiary holder(s)	Registration No.*	Number of units
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

* This refers to ROC / Tax Reference No.

Distribution Period:-

Annex to Declaration Form B - Qualifying Unitholders

S/No.	CDP Sub-Account No.	Name of beneficiary holder(s)	Registration No.*	Number of units	Gross distribution paid
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

* This refers to ROC / Tax Reference No.

Distribution Period:-

Annex to Declaration Form B - Foreign Non-Individuals

S/No.	CDP Sub-Account No.	Name of beneficiary holder(s)	Address	Number of units
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS



15 December 2005

Ascott Residence Trust Management Limited
(as Manager of Ascott Residence Trust)
8 Shenton Way #13-01, Temasek Tower
Singapore 068811

DBS Trustee Ltd
(as Trustee of Ascott Residence Trust)
6 Shenton Way #36-02, DBS Building Tower One
Singapore 068809

Dear Sirs

1.0 INTRODUCTION**1.1 Client Brief and Purpose of Valuation**

This valuation certificate has been prepared for the purpose of inclusion in the prospectus to be issued in relation to the offering of units in Ascott Residence Trust.

We have been instructed to assess the Market Value of the properties under Paragraph 2.0 - "Executive Summary" as at 15 December 2005 based on their respective existing use and subject to the existing leases and management agreements. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we consider necessary for the purpose of providing you with our opinion of the Market Value of the properties.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the Letter of Instruction from The Ascott Group Limited ("The Ascott Group").

The valuations are conducted by the various DTZ Debenham Tie Leung ("DTZ") offices in South-east Asia and China. For the Philippines properties, DTZ had conducted a joint valuation with Asian Appraisal Company, Inc.

.../Page 2

DTZ Debenham Tie Leung (SEA) Pte Ltd 100 Beach Road #35-00 Shaw Tower Singapore 189702
Telephone +65 6293 3228 Fax +65 6298 9328/6292 1633 www.dtz.com.sg mail@dtz.com.sg

Executive Chairman
Edmund S. Y. Teo FRM FRP Dip(Adv) SpA (Pub) FINS
Chief Executive Officer
Ho Yau Lam FRCS FSIW
Executive Directors
Low Fui Tam BSc (Econ) FINS
Yau Kaili Hong BSc (Econ) FINS
Heng Hui Thong BSc (Econ) MSc (Econ) FINS
Angela Tan BSc (Econ) FINS
Philip Teow BSc (Econ) FINS
Ong Choon Poh MA (Bus Ad) BSc (Econ) FINS

Cheng Siow Ying BSc (Econ) Hon DipM (UK)
Margaret Thear
Poh Kwee Eng BSc (Econ) MBS
Ng Pak I Lee BSc (Econ) MBS
Nicholas Cheng BSc (Econ) MBS
Clara Wei Lin BBA (Hon) BSc
Directors
Lam Hong Jee Hong Dip(Adv) Eng
Yong Kok Fung BSc (Econ) FRS (Econ) FRS (Econ) FRS (Econ) FRS (Econ)
Verge Lee BSc (Econ) FRS (Econ) FRS (Econ) FRS (Econ) FRS (Econ)

Shawn Poon BSc (Econ) FINS
Tung Wo Long BSc (Econ) MBA (UK)
Associate Directors
Jean Sinn BSc (Econ) FINS
Yau Wong MSc (Real Estate) BSc (Econ) FINS
Gary Tam BSc (Real Estate) Hon
Kwok Sai Kuan BSc (Econ) MPhil Dip(Adv) Eng
Tay Brock Scott BA
Magdalena Goh BSc (Econ) FINS
Fayal Rahman Bin Karamati BSc (Econ) FINS

ISO certified for valuation, agency and property management services
RUC Registered No. 199501591G

DTZ has over 8,000 staff operating from 193 offices in 46 countries.

2.0 PROPERTIES TO BE VALUED

Vietnam

- 1) Somerset Grand Hanoi
- 2) Somerset Ho Chi Minh City

Philippines

- 1) Somerset Millenium - Makati
- 2) Somerset Salcedo - Makati

China

- 1) The Ascott Beijing
- 2) Somerset Xu Hui
- 3) Somerset Grand Fortune Garden

3.0 BASIS OF VALUATION

Our valuations are made on the basis of Open Market Value. This is intended to mean the best price at which the sale of an interest in the properties would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;
- c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuations have been made on the assumption that the owner sells the properties in the open market without the benefit of a deferred term contract, leaseback, joint venture or any similar arrangement which could serve to affect the value of the properties. Our valuations assume that as at the date of valuation, the properties are free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

The subject properties have been valued as fully operational entities having regard to the trading accounts of previous years and based on our opinion as to the future trading potential and level of turnover likely to be achieved. The valuation figures include the plant, equipment and other building contents employed in their operation.

Where applicable, information as to title particulars, land area, ownership and tenure has been obtained from searches carried out at the relevant local Government Department's Registry of Titles and Deeds or equivalent. We have also relied on the information provided by the Manager on matters such as lettable/gross floor area, tenancy details, etc. All information provided as at 15 December 2005 is treated as correct and DTZ accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any information provided were to materially change.

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

The methodologies used in valuing the properties are namely, the Direct Comparison Method, the Capitalization Approach and Discounted Cashflow Approach (whichever is applicable). The Capitalization Approach and Discounted Cashflow Approach are based on a set of assumptions as to the income and expenses taking into account the changes in economic conditions and other factors affecting the properties.

The resultant market value is, in our opinion, the best estimate but it is not to be construed as a guarantee or prediction and it is fully dependent upon the accuracy of the assumptions made.

A summary of our opinion of the Open Market Value for each property is given below:

Property	Tenure	Approximate Site Area (sq.m.)	Approximate Net Lettable Area (sq.m.)	Valuation as at 15 December 2005	Target Discount Rate (10 years)	Terminal Yield**
Somerset Grand Hanoi	45yrs wef 8 Feb 1993	7,500	28,328	US\$60.9 Million	10%*	-
Somerset Ho Chi Minh City	45yrs wef 26 Dec 1994	7,605	19,154	US\$37 Million	10%*	-
Somerset Millennium	Freehold	799	4,448.4	PHP435.44 Million	13.4%	8.4%
Somerset Salcedo	Freehold	1,004	5,901	PHP401.27 Million	13.4%	8.4%
The Ascott Beijing	Lease expiring on 7 Feb 2066	3,276.6	59,422 (including 5,109 sq.m. for retail space)	RMB1,052.6 Million	9%	6.5%
Somerset Xu Hui	70yrs wef 23 June 1996	28,715	17,805	RMB248.5 Million	10%	7.5%
Somerset Grand Fortune Garden	Lease expiring on 27 Aug 2066	5,120	15,898.9	RMB255.05 Million	9%	6.5%

* cashflow was done over the balance lease term of these properties

** rate used in discounted cashflow approach

Valuation certificates for the individual properties are attached to this letter.

4.0 DISCLAIMER

We have prepared this summary which appears in the Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement(s) included in the Prospectus, other than in respect of the information provided within the valuation reports and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the Prospectus other than as expressly made or given in this valuation summary.

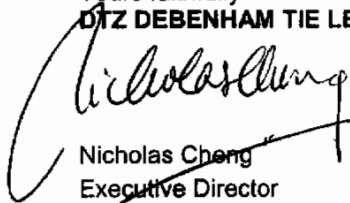
DTZ has relied upon the property data supplied by the Manager which we assume to be true and accurate. DTZ takes no responsibility for inaccurate data supplied by the Manager and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present nor prospective interest in the subject properties and are not a related corporation of nor do we have a relationship with the Manager, adviser or other party(s) whom the property trust is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking these valuations are authorized to practice as valuers and have the necessary experience in valuing similar properties.

Yours faithfully

DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD



Nicholas Cheng
Executive Director

BSc (Est Man) MSISV

(Appraiser's Licence No: AD041-2004055B)

VALUATION SUMMARY

Date of Valuation : December 15, 2005

Address of Property : Hanoi Tower Center and Somerset Grand Hanoi Serviced Apartment, No. 49 Hai Ba Trung Street, Hoan Kiem District, Hanoi, Vietnam.

Legal Description : The site has been issued the certificate of land use right for an Apartment & Office development via certificate no. L117016.

Tenure : 45 years commencing February 8, 1993 until February 8, 2038.

Registered Lessee/Proprietor : Hanoi Tower Center Company Ltd.

Brief Description of Property : 25-storey apartment block, 13-storey office block and 4-storey podium incorporating retail and convention facilities.

Site Area (sq m) : 7,500 sq.m.

Net Lettable Area (sq m) : 28,328 sq.m.

Age : 9 years

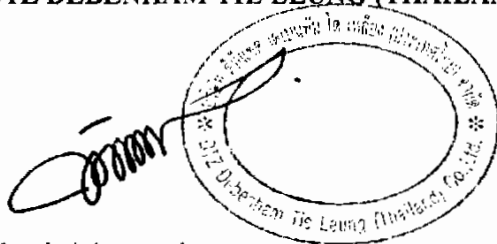
Condition : Fair condition

Town Planning : Red area-for hotel and apartment development

Valuation Approach : Discounted cash flow approach

Current Open Market Value : USD 60,900,000-

DTZ DEBENHAM TIE LEUNG (THAILAND) CO., LTD



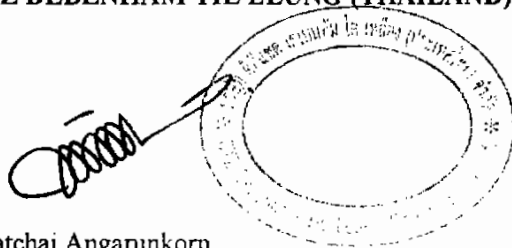
Chatchai Angarunkorn
Associate Director
(VAT No: 40/909)
SEC Principle Valuer

Date : December 15, 2005
Our Ref : VR 115/2005

VALUATION SUMMARY

Date of Valuation	:	December 15, 2005
Address of Property	:	Somerset Ho Chi Minh City Serviced Apartment, No 8A Nguyen Binh Khiem Street, District One, Ho Chi Minh City, Vietnam.
Legal Description	:	The site has been issued the certificate of land use right for an Apartment & Office with certificate no. A829090.
Tenure	:	45 years commencing December 26, 1994 until December 25, 2039.
Registered Lessee/Proprietor	:	Mekong-Hacota Joint Venture Co.,Ltd.
Brief Description of Property	:	3 high rise blocks of 12-storey serviced apartments with basement.
Site Area (sq m)	:	7,605 sq.m.
Net Lettable Area (sq m)	:	19,154 sq.m.
Age	:	8 years
Condition	:	Good condition
Town Planning	:	Residential Area
Valuation Approach	:	Discounted cash flow approach
Current Open Market Value	:	USD 37,000,000-

DTZ DEBENHAM TIE LEUNG (THAILAND) CO., LTD



Chatchai Angarunkorn
Associate Director
(VAT No: 40/909)
SEC Principle Valuer

Date : December 15, 2005
Our Ref : VR 116/2005

VALUATION SUMMARY

Date of Valuation : 15 December 2005

Address of Property : Somerset Millenium - Makati
104 Aguirre Street
Legaspi Village
Makati City 1229
Philippines

Legal Description : Please refer to main valuation report.

Tenure : Freehold.

Registered Proprietor : Ascott Hospitality Holdings Philippines, Inc (AHHPI), SN Resources, Inc (SNRI) and SQ Resources, Inc (SQRI)

Brief Description of Property : Somerset Millenium - Makati is a thirty-one (31) storey with two (2) basement floors, concrete-framed building, which houses a total of one hundred and thirty-eight (138) residential condominium units and one hundred and thirty-five (135) parking units. However, some of the parking units have been converted to offices.

Site Area : Approximately 799 sq.m.

Net Floor Area : Sixty-nine (69) serviced apartment units and eight (8) commercial units with total floor area of 3,613.8 and 834.6 sq.m., more or less, respectively, inclusive of forty-two (42) parking slots (owned by AHHPI). SNRI owns sixty (60) parking slots with an aggregate area of 750 sq.m. whilst SQRI owns four (4) reserved areas, two (2) common areas and thirty-three (33) parking slots used as hotel facilities having an aggregate area of 1,246.1 sq.m.

Age : 5 years.

Condition : Good.

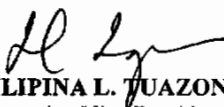
Master Plan Zoning : Somerset Millenium - Makati is located within Sub-zone C-4E of Central Business District, a high-density commercial zone with a maximum floor area ratio of 16.

Valuation Approach : Discounted Cash Flow and Direct Capitalization Methods.

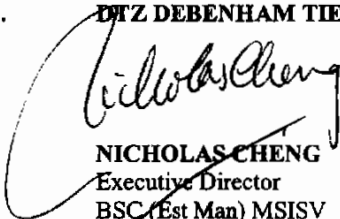
Current Open Market Value : PHP 435,440,000*
(Philippine Peso Four Hundred Thirty-Five Million Four Hundred And Forty Thousand).

* Exchange rate at PHP 54.52 : USD 1 (as at 14 November 2005)

Yours faithfully
ASIAN APPRAISAL COMPANY, INC.


FILIPINA L. JUAZON
Executive Vice President
Licensed Real Estate Appraiser
Reg. No. 253
PTR No. 9454595

DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

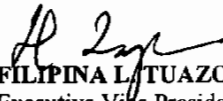

NICHOLAS CHENG
Executive Director
BSC (Est Man) MSISV
(Appraiser's Licence No. AD041-2004055B)

VALUATION SUMMARY

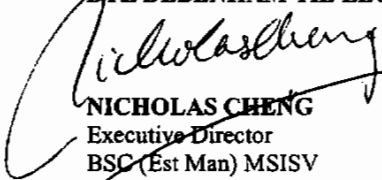
Date of Valuation	:	31 December 2005
Address of Property	:	Somerset Salcedo - Makati HV Dela Costa Corner, LP Leviste Street Salcedo Village, Makati City 1227 Philippines
Legal Description	:	Please refer to main valuation report.
Tenure	:	Freehold.
Registered Proprietor	:	Ascott Hospitality Holdings Philippines, Inc
Brief Description of Property	:	Somerset Salcedo - Makati is a thirty (30) storey with mezzanine and four (4) basement floors, concrete framed building, which houses a total of one hundred and fifty (150) residential condominium units and one hundred and eighty (180) parking units. However, a residential condominium unit is currently for the exclusive use of the owner making it only one hundred and forty-nine (149) serviced apartment units. On the other hand, some of the parking units are converted to offices leaving only one hundred and forty-three parking slots.
Site Area	:	Approximately 1,004 sq.m.
Net Floor Area	:	Seventy-one (71) serviced apartment units with total floor area of 5,901 sq.m. and (71) parking slots representing 40.81% of strata ownership of the building.
Age	:	5 years.
Condition	:	Good.
Master Plan Zoning	:	Somerset Salcedo - Makati is located within Sub-zone C4-F of Central Business District, a high-density commercial zone with a maximum floor area ratio of 16.
Valuation Approach	:	Discounted Cash Flow and Direct Capitalization Methods.
Current Open Market Value	:	PHP 401,270,000* (Philippine Peso Four Hundred One Million Two Hundred And Seventy Thousand).

* Exchange rate at PHP 54.52 : USD 1 (as at 14 November 2005)

Yours faithfully
ASIAN APPRAISAL COMPANY, INC.


FILIPINA L. TUAZON
Executive Vice President
Licensed Real Estate Appraiser
Reg. No. 253
PTR No. 9454595

DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD


NICHOLAS CHENG
Executive Director
BSC (Est Man) MSISV
(Appraiser's Licence No. AD041-2004055B)

VALUATION SUMMARY

Date of Valuation : 15 December 2005

Address of Property : The Ascott Beijing, No.108B Jianguo Road, Chaoyang District, Beijing

Legal Description : No. 108B Jianguo Road, Chaoyang District
(朝阳区建国路乙108号)

Tenure : Residential expiring on 7 February 2066

Registered Lessee/Proprietor : Hemliner Real Estate (Beijing) Co. Ltd.
(翰林阁房地产(北京)有限公司)

Brief Description of Property : The Ascott Beijing comprises of two high-rise apartment buildings (Towers East and West). They are 21-storey apartment buildings erected on a commercial podium plus 2 levels of basement.

According to the information, the uses of the property are as follows :-

<u>Level</u>	<u>Uses</u>
4-22	Service Apartment
3	Residents' club, Service Apartment
1-2	Entrance lobbies and Retail
B1	Management Office
B2	Car parking spaces

Site Area (sq.m.) : 3,276.60 sq.m.

Nett Lettable Area (sq.m.) : 54,313 sq.m. for Apartment
5,109 sq.m. for Retail

Age : 4 years


Condition : According to our site inspection, the Property is maintained in a reasonable standard commensurate to its age and the developments of similar quality.

Town Planning : CBD

Valuation Approach : Direct Comparison Approach &
Discounted Cash Flow Approach

Current Market Value : RMB 1,052,600,000

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited




Andrew K. F. Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.R.I.C.S., M.H.K.I.S.
Director

Date : 15 December 2005
Our Ref. : F06-000003(iii)

VALUATION SUMMARY

Date of Valuation	:	15 December 2005
Address of Property	:	Somerset Xu Hui, No. 888 Shanxinan Road, Xuhui District, Shanghai
Legal Description	:	No. 1 of Lane 888, Shanxinan Road (陕西南路 888 弄 1 号)
Tenure	:	Residential from 23 June 1996 to 22 June 2066
Registered Lessee/Proprietor	:	Shanghai Xin Wei Property Development Co. Ltd (上海新威房地产开发有限公司)
Brief Description of Property	:	Somerset Xu Hui is a 32-storey residential building contiguous with a 5-storey commercial podium plus a car park basement completed in late 2000. Level 1 of Somerset Xu Hui is devoted as lobby for the residential units whilst Levels 2 to 32 are devoted as residential units. Level 5 of the commercial podium is devoted as a residents' club. The building had been redecorated during October 2004 to March 2005.
Site Area (sq.m.)	:	28,715 sq.m.
Nett Lettable Area (sq.m.)	:	17,805 sq.m. for Apartment
Age	:	5 years
Condition	:	According to our site inspection, the Property is maintained in a reasonable standard commensurate to its age and the developments of similar quality.
Town Planning	:	CBD
Valuation Approach	:	Direct Comparison Approach & Discounted Cash Flow Approach
Current Market Value	:	RMB 248,500,000

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited


Andrew F. Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.R.I.C.S., M.H.K.I.S.
Director

Date : 15 December 2005
Our Ref. : F06-000003(ii)

VALUATION SUMMARY

Date of Valuation	:	15 December 2005
Address of Property	:	Somerset Grand Fortune Garden, No. 46 Liangmaqiao Road, Chaoyang District, Beijing
Legal Description	:	No. 46 Liangmaqiao Road, Chaoyang District. (朝阳区亮马桥路46号)
Tenure	:	Residential expiring on 27 August 2068
Registered Lessee/Proprietor	:	Hua Xin Residences Pte Ltd. (华鑫服务房产私人有限公司)
Brief Description of Property	:	<p>Somerset Grand Fortune Garden comprises of one 26-storey apartment tower and one 23-storey apartment tower with 4 basement levels erected on a site with site area of approximately 5,120 sq.m.</p> <p>Somerset Grand Fortune Garden was completed in 2001 with 221 apartment units ranging from 1-bedroom apartment to 4-bedroom penthouse.</p> <p>The Property comprises 81 units from Levels 6 to 20 of Somerset Grand Fortune Garden with total nett lettable area of approximately 15,898.87 sq.m. Each apartment offers modern furnishings and luxurious fittings with unit size ranging from 88 sq.m. to 374 sq.m.</p>
Site Area (sq.m.)	:	5,120 sq.m.
Nett Lettable Area (.sq.m)	:	15,898.90 sq.m.
Age	:	4 years
Condition	:	According to our site inspection, the Property is maintained in a reasonable standard commensurate to its age and the developments of similar quality.
Town Planning	:	CBD
Valuation Approach	:	Direct Comparison Approach & Discounted Cash Flow Approach
Current Market Value	:	RMB 255,050,000

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited


Andrew K. F. Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.R.I.C.S., M.H.K.I.S.
Director

Date : 15 December 2005
Our Ref. : F06-000003(i)

VALUATION CERTIFICATE
THE ASCOTT GROUP
JAKARTA & SINGAPORE PROPERTIES

December 2005

PREPARED BY:

JONES LANG LASALLE HOTELS
9 RAFFLES PLACE
#38-01 REPUBLIC PLAZA
SINGAPORE 048619

AND

PT. JONES LANG LASALLE
JAKARTA STOCK EXCHANGE BUILDING TOWER 1
28TH FLOOR SUDIRMAN CENTRAL BUSINESS DISTRICT
JL JEND SUDIRMAN KAV 52-53
JAKARTA 12190
INDONESIA

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1.0 INTRODUCTION

1.1 Client Brief and Purpose of Valuation

This valuation report has been prepared for the purpose of inclusion in the prospectus to be issued in relation to the offering of units in Ascott Residence Trust.

We have been instructed to assess the Market Value of the properties under Paragraph 2.0 - "Executive Summary" as at 15 December 2005 based on their respective existing use and subject to the existing leases and management agreements. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we consider necessary for the purpose of providing you with our opinion of the Market Value of the properties.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the Letter of Instruction from The Ascott Group Limited ("The Ascott Group").

The valuations are conducted by Jones Lang LaSalle offices in Singapore and Indonesia.

1.2 Basis of Valuation

The valuation takes into account the value of all estates in the property, and is based on Market Value as defined by the International Assets Valuations Standards Committee which is:

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our assessment represents the market values of the freehold or leasehold interest in the properties as a 'going concern' subject to the existing management agreement with The Ascott Group. The reported figure includes the value attributed to the real estate, licences, goodwill, furniture, fittings and equipment used in the day-to-day operation of the business. Such an assessment excludes the value of food/beverage/stationery stock and assumes any leased items of furniture, fittings and equipment can be transferred without penalty to a new owner.

It is envisaged that a professional marketing campaign over a six month period would precede the hypothetical sale. It is further presumed that the price would not be adversely affected by a mortgagee taking possession and disposing of the property under forced circumstances.



1.3 Date of Valuation

The properties were inspected in October and November 2005 and the date of valuation is 15 December 2005. Due to possible changes in the market and/or circumstances relating to the properties, the report should only be regarded as relevant as at the date of valuation.

1.4 Specific Assumptions

Our opinion of values is subject to the limiting conditions noted within the report and is predicated on the following Specific Assumptions:

- The service apartments would be offered subject to the existing management agreement.
- The identified refurbishment works (as agreed between the Owner and Manager) will be completed within the nominated time frame.
- No refund of the Manager's refurbishment contribution will be required.

1.5 Scope of Work and Approach

To accomplish the objectives of this instruction we have:

- Physically inspected the properties.
- Interviewed and received information from the Service Apartment Manager and Owner.
- Made appropriate enquiries about the local market and with relevant authorities.
- Used Jones Lang LaSalle Hotels valuation computer modelling to prepare our analysis and conclusions.

Our valuation has been undertaken utilising the methods that are mainly considered by potential investors, namely:

- Income Capitalisation approach.
- Discounted cashflow (DCF) approach.

The cash flow forecast and value estimate have been prepared having regard to:

- Historical room supply, room demand and average daily rates.
- Emerging trends in the service apartment markets.
- The expected future supply of service apartments as at the date of our assessment.

The assumptions in respect to future events are our best estimates at the date of preparing the report. To the extent that any of the assumptions noted in our report are not realised, the indicative cash flow projections and estimate of value may be materially affected.

Our assessment is based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our valuations therefore, the reader must be satisfied as to the reasoning behind these future estimates.

1.6 Information and Confidentiality

Financials and properties information has been supplied by the Service Apartment Manager and Owner. Whilst we have inspected the properties, interviewed management and due care has been undertaken in the application of that information, its accuracy cannot be verified by Jones Lang LaSalle Hotels and PT Jones Lang LaSalle. Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuation, then we reserve the right to amend our opinion.

This report contains information of a confidential nature relating to the ownership, management, business and financial performance of the property and has been supplied to Jones Lang LaSalle Hotels and PT Jones Lang LaSalle for the specific purpose of this valuation. This report is confidential to the instructing party and it is a condition of its receipt that the contents and conclusions shall not be copied or divulged to any third party without the consent of Jones Lang LaSalle Hotels and PT Jones Lang LaSalle.

1.7 Pecuniary Interest

We confirm the Valuer, Jones Lang LaSalle Hotels and PT. Jones Lang LaSalle have no pecuniary or other interest in the Hotel that would conflict with the proper valuation of the premises or could reasonably be regarded as being capable of affecting the Valuer's ability to give an unbiased opinion. This position will be maintained until the purpose for which this valuation is being obtained is completed.

1.8 Personnel

The input of the following personnel has been used in the preparation of this valuation report:

Inspection, Analysis and
Opinion of Value

Chee Hok Yean
Executive Vice President
Corporate Advisory, Asia

Djodi Trisusanto
Vice President
Corporate Advisory, Jakarta

1.9 GST/VAT

The historic trading details and cashflow forecasts contained in this report are exclusive of GST/VAT. The reported value is also exclusive of any GST which may be payable in respect of a sale of the property. We presume that the property if sold on a going concern basis would be GST/VAT free, however we are not taxation or legal experts and recommend that competent and qualified advice be obtained in this regard. Should this advice vary from our interpretation of the legislation we reserve the right to review and amend our valuation accordingly.

2.0 EXECUTIVE SUMMARY

A summary of the property interests valued in this report is detailed in the table below. We stress that this summary should be read in conjunction with our full valuation report to enable the reader to be fully conversant with the pertinent issues regarding our valuation rationale and those matters specific to each property.

Property	No. of Units	Valuation <i>(As at 15 December 2005)</i>	Comments
The Ascott Jakarta	198	US\$25,800,000	Nil
Somerset Grand Citra	203	US\$30,550,000	Includes 40 unsold condominium units of USD5.5m
Country Woods, Jakarta	251	US\$15,420,000	Includes adjacent land of US\$870,000
Somerset Grand Cairnhill, Singapore	146	S\$154,300,000	Includes the retail podium and 659 car park lots
Somerset Liang Court, Singapore	193	S\$127,000,000	Nil

For and on behalf of
**Jones Lang LaSalle Hotels,
Jones Lang LaSalle Property Consultants Pte Ltd,**



Chee Hok Yean BSc (Est Mgt)(Hons), MSISV
Executive Vice President

For and on behalf of
PT. Jones Lang LaSalle,



Djodi Trisusanto
Vice President



3.0 VALUATION CERTIFICATES

The certificates are listed in the following pages.

VALUATION CERTIFICATE

- Property** : **The Ascott Jakarta**
Jalan Kebon Kacang Raya No. 2, Central Jakarta 10230, Indonesia
- Site Area** : 8,101 sq.m.
- Net Lettable Area** : 21,371 sq.m (apartment unit)
- Tenure** : We understand that the land on which the Ascott Serviced Apartments and residential condominiums are situated is held under a “Hak Guna Bangunan” (HGB) land certificate No. 616, and will expire on 31 March 2024. It is registered under the name of PT. Bumi Perkasa Andhika. The technical description of the site is incorporated in ‘Surat Ukur’ 1687/1997 with total land area of 8,101 sq. m.
- This valuation is only for the Ascott Serviced Apartments component, excluding the residential condominiums. In addition, the serviced apartment units and their facilities (serviced offices, management areas, restaurant, game room, fitness centre, mini market, parking areas, food and beverage areas) held under 213 (two hundred thirteen) ‘Hak Milik Satuan Rumah Susun’ (Strata Title) certificates. All certificates are registered under PT. Bumi Perkasa Andhika (*Please refer to the Appendices of the full valuation report*).
- Property Description** : The Ascott Jakarta is located along Jalan Kebon Kacang Raya, approximately 500 metres from its junction with Jalan M.H. Thamrin, west of the Welcome Monument. The property is located in the heart of Jakarta’s CBD, in close proximity to the proposed Grand Indonesia, Grand Hyatt, Plaza Indonesia shopping complex, Mandarin Oriental Jakarta and Nikko Hotel.
- Opened in 1995, The Ascott Jakarta is part of the ‘Ascott Development’ that consists of serviced apartment and condominium development built in two adjoining towers on a 2-level basement. The serviced apartment occupies the 24-storey northern tower which accommodate 198 serviced apartment units. Common facilities include coffee shop, swimming pool, health club, tennis court, children play grounds, convenience store and a family restaurant.
- Market Value, as at 15 December 2005** : **US\$25,800,000**
(US DOLLARS TWENTY FIVE MILLION AND EIGHT HUNDRED THOUSAND ONLY)
The currency exchange rate as at the date of assessment is Rp9,737.- to the US Dollar. (subject to actual exchange rate as of 15 Dec 2005)

VALUATION CERTIFICATE

- Property** : **Somerset Grand Citra Jakarta**
Jalan Prof. Dr. Satrio Kav.1, Kuningan - Jakarta 12940, Indonesia
- Site Area (net)** : 11,435 sq.m, after provision for the proposed road widening scheme amounting 380 sq.m
- Net Lettable Area** : 23,427 sq.m (serviced apartment component)
6,239 sq.m (the unsold condominium units at the Condominium Tower)
- Tenure** : We understand that the land on which the Somerset Serviced Apartments and Condominium Tower are situated is held under a “Hak Guna Bangunan” (HGB) land certificate No.253 that was issued on 15th August 1994 and is valid until 14th August 2024. It is registered under the name of PT. Citraland Liang Court”(now known as PT. Ciputra Liang Court). The technical description of the site is incorporated in “Surat Ukur” 1918/1994 with total land area of 11,435 sq.m
- This valuation is for the Somerset Serviced Apartments component and the unsold condominium units totalling 40 units at the Condominium Tower.
- According to the Client, the serviced apartments and the remaining unsold condominiums in the Condominium Tower and their facilities (office, retail and restaurant area) held under 268 (two hundred and sixty eight) “Hak Milik Satuan Rumah Susun” (Strata Title) certificates. All certificates are registered under PT. Citra Liang Court (*Please refer to the Appendices of the full valuation report*).
- Property Description** : The Somerst Grand Citra Jakarta is located along Jalan Prof. Dr Satrio, approximately 1.4 kilometers from the Sudirman and KH. Mas Mansyur flyover. The property is located in the heart of Jakarta’s CBD, in close proximity to Mega Kuningan, Mall Ambassador, ITC Kuningan, Ambassador Apartment, JW Mariot Hotel and The Ritz-Carlton.
- The Somerset Grand Citra that was built in 1996 consists of serviced apartments and condominiums in two separate towers. The serviced apartment component occupies the eastern tower which accommodates 163 serviced apartment units. The condominium component occupies the western tower which accommodates 142 condominium units. Common facilities includes restaurant, swimming pool, health club, children play ground, convenience store and a multi purpose hall.
- Market Value of the Service Apartment, as at 15 December 2005** : **US\$25,050,000**
(US DOLLARS TWENTY FIVE MILLION AND FIFTY THOUSAND ONLY).
The currency exchange rate as at the date of assessment is Rp9,737.- to the US Dollar. (*subject to actual exchange rate as of 15 Dec 2005*)
- Market Value of the Unsold Condominium, as at 15 December 2005** : **US\$5,500,000**
(US DOLLARS FIVE MILLION AND FIVE HUNDRED THOUSAND ONLY).
The currency exchange rate as at the date of assessment is Rp9,737.- to the US Dollar. (*subject to actual exchange rate as of 15 Dec 2005*)

VALUATION CERTIFICATE

- Property** : **Country Woods**
At Jalan W.R. Supratman, Pondok Ranji, Ciputat, Tangerang, Banten, Jakarta 15412, Indonesia.
- Site Area** : 191,095 square metres (gross land area); 188,490 (net land area)
- Net Lettable Area** : 48,490 square metres (apartment units and houses)
- Tenure** : The subject site is held under 7 (seven) 'Hak Guna Bangunan' land certificates Nos. 02818/Rengas, 02824/Rengas, 02825/Rengas, 02826/Rengas, 02827/Rengas, 02828/Rengas and 02829/Rengas, all of which will expire on 22 October 2025 and with a total land area of 191,095 square metres. These land certificates are registered under the name of PT. Indonesia America Housing.
- Property Description** : The subject property is a complex of apartments, townhouses and single detached houses for rental, located in the southern suburb of Jakarta. The property is administratively located within the south-eastern part of Tangerang District, about 2.7 kilometres north of the intersection of Jalan Raya Ciputat and Jalan W.R. Supratman, and approximately 20 kilometres south of the Jakarta's Central Business District (CBD).
- The development was built in two phases commencing in 1973. The estate consists of 114 houses and 137 apartment units with total net lettable area of 25,987 sq.m and 22,503 sq.m, respectively.
- The townhouses and bungalows are moderately maintained and appeared to be in fair condition.
- The common facilities include soccer and cricket field; main club house with an Olympic-size swimming pool, a lounge, a fitness centre with sauna and Jacuzzi, poolroom, library, function halls, a convenient shop, tennis court, squash courts, a basketball field, and a children playground; and adjoining club house that accommodates a swimming pool, a beauty saloon and a lounge.
- Market Value, as at 15 December 2005** : **US\$14,550,000**
(US DOLLARS FOURTEEN MILLION, FIVE HUNDRED AND FIFTY THOUSAND ONLY)
The currency exchange rate as the date of assessment is Rp9,737,- to US Dollar (subject to actual exchange rate as of 15 December 2005)

VALUATION CERTIFICATE

- Property** : A 29,004-square metres vacant land plot adjacent to Country Woods
Jl. Kramat, Village of Rengas, Ciputat, Tangerang, Banten, Indonesia.
- Site Area** : 29,004 sq.m.
- Tenure** : The subject property is held under 2 (two) 'Hak Guna Bangunan' land
certificate No. 2670/Rengas issued on 29 June 1999 and No.1824/Rengas
issued in 11 December 1997. Both certificates will expire on 24 September
2027. The certificates are registered under the name of PT. Indonesia
America Housing with total land area of 29,004 square metres.
- Property Description** : The subject property is located at Jalan Kramat, about 100 metres east of
Jalan W.R. Supratman, within the Village of Rengas, District of Ciputat,
Regency of Tangerang, Banten, Indonesia. It is situated in the suburb of
Jakarta, within the south-eastern part of Tangerang District, about 2.7
kilometres north of the intersection of Jalan Raya Ciputat and Jalan W.R.
Supratman, and approximately 20 kilometres of Jakarta's Central Business
District (CBD).
- The subject property has a total land area of about 29,004 square metres and
has irregular shape. The terrain of the western portion is generally flat and at
about the same elevation with the access road level and slopes downward in
the direction of the central portion of the site. The eastern portion falls by
about 2 metres below the central portion of the site with the lowest point
being at about 3 to 5 metres below the elevation of the access road.
- The site is proposed for the future expansion of the Country Woods estate
which is located adjacent to the southern boundary of the subject property.
- Market Value, as at
15 December 2005** : **US\$870,000**
(US DOLLARS EIGHT HUNDRED AND SEVENTY THOUSAND ONLY)
Reflecting US\$ 870,000 based on the exchange rate as the date of assessment is
Rp9,737,- to US Dollar (*subject to actual exchange rate as of 15 December 2005*)

VALUATION CERTIFICATE

- Property** : **Somerset Grand Cairnhill**
No 15, Cairnhill Road, Singapore 229650
- Gross Floor Area** : 32,954.21 sq.m
- Net Lettable Area** : Retail 4,772.30 sq.m.
Service Apartments 13,856.33 sq.m.
Total 18,628.63 sq.m.
- Tenure** : The legal description of the land is Lot Number 918K in Town Subdivision 27, held in Certificate of Title Volume 323 Folio 35.

The Title indicates that the Property has leasehold title with Cairnhill Place (1999) Limited being the lessee. This lease is for a 99-year term expiring on 10 June 2082. The Client has advised us that the upfront land premium has been paid in full and that there is no land rental payable under the lease.

The title document indicates that the site extends to a total area of 10,623.9 square metres.

- Property Description** : The Property is located along Cairnhill Road and bounded by Bideford Road along its western boundaries. It is about 100 m north of the main Orchard Road shopping belt and is about 3.5 km from the city centre at Collyer Quay.

The Property is a 32-storey building with an 8-storey podium accommodating a mosque, car parks and retail/entertainment/office as well as a 24-storey tower which accommodates 146 serviced apartments (2 used for housekeeping).

Retail and Car Park Podium

The 8-storey podium accommodates a mosque on the first storey, 659 car parks lots (excluding 146 lots reserved for the serviced apartments & 114 lots for the converted commercial use) from the first to eighth storeys, a disco and a spa on the second storey, an office on the fourth storey and a night club on the sixth & seventh storeys.

Service Apartment Tower

The tower rises from the 9th storey to the 32nd storey. There are four designs comprising the studio, 1-bedroom, 2-bedroom and 3-bedroom types. The apartments known as the 'premier' apartments were refurbished between late 1998 and early 1999. The apartments on the which are known as the 'executive' apartments were renovated between late 2004 and early 2005.

- Market Value, as at 15 December 2005** : **S\$154,300,000**
(SINGAPORE DOLLARS ONE HUNDRED FIFTY FOUR MILLION AND THREE HUNDRED THOUSAND ONLY)

VALUATION CERTIFICATE

- Property** : **Somerset Liang Court**
No 177B, River Valley Road, Singapore 179032
- Site Area** : 12,925.4 sq.m.
- Net Lettable Area** : 16,908 sq.m
- Tenure** : The legal description of the land is Lot Number 147V in Town Subdivision 9, held in Certificate of Title Volume 343 Folio 175.
- The Title indicates that the Property has leasehold title with Somerset Investments Pte Ltd (“Owner”) being the lessee. This lease is for a 97-year term expiring on 30 days from 2 April 2077. The Client has advised us that the upfront land premium has been paid in full and that there is no land rental payable under the lease.
- Property Description** : The Property is located along River Valley Road, the stretch between its junction with Clemenceau Avenue and Eu Tong Sen Street/Hill Street. It is some 1 km from the main Orchard Road shopping belt and is about 2 km from the city centre at Collyer Quay.
- The Property is part of a 26-storey mixed-use building with an 8-storey podium accommodating retail and 759 car park lots. The serviced apartment tower block which accommodates 193 units, rises from the 8th storey to the 26th storey. There are 10 designs comprising the 1-bedroom, 2-bedroom, 3-bedroom, 4-bedroom and five-bedroom types.
- Common facilities, which are located on the 8th storey, include swimming pool and lounge and on the 25th storey, gymnasium with sauna and steam room and hot and cold pools.
- Market Value, as at 15 December 2005** : **S\$127,000,000**
(SINGAPORE DOLLARS ONE HUNDRED AND TWENTY SEVEN MILLION)



VALUATION CERTIFICATES

ASCOTT AND SOMERSET
PROPERTIES



Excellence in Hospitality Consulting
and Services Worldwide

Submitted to:

Ms. Jane Lim
Vice President, Fiduciary Services & Global Transaction Services
DBS Trustee Ltd
5 Shenton Way #36-02
DBS Building Tower One
Singapore 068809

Date: 23 December 2005

HVS No: 2005120040

Prepared by:

HVS International
79 Anson Road
#11-05
Singapore 079906
Tel: +65 62934415
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15 December 2005

DBS Trustee Ltd
(as Trustee of Ascott Residence Trust)
6 Shenton Way
#36-02, DBS Building Tower One
Singapore 068809

79 Anson Road
#11-05
Singapore 079906
65 - 6293 4415
65 - 6293 5426 FAX

Dear Sirs,

VALUATION CERTIFICATES FOR ASCOTT & SOMERSET PROPERTIES

David Ling
Managing Director, Asia

We are pleased to submit to you our Valuation Certificates for the following Ascott and Somerset properties:-

Singapore
Shanghai
Hong Kong
New Delhi
Sydney
Boulder
Buenos Aires
Chicago
Dallas
Denver
London
Madrid
Miami
Mt. Lakes, NJ
New York
Phoenix
San Francisco
São Paulo
Toronto
Vancouver
Washington, DC
Weston, CT

- 1) Somerset Liang Court, Singapore
- 2) Somerset Grand Cairnhill, Singapore
- 3) Somerset Grand Hanoi, Vietnam
- 4) Somerset Ho Chi Minh City, Vietnam
- 5) Somerset Millennium, Legaspi Village, Philippines
- 6) Somerset Salcedo, Makati City, Philippines
- 7) Somerset Xu Hui, Shanghai, PRC
- 8) The Ascott, Beijing, PRC
- 9) Somerset Grand Fortune Garden, PRC
- 10) Somerset Grand Citra, Jakarta, Indonesia
- 11) The Ascott Jakarta, Jakarta, Indonesia
- 12) Country Woods, Indonesia

1.0 Client Brief and Purpose of Valuation

The valuations have been prepared for the purpose of inclusion in the prospectus to be issued in relation to the offering of units in Ascott Residence Trust.

We have been instructed to assess the Market Values of the properties as at 15 December 2005 based on their respective existing uses and subject to the existing leases and management agreements. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we consider necessary for the purpose of providing you with our opinion of the Market Values of the properties.

*Specialists in Hotel Valuation
and Consulting Worldwide*

Page 1 of 3

HVS International Singapore (Reg. No. 52885191L) is the trading name of SG&R Singapore Pte Ltd (Reg. No. 199900143N)



HVS International has assessed the property interests as independent international appraisers and also prepared a full valuation report for each property. We hereby certify that we have no undisclosed interest in the properties and our employment and compensation are not contingent upon our findings and valuations.

2.0 Basis of Valuation

The valuation is prepared in accordance with the International Valuation Standards Committee ('IVSC') definition of Market Value, which is:

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties has each acted knowledgeably, prudently and without compulsion."

Additionally, our assessment will be on the basis of the existing use of the Property only with appropriate approvals and licenses in place.

3.0 Information Utilised

We have been provided with financial, leases and other information relevant to our assessment of the properties and whilst due care has been taken in the application of the information, its accuracy cannot be verified by HVS International.

Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuations, HVS International seeks to be informed of such discrepancies and accordingly reserves the right to amend its opinion of values.

4.0 Use of Valuation Reports

Neither the whole nor any part of the valuation reports nor any reference thereto maybe included in any document, circular or statement without our written approval and of the form or context in which it appears.

These valuations has been prepared for the purpose stated above and for use only of the Client and no responsibility is given to any third party for the whole or part of its contents.



5.0 Assumptions and Limiting Conditions

A list of major assumptions made in the valuation of the properties and the limiting conditions under which the opinion is given is detailed in the respective valuation reports as well as in the Addendum to this valuation certificates. It is a condition of the use of the valuations that the recipient of the reports accepts these statements.

The Valuation Certificates included herein should be read in conjunction with the respective full valuation reports which detailed the basis under which the valuations has been prepared.

Yours sincerely
HVS INTERNATIONAL

A handwritten signature in black ink, appearing to read 'Nevius Glussi', with a long horizontal flourish extending to the right.

Nevius Glussi
Head of Advisory Services

A handwritten signature in black ink, appearing to read 'David Ling', with a long horizontal flourish extending to the right.

David Ling, MSc, BBus (Dist), MSISV, AAPI
Managing Director, Asia
Appraiser's License No.:
AD041 – 2008801J



Valuation Certificate

- Property** : **Somerset Liang Court**
177B, River Valley Road
Singapore 179032
- Property Interest Valued** : Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : The legal description of the land is Lot Number 147V in Town Subdivision 9, held in Certificate of Title Volume 343 Folio 175.
- The Property forms part of the Liang Court Complex comprising the Somerset Liang Court (Subject Property), Novotel Clarke Quay and Liang Court Shopping Centre. The complex has been developed atop a 12,925-square metre rectangular plot of land held on a 97-year lease commencing 2 April 1980.
- Location** : The Somerset Liang Court is bounded by Clarke Quay which runs along its northern and western fronts. Tan Tye Place lies on the Property's southern boundary. River Valley Road lies on the eastern side of the Property.
- Property Description** : The Somerset Liang Court is part of a mixed-used development which also includes a retail mall and a hotel – the Novotel Clarke Quay. Opened in 1985, the Somerset Liang Court is located between levels 8 through 26 of a 26-storey tower, accommodating 195 apartment units (two are reserved for house use).
- Other facilities on the Property include a tennis court, outdoor swimming pool and gymnasium.
- Site Area** : 12,925 square metres (whole Liang Court Complex)
- Net Lettable Area** : 16,908 square metres (approximate)
- Market Value, Existing Use Basis** : S\$128 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : Somerset Grand Cairnhill
15, Cairnhill Road
Singapore 229650
- Property Interest Valued** : Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : The legal description of the land is Lot Number 918K in Town Subdivision 27, held in Certificate of Title Volume 323 Folio 35.
- The Somerset Grand Cairnhill has been developed atop a ±10,600-square-metre rectangular plot of land held on a 99-year lease, commencing on 11 June 1983.
- Location** : The Somerset Grand Cairnhill is bounded by Cairnhill Road which runs along its northern and western fronts. Bideford Road runs along the southern and eastern boundaries of the Property. Changi International Airport is a 30-minute drive away from the Property. The Somerset Mass Rapid Transit (MRT) station, which is part of the subway network, is a 10-minute walk away from the Property. Taxis and buses are readily available along Cairnhill Road.
- Property Description** : The Somerset Grand Cairnhill is 32-storey building with an 8-storey podium accommodating a mosque, car parks, retail/entertainment/ office units as well as a 24-storey tower which accommodates the serviced apartment units.
- The Property provides 146 serviced apartment units, out of which two are reserved for house use. Other facilities on the Property include a tennis court, outdoor swimming pool and gymnasium.
- Site Area** : 10,623.9 square metres
- Net Lettable Area** : Serviced Apartment: 13,856.33 square metres
Retail: 4,772.3 square metres
- Market Value, Existing Use Basis** : S\$155 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : Somerset Grand Hanoi
No. 49 Hai Ba Trung Street
Hoan Kiem District
Hanoi, Vietnam
- Property Interest Valued** : Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : According to information provided, the Property is held in a lease between Hanoi Tower Centre Company Ltd and State Committee for Co-operation and Investment in Hanoi. Hanoi Tower Centre Company Ltd is a joint venture company formed by Hanoi Civil Construction Company (local partner) and Burton Engineering Pte Ltd (foreign partner). The Property is held for a lease term of 45 years, expiring on 8 February 2038.
- Location** : The subject Property is bounded by Hai Ba Trung Street to the north, Hoa Lo Street on its eastern front with Quan Su Street running along the western sector of the Property. Tho Nhuom lies on the southern end of the Property. The neighbouring areas of the Property comprise embassies, low-rise residential developments and the Melia Hotel.
- Property Description** : The Property was built in 1997 and is a mixed-use development comprising 185 serviced apartment units (three reserved for house use) accommodated in a 25-storey tower and an office tower housed in a 13-storey block.
- Site Area** : 7,500 square metres
- Net Lettable Area** : 28,328 square metres
- Market Value, Existing Use Basis** : US\$64 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



VALUATION CERTIFICATE

Property	: Somerset Ho Chi Minh City 8A Nguyen Binh Khiem Street, District 1 Ho Chi Minh City Vietnam
Property Interest Valued	: Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	: According to information provided, the Property is held in a lease between Mekong-Hacota Joint Venture Company Ltd and Ho Chi Minh City People's Committee. Mekong-Hacota Joint Venture Company Ltd is a joint venture company formed by Hacota and Mykyko Ltd (local partners) and Mekong Holdings Ptd Ltd (foreign partner). The Property is held for a lease term of 45 years, expiring on 25 December 2039.
Location	: The Somerset Ho Chi Minh City is bounded by Nguyen Binh Khiem Street to the north, Nguyen Hinh Chien Street on its eastern front with Nguyen Thi Minh Khai running along the western sector of the Property. Thi Nghe River lies on the southern end of the Property.
Property Description	: Opened in 1998, the Somerset Ho Chi Minh City is an international standard serviced apartment property which features 165 units (two units reserved for house use), one food and beverage outlet, a gift shop and a swimming pool. Apartments in the Property are spread out over three 12-storey blocks, with a basement car park which runs under all three buildings.
Site Area	: 7,605 square metres
Net Lettable Area	: 19,154 square metres
Market Value, Existing Use Basis	: US\$42 million
Date of Valuation	: 15 December 2005
Notice	: This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

Property	:	Somerset Millennium 104 Aguirre Street, Legaspi Village Makati City, Manila Philippines 1229
Property Interest Valued	:	Property rights held by Ascott Hospitality Holdings Philippines Inc., SN Resources, Inc. and SQ Resources, Inc. in the property known as the Somerset Millennium, Makati.
Tenure	:	Freehold
Location	:	The Somerset Millennium is located along a narrow and secluded street - Aguirre Street, within walking distance from Paseo de Roxas and Ayala Avenue. Important points of attractions in the neighbourhood include the Greenbelt Malls, the Asian Institute of Management and a number of embassies.
Property Description.	:	Opened in July 2000 with 50 apartments, the Property was originally conceived as the Stamford Court. After a number of additions, the 31-storey Property currently contains 138 apartments as well as 135 car park slots, and eight commercial units leased to third party operators (including two restaurants). Additional facilities located on the 10th floor include an exercise room, an outdoor swimming pool, a juice bar (non operational), a small meeting room and the Residents Lounge.
Site Area	:	799 square metres
Net Lettable Area	:	4,448 square metres (approximate)
Market Value, Existing Use Basis	:	PHP 403 million
Date of Valuation	:	15 December 2005
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **Somerset Salcedo**
H.V. Dela Costa Corner
L.P. Leviste Street, Salcedo Village
Makati City
Philippines 1227
- Property Interest Valued** : Property rights held by Ascott Hospitality Holdings Philippines Inc. comprising 71 serviced apartment units in the Somerset Salcedo, Makati.
- Tenure** : Freehold
- Location** : The Somerset Salcedo is located along a narrow but busy roadway. The Property is within walking distance from Makati Avenue. Important points of reference in the neighbourhood include the Equitable PCI Towers, the Citibank Tower and Centre and a number of embassies. Additional lodging facilities in the immediate neighbourhood include the Fraser Serviced Apartments.
- Property Description** : Opened in 2000, the Somerset Salcedo contains 150 apartments as well as 180 car park slots, and commercial units leased by Beccomax PDC to third party operators (including two restaurants). Additional facilities located on the sixth floor include an exercise room, an indoor swimming pool, a small meeting room and the Residents Lounge.
- The valuation includes the 71 serviced apartment units held by Ascott Hospitality Holdings Philippines Inc.
- Site Area** : 1,004 square metres
- Net Lettable Area** : 5,901 square metres (approximate)
- Market Value, Existing Use Basis** : PHP 413 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **Somerset Xu Hui**
No. 888 Shan Xi Nan Road
Xu Hui District
Shanghai, China
- Property Interest Valued** : Unexpired land use rights in the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : According to copies of the land use documents provided, the Property has been developed atop a plot of land as part of the Springdale Garden development that is held in a lease by Shanghai Xin Wei Property Development Co., Ltd. The Property is held for a land use term of 70 years, commencing on 23 June 1996 and expiring on 22 June 2066.
- Location** : The Somerset Xu Hui occupies the southeast corner of the Springdale Garden, a luxury residential complex developed by Shanghai Xin Wei Property Co. Ltd. The Property is bounded by Shan Xi Nan Road to the east and Zhao Jia Bang Road to the south. Other apartment buildings of Springdale Garden complex lie on its north side. Several other high-rise residential buildings are to the west side of the Property.
- Property Description** : Opened in September 2000, the Somerset Xu Hui is an international standard serviced apartment property which features 167 units, a club house, an outdoor tennis court and a business centre. Serviced apartments in the Property are spread out over the 32-storey inter-connected twin-tower building. The clubhouse occupies the fifth floor, which include a breakfast lounge, two meeting rooms, a gym, an indoor swimming pool and several leased spaces with health related operation.
- Site Area** : 28,715 square metres
- Net Lettable Area** : 17,805 square metres (approximate)
- Market Value, Existing Use Basis** : RMB 244 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **The Ascott Beijing**
No. 108 B Jianguo Road
Chaoyang District
Beijing 100022, China
- Property Interest Valued** : Unexpired land use rights in the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : According to copies of the land use documents provided, the Property appears to be situated on a 3,277-square meter plot of land that is held in a lease by Hemliner (Beijing) Real Estate Co., Ltd. for a land use term of 70 years, commencing on 8 February 1996 and expiring on 7 February 2066.
- Location** : The Ascott Beijing is located at the junction of the third ring road and the Chang'an Avenue. The Property occupies the southeast corner of the Onward Science and Trade Center development, which comprises other four high-rise office buildings to the north and west of the Property.
- Property Description** : Opened in July 2001, The Ascott Beijing is an international standard serviced apartment property which features 272 serviced apartment units, six leased food and beverage outlets, an exercise area, an indoor swimming pool and other amenities typically found within international standard serviced apartments. The serviced apartments in the Property are spread out above the fifth floor over two 21-storey towers, with a basement car park that runs under both towers.
- Site Area** : 3,276.6 square metres
- Net Lettable Area** : 59,422 square metres (approximate)
- Market Value, Existing Use Basis** : RMB 1.03 billion
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **Somerset Grand Fortune Garden**
No. 46 Liang Ma Qiao Road
Chaoyang District
Beijing 100016, China
- Property Interest Valued** : 81 serviced apartment units held by Hua Xin Residences Pte Ltd.
- Tenure** : According to copies of the land use documents provided, the Property appears to be situated on a 5,120-square metre plot of land that is held under a lease by Beijing Xinlianxiechuang Real Estate Development Co., Ltd. The leasehold interest in the Property is granted for a term of 70 years for residential use, commencing on 28 August 1998 and expiring on 27 August 2068; and 40 years for commercial use, commencing on 28 August 1998 and expiring on 27 August 2038.
- Location** : The Somerset Grand Fortune Garden is located at the junction of the Liang Ma Qiao Road and the Mai Zi Dian Xi Street.
- Property Description** : Opened on August 2001, the Somerset Grand Fortune Garden is an international standard serviced apartment property which features 221 serviced apartment units, one leased food and beverage outlet, a resident's lounge, an indoor swimming pool and other amenities. Apartments in the Somerset Grand Fortune Garden are spread over one 26-storey tower and another 23-storey tower.
- According to information provided by the Property Management, 81 units of Somerset Grand Fortune Garden located on levels 6 to 20 with total gross floor area of 15,898.87 square meters were transferred to Hua Xin Residences Pte Ltd. We further understand that Hua Xin Residences Pte Ltd is entitled to 38.5% of the net income proceeds from Somerset Grand Fortune Garden.
- This valuation covers the 81 serviced apartment units. A list of apartments included in the valuation is detailed in the full valuation report.
- Site Area** : 5,120 square metres
- Gross Floor Area** : 15,898.87 square metres (approximate)
- Market Value,
Existing Use Basis** : RMB 250 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **Somerset Grand Citra**
Jalan Prof. Dr. Satrio Kav. 1
Kuningan, Jakarta
Indonesia
- Property Interest Valued** : Hak Guna Bangunan ('HGB') interest in the Somerset Serviced Apartments component comprising 163 serviced apartment units and the balance 40 condominium units owned by PT. Ciputra Liang Court.
- Tenure** : According to information provided to us, the Property is seated on land held under a HGB land certificate No. 253 that was issued on 15 August 1994 and is valid until 14 August 2024. It is registered under the name of PT. Citraland Liang Court (now known as "PT. Ciputra Liang Court"). The technical description of the site is incorporated in "Surat Ukur" 1918/1994 with total land area of 11,435 square metres.
- Location** : The Somerset Grand Citra is located within Mega Kuningan comprising high rise modern office buildings, deluxe hotels such as the JW Marriott and the newly-opened Ritz-Carlton, shopping (ITC Kuningan) and residential condominiums. Located to the west of the subject site is a large parcel of land on which the construction of a large department store stalled during the late 1990s financial crisis. To the east is the Embassy of the PR China.
- Property Description** : Opened in early 1996, the Somerset Grand Citra is an international standard serviced apartment block which features 163 serviced apartments, one food and beverage outlet, a fitness centre, one large outdoor swimming pool, two tennis courts, an exercise room, a third-party operated convenience store as well as 40 condominium units located in the 'Condominium Block'. The serviced apartments in the Property are spread out over a 24-storey block, with a basement car park which runs under the two buildings.
- Site Area** : 11,435 square metres (both serviced apartments and condominium units)
- Net Lettable Area** : Serviced Apartment: 23,427 square metres
Condominium Units: 6,239 square metres (balance 40 units)
- Market Value, Existing Use Basis** : US\$34 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : **The Ascott Jakarta**
Jalan Kebon Kacang Raya No. 2
Central Jakarta 10230, Indonesia
- Property Interest Valued** : Hak Guna Bangunan ('HGB') interest in the Ascott Serviced Apartments component, excluding the residential condominium.
- Tenure** : According to information provided to us, the Property is seated on parcels of land held under a HGB land certificate No. 616 that was issued on 4 December 1997 and is valid until 31 March 2024. The technical description of the site is incorporated in "Surat Ukur" 1687/1997 with total land area of 8,101 square metres.
- Location** : The Property is located at Jalan Kebon Kacang Raya. Immediately south of the property, the Grand Indonesia Mall is currently under construction. Once completed by mid 2006, the shopping centre will be connected to the Plaza Indonesia Mall and will become one of Jakarta's prime shopping addresses, connecting a large number of deluxe stores between The Ascott, the Hotel Indonesia and the Grand Hyatt.
- Property Description** : Opened in June 1995, The Ascott Jakarta is an international standard serviced apartment block which features 198 serviced apartments, one food and beverage outlet, a large fitness centre, two interconnecting swimming pools, 19 serviced offices as well as a third-party operated restaurant, a convenience store and two additional retail units. The Property occupies the North Tower of the 'Ascott Towers and Ascott Executive Residences'. The South Tower comprises private condominium apartments that are excluded from this valuation. The serviced apartments in the Property are spread out over a 24-storey block, with a basement car park which runs under the two buildings.
- Site Area** : 8,101 square metres (Both North and South Towers)
- Net Lettable Area** : 21,371 square metres
- Market Value, Existing Use Basis** : US\$25 million
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Valuation Certificate

- Property** : Country Woods, Jakarta
Jl. W.R. Supratman
Pondok Ranji Ciputat Tangerang, Banten
Jakarta, Indonesia 15412
- Property Interest Valued** : Hak Guna Bangunan ('HGB') interest in the Property including the land, buildings and other improvements including furniture, fixtures and equipment.
- Tenure** : According to information provided to us, the Property is seated on seven parcels of land titles held under HGB land certificates HGB No.02818/ Rengas, 02824/ Rengas, 02825/ Rengas, 02826/ Rengas, 02827/ Rengas, 02828/ Rengas and 02829/ Rengas. These titles expired on 22 October 2005 and were renewed and extended for 20 years, until 22 October 2025. Additionally, there are two vacant parcels of land under HGB land certificates No.1824 and No. 2670/Kel Rengas expiring 24 September 2027.
- The land certificates are registered under the name of PT. Indonesia America Housing.
- Location** : The Property is a self-contained suburban residential estate located at Jalan. W.R. Supratman in the village of Pondok Ranji, district of Ciputat, regency of Tangerang, Banten, Indonesia. It is located approximately 20 kilometres southwest of the centre of Jakarta.
- Property Description** : Built over two phases commencing 1973, Country Woods consist of 78 bungalows, 36 townhouses and 137 apartment units. The development is complemented with one restaurant and bar, two multi-purpose function rooms, library, convenience store, soccer field, children playgrounds, a new club house comprising a swimming pool, two tennis courts, fitness centres, an old club house comprising a swimming pool, two squash courts, a basketball field and other amenities and facilities.
- This valuation also includes the adjacent parcels of vacant land under HGB certificate nos. 1824 and 2670 with a combined site area of approximately 29,004 square metres.
- Site Area** : 220,099 square metres (includes the adjacent vacant land of 29,004 square metres)
- Net Lettable Area** : 48,490 square metres (approximate)
- Market Value, Existing Use Basis** : US\$15.1 million (includes the adjacent vacant land)
- Date of Valuation** : 15 December 2005
- Notice** : This Valuation Certificate should be read in conjunction with the full valuation report which details the conditions and assumptions under which this valuation is prepared.



Addendum – Statement of Assumptions and Limiting Conditions

1. An opinion of value will always involve a degree of subjectivity and uncertainty that will affect the probability that the opinion of market value would be the same as the price achieved by an actual sale at the valuation date. The assessment of value is dependent upon the accuracy of the information available to us pertaining to the Properties and the market, together the underlying conditions and assumptions made. If these conditions and assumptions are not fulfilled, all future projections and the value reflected herein should be reappraised in light of actual events.
2. All information (facilities overview, estimates, and opinions) obtained from parties not employed by HVS International is assumed to be true and correct. HVS International can assume no liability resulting from misinformation.
3. No responsibility is assumed for matters of a legal nature, nor do we renders any opinion as to land title or leases, which is assumed to be marketable and free of any deed restrictions and easements.
4. Unless noted, it is assumed that there are no encroachments or planning and building violations encumbering the existing structure and / or proposed property.
5. It is assumed that the Properties will be in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including an alcohol licence where appropriate), and that all licences, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser.
6. All mortgages, liens, encumbrances, leases, servitudes, arrears and penalties have been disregarded unless specified otherwise.
7. No portion of this report may be reproduced in any form without the permission of HVS International, nor shall the report be distributed to the public through advertising, public relations, news, sales, or other media without the prior written consent of HVS International.
8. HVS International is not required to give testimony or attendance in court by reason of this economic and valuation study without previous arrangements and only when our standard per diem fees and travel costs are paid prior to the appearance.
9. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact HVS International.
10. The quality of the Properties' on-site management has a direct effect on their economic viability and market value. The financial forecasts presented in this report assume both responsible ownership and competent management. Any variance from this assumption may have a significant impact on the forecast operating results.
11. Many of the figures presented in this document were generated using sophisticated computer models that make calculations based upon numbers



carried out to three or more decimal places. In the interest of simplicity, most numbers presented in this report have been rounded to the nearest tenth. Thus, these figures may be subject to small rounding errors in some cases.

12. Valuing real estate is both a science and an art. Although this valuation employs various mathematical calculations, the final estimate is subjective and may be influenced by the author's experience and other factors not specifically set forth in this report.
13. The relationship between the currency adopted in this report and other major world currencies remains constant as at the date of our fieldwork.
14. Whilst the information contained herein is believed to be correct, it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.
15. Throughout this report, 'HVS International' refers to the trading name of SG&R Singapore Pte Ltd, a wholly owned subsidiary of S&R Valuation Services Company.
16. Valuation reports for each individual Property are accompanied with their corresponding list of assumptions and limiting conditions which states assumptions peculiar and pertinent to individual Properties. Interested parties are advised to read the individual reports prior to making any legal, financial or other commitments.

INDEPENDENT SERVICED RESIDENCES MARKET OVERVIEW REPORT

**SERVICED RESIDENCES
MARKET OVERVIEW REPORT**

January 2006

PREPARED FOR:

**ASCOTT RESIDENCE TRUST MANAGEMENT
LIMITED (THE "MANAGER")
(AS MANAGER OF ASCOTT RESIDENCE TRUST)**
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SINGAPORE 068811

AND

**DBS TRUSTEE LTD (THE "TRUSTEE")
(AS TRUSTEE OF ASCOTT RESIDENCE TRUST)**
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PREPARED BY:

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AND

PT. JONES LANG LASALLE
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JL JEND SUDIRMAN KAV 52-53
JAKARTA 12190
INDONESIA

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1.0 INTRODUCTION

1.1 Client Brief and Purpose of Service Residences Market Overview

This report has been prepared in response to instructions dated 11 November 2005 received from The Ascott Group Limited (the Client) requesting us to prepare the Services Residences Market Overview of seven cities in Asia, namely; Beijing, Hanoi, Ho Chi Minh, Jakarta, Manila, Shanghai and Singapore. This market overview report is prepared for Ascott Residence Trust Management Limited (the “Manager”) (as manager of Ascott Residence Trust) and DBS Trustee Ltd (the “Trustee”) for the purpose of the proposed inclusion of their assets in a Real Estate Investment Trust (“REIT”) public listing on the Stock Exchange of Singapore.

1.2 Statement on Assumptions and Limiting Conditions

This report is provided to Ascott Residence Trust Management Limited (the “Manager”) (as manager of Ascott Residence Trust) and DBS Trustee Ltd (the “Trustee”) for the purpose of the proposed inclusion of their assets in a Real Estate Investment Trust (“REIT”) public listing on the Stock Exchange of Singapore and is not to be copied or redistributed to any other person or corporation without the prior written consent of Jones Lang LaSalle Hotels and PT Jones Lang LaSalle.

No liability for negligence or otherwise is assumed by Jones Lang LaSalle Hotels and PT Jones Lang LaSalle for the material contained in the report. Any liability on the part of Jones Lang LaSalle Hotels and PT Jones Lang LaSalle, its servants or agents for damages for any claim arising out of or in connection with this report, other than liability which is totally excluded by this clause, shall not (whether or not such liability results from or involves negligence) exceed US\$1,000.

The information contained in the report has been prepared in good faith and with due care by Jones Lang LaSalle Hotels and PT Jones Lang LaSalle. The nominated parties should take note however that calculations contained in the report are based on figures provided to Jones Lang LaSalle Hotels and PT Jones Lang LaSalle by outside sources that have not been independently verified by Jones Lang LaSalle Hotels and PT Jones Lang LaSalle. The projections contained in the report therefore represent best estimates only and may be based on assumptions which, while reasonable, may not be correct. Such projections represent only one possible result, depending on the assumptions adopted.

For and on behalf of
Jones Lang LaSalle Hotels,
Jones Lang LaSalle Property Consultants Pte Ltd



Chee Hok Yean BSc (Est Mgt)(Hons), MSISV
Executive Vice President

For and on behalf of
PT. Jones Lang LaSalle,

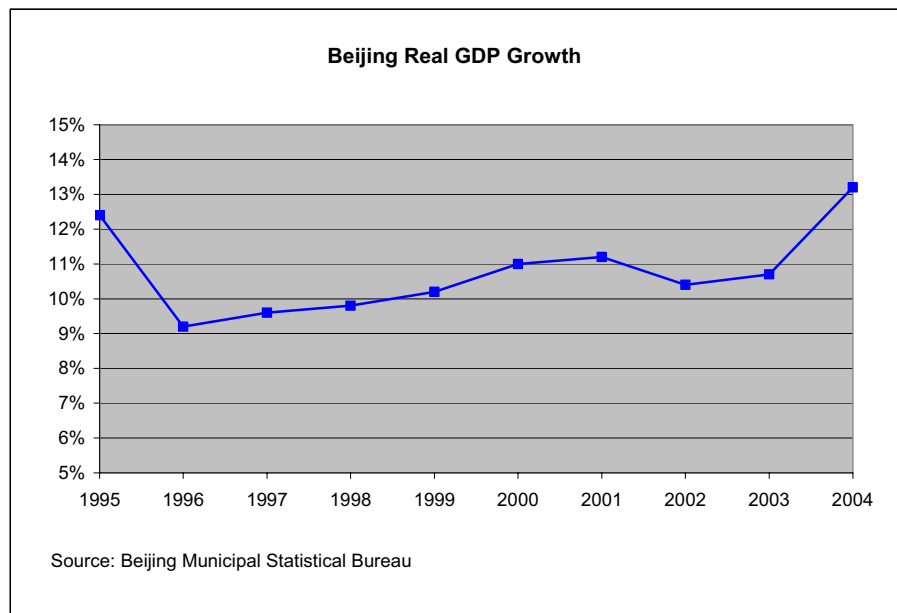


Djodi Trisusanto
Vice President

2.0 BEIJING SERVICED RESIDENCES MARKET OVERVIEW

2.1 Beijing Economic Overview

With a population of 14.9 million as at the end of 2004, Beijing is the cultural and political centre of the People’s Republic of China. Over the past four years, Beijing’s GDP growth has consistently surpassed the 10% mark, achieving a 12.3% growth rate and a nominal value of RMB428 billion in 2004. During January to September 2005, GDP for Beijing grew at a rate of 10.5% over the same period of the previous year, achieving RMB354.2 billion.



In 2004, Beijing proved again to be a focal point of both the national and international investment community. 2004’s fixed asset investment (FAI) reached RMB252.8 billion. The government’s efforts to cool down the city’s economic growth proved relatively successful, with the year-on-year FAI growth rate in 2004 decreasing by 1.7 percentage points to 17.2%. During the first nine months of 2005, FAI has reached RMB170.1 billion, up 13.7% over the past year. 2004 growth of real estate investment increased by 22.5% over 2003 levels to reach RMB147.3 billion. For year-to-date September 2005, real estate investment amounted to RMB90.9 billion, up 4.4% over the same period in the previous year.

In 2004, Beijing was home to 20,000 wholly foreign-owned enterprises and attracted US\$3.1 billion of utilised foreign direct investment (FDI), 43% more than in 2003. For the period between January and September 2005, the city’s FDI amounted to US\$2.8 billion growing 13.3% over the same period of the previous year. Total foreign trade volume as measured by the aggregate value of imports and exports posted US\$94.7 billion in 2004 increasing by 38.3% over 2003. For the first nine months of 2005, total imports and exports have already achieved a value of US\$90.4 billion, up 34.6% year-on-year.

In preparation for the 2008 Olympic Games, Beijing is undergoing a considerable infrastructural face-lift. With the development of a new airport terminal, four new subway lines by 2008, new expressways and additional road connections between the six concentric ring roads, accessibility to and throughout the city will be enhanced considerably. Both Beijing's residential and hotel market are also rapidly maturing, with an increasing number of international industry players reinforcing their presence across the city, moving away from the traditionally more internationally oriented areas in the East into more domestic oriented locations in the West and the North.

Key Economic Indicators & Forecasts

Year	Beijing Real GDP Growth	China Real GDP Growth	China Inward Foreign Direct Investment (US\$ million)
2001	11.2%	7.5%	44,241
2002	10.4%	8.0%	49,308
2003	10.7%	9.3%	47,077
2004	13.2%	9.4%	54,937
2005E	N.A.	9.3%	53,011
2006F	N.A.	8.1%	51,000
2007F	N.A.	7.5%	55,040
2008F	N.A.	7.0%	56,703
2009F	N.A.	7.1%	56,050
2010F	N.A.	6.9%	57,750

E: EIU estimates

F: EIU forecasts

N.A.: not available

Source: Beijing Municipal Statistical Bureau, EIU

2.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

There is no official definition of the serviced apartment product in Beijing. For the purpose of this market report, our definition of the serviced apartment shall be limited to the following properties:

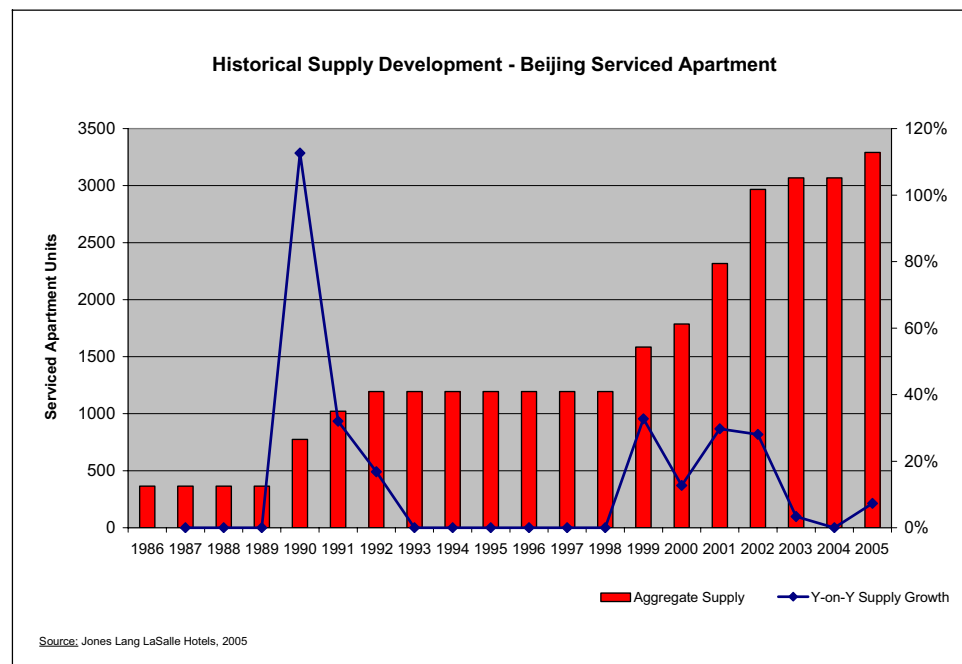
Resident profile	Apartment properties accepting short, medium and long term stay
Positioning	Properties catering to high-end, international market
Service package	Properties offering housekeeping services as a standard of the service package
Ownership structure	Properties owned to a majority share en-bloc
Operators	Properties operated by developers, serviced apartment operators or hotel operators

This market section will however also refer to properties other than those captured by the above definition, if they are, to greater or lesser extent, competing for similar market segments.

Supply

Historical supply development

In general, the historical serviced apartment supply trend can be classified into three major development phases:¹



The first generation of serviced apartments entered the market in the late-1980s and early-1990s. Those properties were primarily located in Beijing’s North-East and East, primarily along the Third Ring Road. Compound average annual growth (CAAG) over the five-year period between 1989 and 1993 amounted to 26.8%.

With the emergence of an international Central Business District and new offices at Wangfujing, a second generation of serviced apartments was developed by the end of the 1990s and the beginning of the new century. Compound annual average growth (CAAG) of supply over the five-year period between 1998 and 2003 amounted to 20.8%.

On 1 September 2002, the Beijing Municipal Bureau for Land Resources and Housing Management lifted the statutory segregation of domestic and foreign-approved residences. The monopoly on the expatriate market was broken. The upper end of the domestic housing market started to merge with the lower end of the previously foreign approved market. Supply growth was relatively limited during this

¹ N.B.: This analysis focuses on the supply developments based on current industry players and does not take into consideration any fluctuations in supply due to properties exiting from the market historically.

period. Compound annual average growth (CAAG) of supply over the two year period between 2003 and 2005 amounted to 3.6%.

The consequences of the deregulation on the market performance took one to two years to become material. The result was a strong supply growth at the lower end of the previously foreign approved market attracted by the prospects of a continuously growing Chinese upper-class and increasingly budget conscious multinational corporate tenants. Since deregulation, long-stay demand for serviced apartments has been declining, Serviced apartment operators have responded to this by partially re-defining their business mix accepting a higher proportion of transient and mid-term residents.

Current Supply

As of November 2005, the total stock of international serviced apartments conforming to the above definition amounted to approximately 3,300 units.

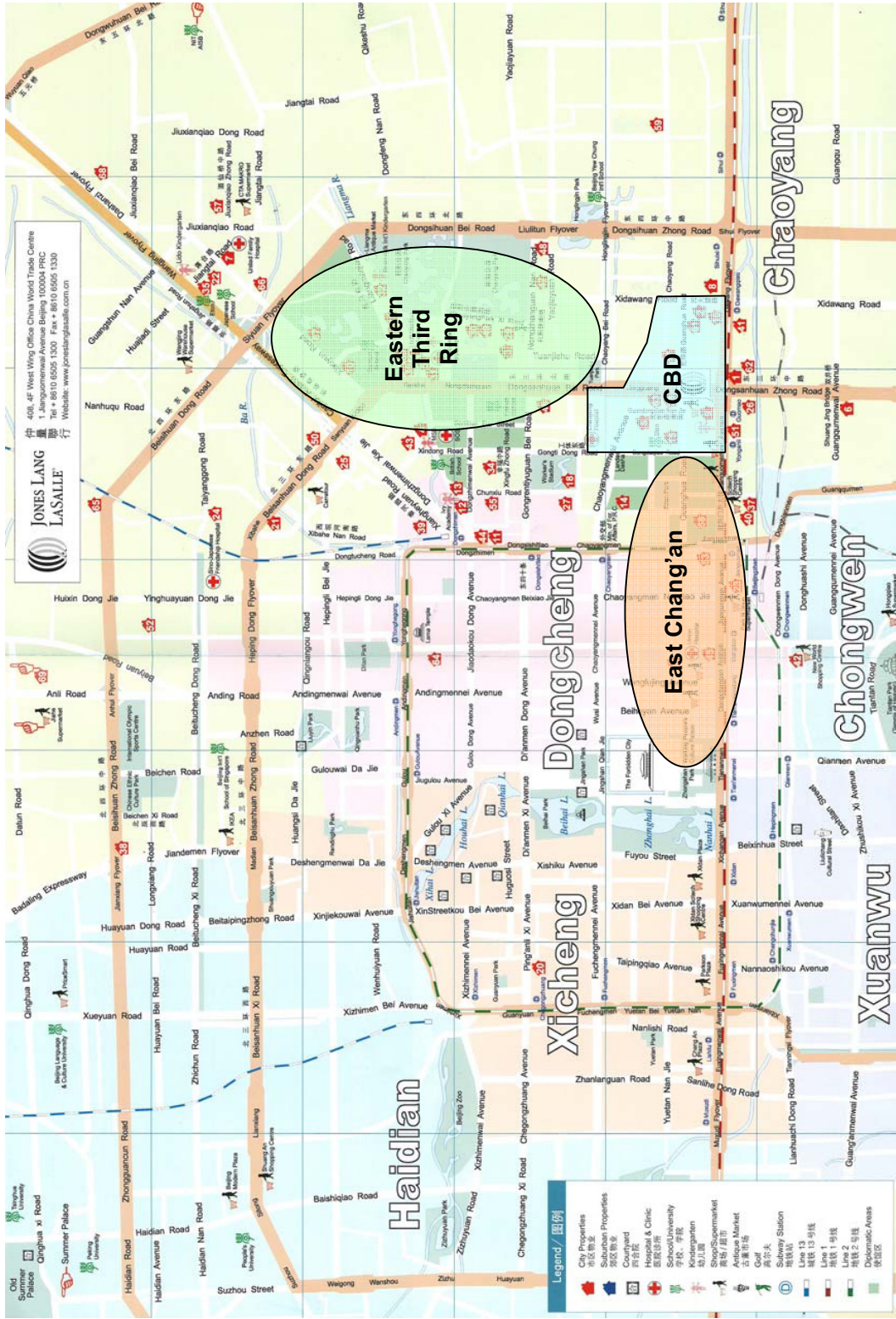
Examples of key players in today's serviced apartment market include:

Property	Submarket	Market Entry
China World Apartment	CBD	1990
Landmark Towers Serviced Apartments	Eastern Third Ring	1991
Kerry Center	CBD	1999
Pacific Century Place	Eastern Third Ring	2000
The Ascott Beijing	CBD	2001
St. Regis	East Changan	2001
Somerset Fortune Garden	Eastern Third Ring	2001
Palm Springs Beijing Marriott Executive Apartments	Eastern Third Ring	2005

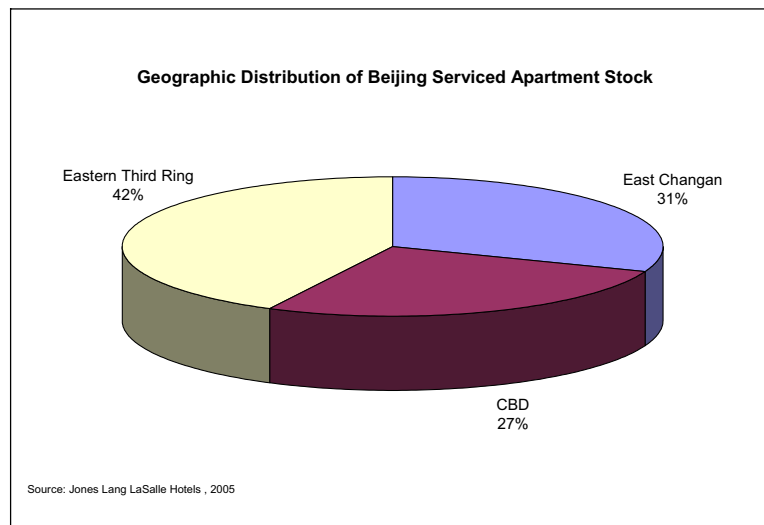
Source: Jones Lang LaSalle Hotels, Industry Sources

Geographic submarkets

International, high-end serviced apartments are almost exclusively located in the eastern area of the city, which with its embassy districts and international office locations, houses a higher concentration of expatriate residents. Located en-route from Beijing's Capital Airport to the geographical centre of the city, the current supply of serviced apartments can be divided into three distinct submarkets: The Eastern Third Ring, CBD, and East Chang'an.



Source: Jones Lang LaSalle, 2005



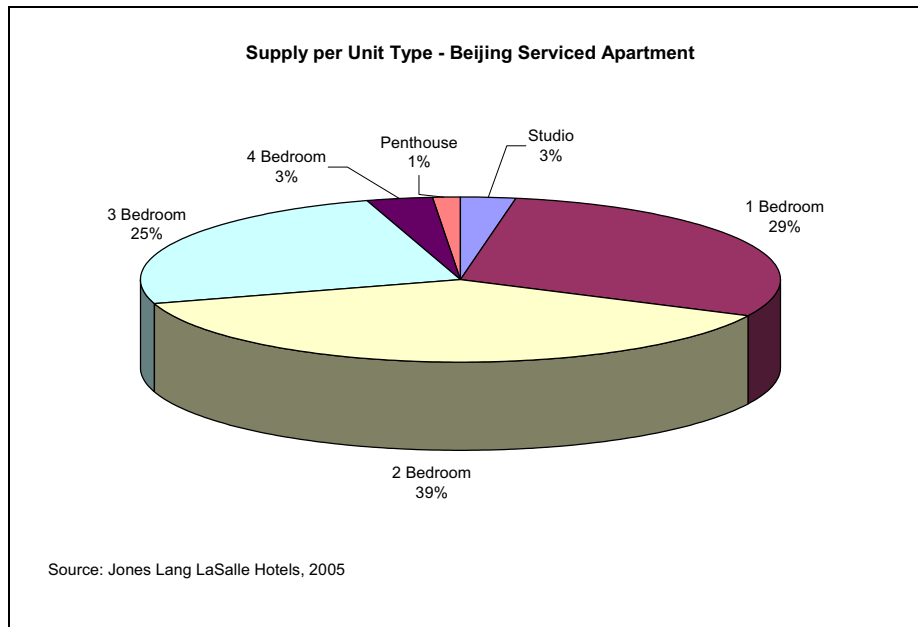
The **Eastern Third Ring** Area leads from Sanyuan Bridge in the north to the northern edge of the CBD. The area is adjacent to the 2nd and 3rd Diplomatic Districts as well as Chaoyang Park. The area also benefits from its proximity to the National Agriculture Exhibition Centre, the China International Exhibition Centre, and the Beijing Capital Airport. Also home to a number of commercial developments, which albeit are slightly lower positioned and more dispersed than their counterparts in the main CBD area, the area offers an attractive location for both travellers and long-term residents. The area is the largest of the three submarkets and includes 42% of current serviced apartment supply. Currently, serviced apartments in this area tend to be more closely positioned towards the mid-market and accept a higher proportion of transient business.

Beijing’s official **CBD** area stretches from Guang Dong Dian Bei Street and Chaoyang Road in the north to Tonghui River in the south and from Dong Da Qiao in the West to Xi Da Wang Road in the east. With the highest concentration of international Grade A office buildings including the China World Trade Centre, Kerry Centre and Fortune Plaza, the CBD is home to a large number of multinational corporations. Top-tier commercial properties slated to enter the CBD in the near future include Yin Tai Centre and the Capital Tower. Serviced apartments in this area command amongst the highest rentals in the market.

East Changan covers the area north of Changan Avenue and Jianguomen Avenue to the west of the CBD. Serviced apartments are grouped around Wangfujing in the west and around the Scitech Area in the east. The western end of this submarket, which is adjacent to the political, historical and cultural centre of Beijing, is primarily known for its prominent retail areas, but also features international grade offices including Oriental Plaza and Sun Dong An. Residential demand in the eastern end of this submarket is primarily driven by proximity to the Embassy Districts and the CBD. The positioning of the service apartments in East Changan is rather varied with rental rates ranging from about US\$20 per sqm per month up to US\$40 per sqm per month.

Supply of unit types

- As of October 2005, 71% of serviced apartment units were studios, one- and two-bedroom apartments, while large units only contributed 29% to the current supply of units.



- The typical unit mix of CBD properties is as follows: 25% one-bedroom apartments, 50% two-bedroom apartments, and the remaining 25% are three-bedroom apartments. A certain number of penthouses or four-bedroom apartments may also be added depending on the positioning of the property.
- Supply of units along the Third Ring Road is almost equally distributed between one-, two- and three-bedroom units. Two-bedroom units are slightly stronger represented (35%) compared to three-bedroom units (27%) and one-bedroom units (30%).
- In East Chang'an, the majority 90% of the units are relatively small i.e. studios, one-bedroom and two-bedroom apartments versus 10% of large units, i.e. three-bedrooms or more. The distribution is strongly influenced by the apartments at Oriental Plaza which supplies 63% of all units in this submarket.

Future Supply

As outlined in the following table, we expect a total of 1,878 serviced apartment units (including proposed serviced apartment units within hotel developments) to enter the market over the coming three years. This corresponds to a 16.2% projected compound annual average growth over the period. Excluding any strata-titled serviced apartment project, the projected new supply would amount to a total of 1,618 units, equivalent to a 14.2% projected compounded annual average growth over the current stock.

Major Future Supply in Beijing (as at end of October 2005)

Project Name	Location	Estimated No. of Rooms	Due
Oakwood Apartments Beijing Ocean Express Block D	East 3 rd Ring Road	236	2006
Ocean Express Block E	East 3 rd Ring Road	158	2006
Fraser Service Apartments	East Changan	200	2006
Park Hyatt Residence & Penthouse+	CBD	260	2007
Zhong Shan Da Sha	Xiao Yun Rd, Eastern 3 rd Ring Rd	108	2007
Sofitel Wanda	Jianguo Road, CBD	50	2007
Westin Financial Street	Financial Street, Xicheng	206	2007
Conrad Beijing	Friendship Store, East Changan	200	2008
“Yao Hui” Serviced Apartment	Dawang Lu	260	2008
CBD Core Area	N/E Corner of Da Bei Yao, CBD	200	TBC*
Total New/Proposed Room Supply		1,878	

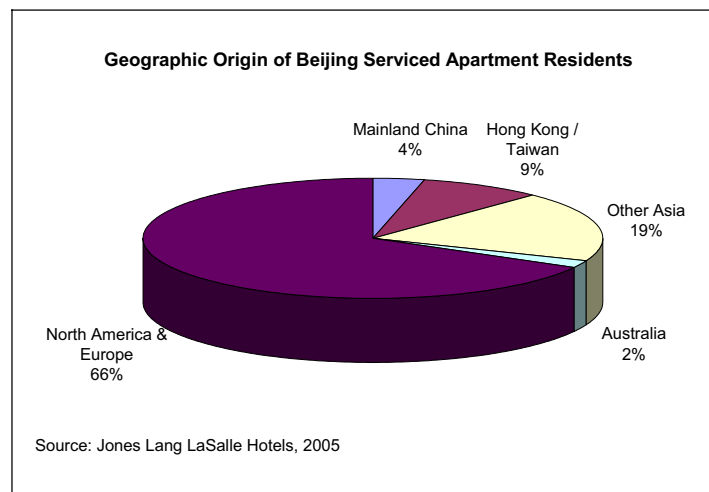
* TBC – to be confirmed + Strata-title property
Source: Jones Lang LaSalle Hotels, Industry Sources

Demand

In September 2005, Jones Lang LaSalle Hotels conducted a survey on the demand profiles of high-end serviced apartments in Beijing. Based on this study, the following paragraphs provide an outline of key demand characteristics for Beijing serviced apartments.

Residents’ origin

Demand for serviced apartments can be segmented into the following geographic segments:



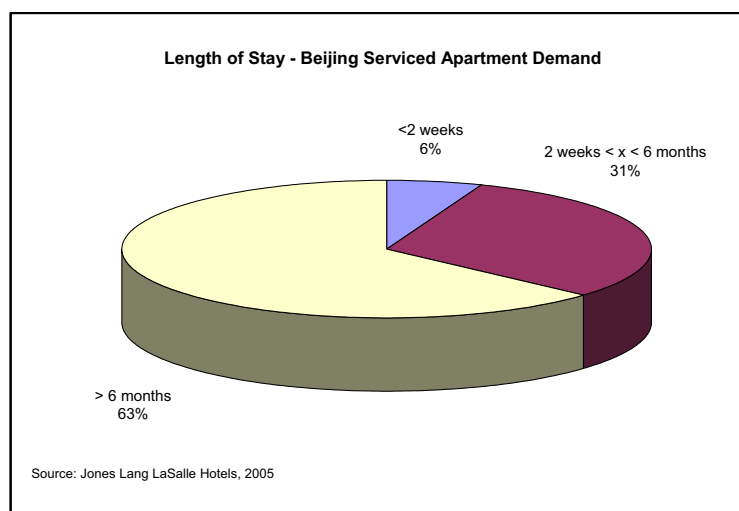
- Two thirds of serviced apartment demand originates from European and North American residents. Anecdotal evidence shows that the proportion of North American to European residents is about equal.

- Despite the geographic proximity of other Asian countries and the strong representation of nationals from these countries in the Beijing foreign labour market, residents from Asia and the Pacific only make up one third of serviced apartment tenants. As outlined above, this is mostly due to different compensation schemes for expatriates or semi-expatriates from these countries.

Length of stay

Demand for serviced apartments in Beijing can be segmented according to length of stay into the following categories: long-term residential demand (length of stay above six months); mid-term demand (below six months and above two weeks) and transient demand (below two weeks).

As outlined in the historical supply trends, Beijing’s serviced apartment market has traditionally served the long-stay market. Despite an increasing trend towards accepting a higher proportion of short-term and mid-term business, serviced apartment demand remains primarily long-term with 63% of occupied units under lease for periods of 6 months and above. Across market, serviced apartments currently accommodate approximately 31% of mid-term demand and 6% of transient demand.



Long-stay residents

Beijing’s long-stay serviced apartment residents are primarily corporate expatriate residents. Expatriates exhibit a stronger propensity to opt for serviced apartments in the initial year of their assignments. Providing the comfort of an all-inclusive service package and international service standards, serviced apartments allow expatriates to bridge linguistic and cultural gaps in the initial year of their assignment.

An increasing number of expatriates, however, tend to move into larger non-serviced apartments units, once they have gained familiarity with Beijing’s socio-cultural environment.

Beijing’s corporate expatriates remain the most important source of long-term tenants for Beijing serviced apartments, while private individuals (including entrepreneurs, semi- or local expatriates) make-up the minority of long-stay residents.

Corporate expatriates receive a fixed housing budget from their employer against the provision of an official receipt from the landlord. This reimbursement claim process makes them relatively price insensitive. Semi-expatriates or local expatriates (mostly from East-Asian countries) on the other hand are most frequently provided with straight “cash-allowances”. They are significantly more price sensitive and prefer, in most of the cases, non-serviced standard apartments.

Mid-term demand

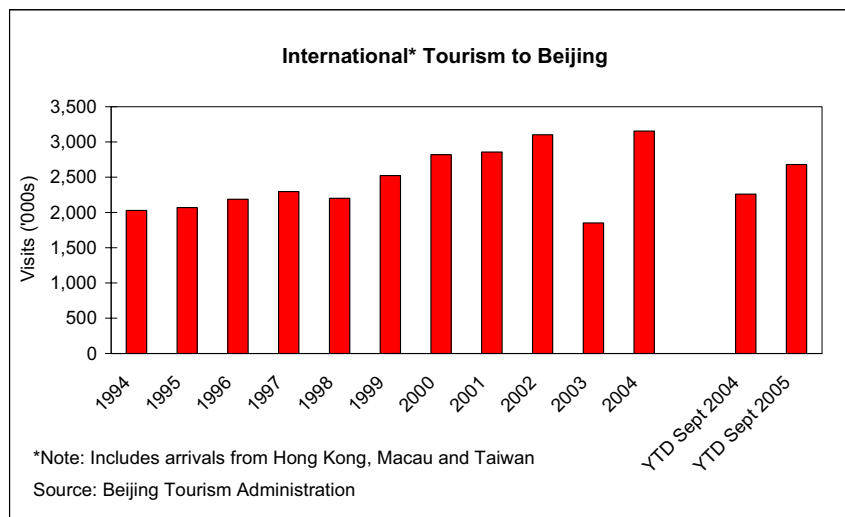
Depending on the length and motive for a mid-term stay, characteristics of this segment can either be determined by corporate relocation policies or travel demand patterns as outlined below.

Transient demand

Transient demand for serviced apartments is primarily corporate. However, certain properties which have access to the relevant distribution channels, namely GDS and online distribution systems, have started to diversify into the leisure segment. For those properties, however, leisure guests makes up only about 10% of overall transient demand.

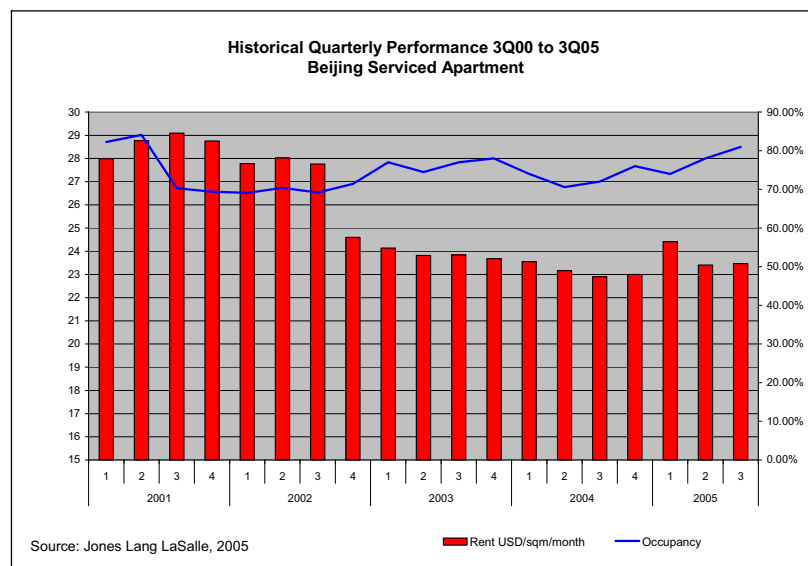
As a basis for understanding the general characteristics of the transient market we have referred to dynamics of the greater Beijing international tourism market. We note however that no specific data is available on what percentage of international visitors uses serviced apartments.

In 2004, Beijing proved its resilience to demand shocks, recovering strongly after the SARS epidemic reduced international visitor arrivals to a low of 1.9 million in 2003.



- During 2004, international arrivals to Beijing have seen a rebound of 70.0% over 2003 levels, which represented a ten-year low in the city’s international arrival numbers. 2004 statistics show that Beijing’s international tourism sector reached an unprecedented high of 3.2 million international arrivals, exceeding 2002 levels by 1.6%. The compound annual growth rate of international arrivals over the five years prior to SARS amounts to 6.2%.
- While international arrivals throughout the first half of 2004 showed some volatility compared to the same period of the past three years, the second half of 2004 was consistently stronger, exceeding 2002 levels during all months save October.
- International arrivals year-to-date in September 2005 have grown by 18.6% over the previous year achieving a total of 2.68 million visitors.
- Japan continued to be Beijing’s top foreign source market, accounting for 19.5% of total foreign arrivals in 2004. Other major foreign source markets include Korea (15.8%), the US (14.0%), and the UK (4.4%).

Performance Review



Occupancies:

- Serviced apartment occupancies have remained relatively stable between 2001 and 2005, ranging between the 70% and 80% mark.
- Due to a relatively strong share of long-term tenants, serviced apartment occupancies were not significantly affected by the SARS epidemic in 2003, maintaining at around the 70-80% level. In comparison, the average occupancy rates of five-star hotels declined from 68.0% in 2002 to 48.2% in 2003. Similarly, four-star hotels saw average occupancies fall from 80.1% in 2002 to 73.3% in 2003.

- Occupancies have seen a marked upward trend following 2Q04, growing at an average of 2.8% per quarter.
- Occupancies year-to-date for the first three quarters of 2005 have reached 77.7%, up 5.5 percentage points over the same period in 2004.
- In 3Q05, occupancies surpassed the 80 percent mark for the first time within four years reaching 81%.

Rentals:

- Serviced apartment rental rates have been subject to greater fluctuations than occupancies reflecting relative elasticity in pricing strategies by owners and operators.
- Serviced apartment rental levels were relatively strongly affected by the deregulation of the market in 2002 – on a per square metre per month basis, rentals have fallen from the high \$20s to the mid \$20s level in the 3rd quarter of 2002.
- Despite the impact of SARS, rental rates remained relatively stable throughout 2003, dropping slightly in 2004 while recovering throughout 2005.
- Year to date 3Q05 rental rates have grown 2.4% over the same period in 2004, reaching US\$23.8 per square metre per month.

2.3 Serviced Residences Trends

Demand Trends

The following paragraphs outline key trends affecting both transient and mid-term demand, followed by key trends affecting long-stay demand.

Key trends impacting transient and mid-term stay demand for accommodation

- ***Continued growth in foreign direct investment (FDI):*** The strong growth of FDI together with growing number and size of foreign enterprises in Beijing strongly correlates to demand for serviced apartments. Foreign investment projects typically require the continuous involvement of senior decision makers, particularly in initial project periods, before handing over work to local teams at the conclusion of an initial phase of a project. A high level of FDI activity is hence indicative of correspondingly high-demand for short-term and mid-term accommodation.
- ***Impact of the Olympic Economy:*** The Beijing 2008 Olympic Games and its preparatory efforts have generated a significant multiplier effect in the local economy. Organization and companies involved in the preparation of the event and the surrounding infrastructural and marketing efforts have employed the extensive involvement of foreign specialists and consultants, who in turn generate significant

short and mid-term accommodation demand. Besides the hotel sector, serviced apartments have started to capture a significant share of this short and mid-term accommodation demand generated by the “Olympic Economy”.

- ***Project work as a substitute for full relocation:*** With corporate operations in Beijing entering a more mature stage, more and more companies are starting to relocate specialists on a project basis rather than having staff stationed in China, effectively shrinking the size of their expatriate staff. This has contributed to an increase in demand for short- to mid-term tenancies in smaller sized units – at the expense of demand for longer tenancies of larger-sized units.
- ***Strong travel and tourism demand:*** Against the background of a compound average growth rate of 4.5% between 1994 and 2004, international travel to Beijing has grown 18.6% during the first nine months in 2005 compared to the same period past year. As a select number of serviced apartment operators have obtained access to global distribution systems as well as other hotel distribution channels, travel and tourism demand has developed into a key driver for transient demand for serviced apartment properties.

Key trends impacting demand for long-stay residential accommodation

- ***Continuous influx of expatriate talent:*** The appeal of China as a global manufacturing base and the continued deregulation along the WTO agenda in the banking, insurance, trading, architectural, and consultancy sectors are factors expected to generate a continuous influx of expatriate talent in the near future. Demand induced from those sources can be expected to counterbalance reductions of expatriate staff from the incipient localization of top management in some enterprises.
- ***Changes in the expatriate mix:*** Corporations are becoming increasingly cautious in relocating senior executives and are starting to limit expatriate staff to top management and relatively junior staff, who are often placed on local packages. The traditional layer of expatriate mid to senior management, especially those with families, has become thinner. While this tendency has primarily affected demand for suburban villas, it also contributed to a decrease in demand for large units in the serviced apartment market.
- ***Downward pressure on long-term rental rates:*** New supply of quality, standard residential apartments that have entered the market following the deregulation of the industry in 2002 has resulted in downward pressure on rental rates while offering new quality housing options at the mid to lower end of the market. Correspondingly, corporate housing budget decision makers have responded with downward budget adjustments primarily for lower and mid-management expatriate staff.
- ***Corporate cost saving initiatives:*** A number of corporations have recently introduced cost savings incentives whereby a portion of housing cost savings is paid back to their expatriate employees. These measures have passed on price-sensitivity from the employer to the employee, causing long-term tenants to critically evaluate

the premium charged by serviced apartments. In today's supply environment, choosing a more affordable, good quality standard apartment might seem even more attractive when rental savings are partially passed on to the expatriate.

- **Property acquisitions:** Against the backdrop of an increasingly transparent property market with a greater choice of quality housing and attractive investment yields, property ownership by foreigners, though still not substantial, has become increasingly common and has started to reduce overall demand for long-term rental units. Besides being popular with foreign entrepreneurs in the China market, this trend has started to catch on with corporate expatriate employees, reducing the overall pool of potential serviced apartment users.

Supply trends

- **Continued barriers to high entry for new supply:** Upcoming supply in the non-strata-title serviced apartment market is relatively limited. Against the background of the government's relatively tight control of financing channels, Beijing's cash thirsty developers can be expected to have a strong preference for developing strata properties in the short and medium run. A single-landlord property's advantage in the corporate market would continue to persist.
- **Property re-configuration and flexible capacity management:** The Beijing market has seen various examples of product re-configurations implemented to suit the changing market needs for short to mid-term residential accommodation. Such reconfigurations include the conversion of residential units to hotel rooms in mixed-use developments as in the case of the Tower Apartments at Oriental Plaza where two of the four apartment towers were added to the inventory of the Grand Hyatt, the hotel component of the overall development. Mixed-used properties with both hotel and residential components have also shown increased flexibility in reducing the minimum length of stay for short-term hotel guests in apartments units. Stand-alone serviced apartments are also increasingly engaging in the practice of physically separating short-stay guests from their long stay tenants to avoid disturbance – be it via a separate tower or allocating separate floors for short-stay guests.
- **Increasing amount of mid-market players:** We expect developers to respond to increased price sensitivity of corporate occupiers in the high-end serviced apartment market and a concentration of new supply in mid market products. The entry of mid-market operators such as Citadines, Fraser Residences and Oakwood Worldwide, in addition to a number of generic property management firms diversifying into the serviced apartment market will further result in an increase in properties positioned in the mid-market with a greater percentage of smaller sized units.
- **Hotel operators transforming the serviced apartment industry:** International hotel operators across the Asia Pacific region are increasingly entering the serviced apartment industry. Previously, serviced apartment properties were mostly operated by property owners or specialized serviced apartment operators. Over the recent years, however, internationally branded hotel operators such as Starwood Hotels and Resorts and Marriott International have entered the serviced apartment industry,

leveraging on the strength of their more established hotel brands. Building on this brand strength as well as distribution expertise in the transient market, hotel operators have contributed to an overall increase in transient business across the industry.

Performance trends

From the above demand and supply analysis, we can draw conclusions on occupancies and rentals for the coming years.

- ***Relative stability of occupancy rates:*** The serviced apartment product's hybrid nature combining characteristics of a hotel and residential property allows property owners and operators to counter a decrease in demand in the residential segment by targeting the mid and short stay markets or vice versa. Based on a strong growing mid-term market, the flexibility to re-define their business mix is likely to allow serviced apartments to maintain relatively stable occupancies over the coming years, despite moderate increases in future serviced apartment supply.
- ***Short-term rental growth opportunities:*** In tandem with the growth of Beijing's travel and tourism market, in particular in the lead up to the Olympic Games, transient demand in Beijing can be expected to maintain a strong growth pace.

Re-definition of target segments, and distribution strategies are the most common responses of serviced apartment to the increased revenue opportunities in the transient and short-term market. Properties previously imposing strict minimum tenancy periods (mostly 6 months) have changed their business mix by reducing such limits and started to accept shorter stays. Alternatively, properties may raise percentage limits on transient business. Other efficient techniques involve a more diversified use of distribution channels moving away from direct sales and sales through property agents, integrating distribution through travel agents, on-line booking sites, central reservation centres or even global distribution systems, all traditionally used as a travel distribution channel. These measures will allow certain properties to collect higher average rentals in the short-term.

2.4 Market Outlook

Despite a number of challenges, the short and mid-term outlook for Beijing's serviced apartment remains relatively positive.

Main challenges for the market include the reduction of housing budgets, the increasing localization of expatriates, and the impact of competition from high-quality, well-managed standard apartments leading to a decline in demand for high-end serviced apartments. In the mid to long run, we believe that serviced apartments may have to contend with less demand and rental growth from the long-term residential sector.

On the other hand, driven by the Olympic Games, the continued growth of foreign direct investment and the continued boom in transient business travel, demand for mid and short term accommodation is expected to grow at a strong pace. While new hotel supply entering the market before 2008 will increase competition for the transient

market segment, we believe that the serviced apartment product will continue to maintain a strong competitive advantage in the mid-term market.

Further, as there are no regulations limiting the minimum length of stay for serviced apartments in China, serviced apartments in Beijing have the flexibility in adjusting the proportion of transient versus long stay demand they choose to maintain in line with tourism and residential market trends. This allows for greater stability in overall trading performance.

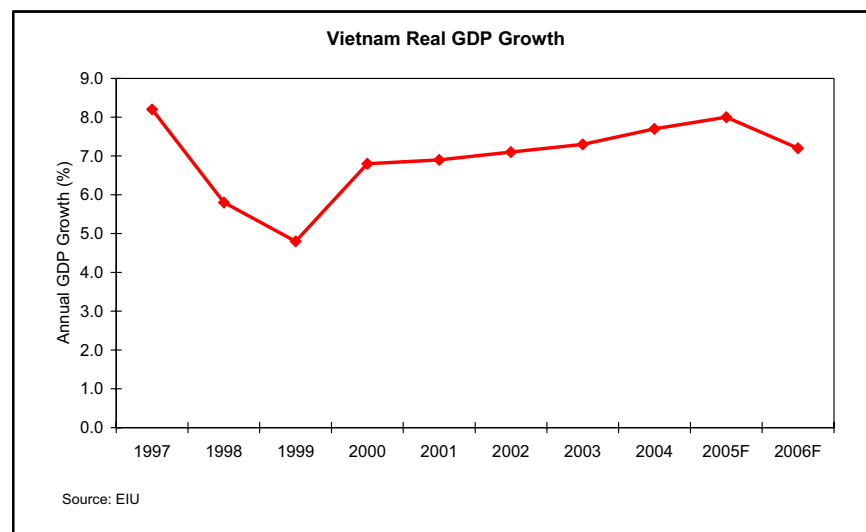
In conclusion, despite challenges in the long-term residential segment, with opportunities in the short-term transient market and the growing mid-term market, in general the performance outlook for the Beijing serviced apartment market is positive. Barring unforeseen circumstances, the market should register stable occupancy levels and a certain degree of rental growth over the short to mid term.

3.0 HANOI SERVICED RESIDENCES MARKET OVERVIEW

3.1 Hanoi Economic Overview

Hanoi is the capital city of Vietnam, which borders China to the north, Laos to the west, and Cambodia to the southwest. Located in Southeast Asia, economic reforms or *doi moi* has helped Vietnam restore diplomatic relations with the US and eased its entry into the ASEAN grouping in 1995. The country has gradually opened up to foreign investment and tourism. To improve the ease of travel to Vietnam, the government has also granted visa exemption to visitors from some regional countries.

Recent years have seen Vietnam’s economy flourish. Sustained economic growth (2001 – 6.9%, 2002 – 7.1%, 2003 – 7.2%) has been driven by Vietnam’s inclusion in ASEAN and the economic reformatory policy of the government, which facilitated large increases in investments by foreign and local enterprises. Economic growth remained robust in 2004 (+7.7%), supported by strong domestic demand and increase in exports and investments. According to latest available figures from the General Statistics Office of Vietnam, the economy expanded by about 8.1% year-on-year during the first nine months of 2005. This corresponds with the Economist Intelligence Unit’s (EIU’s) projection of an expected strengthening of economic growth to 8.0% in 2005.



As the capital city of Vietnam, Hanoi’s economy has also enjoyed high and relatively consistent economic growth of 11.1% per annum over the past five years, outperforming the national average by about 1.5 to 1.6 times. The city has been able to leverage on its advantages as Vietnam’s political and administrative centre, education, economic and international exchanges. Over the next five years, Hanoi is looking at achieving an average annual GDP growth rate of 11-12%. Hanoi’s economy will also benefit from Vietnam’s preparation for accession into the World Trade Organization (WTO), a move which will expand the country’s export market and reduce trade barriers. Membership will provide Vietnam with better access to other markets, but will

also require it to open up its own markets further and to introduce a range of legal and market reforms.

Key Economic Indicators & Forecasts

Year	Vietnam Real GDP Growth	Vietnam Inward Foreign Direct Investment (US\$ million)
2001	6.9%	1,300
2002	7.1%	1,400
2003	7.3%	1,450
2004	7.7%	1,610
2005E	8.0%	2,400
2006F	7.0%	2,450
2007F	6.8%	2,400
2008F	7.1%	2,800
2009F	6.9%	3,200
2010F	7.1%	3,400

E: EIU estimates

F: EIU forecasts

Source: EIU

3.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

We are not aware of any official definition for serviced residences in Hanoi. Unlike in Singapore where serviced residences are required to offer a minimum stay of one week, we are not aware of a similar standard practice in Hanoi. As such, the minimum required length of stay can differ, ranging from one day to one year, depending on room availability and the marketing strategy of the serviced apartment owner/operator.

Supply

We estimate a current inventory of 1,000 to 1,500 serviced residences in Hanoi. However, the majority are relatively small developments of less than 50 units. Geographically, most of the serviced apartments are located in the Ba Dinh, Tay Ho and Hoan Kiem Districts.

The current supply situation is tight with no known major completions during the past year. Major international players in the market will include Singapore-based Keppel Land's Sedona Suites Hanoi which offers 155 serviced apartments and 20 villas, as well as The Ascott Group's two Somerset-branded serviced apartment developments, with a total inventory of 245 units.

Examples of Serviced Apartments in Hanoi

Project Name	Location	No. of Units
Somerset West Lake	254D Thuy Khue Street, Ba Dinh District	60
Somerset Grand Hanoi	49 Hai Ba Trung Street, Hoan Kiem District	185
Sedona Suites Hanoi	To Ngoc Van Street, Quang Ba, Tay Ho District	155 units + 20 villas
Sofitel Serviced Apartments	1 Thanh Nien Road, Ba Dinh District	36
Mayfair Hanoi	34B Tran Phu Street	48

Source: Jones Lang LaSalle Hotels

In terms of new supply, we are not aware of any new branded projects in the pipeline. However, there are a few new upcoming luxury residential projects such as the 23-storey Skyline Building (87 units) and the 375-unit Golden Westlake project (reportedly for sale or lease) entering the market over the next couple of years which could potentially compete with the existing serviced apartment stock. In addition, we understand that international serviced apartment operators The Ascott Group and Oakwood are exploring opportunities in Vietnam, and Hanoi may be one of the cities considered.

Demand

Similar to most markets, expatriates and business travellers looking for extended stay options are the main demand generators for serviced apartments in Hanoi. One major consideration is security, which is provided in these serviced apartment developments. However, without a standard practice on the minimum required length of stay, short-term demand from tourists and businessmen requiring one or two nights' stay is also possible in some developments.

Expatriates

In tandem with the increase in foreign investment in the city, Hanoi is also witnessing a rising number of expatriates seeking extended-stay options. These expatriates can be classified into two broad categories – families with a preference for more spacious and quieter villas and young couples/singles who tend to prefer apartment style accommodation.

There are no official statistics on the number of expatriates in Hanoi. However, with foreign direct investment (FDI) in Hanoi remaining strong, the number of expatriates working in the city is expected to rise. According to latest figures from the General Statistics Office (GSO) of Vietnam for the period from 1st January 2005 to 21st October 2005, Hanoi has attracted 91 licensed projects with a total registered capital of US\$1.36 billion. The number of licensed projects attracted during this period has already exceeded the total of 57 licensed projects attracted in 2004.

International Tourists/Business Travellers

The volume of international tourists to Hanoi has increased rapidly in recent years and demand for the city's high-end hotels has exceeded supply. In view of the relatively limited stock of international standard hotels in the market, serviced apartments serve as

an alternative accommodation option for international travellers, particularly for those on business.

In 2004, the city received 950,000 foreign tourist arrivals, accounting for 34% of total arrivals to Vietnam. Available statistics for the first three months of 2005 show Hanoi welcomed around 262,000 foreign visitors, posting a large year-on-year increase of nearly 50%. By end 2005, Hanoi is expecting to receive 1.2 million foreign arrivals, or about 26% higher than 2004 and it is anticipated that the number will rise to 1.8 million by 2010.

Performance Review

The performance of serviced apartments in Hanoi was affected by the 1997/98 Asian financial crisis, due to the outflow of expatriates and foreign investors during this period. In addition, a number of serviced apartment buildings such as Mayfair Apartments and Sedona Suites Hanoi opened during the crisis period, exerting downward pressure on rental rates.

Feedback from serviced apartment operators in mid-2002 shows that foreign-backed serviced apartment buildings in Hanoi, such as Golden Lodge Resort, Sedona Suites and Pan Horizon, are achieving relatively high occupancy levels of 80-95%, on the back of no major new supply since 2001. However, any rental increase was relatively marginal and appeared to be at top-end developments where demand exceeded supply. In addition, serviced apartments continue to face strong competition from the residential leasing market. In particular, the standard of houses and villas developed by local landlords have improved and expatriates have more housing choices.

By 2004, increased foreign direct investments backed by an overall improvement in the regional and global economies saw serviced apartments in Hanoi reporting strong demand, which translated into high occupancy levels of above 90%. This trend continued into 2005 with occupancy reportedly at above 95%. In view of the strong demand and no new supply, rentals at existing serviced apartments have also increased.

The indicative monthly rentals of serviced residences in Hanoi, based on a survey of five major serviced residences (Somerset West Lake, Somerset Grand Hanoi, Sedona Suites Hanoi, Sofitel Serviced Apartments and Mayfair Apartments) are provided in the following table:

Indicative Monthly Rentals* of Hanoi Serviced Residences by Unit Type

Unit Type	Unit Size (sq.m.)	Rental
1-Bedroom	55 – 78	US\$1,700 – 2,900
2-Bedroom	78 – 93	US\$2,300 – 4,400
3-Bedroom	106 – 280	US\$3,500 – 5,000
Penthouse	147 – 162	US\$6,000 – 6,800

* Rentals quoted during survey conducted in November 2005

Source: Jones Lang LaSalle Hotels, Industry Sources

3.3 Serviced Residences Trends

Some general market trends observed include:

- The international serviced apartment market is still relatively undeveloped with the presence of only two “Somerset-branded” properties in Hanoi. However, with demand currently outstripping supply, there is potential to accommodate more players/brands in the market. This would also raise the standard of extended-stay accommodation in Hanoi. We understand that international serviced apartment operator Oakwood is currently exploring opportunities in the country and Hanoi is one city they are looking at.
- In terms of guest profile, demand from Europeans look set to increase in line with the increase in FDI from Europe into Vietnam. For the first nine months of 2005, investments from Europe accounted for 40.1% of the fresh FDI capital into Vietnam. Similarly, demand from Asian expatriates will continue to be strong.

3.4 Market Outlook

Notwithstanding Vietnam’s battle with the avian flu, the overall outlook for the serviced residences industry in Hanoi looks positive, supported by the following factors:

- Economic and business sentiments are looking optimistic. Hanoi is targeting to achieve average GDP growth rates of 11-12% over the next five years. In addition, the city is targeting to attract US\$5 billion of FDI capital by 2010. This would be facilitated by Vietnam’s entry into the World Trade Organization expected by the end of 2005.
- More expatriates are willing to be based in Vietnam, including Hanoi.
- No known major upcoming “branded” serviced apartment supply is expected in the next couple of years.

With demand prospects generally looking positive, coupled with the tight supply situation, the local serviced residences industry is expected to continue to enjoy high occupancy levels of above 95% with potential for further rate growth over the next couple of years.

However, in the medium- to longer-term, the industry continues to face several challenges which includes:

- Risk of terrorism and an avian flu outbreak in Vietnam or Asia which will affect FDI inflows and economic growth.
- Rising competition from the residential market – with local developers offering better quality residential projects.
- High barriers of entry for any potential new market entrants.

- Competition from other provinces in the country for FDI e.g. Binh Duong attracted 110 licensed projects with a total registered capital of about US\$243 million, according to official statistics for the period from 1st January 2005 to 21st October 2005.

4.0 HO CHI MINH CITY SERVICED RESIDENCES MARKET OVERVIEW

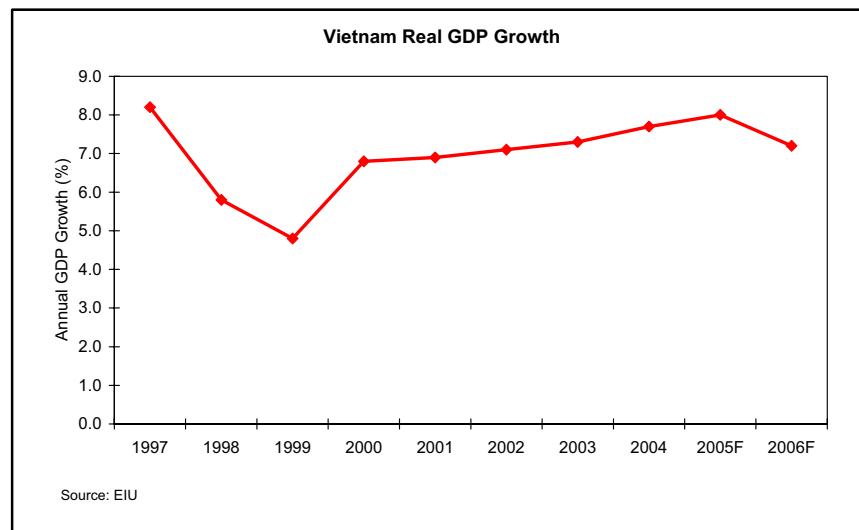
4.1 Ho Chi Minh City Economic Overview

Located at the heart of southern Vietnam along the bends of the Saigon River, Ho Chi Minh (HCM) City is the largest city in Vietnam. The present day HCM City comprises 24 districts, including the core part of the city retaining the city's old name Saigon, and five sub-districts with a total population of approximately 7 million as at July 2005. With the highest economic growth rate in the country and production value representing almost 20% of the national gross domestic product (GDP), HCM City was the key contributor to Vietnam's economic growth over the past decades and continues to be an economic centre and a transport focal point in the country.

Recent years have seen Vietnam's economy flourish. Sustained economic growth (2001 – 6.9%, 2002 – 7.1%, 2003 – 7.2%) has been driven by Vietnam's inclusion in ASEAN and the economic reformatory policy of the government, which facilitated large increases in investments by foreign and local enterprises. Vietnam's economic growth remained robust in 2004 (+7.7%), supported by strong domestic demand and increase in exports and investments. During the year, HCM City registered an annual GDP growth of 8.4%, higher than the national average.

According to latest available figures from the General Statistics Office of Vietnam, the economy expanded by about 8.1% year-on-year during the first nine months of 2005. Over the same period, HCM City achieved its fastest-ever economic growth with a GDP growth of 11.5% year-on-year. For the whole year, the Economist Intelligence Unit (EIU) is expecting Vietnam's GDP to accelerate to 8.0% in 2005. For HCM City, the municipal government is looking at increasing its full year growth rate to 12.2%.

As the business capital of Vietnam, HCM City will also benefit from Vietnam's preparation for accession into the World Trade Organization (WTO), a move which will expand the country's export market and reduce trade barriers. Membership will provide Vietnam with better access to other markets, but will also require it to open up its own markets further and to introduce a range of legal and market reforms.



Key Economic Indicators & Forecasts

Year	Vietnam Real GDP Growth	Vietnam Inward Foreign Direct Investment (US\$ million)
2001	6.9%	1,300
2002	7.1%	1,400
2003	7.3%	1,450
2004	7.7%	1,610
2005E	8.0%	2,400
2006F	7.0%	2,450
2007F	6.8%	2,400
2008F	7.1%	2,800
2009F	6.9%	3,200
2010F	7.1%	3,400

E: EIU estimates
Source: EIU

F: EIU forecasts

4.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

Similar to Hanoi, we are not aware of any official definition nor any standard restrictions on the minimum required length of stay at serviced residences in HCM City.

Supply

We estimate a current inventory of about 1,500 to 2,000 serviced residences in HCM City. Geographically, the majority of the serviced apartments are concentrated in the business district (District 1).

HCM City's serviced apartment industry only started to develop in the mid-1990s. The Landmark was the first large, high-rise apartment building to be completed in the centre of HCM City in 1995. Comprising a mix of offices and apartments, The Landmark targeted the high-budget foreign expatriates market and provided a mixture of one-, two- and three-bedroom apartments. Since then, many other serviced apartment buildings have been completed, providing similar high standard of accommodation and services, and aimed at the expatriate employees of government consulates or high ranking staff of foreign enterprises in HCM City. These include Somerset Chancellor Court (then known as Regency Chancellor Court) and Sedona Suites.

Examples of Serviced Apartments in HCM City

Project Name	Location	No. of Units
The Landmark	5B Ton Duc Thang, District 1	65
Somerset Chancellor Court	21-23 Nguyen Thi Minh Khai Street, District 1	156
Somerset Ho Chi Minh City	8A Nguyen Binh Khiem Street, District 1	165
Sedona Suites	65 Le Loi Street, District 1	89

Source: Jones Lang LaSalle Hotels

We are not aware of any major new branded supply in the pipeline, although international serviced apartment operators The Ascott Group and Oakwood are exploring opportunities in Vietnam. However, the expatriate leasing market is expected to witness increased competition over the next two years with the completion of new luxury residential projects. These include the 91-unit Lancaster, the 156-unit Pasteur Court and more recently, Orchard Garden (206 apartments) at 360 Nguyen Van Huang Street. Orchard Garden will be the first high-rise apartment building in Thao Dien ward, an area popular with expatriates and with a high concentration of luxury villas for lease to expatriates. The apartments can be used for residence or for lease to expatriates, as the quality is understandably comparable to other serviced apartment buildings in the city.

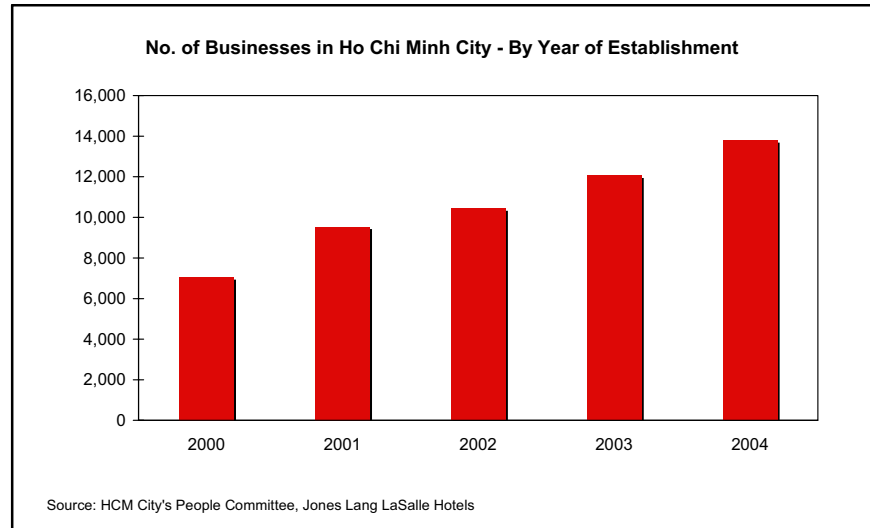
Demand

Serviced residences are becoming increasingly popular among business travellers, expatriates and their families in Vietnam, including HCM City. They provide greater value for money than hotels for longer stays, with kitchen and laundry facilities, more space, privacy and the relaxing ambiance of a home. The local serviced apartment industry also caters to short-term demand from tourists requiring one or two nights' stay in view that there is no standard practice on the minimum required length of stay, although this is not a large market segment.

Expatriates

Similar to Hanoi, the serviced apartment market in HCM City is seeing rising demand from expatriates due to an increase in foreign investments.

There are no official statistics on the number of expatriates in HCM City. However, the number of business establishments in the city has been rising. From 2000 to 2004, the number of businesses established in the city nearly doubled from 7,052 in 2000 to 13,796 in 2004.



With foreign direct investments (FDI) expected to remain strong, the number of expatriates working in the city is expected to rise as increased FDI typically brought an influx of foreign residents and companies. According to latest figures from the General Statistics Office (GSO) of Vietnam for the period from 1st January 2005 to 21st October 2005, HCM City has attracted 192 licensed projects with a total registered capital of US\$0.24 billion. The number of licensed projects attracted during this period has already exceeded the total of 178 licensed projects attracted in 2004.

International Tourists/Business Travellers

As the business capital of Vietnam and an important tourism hub, HCM City has seen increasing demand for accommodation. Business travellers, in particular, are likely to seek accommodation in serviced apartments. Although there are no available official statistics on the number of business travellers to the city, their numbers are expected to have risen in recent years, in line with the increasing number of businesses established in the city from 2000 to 2004.

In 2004, HCM City received 1.58 million international visitors. The number of foreign arrivals looks set to rise in 2005. For the first six months of 2005, HCM City has welcomed about 997,726 foreign tourists, up 38.5% from the corresponding period in 2004 and representing 55.4% of the year's target. The increasing number of foreign tourists to HCM City is attributed to the government's visa exemptions for visitors from key markets, including Japan, the Republic of Korea, northern European and ASEAN

member countries. By 2010, the city is expecting to receive about 2 million foreign visitors.

Performance Review

As mentioned earlier, HCM City's serviced apartment industry only started to develop in the mid-1990s. Mirroring the situation in Hanoi, the performance of serviced apartments in HCM City was affected by the 1997/98 Asian financial crisis, due to the outflow of expatriates and foreign investors during this period. Many were also leaving due to frustrations over the slow pace of economic reform and inability to be profitable.

The weak demand situation was further exacerbated by the influx of more than 1,000 units of new supply between 1995-1998. Consequently, the oversupply situation in the market placed downward pressure on rentals and occupancies. Feedback from serviced apartments in 1998 showed rental discounts of some 25-35% were given off published monthly rentals. Depending on the development, type of unit and the rental package, published monthly rentals ranged from about US\$1,650 to US\$9,650. Average occupancy rates on the other hand were typically in the 20-40% range.

By 2000, there were encouraging signs that the local serviced apartment industry, though still very competitive, was picking up with serviced apartment owners/operators reporting better occupancy levels. For example, the average occupancy at the Saigon Sky Garden Serviced Apartments rose to over 85% in 2000, compared to 30-40% when the serviced apartment started operations in 1998.

The signing of the US-Vietnam Free Trade Agreement in mid-2000 has also helped to encourage greater foreign investment inflow, in addition to the formation of a new European Chamber of Commerce. The serviced apartment business appeared to be rising on the back of increased demand from expatriates. According to feedback from removal companies in early-2001, there were more inbound than outbound business in the past couple of months.

Increased demand for serviced apartments was also reported in 2003. Apart from new expatriate demand from an increasing number of younger expatriates on short- and long-term assignments, expatriates were also shifting from villas to serviced residences. Consequently, good quality serviced apartments in prime locations such as District 1 reported high occupancy levels of above 90%. Rentals also ranged from about US\$1,800 for a one-bedroom unit to US\$2,500 for a two-bedroom apartment.

This uptrend continued into 2004 and 2005. Supported by the increased foreign direct investments and notwithstanding the strong competition from the luxury apartment market, serviced apartments in HCM City are reporting relatively high market occupancies of about 90% in 2005. This was helped by relatively stable supply over the past two years, with no major serviced apartment completion reported. In view of improved demand levels, average rentals have also reportedly moved up by about 5-10%.

The indicative monthly rentals of serviced residences in HCM City, based on a survey of three major serviced residences (The Landmark, Somerset Chancellor Court, and Somerset Ho Chi Minh) are provided in the following table:

Indicative Monthly Rentals* of HCM City Serviced Residences by Unit Type

Unit Type	Unit Size (sq.m.)	Rental
Studio	40 – 50	US\$1,550
1-Bedroom	52 – 92	US\$1,900 – 2,700
2-Bedroom	85 – 120	US\$2,500 – 3,500
3-Bedroom	110 – 142	US\$3,500 – 6,000
4-Bedroom	174.4 – 190	US\$7,000

* Rentals quoted during survey conducted in November 2005

Source: Jones Lang LaSalle Hotels, Industry Sources

4.3 Serviced Residences Trends

Some general market trends observed include:

- The concept of serviced residences was first introduced in the mid-1990s and has gained popularity with the expatriate community over the years. Apart from the provision of a range of services such as daily housekeeping, serviced residences provide the added security that was initially missing when expatriates leased local Vietnamese housing which were typically nestled amongst local Vietnamese families in small lanes not accessible by cars.
- International serviced apartment players only started to enter HCM City in the late-1990s. Currently, The Ascott Group is the only international serviced apartment operator in the market with two “Somerset-branded” properties. With demand for expatriate housing expected to grow over the next five years, there is potential for the market to accommodate more players/brands. This would also raise the standard of serviced apartment accommodation in HCM City. Potentially, new players in the market will include Oakwood who is currently exploring opportunities in the country while The Ascott Group has plans to expand within Vietnam.
- Similar to global trends, there is an increasing number of younger expatriates on short- and long-term assignments who typically provide strong demand for serviced apartments.

4.4 Market Outlook

The overall outlook for the serviced residences industry in HCM City looks positive, supported by the following factors which are broadly similar to Hanoi:

- Economic and business sentiments are looking optimistic with HCM City targeting an annual GDP growth rate of 12% over 2006-2010.
- With tourism being an important contributor to the growth of HCM City, the government is improving the city’s infrastructure to further facilitate the continued growth and development of the tourism industry. At the same time, work on a new airport terminal, which will cover an area of 92,920 square metres, has commenced

in August 2004. When the new terminal opens in 2006, the Tan Son Nhat International Airport which is located 7 kilometres from the city centre, will be able to handle 8 million passengers a year, while the existing terminal will be used only for domestic flights. In addition, the city is growing its international air network. Apart from about 22 existing regular international air services, recent additions include Lufthansa from Munich, Germany and United Airlines from San Francisco, US in late 2004 and a low cost airline, Tiger Airways from Singapore in April 2005.

- More expatriates are willing to be based in Vietnam, including HCM City.
- No known major upcoming “branded” serviced apartment supply is expected in the next couple of years.

Barring any unforeseen circumstances, with demand prospects generally looking positive, coupled with the relatively stable supply, the local serviced residences industry is expected to continue to enjoy high occupancy levels of about 90% with potential for further rate growth over the next couple of years.

However, in the medium- to longer-term, the industry continues to face several challenges which includes:

- Risk of terrorism and an avian flu outbreak in Vietnam or Asia which will affect FDI inflows and economic growth.
- Rising competition from the luxury residential market – with local developers offering better quality residential projects.
- High barriers of entry for any potential new market entrants.
- Competition from other provinces in the country for FDI e.g. Binh Duong attracted 110 licensed projects with a total registered capital of about US\$243 million, according to official statistics for the period from 1st January 2005 to 21st October 2005.

5.0 JAKARTA SERVICED RESIDENCES MARKET OVERVIEW

5.1 Jakarta Economic Overview

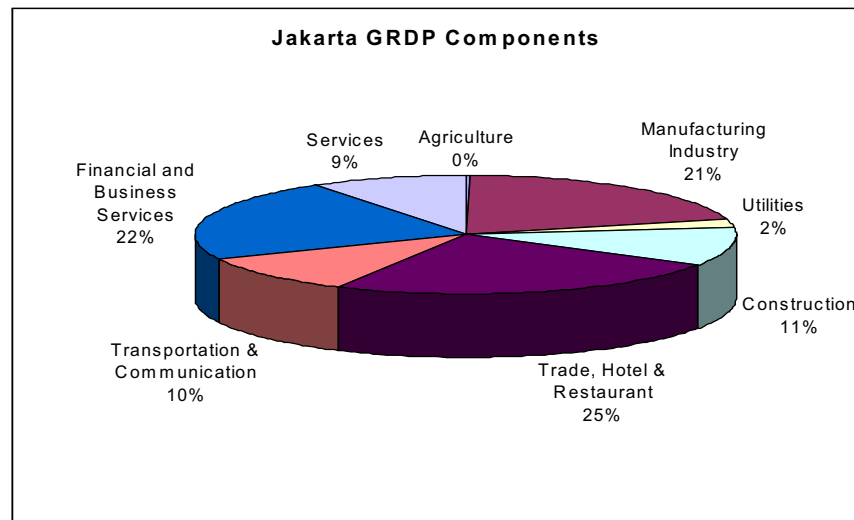
Gross Regional Domestic Product (GRDP)

Jakarta's Gross Regional Domestic Product (GRDP) grew from Rp 57.2 trillion in 1999 to Rp 70.8 trillion in 2004 (latest figures available) on a constant value basis, representing an average real growth of 4.4% per year. The GRDP growth, however, was lower than the national growth of 4.7% per year over the same period.



Source: Central Statistics Bureau (BPS)

The Indonesian economy continued to post strong growth on the back of growing investment and exports. Based on data from the Central Statistics Bureau (BPS), GDP grew by 5.5% year-on-year during the second quarter of 2005, outpacing the 4.4% growth registered in the same quarter last year but slower than the 6.2% growth in the first quarter. As shown in the following graph, the service and manufacturing sectors were the major contributors of the economy, together comprising 68% of Jakarta's GRDP.



Source: Central Statistics Bureau (BPS)

Optimism in the Indonesian economy is reflected by the overall level of investor confidence, which has significantly improved since the beginning of the year. Domestic and foreign investment approvals have risen on the back of the Yudhoyono government promising political stability and a clean and efficient administration, thereby creating an improved investment climate.

Foreign Direct Investment (FDI)

The latest statistics from the Investment Coordinating Board (BKPM) showed that foreign direct investment (FDI) approvals rose by 71% to US\$5.9 billion in the first half of 2005, while domestic investment approvals grew by 18% to US\$2.6 billion over the same period. With Indonesia back on the radar screen of investors and donors, the increase in capital formation seen in the first two quarters of the year is likely to sustain momentum throughout the rest of the year.

Key Economic Indicators & Forecasts

Year	Jakarta GRDP Growth	Indonesia Real GDP Growth	Indonesia Inward Foreign Direct Investment (US\$ million)
2001	3.6%	3.8%	-2,977
2002	4.0%	4.4%	145
2003	4.6%	4.9%	-597
2004	5.2%	5.1%	1,023
2005E	N.A.	5.0%	4,347
2006F	N.A.	4.8%	4,890
2007F	N.A.	5.7%	5,000
2008F	N.A.	5.3%	3,950
2009F	N.A.	5.4%	3,500
2010F	N.A.	6.0%	4,000

E: EIU estimates

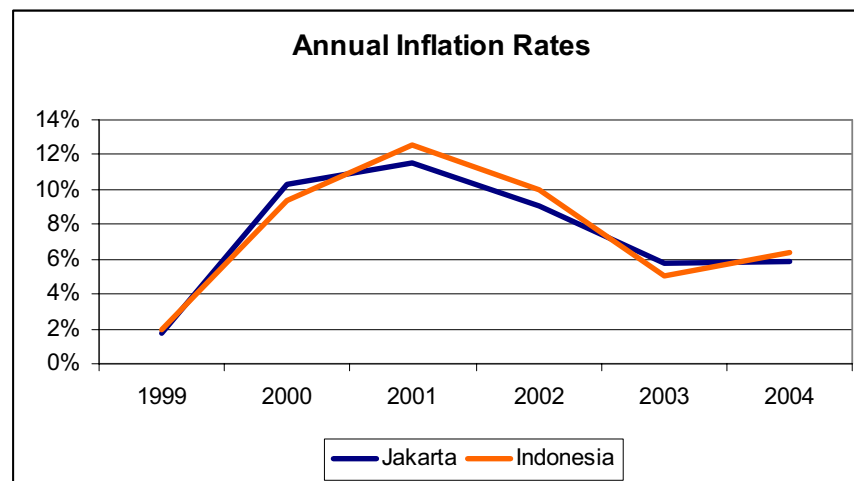
F: EIU forecasts

N.A.: not available

Source: Central Statistics Bureau, EIU

Inflation

The trend of Jakarta's inflation rate has consistently followed the national inflation rate trend for the past six years. For the past two years, inflation has remained at around the 6% mark.



Source: Central Statistics Bureau (BPS)

Infrastructure Initiatives

The government of Jakarta is planning to establish a monorail route within Jakarta's CBD that will conveniently connect locations within Jakarta's CBD. The monorail

project is currently underway and scheduled for completion in 2008. Once fully operational, the monorail is expected to ease the traffic congestion within Jakarta's CBD particularly within peak morning and evening hours. We note however that progress of construction is very slow and is likely to experience delays.

Another major proposed infrastructure project is Terminal Three of Sukarno Hatta Airport. However, no further details about this project are currently available.

5.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

There is no formal definition issued by the government on serviced apartments; however, in general as compared to regular apartments available for rent, serviced apartment properties in Jakarta tend to display the following criteria:

- Rentals rates which include energy consumption (electricity and water) costs;
- Flexibility in rental terms: daily, weekly, monthly and yearly leases;
- Ability to provide tailored services such as housekeeping and linen; and
- Some hotel services including 24-hour reception and coffee shop.

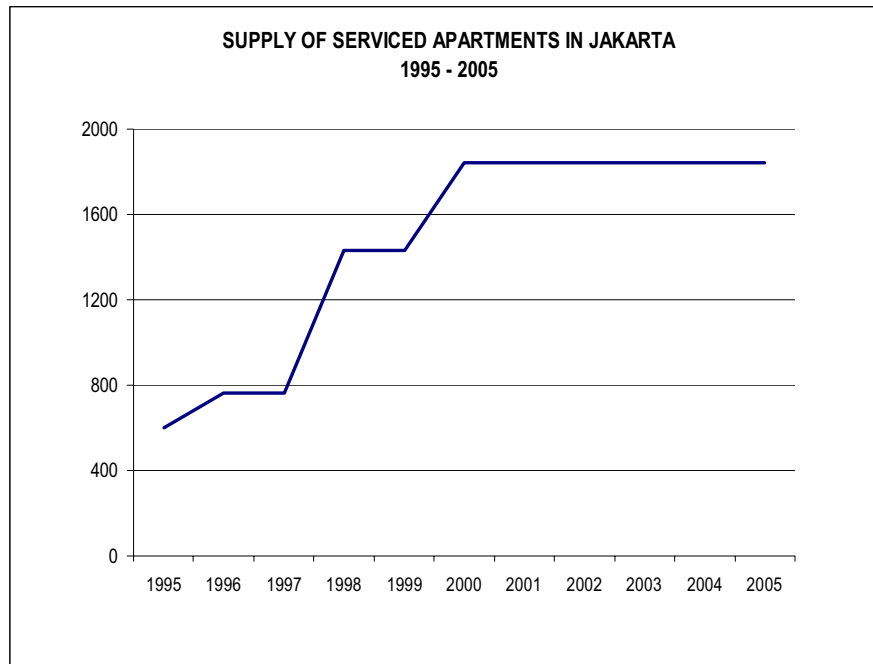
We note that many serviced apartment establishments in Jakarta's CBD offer only the tailored services as mentioned above. Generally, these are developments that are independently managed such as the Plaza Residence, Plaza Senayan, and Four Seasons.

Supply

There are currently 10 major serviced apartment properties located in Jakarta's Central Business District (CBD) as detailed below:

- 256-unit Hilton Residences completed in 1989
- 100-unit Kuningan Apartments completed in 1993
- 46-unit Sahid Palace Executive Residences completed in 1994
- 198-unit The Ascott Jakarta completed in 1995
- 163-unit Somerset Grand Citra Serviced Apartments completed in 1996
- 165-unit Plaza Residence completed in 1998
- 204-unit Plaza Senayan apartments completed in 1998
- 298-unit Aston Hotel Grand Suites completed in 1998
- 180-unit Puri Imperium completed in 2000
- 234-unit Four Seasons apartments completed in 2000

As shown in the following graph, within the past ten years, the supply of serviced apartments has grown from 600 units in 1995 to about 1,844 units in 2005, representing a compounded average annual growth (CAAG) of about 12%. During the past five years, however, the level of supply has remained flat.



Source: Jones Lang LaSalle Research

Most of the properties provide fixtures, furniture, washers and dryers, as well as fully equipped kitchens including stoves, coffee makers, microwave ovens and utensils. Apartments managed by hotel operators such as the Ascott, Sahid, and Hilton also offer full housekeeping, linen and room services.

Presented in the table below is the likely future supply of major serviced apartments in Jakarta. With relatively higher costs of funding, the majority of projects currently under construction are part of strata-titled projects which are offered in the market as property investments.

Major Future Supply in Jakarta as at end November 2005

Project Name	Location	Estimated No. of Rooms	Due
Senayan Residences Tower 3	Jl. Patal Senayan	100	Dec-05
Four Seasons Regent Tower 3 and 4	Jl. Setiabudi	236	Dec-06
Somerset Berlian	Jl. Permata Hijau	152	Jun-06
Beaufort Residence (The Peak A)	Jl. Setiabudi	110	Jun-06
The Mayflower (Marriott Executive Apartments*)	Jl. Sudirman	144	Dec-06
Grand Indonesia	Jl. Sudirman	270	Mar-07
Pacific Place Apartments (Serviced Apt)	SCBD	150	Mar-07
Oakwood Premiere Cozmo	Mega Kuningan	225	Sep-07
Total Proposed Apartments Supply		1,387	

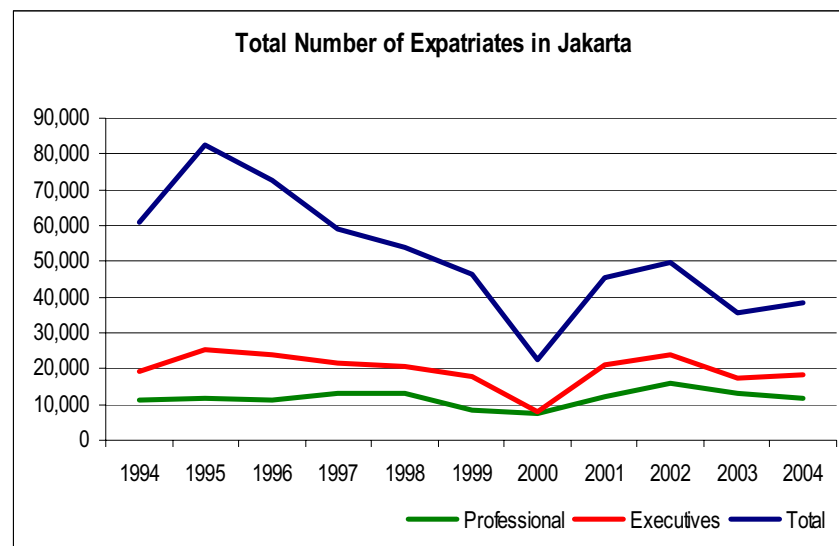
* TBC – to be confirmed

Source: Jones Lang LaSalle Hotels, Industry Sources

Demand

Presently, there is limited information or data available on demand for the serviced apartment segment. Hence, our analysis is based on generally observed trends and indicative characteristics of the overall rental apartment market in Jakarta.

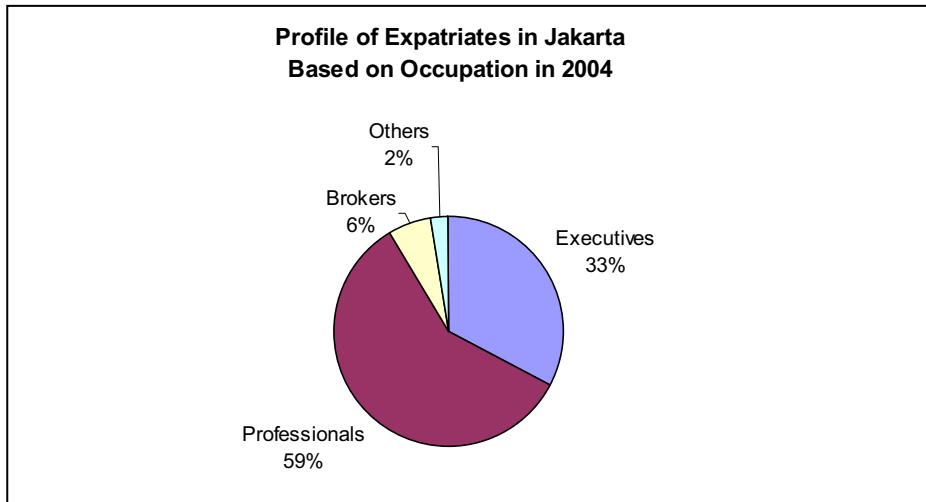
Demand for rental apartments is closely related to the population of expatriates in Jakarta. As shown in the following graph, the total number of registered expatriates in Jakarta has declined from 41,422 in 1994 to 20,008 in 2004, representing a negative compound growth of about 7% per annum during the past 10 years. However, during the same period, the number of expatriates who are professionals has shown a marginal positive compound growth of about 0.5% per annum. The graph also shows that the number of expatriates residing in Jakarta who are executives and professionals has improved since 2000 levels, and that this number is likely to continue trending upwards in line with expanding business operations.



Source: Directorate of Man Power, 2005, Jones Lang LaSalle Hotels

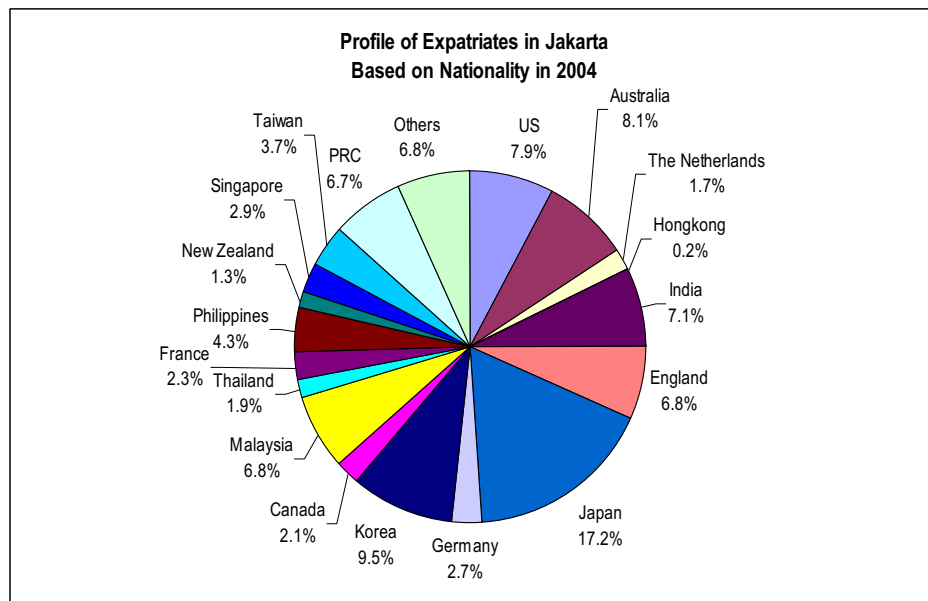
Corresponding with the growing number of expatriates, demand for rental accommodation including serviced apartments has also increased over the past few years. Due to this increased demand, a number of upper-grade apartments have reported growth in overall occupancies over the same period.

The following graph shows the profile of expatriates in Jakarta based on their occupation in 2005. As indicated, the majority (59%) of expatriates are professionals followed by executives (33%), brokers (6%) and others (2%).



Source: Directorate of Man Power, 2005, Jones Lang LaSalle Hotels, 2005

As shown in the following graph, the largest block of expatriates in Jakarta based on nationality is from Japan, which accounts for 17% of the total expatriate community.



Source: Directorate of Man Power, 2005, Jones Lang LaSalle Hotels, 2005

Performance Review

Overall net absorption in the rental market for the first nine months of the year (which includes the typical season of expatriate arrivals between July and September) amounted to approximately 200 units, representing a 50% growth compared to the previous quarter in 2004. Cumulatively, net demand for rental accommodation in the

past nine months to September 2005 totalled approximately 385 units - three times higher than that of the same period of 2004.

Positive absorption during the third quarter pushed vacancy rates in the rental market slightly downward to approximately 31%. At this level, it is estimated that there are still an estimated 4,760 apartment and condominium units vacant and available for lease in Jakarta.

Rental rates for apartments in Jakarta during the third quarter of 2005 were relatively stable. Despite some positive growth registered over the past year, landlords have been reluctant to increase their rents at rates of inflation. This is in anticipation of competitive rental rates likely to be offered by new apartment supply entering the rental market from strata-titled apartment projects.

As of end September 2005, the average net effective rent of apartments in Jakarta was estimated at around US\$11.30 per square metre per month. Service charges, which have risen slightly as an impact of higher operational costs, average around US\$2.90 per square metre per month.

5.3 Serviced Residences Trends

As demand for serviced residences tends to be relatively short term in length of stay (either weekly or for a period of three to six months), the existing supply of dedicated serviced residences is relatively small and concentrated within Jakarta's CBD – closer to targeted source markets which include international corporations in the oil and gas, computer and IT, manufacturing, and finance sectors.

This competitive market however is increasingly being challenged by the increasing diversification of supply in strata-titled apartment projects. With the lack of debt financing, many new strata-titled apartment projects have been packaged as property investment products, where the ultimate end-users would be the same international corporations targeted by the existing serviced residences market. Further, we note that many of these new strata developments are likely to be managed by top-end international hotel operators and established brands that have been retained by developers to ensure professional management and the overall competitiveness of these apartment units.

Future competitive supply will thus mainly be from this category of competitive strata-titled apartments. Nevertheless, at the time of this report we note that the performance of these new projects has not yet been tested as the majority of the strata-titled serviced residences have not been completed.

5.4 Market Outlook

Taking into consideration the following factors, we are cautiously optimistic of the overall outlook of Jakarta's serviced apartment market:

- The EIU is expecting real GDP growth to average 5.3% per year during the 2006-2010 period, reflecting a return to positive, if tentative, foreign investment inflows and steady growth in investment demand.
- President Yudhoyono is the first president of Indonesia directly elected by the people and the pro-business President has been putting an emphasis on reviving investments in Indonesia and efforts are expected to be directed at improving the business operating environment. This in turn will help to generate more business travellers to Jakarta, which is also the country's main business city.
- We expect to see growth in demand following a structural lift in the economy and anticipated improvement in the overall investment climate towards the end of 2006. Demand from corporate tenants is likely to concentrate in the CBD area particularly for upper-class apartments offering good product quality levels and supporting services, particularly security.
- The government has enhanced security measurements and focused on eradicating terrorism in Indonesia. This has been proven with the recent fights against terrorists by the security forces in all fronts of Indonesia. This will eventually convince investors that the Indonesian Government is committed to improve the investment climate.
- Export oriented businesses have continued to benefit the Rupiah exchange rate and the recent depreciation of the Rupiah against the US Dollar has allowed products of Indonesia to stay competitive in the world's market. This will balance the temporary reduction of car and motorcycle productions due to the interest rate hike recently.
- The reduction of subsidy for fuel prices will create some additional funds for infrastructure which would eventually enhance facilities to investing in Indonesia.

However, the Jakarta serviced apartment market will continue to face the following key challenges:

- The recent setbacks in the Indonesian economy including the fall of the Rupiah, fuel price increases and the higher interest rate environment, are all factors that could potentially slow the economic growth of Indonesia and Jakarta. Therefore, demand is likely to remain flat for the remainder of 2005. In addition, the long holiday break during the year end festive seasons would generally result in minimum inquiries from the corporate segment.
- Competitive supply mainly from condominium (strata-titled apartment) projects over the next two years, may place some downward pressure on occupancy and rental growth of serviced apartments over the short to medium term.
- Persistent risk of terrorism in Indonesia and Asia as well as an avian flu outbreak in Asia may derail economic progress.

6.0 MANILA SERVICED RESIDENCES MARKET OVERVIEW

6.1 Philippines Economic Overview

The largest city in the Philippines, Manila is the capital city as well as the country's centre of commerce, culture and administration. Makati City is the financial and business centre of Manila and the Philippines, and is home to many foreign embassies and multinational corporations, as well as the famous Ayala Center. The other main area is the Ermita district together with the Malate district. These two districts form what is known as Manila's tourist belt and are located along Manila Bay. The Ortigas Center, located at the boundary where Mandaluyong City, Pasig City and Quezon City meet in the eastern part of Manila is another fast-developing commercial and business centre.

The Philippines economy was less severely affected by the Asian financial crisis in 1998 compared to other Asian countries such as Thailand and Indonesia, with GDP contracting by a marginal 0.6% in 1998 after a growth of 5.2% in 1997. The economy returned to the expansion path in 1999, registering a growth of 2.4% and has since been growing at an annual rate of 3.5% to 4.5% thereafter. Growth in recent years was largely attributable to the resilience of the tourism industry and expansion in the export sector.

In 2004, the Philippines economy recorded a 6.1% increase in real GDP, the highest rate of expansion in 15 years, driven mainly by the double-digit growth in exports of 14%. For the first six months of 2005, the Philippines economy expanded by 4.6% year-on-year in the first quarter, followed by a 4.8% growth in the second quarter. According to latest estimates from the Economist Intelligence Unit (EIU), the rate of growth is expected to slow slightly to 4.9% in 2005 while high global oil prices and relatively slow global trade growth is expected to limit GDP growth to 4.7% in 2006.



Key Economic Indicators & Forecasts

Year	Philippines Real GDP Growth	Philippines Inward Foreign Direct Investment (US\$ million)
2001	1.8%	989
2002	4.4%	1,792
2003	4.5%	347
2004	6.0%	469
2005E	4.9%	1,200
2006F	4.7%	1,500
2007F	5.0%	1,500
2008F	5.2%	1,500
2009F	5.5%	1,500
2010F	5.5%	1,000

E: EIU estimates

F: EIU forecasts

Source: EIU

6.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

We are not aware of any official definition nor any standard restrictions on the minimum required length of stay at serviced residences in Manila.

Supply

We estimate a current inventory of about 2,500 to 3,000 serviced residences in Manila, of which close to 900 units are in the top-tier developments. Geographically, the majority of the serviced apartments are concentrated in Makati City, with a smaller concentration in the Ortigas CBD.

The development of the serviced apartment industry in Manila only started to gather pace in the 1990s. Until the opening of Oakwood Premier Serviced Apartments in 1999, no internationally managed serviced apartments were available in Makati and Manila. Prior to that, most of the serviced apartment developments available (known locally as condotels) were considered to be providers of second-class accommodation catering to the needs of the domestic market and budget conscious international travellers. They were generally characterised by local management and units that were inconsistently furnished / detailed as most of the units were separately owned by individuals rather than one single entity. As a result, the long stay international corporate market has traditionally had little option but to stay at the international 5-star hotels in Makati. Since the opening of Oakwood Premier Serviced Apartments, international serviced apartment players Fraser Hospitality and The Ascott Group have also entered the market.

Unlike Makati City where the serviced apartment industry is relatively more developed, the serviced apartment concept was introduced in the Ortigas CBD in 2000 with the

opening of two serviced apartments – the 222-unit Discovery Suites and the 128-unit Linden Suites.

Examples of Major Serviced Apartments in Metro Manila

Project Name	Location	No. of Units
Somerset Salcedo, Makati	H.V. Dela Costa Corner L.P. Leviste Street, Salcedo Village, Makati City	150
Somerset Olympia, Makati	7915, Makati Avenue, Makati City	134
Somerset Millennium, Makati	104, Aguirre Street, Makati City	138
Fraser Place, Forbes Tower, Manila	Valero Street, Forbes Tower, Salcedo Village Makati City	150
Oakwood Premier Ayala Center	6 th Fl, Glorietta 4, Ayala Center, Makati City	306

Source: Jones Lang LaSalle Hotels

We are not aware of any major new branded supply in the pipeline, although international serviced apartment operators The Ascott Group and Fraser Hospitality are exploring expansion opportunities in Manila.

Demand

Expatriates typically account for a major segment of demand for serviced residences, although business travellers and international visitors are also increasingly turning to serviced apartments as an alternative accommodation option to hotels. In particular, security continues to be a major consideration for expatriates and businessmen seeking extended-stay options. While we understand that the serviced apartment industry in Manila also caters to local demand, this segment is expected to be relatively small.

Expatriates

There are no official statistics on the number of expatriates in Manila. However, as increased foreign direct investments (FDI) typically lead to a corresponding increase in the number of foreign companies and residents, this will also increase the demand for corporate housing.

According to latest available data from the National Statistical Coordination Board (NSCB), total approved investments in the Philippines by foreign and Filipino nationals stood at PhP 192.9 billion in 2004 or more than tripled the PhP 63.8 billion reported in 2003. Over the year, FDI contributed to 80.6% of total investments pledged in 2004 while approved Filipino investments contributed 19.4%. The proportion of foreign investments was significantly higher when compared to the 53.3% share in 2003.

Total approved FDI contracted by 73.4% in the first quarter of 2005 but the trend has reversed in the second quarter of 2005 with total approved FDI registering a 46.9% year-on-year increase.

International Tourists/Business Travellers

As the business and administrative capital of the Philippines and an important tourism gateway, there is also healthy demand for accommodation in Manila from both business travellers and international tourists.

In 2004, latest available estimates from the Philippines Department of Tourism (PDoT) show that the number of international arrivals to Manila has increased by about 35% from the previous year, when SARS and the Iraq war affected international arrival levels.

There are no available statistics on the number of foreign visitors to Manila for 2005. However, international visitor arrivals to the Philippines has reportedly increased by 13% year-on-year during the first nine months of 2005, suggesting that international arrivals to the capital city is also on the uptrend as Manila typically accounts for about 90-95% of total international arrivals to the Philippines.



Performance Review

Despite the downturn in the economy and the impact of external shocks such as the September 11 terrorist attacks, the serviced apartment industry in Manila has proven to be a relatively resilient sector, backed by the overall improving product quality and steady demand from both expatriates as well as the local community.

Following the impact of the financial crisis in the late 1990s, occupancies rates of serviced residences in the Makati and Ortigas CBDs fell from the 70% level to the low-50s range in 1999 and 2000. The downward pressure on the average occupancy could also be attributed to the addition of about 1,000 new units into the market between 1999 and 2000.

Although occupancy levels recovered to the 60% level in 2001, this was likely on the back of lower rents which declined by about 5-10% from 2000 to 2001, in both the Makati and Ortigas CBDs.

In 2004, the upper-end serviced residences market which includes the Somerset Millennium Makati, Somerset Salcedo Makati, Somerset Olympia Makati and the Oakwood Premier Serviced Apartments, reported occupancies in the range of 70% to 78%. This was notwithstanding continued security threats and the political instability during the run-up to the elections in the first half of the year.

For the first nine months of 2005, upper-tier serviced residences are reporting improved occupancy levels, generally in the 75-85% range. Supported by the sustained growth in demand, average rentals have also reportedly increased by about 10% in the upper-tier segment. However, the market remained competitive in view of the luxury apartment market that has grown in response to the expanding expatriate community and higher living standards demanded by local residents.

The indicative monthly rentals of serviced residences in Manila, based on a survey of four major serviced residences (Somerset Salcedo, Somerset Olympia, Somerset Millennium and Fraser Place – Forbes Tower) are provided in the following table:

Indicative Monthly Rentals* of Manila Serviced Residences by Unit Type

Unit Type	Unit Size (sq.m.)	Rental
Studio	26 – 50	US\$1,874 – 2,277
1-Bedroom	54 – 194	US\$2,531 – 6,300
2-Bedroom	90 – 224	US\$3,736 – 7,900
3-Bedroom	193 – 281	US\$5,061 – 10,500
4-Bedroom	292 – 322	US\$10,500 – 11,600

* Rentals quoted during survey conducted in November 2005

Source: Jones Lang LaSalle Hotels, Industry Sources

6.3 Serviced Residences Trends

Some general market trends observed include:

- International serviced apartment operators started to enter Manila in the late-1990s through early-2000s. Existing operators such as The Ascott Group and Fraser Hospitality have also indicated expansion plans in Manila, a move which would continue to raise the standard of serviced apartment accommodation in the capital city.
- International serviced apartment operators are exploring opportunities outside the Makati City CBD.
- In line with global trends, there would be increasing demand from a younger group of expatriates.

- The rebranded and renovated Somerset Olympia has become the first serviced residences in Makati to offer broadband access in the apartments and wireless connectivity in the public areas. This is likely to establish a new benchmark in the local serviced apartment industry.

6.4 Market Outlook

Going forward, we are cautiously optimistic of the overall outlook for the serviced residences industry in Manila, in particular Makati City, taking into consideration the following factors:

- The EIU is forecasting a slightly slower GDP growth of 4.8% for the Philippines economy in 2006 due to high global oil prices and relatively slow global trade growth. However, an expected moderate pick-up in global trade growth and a sharp fall in oil prices in 2007 will allow the Philippines economy to expand at a slightly higher rate of 5% the following year.
- Makati City is aiming to become an economic zone and hopes to increase its competitiveness. The city government is also reportedly finalizing the Makati City Investment and Incentive Code. Among others, it would provide a reward system for firms based in Makati City.
- Growth of the tourism market, with the Philippines Tourism Authority targeting 2.6 million arrivals in 2005 and 5.0 million tourists by 2010. As the major gateway to the country, Manila will benefit from these tourism efforts.
- Global offshoring trends with many companies outsourcing some of their business processes to countries with lower labour cost such as the Philippines.
- The Philippine call centre industry is eyeing growth of as much as 70% in 2006.
- No known major upcoming “branded” serviced apartment supply is expected during the next couple of years.

However, the industry continues to face several key challenges which includes:

- Persistent political and terrorism risk in the Philippines, with rising pressure on President Gloria Arroyo to resign.
- Risk of terrorism and an avian flu outbreak in Asia which will affect FDI inflows and economic growth.
- Rising competition from the luxury residential market particularly with the top-tier serviced residences – with local developers offering better quality residential projects.

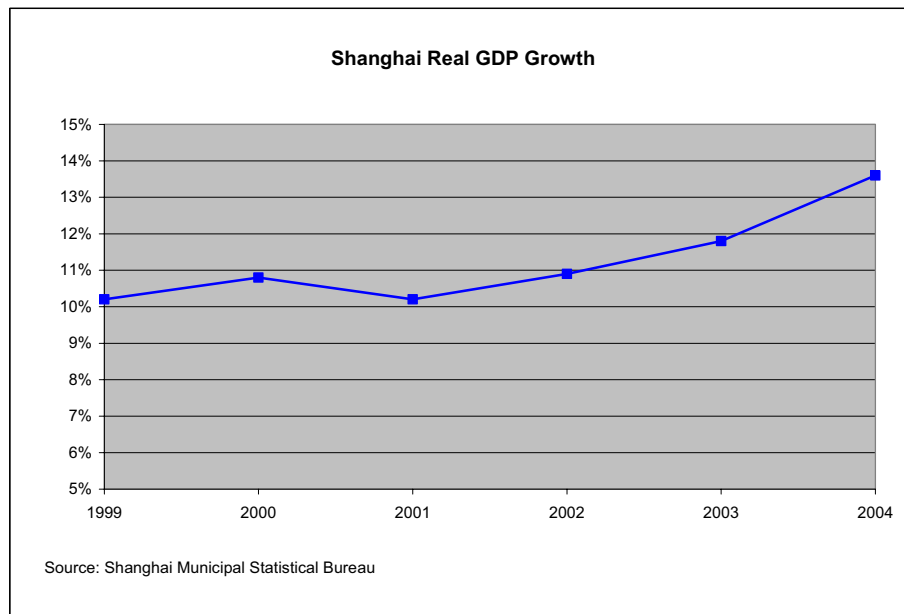
Barring any unforeseen external shocks, demand prospects look cautiously optimistic. With supply in the upper-tier serviced residence industry looking relatively stable, healthy occupancy levels of about 75-85% may be sustainable next year. However, in

view of the influx of luxury apartments entering the market in 2007 (more than 3,000 units under construction in Makati CBD and fringe), this may place some pressure on any potential rental increases in 2007 and 2008.

7.0 SHANGHAI SERVICED RESIDENCES MARKET OVERVIEW

7.1 Shanghai Economic Overview

In 2004, Shanghai's GDP marked its 13th consecutive year of double-digit growth achieving a 13.6% increase over 2003 levels, the highest year-on-year growth rate since the mid-1990s. With a value of RMB745 billion, Shanghai surpassed Beijing's GDP by more than 74.0% or RMB317 billion during 2004. Year to date September 2005, Shanghai's GDP reached RMB611 billion, up 10.6% over the same period in 2004.



Despite credit tightening and regulatory controls to slow down economic growth, fixed asset investment (FAI) continued to grow, albeit at a slower rate than in 2003, increasing 25.8% over 2003 levels to RMB308.4 billion in 2004. Of this amount, 38% or RMB117.5 billion was injected into real estate development over the same period, which represents an increase of 30.4% over 2003 levels. Between January and September 2005, Shanghai's FAI posted a 15.9% growth over the same period last year and reached RMB268.0 billion. Investment into real estate development contributed 40% to FAI, equivalent to RMB106.5 billion, up 16.5% over the same period of the preceding year.

Offering one of the most progressively deregulated environments for foreign investment and trade in Mainland China, Shanghai remains high in appeal to the international investment community, attracting some US\$11.7 billion in contracted foreign direct investment (FDI) in 2004. In the same year, total utilised FDI amounted to US\$6.5 billion, growing 11.8% compared to 2003. For the first nine months in 2005, contracted FDI increased by 16.4% to US\$10.7 billion while utilized FDI grew by 4.9% reaching US\$5.6 billion. Totalling RMB160 billion, Shanghai's aggregate value of imports and

exports posted a 42.4% growth in 2004. For the first nine months in 2005, the same indicator exhibited a 15.8% period-on-period growth, noting RMB136 billion.

Key Economic Indicators & Forecasts

Year	Shanghai Real GDP Growth	China Real GDP Growth	China Inward Foreign Direct Investment (US\$ million)
2001	10.2%	7.5%	44,241
2002	10.9%	8.0%	49,308
2003	11.8%	9.3%	47,077
2004	13.6%	9.4%	54,937
2005E	N.A.	9.3%	53,011
2006F	N.A.	8.1%	51,000
2007F	N.A.	7.5%	55,040
2008F	N.A.	7.0%	56,703
2009F	N.A.	7.1%	56,050
2010F	N.A.	6.9%	57,750

E: EIU estimates

F: EIU forecasts

N.A.: not available

Source: Shanghai Municipal Statistical Bureau, EIU

7.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

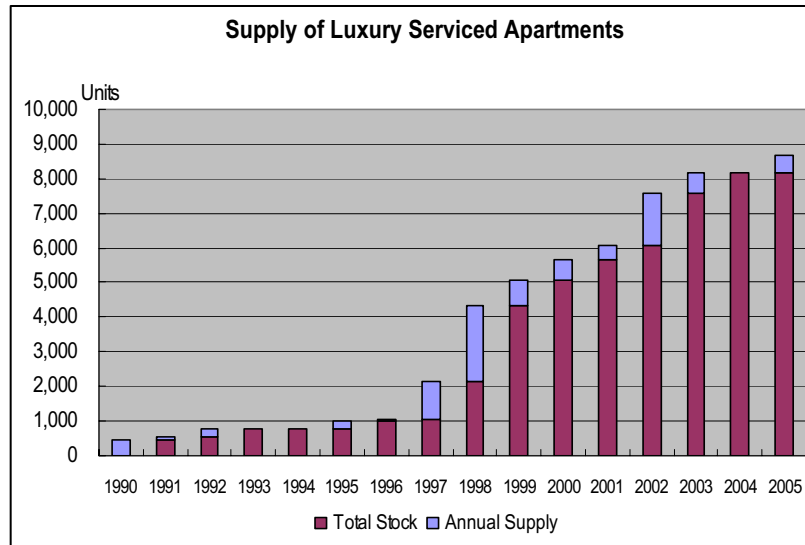
There is no official definition of the serviced apartment product in Shanghai. For the purpose of this market report, our definition of the serviced apartment product shall be based on the following characteristics:

Resident profile	Apartment properties accepting short, medium and long term stay
Positioning	Properties catering to the high-end, international market
Service package	Properties offering housekeeping services as a standard of the service package
Ownership structure	Properties owned by a majority share en-bloc
Operators	Properties operated by developers, serviced apartment operators or hotel operators

Supply

Supply History

The historical development of serviced apartment supply in Shanghai is illustrated in the following graph:



Source: Jones Lang LaSalle

The first generation of serviced apartment properties entered the market at the beginning of the 1990s. Throughout the mid-nineties serviced apartment stock in Shanghai remained relatively stable, below the 1,000-unit mark, allowing properties to command high rentals.

Starting from 1997, a new group of serviced apartment properties entered the market with new supply peaking in 1998 where new supply additions grew almost 100% over the existing stock. Subsequently, in the wake of the Asian financial crisis and high levels of supply after 1999, new supply additions stayed at a relatively low level until 2002.

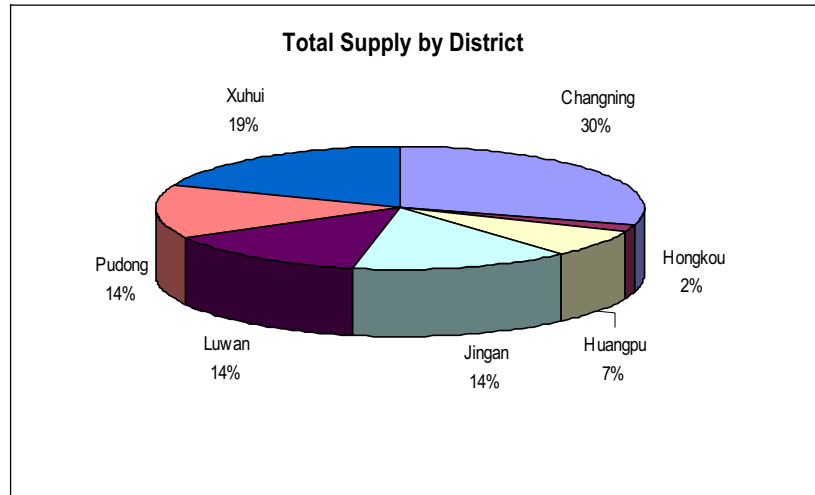
Following the turn of the century, development of serviced apartment properties picked up, resulting in 1,512 units being injected into the market in 2002. Since then, the serviced apartment market has not seen any significant levels of supply increases.

Existing Supply

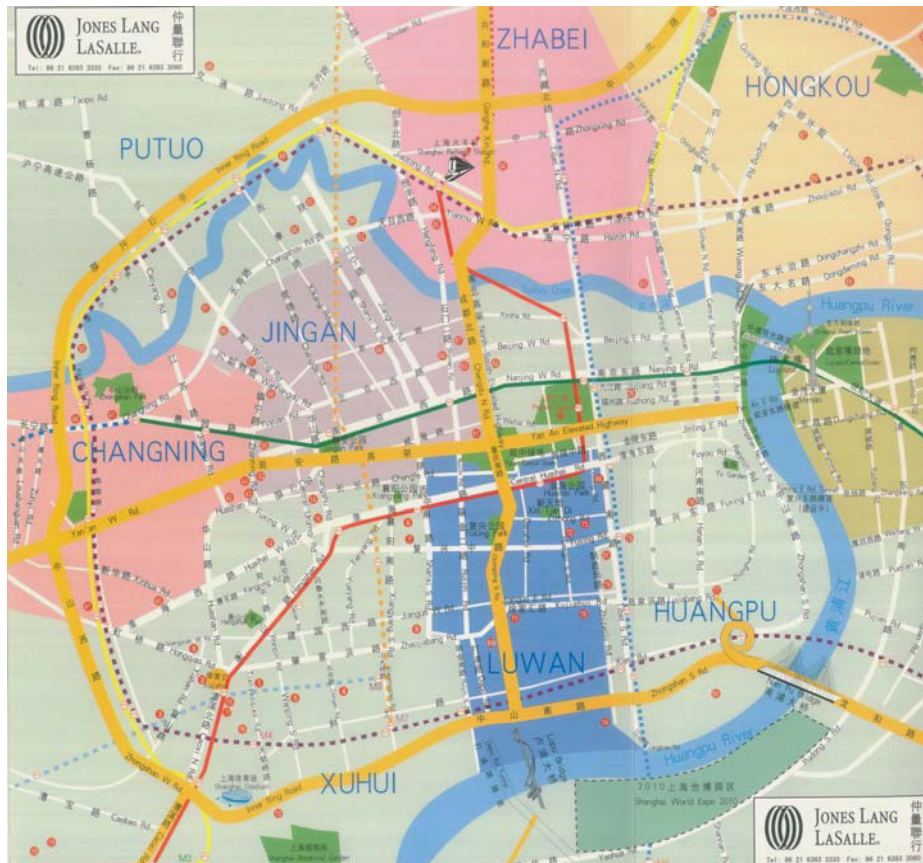
As of November 2005, the total stock of international serviced apartments encompassed 52 projects with a total of approximately 8,664 units.

Geographic Distribution

Shanghai's serviced apartment market can be divided into seven geographically distinct submarkets with the following supply distribution.



Source: Jones Lang LaSalle



Source: Jones Lang LaSalle

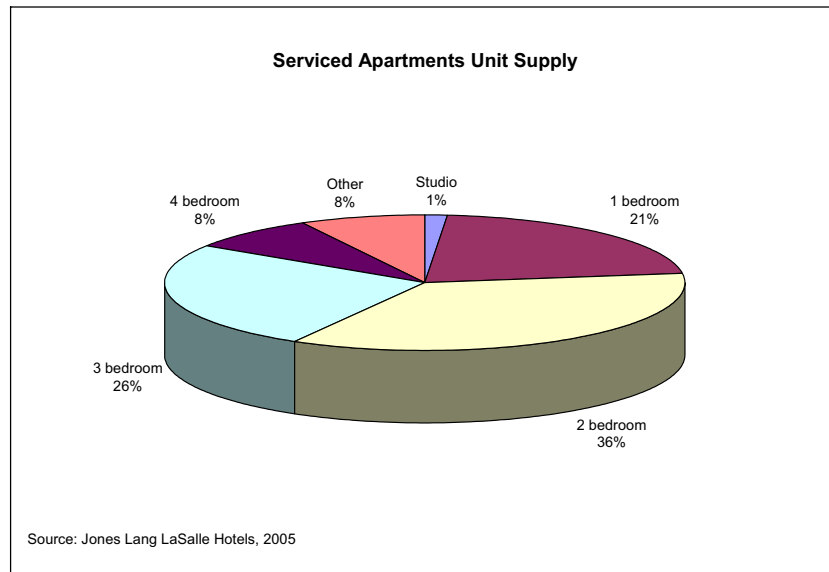
Examples of Major Serviced Apartments in Shanghai

Project Name	Sub-Market	No. of Units
Kerry Centre	Jingan	133
Marriott Executive Apartments	Huangpu	255
The Ascott Pudong	Pudong	248
Shanghai Center	Jinan	472
Somerset Xuhui	Xuhui	167
Somerset Grand Shanghai	Luwan	334
Royal Pavilion	Jinan	148
The Westin	Huangpu	145

Source: Jones Lang LaSalle Hotels

Supply per unit type

The following outlines the supply of serviced apartments broken down by unit type based on a representative sample of 2,066 units in 13 properties.



The data can be summarized as follows:

- 58% of units available in the market are small units (studios, one- and two-bedroom apartments), reflecting the typical demographic occupier being more likely to be singles or couples on short or mid-term stays.
- 34% of units available in the market (three- and four-bedroom) cater for small and medium sized families and would be traditionally rented on a long-stay basis only.
- 8 out of the 13 properties feature more than two unit types.

Future supply

As outlined in the table below, we expect a total of 3,235 serviced apartment units to enter the market over the coming five years (including proposed serviced apartment units in hotel developments). This corresponds to a 6.6% projected compound annual average growth over the period prior to 2010.

Major Future Supply in Shanghai (as at end November 2005)

Project Name	Location	Estimated No. of Rooms	Due
Citadines Jinqiao	Huangpu	239	2006
Xiang Zhang Garden	Jingan	163	2006
Jin Lin Tian Di	Luwan	106	2006
Union Square Shanghai Pudong Marriott Executive Apartments	Pudong	223	2006
Grand Gateway	Xuhui	300	2006
Kwah Serviced Apartments	Xuhui	380	2007
Kerry Centre II	Jingan	150	2008
Hong Qiao Shanghai City	Changning	150	2008
Sheraton Hotel and Residences	Pudong	150	2008
East Ocean II	Jingan	250	2008
OOCL Hengshan	Xuhui	100	2008
OOCL Changle	Luwan	124	2009
SHK Lujiazui	Pudong	250	2009
Shiji Shikong Intl. Centre	Jingan	250	2009
HKR Serviced Apartment	Jingan	200	2010
Maxdo Huaihai Road Project	Xuhui	200	2010
Total New/Proposed Room Supply		3235	

Source: Jones Lang LaSalle, Industry Sources

Demand

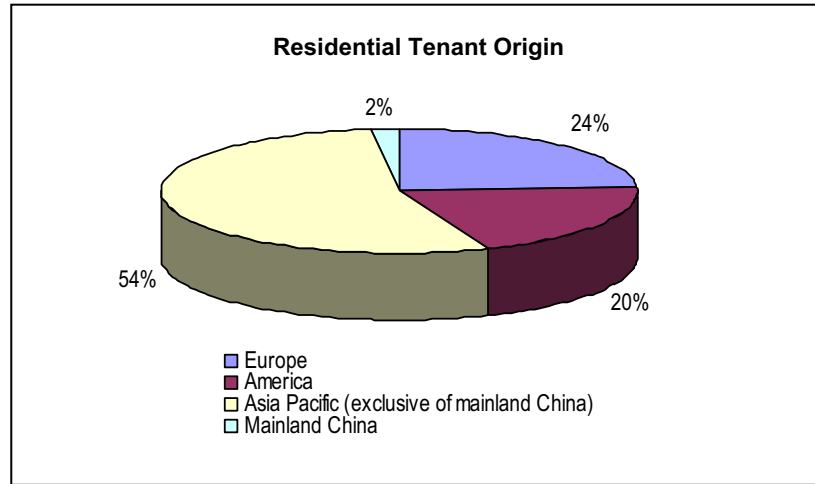
Demand for serviced apartments in Shanghai can be segmented according to length of stay into long stay residential demand (stays above one year), mid-term stay demand (below one year and above two weeks) and transient demand (stays below two weeks).

As long-term residents tend to relocate families, their demand characteristics diverge strongly from those of transient and mid-term serviced apartment occupiers.

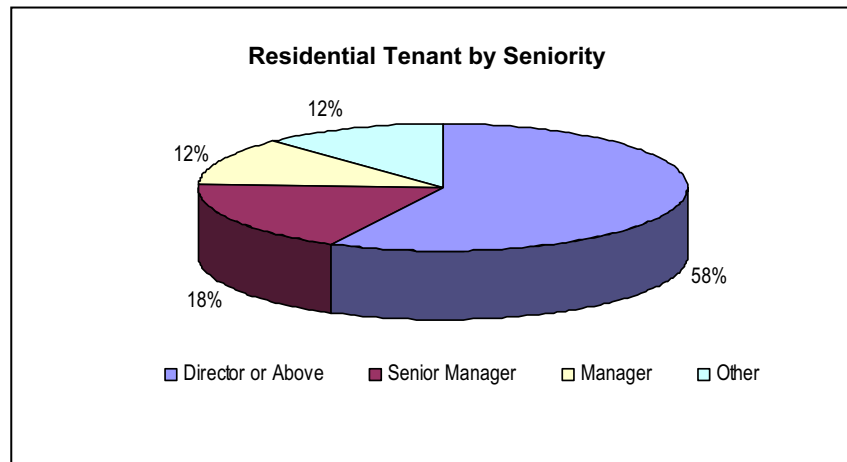
Long-term residential demand

There are no official statistics on the total number of expatriates in Shanghai. However, long-stay residential demand is typically generated by multinational corporations relocating expatriates to Shanghai. According to a recent residential expatriate tenant survey conducted by Jones Lang LaSalle on 50 expatriates employed in multinational companies in Shanghai, some indicative socio-demographic demand characteristics of the expatriate community are as follows:

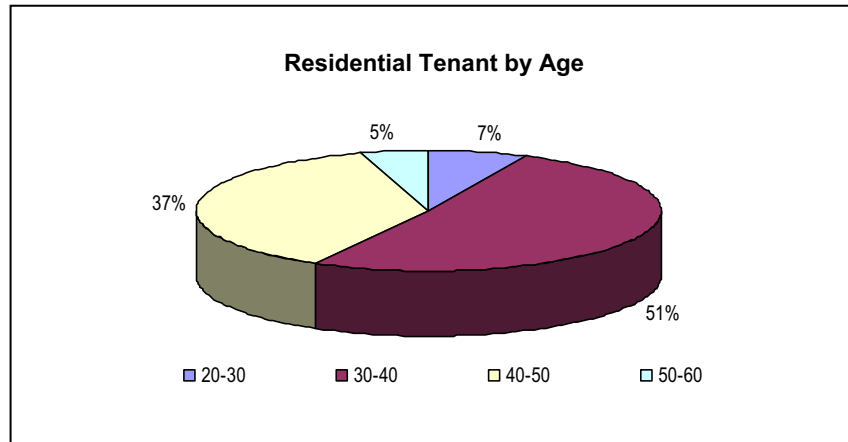
- The majority of expatriate residents stem from the Asia Pacific region, while the remaining 44% are from Europe or America.



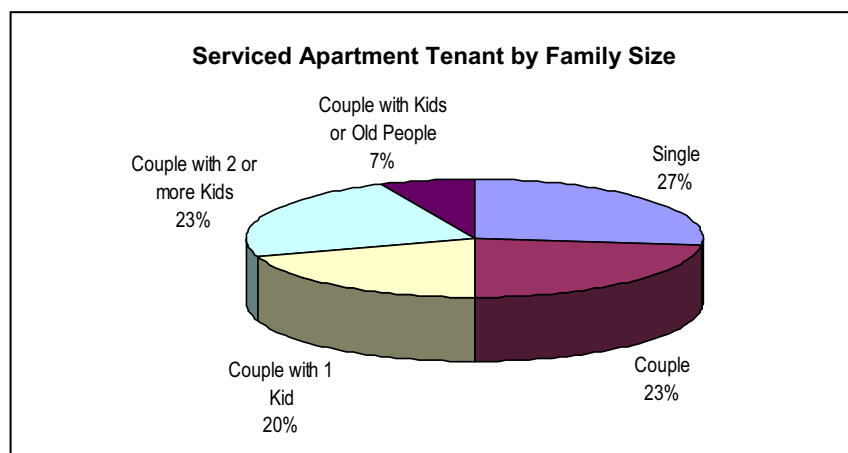
- 58% of relocating expatriates are employed with multinational corporations in a top management function while approximately 30% are in mid management.
- The category “Others”, representing 12% of all tenants surveyed, includes technical experts and others.



- As a function of their high seniority in their enterprise, the majority of expatriate tenants are middle aged (between 30 and 50) professionals (88%)
- Less than 10% are young professionals below age 30.



- 50% of serviced apartment residents relocate with their families while the other 50% live in the properties either as couples or singles.
- Compared to other property types, serviced apartments showed a strong tendency towards smaller average family size.



Transient and Mid-term Stay Demand

While transient demand for serviced apartments is primarily driven by business travel, mid-term demand is commonly a function of project-related work assignments that tenants undertake in the city. There is limited availability on statistics specifically capturing demand characteristics on mid-term and transient serviced apartment residents. However, as tourism data partially account for transient and mid-term demand, we have used such statistics as a reference guide to infer general characteristics for this market.

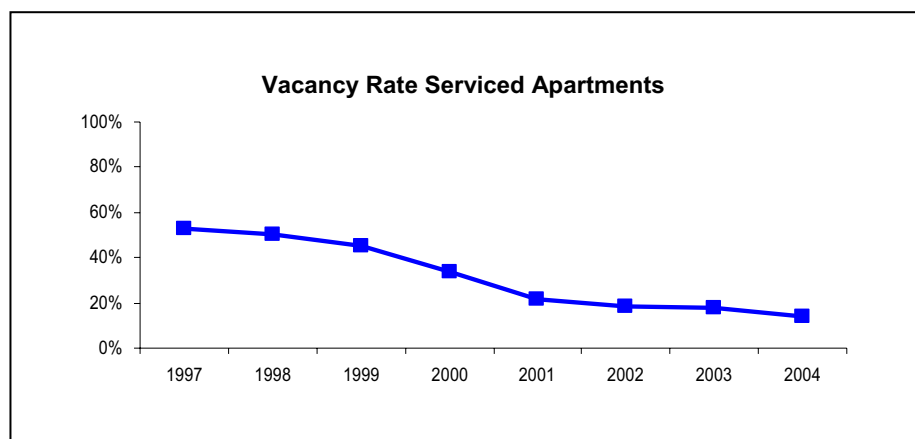
In tandem with the global economic upturn and the rebound of the Asian tourism markets after SARS in 2003, international tourism to Shanghai recovered strongly in 2004. Consequently, foreign tourist arrivals to Shanghai (including compatriots from Hong Kong, Macao and Taiwan) posted a robust recovery in 2004 that was significantly stronger than 2003 and even higher than the pre-SARS levels registered in 2002.

- By the end of 2004, foreign tourist arrivals to Shanghai totalled 3.9 million, up 57.5% and 41.4% over 2003 and 2002 levels respectively. Over the last ten years, foreign arrivals have increased at an annual growth rate of 14.2% between 1994 and 2004. Foreign arrivals included 0.7 million visitors from Taiwan, Hong Kong and Macao with a respective share of 50%, 48% and 2% of all foreign tourist arrivals.
- For the nine months to September 2005, Shanghai has received 3.28 million international tourist arrivals, up 16.8% over the corresponding period in 2004.

Performance Review

Vacancy Rates

Vacancy rates over the past seven years have decreased considerably despite continuous addition of new supply to the market, suggesting strong demand.

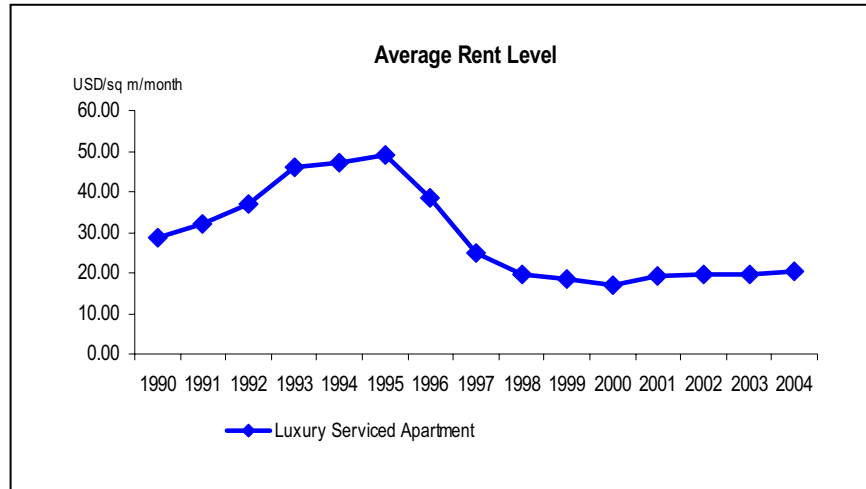


Source: Jones Lang LaSalle, 2005

- Due to significant supply increases registered in 1997 and 1998, vacancy rates were high in the same period at the mid-50s level.
- Subsequently, serviced apartment demand growth has continuously exceeded new supply additions, resulting in a steady drop in vacancy rates over the last few years.
- Despite the SARS crisis in 2003, vacancy rates remained relatively stable at the 2002 level. In contrast, the five-star hotel market recorded higher vacancy levels of 38% in 2003 compared to about 23% in 2002. Likewise, the vacancy rate of four-star hotels rose from 23.7% in 2002 to 39.7% in 2003.
- In 2004, the average vacancy rate for luxury serviced apartments amounted to 14%.

- High quality serviced properties in prime locations commonly achieve vacancy rates of less than 10%.

Rentals



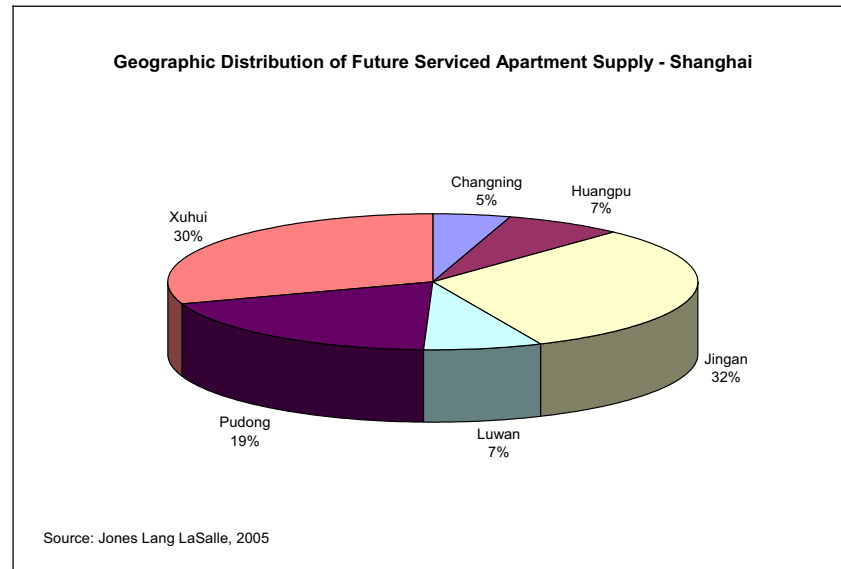
Source: Jones Lang LaSalle, 2005

- Against the backdrop of solid demand growth and stagnant supply levels, serviced apartment rents increased continuously until 1995, peaking at US\$50 per square metre in 1995.
- Over the following years up to 2000, serviced apartments have yielded to supply pressure, resulting in rents dropping to US\$20 per square metre.
- Corresponding to the recovery in demand and decline in vacancy rates, serviced apartment rents registered an improvement between 2000 and 2004, achieving an average rental rate of US\$20.3 per square metre in 2004.

7.3 Serviced Residences Trends

Supply Trends

- **Conversions from Serviced Apartments to Hotels:** Attracted by revenue opportunities in the transient market and a decline in long-term residential serviced apartment demand, serviced apartments have started to convert their properties into hotels. While 88 Xintiandi repositioned its serviced apartment product into a boutique hotel in 2004, we have learnt recently that the Westin Shanghai will convert all 145 serviced apartment units to hotel rooms in the near future.
- **Changing Geographic Distribution of Supply:** Contrary to existing supply patterns, Luwan will see the smallest increase in serviced apartment supply, while a significantly higher percentage of supply will be injected into Xuhui and Jingan. The central areas, Xuhui and Jingan are expected to attract more than 60% of future serviced apartment supply. Approximately one fifth of new supply will be located on the East Bank of the Huangpu River in Pudong.



- Credit tightening initiatives resulting in limited new supply of solely-owned serviced apartments:*** Initiatives by the central and local governments to limit debt-financing channels to developers is expected to give developers further cause to strata-title new serviced apartment properties, rather than holding them over a period of time. Barriers to entry for solely owned serviced apartment properties have thus been heightened, which should to an extent limit future increases of serviced apartments owned en-bloc. As multinational corporations typically demonstrate a strong preference for renting units in en-bloc owned properties, this trend towards strata-title apartment properties should have a positive effect on the overall performance of the serviced apartment sector.

Demand Trends

As corporate relocation policies are relatively consistent across China, the broad trends affecting long-term residential demand for serviced apartments in Shanghai are very much comparable to those in Beijing. Differences in demand trends for transient and mid-term stay demand, however, are more marked.

- Shanghai's "Headquarter Economy":*** Over the past years, Shanghai has acted as a magnet for relocations of regional headquarters. With the advantages of Shanghai's geographic location, its history as a commercial centre of China and supportive investment climate paired with the emerging opportunities in the Chinese markets, many multinational companies have relocated their headquarters from other regional centres such as Hong Kong or Singapore into Shanghai. With the trend expected to continue in the near future, we can expect a growing volume of senior expatriate relocations to the city.
- Continued growth of foreign direct investment:*** Foreign direct investment is strongly indicative of the expatriate residential demand. In their initial phase, foreign invested projects require the involvement of senior management or

specialists from abroad and hence attract mid-term serviced apartment demand. Against the background of strong FDI growth over the past years and an overall investor-friendly business climate, we can expect future FDI-induced serviced apartment demand to be strong in the coming years.

- ***Stronger leverage over the mid-term market:*** Shanghai tenancy agreements for standard apartments and villas traditionally cover a minimum period of a year. Mid-term demand is hence channelled almost exclusively into the serviced apartment market in Shanghai, compared to markets like Beijing where standard apartments also cater to mid-term market demand. With their dominance of this sector, Shanghai's serviced apartments are expected to strongly benefit from the continued growth of the mid-term market.
- ***Strength of demand from the MICE sector:*** With the continued development and promotion of Shanghai's MICE facilities, most importantly the New International Exposition Centre (SNIEC), and the budding event market including world-class events such as the Formula 1 Grand-Prix and the future EXPO 2010), demand generated by the MICE sector has become and will continue to be an important driver of demand for hotel and serviced apartments. By 2010, the Shanghai municipal government projects that the city could be hosting as many as 1,500 international exhibitions and conferences.
- ***Strong travel and tourism demand:*** Against the background of a compound average growth rate of 14.2% between 1994 and 2004, international travel to Shanghai has grown 16.8% during the first nine month in 2005 compared to the same period past year. Depending on the proportion of transient demand received, properties will to a greater or lesser degree benefit from the growth of travel and tourism to Shanghai.

Performance Trends

- ***Occupancy:*** Historically, vacancy rates have dropped since 1997. With solid demand growth and comparatively limited supply increases in the solely owned serviced apartment segment, occupancies in the sector is expected to be stable over the short to medium term.
- ***Rentals:*** While rents have dropped until the end of the 1990s to maintain relatively high occupancy levels, occupancies and rates have both started to grow since the beginning of the new millennium. Looking forward, rate growth is expected to maintain a steady pace. In the short-term, where new hotel supply remains relatively limited in the Shanghai market, properties with a large proportion of transient demand may experience further rental growth driven by rate growth in the transient stay market.

7.4 Market Outlook

Despite certain challenges, the market outlook for serviced apartments in Shanghai remains positive.

Amongst the major challenges for the sector, we note that with Shanghai's growing internationally educated local talent pool and foreign enterprises entering an increasingly mature stage, certain companies have shown greater signs of localization across various tiers of the management. Moreover, companies have started to employ an increasing proportion of foreign staff on local packages (even though this tends to be mostly for junior posts or for foreign staff from the Asia region). In addition, corporations have started to be more stringent with relocation packages, reducing the pool of potential serviced apartment residents with generous housing budgets.

Nevertheless, in the mid to long term, the city's booming macro-economic environment, positive business climate and its emerging status as a leading international commercial metropolis is expected to generate substantial and sustainable levels of growth in expatriate demand for housing in the coming years. Overall demand growth is hence expected to more than counterbalance the above-stated challenges of expatriate localization and budget reductions.

Further, as there are no regulations limiting the minimum length of stay for serviced apartments in China, serviced apartments in Shanghai have the flexibility in adjusting the proportion of transient versus long stay demand they choose to maintain in line with tourism and residential market trends. This allows for greater stability in overall trading performance.

In balance with projected supply growth (compared to the magnitude of future demand) expected to be relatively limited, we expect occupancy levels to remain stable in the short- and mid-term which should allow for further rate growth and asset appreciation.

8.0 SINGAPORE SERVICED RESIDENCES MARKET OVERVIEW

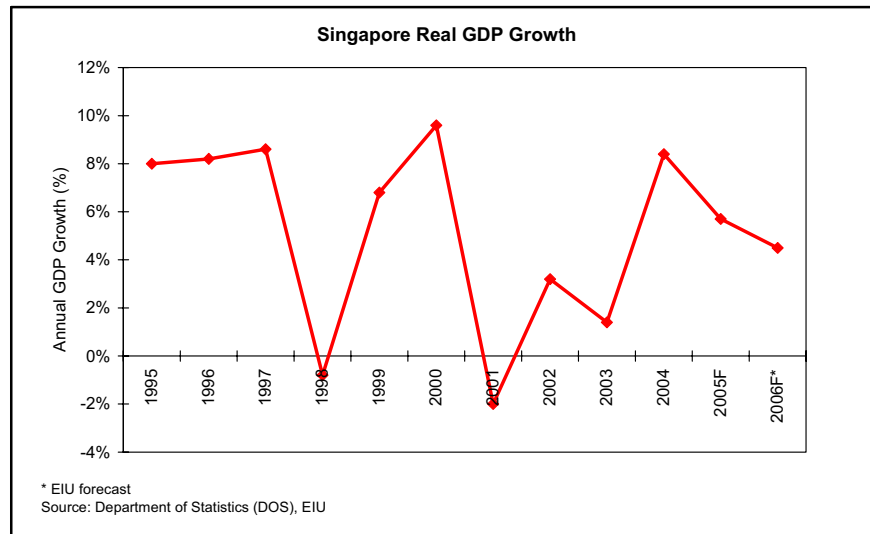
8.1 Singapore Economic Overview

Heavily dependent on external trade, changes to the external landscape in recent years have created new challenges for the Singapore economy. These include rising competition in the region, particularly from China and India, as well as the rise in the number and frequency of external shocks on the economy.

The negative repercussions or lagged effect from these external shocks are reflected in the economic figures. Data from the Department of Statistics (DOS) show the economy contracting by 0.8% in 1998 due to the Asian financial crisis that was sparked off with the devaluation of the Thai Baht in July 1997. The subsequent economic recovery in 1999 and 2000 was disrupted when the global economic downturn and slump in the technology sector in 2001 led to a 2.0% year-on-year contraction in economic growth, which was further exacerbated by the September 11 terrorist attacks in the United States (US). Although the economy did manage to turn around quickly in 2002, in line with a swift global economic recovery to record a 3.2% real GDP growth, the Severe Acute Respiratory Syndrome (SARS) epidemic and the war in Iraq reduced the rate of growth to 1.4% in 2003.

In line with the overall improvement in economic sentiments in the region, the Singapore economy registered a strong year-on-year growth of 8.4% in 2004. For the first three quarters of 2005, figures from the Ministry of Trade and Industry (MTI) show the economy recording year-on-year growth rates of 2.7%, 5.4% and 7.2% respectively.

Latest official estimates also showed the growth rate strengthening to 7.7% in the fourth quarter and a better-than-expected full year growth of 5.7%. This exceeded the higher end of the official growth forecast of 3.5% to 4.5% in 2005. For 2006, economic prospects are expected to stay positive. The Economist Intelligence Unit (EIU) is expecting the Singapore economy to grow by 4.5%, according to its latest forecast dated 6 December 2005, while the Government has indicated that growth will likely be in the range of 3-5%, barring any shocks.



Key Economic Indicators & Forecasts

Year	Singapore Real GDP Growth	Singapore Inward Foreign Direct Investment (US\$ million)
2001	-2.0%	14,088
2002	3.2%	5,725
2003	1.4%	9,348
2004	8.4%	16,032
2005E	5.7%	15,676
2006F	4.5%	14,901
2007F	4.4%	15,089
2008F	4.4%	15,608
2009F	4.7%	16,321
2010F	4.3%	17,118

E: DOS estimates *F: EIU forecasts (as at 6 December 2005)*
Source: Singapore Department of Statistics (DOS), EIU

8.2 Serviced Residences Market & Performance Review

Definition of Serviced Apartment

According to a circular issued by the Urban Redevelopment Authority (URA) on 12 November 1998, a serviced apartment development in Singapore may consist of a block or blocks of flats:

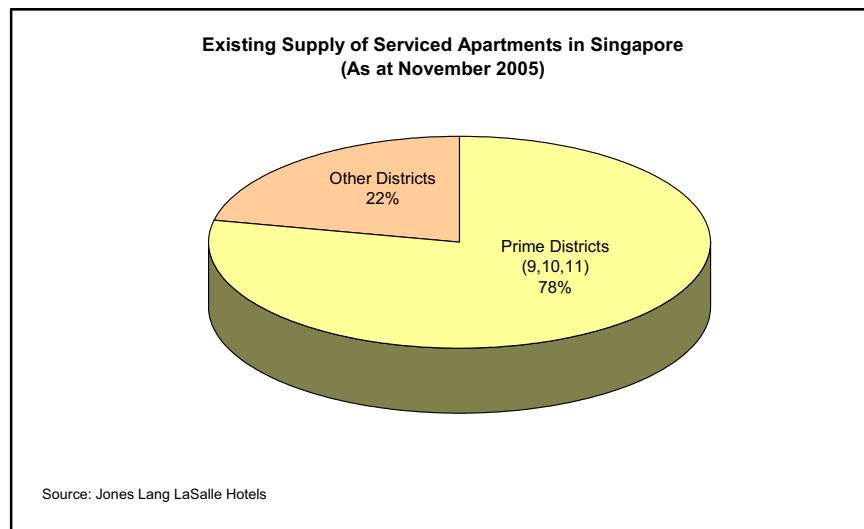
- a. comprising self-contained serviced apartments with provision for kitchenettes/kitchens and to be rented out for lodging purpose for a minimum 7 days or other longer periods where the rates are calculated on a periodic basis;

- b. support services such as concierge, housekeeping and/or laundry are provided for the residents. For larger serviced apartment developments i.e. more than 14,000 square metres proposed gross floor area (GFA), restaurants and bar/ lounge facilities are permitted subject to a maximum of 0.3% of the total GFA; and
- c. developed and/or managed under one single ownership, i.e. a non-strata subdivisible entity.

Supply

There are currently about 3,500 serviced residences located in about 30 developments in Singapore. These serviced apartment developments are either a stand-alone property or part of a residential, hotel or mixed development. Available unit configurations ranged from studio to penthouses, with one- and two-bedroom units being the most common.

The stock is relatively matured with most of the developments completed in the 1980s and 1990s. The majority or 78% of these serviced apartments are concentrated in the prime residential districts of 9, 10 and 11. The remaining 22% are located at the fringe of the Central Business District (CBD) and suburban areas.



Major serviced apartment owners/operators in the market include The Ascott Group (subsidiary of Capitaland), Fraser Serviced Residences (subsidiary of Centrepont Properties) and Far East Organization. Although some hotels also offer serviced residences e.g. Shangri-La Apartments and Plaza Pacific Service Apartment (Plaza Hotel), their share in the market is relatively small.

Unlike the 1980s and 1990s where there was significant number of new serviced apartment supply, the current supply situation is tight, with the most recent addition being the opening of the 107-unit Somerset Bencoolen in 2004. Meanwhile, we understand that the 44-unit Tanglin Studio Serviced Apartment, 118-unit Mandarin Gardens Full Service Accommodation and the 16 units in Allson Hotel have ceased

operations as serviced residences, while Wheelock Properties (Singapore), formerly known as Marco Polo Developments, bought The Ascott Singapore (153 units) together with the Scotts Shopping Centre for S\$345 million in 2004. In 2005, Sime Darby Berhad's Orange Court Service Residences (36 units) was demolished to make way for an upmarket condominium development called Orion.

Examples of Major Serviced Apartments in Singapore

Project Name	Location	No. of Units
The Ascott Singapore	6 Scotts Road	153
Somerset Grand Cairnhill	15 Cairnhill Road	146
Somerset Orchard	160 Orchard Rd	88
Somerset Liang Court	177B River Valley Rd	192
Somerset Bencoolen	Bencoolen Street	107
Fraser Place	11 Unity Street	161
Fraser Suites	491A River Valley Road	251
Treetops Executive Residences	Orange Grove Road	220
Orchard Parksuites	Orchard Boulevard	223
Great World Serviced Apartments	2 Kim Seng Walk	304

Source: Jones Lang LaSalle Hotels

In terms of upcoming supply, the UOL Building at Somerset Road will be redeveloped into a 128-unit project offering "live-and-work" units that combine an office and a serviced apartment, similar to the small-office, home-office (SoHo) concept except that the units also come with services like housekeeping and laundry. Expected to complete in 2007, units offered will comprise a mix of studio, one- and two-bedroom units ranging from 42 square metres to 120 square metres.

Potentially, the upcoming 387-room Orchard Scotts development at Anthony Road may include 88 serviced apartments. In addition, we understand that the 76-unit Cairnhill Towers may be redeveloped into a residential development. We also understand that The Ascott Group may consider adding another one or two serviced apartments to its portfolio in Singapore over the next two to three years.

Major Future Supply in Singapore (as at end October 2005)

Project Name	Location	Estimated No. of Units	Due
Orchard Scotts	Anthony Road	88	TBC
Redevelopment of UOL Building	96 Somerset Road	128	2007
Total New/Proposed Supply		216	

* TBC – to be confirmed

Source: Jones Lang LaSalle Hotels, Industry Sources

Demand

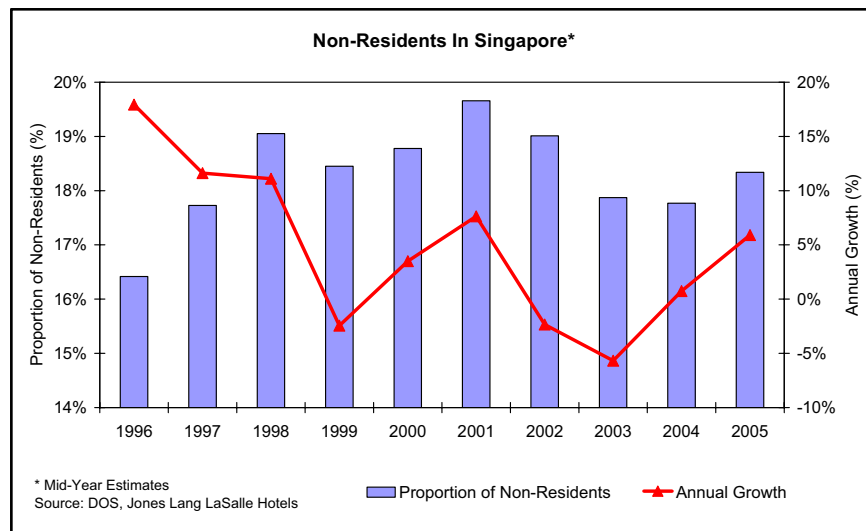
Due to its limitation to a minimum stay of 7 days, the amount of tourist demand captured by the serviced apartment market is relatively small in view that the majority of visitors to Singapore tend to stay for an average of 3 days. Expatriates or business travellers looking for extended stay are therefore two major demand generators for serviced apartments.

Typically, business travellers leased serviced residences for about one to six months although these apartments can also be leased for one to three years. Many incoming expatriates on 2 to 3 years assignments also stay in serviced apartments for at least a month while they source for more permanent accommodation, typically in the residential leasing market.

Expatriates/Non-Residents

Over the years, Singapore’s strong fundamentals and strategic location have brought a steady flow of foreign investments into the country. Many multinational corporations (MNCs) have also set up their Asia Pacific base in Singapore, bringing with them expatriate staff with technological and managerial skills. Currently, there are some 7,000 MNCs in Singapore, of which about 4,000 have regional responsibilities. This forms a demand base for corporate housing in Singapore.

There are no official figures on the total number of expatriates working in Singapore. However, an analysis of the population trend over the past decade shows that non-residents constitute about 18% of the country’s total population. Based on latest official mid-year estimates as at June 2005, there are currently 0.8 million non-residents in Singapore out of a total population of 4.35 million.



The growth in number of expatriates is affected by the economic and business climate. For example, weak economic conditions in the global and local arenas in 2001 led many companies to carry out restructuring and downsizing exercises to streamline costs and realign their businesses leading to reduced number of expatriates or reduced expatriate

housing budgets. During better economic times such as 2004, corporate housing demand from new incoming expatriates also picked up.

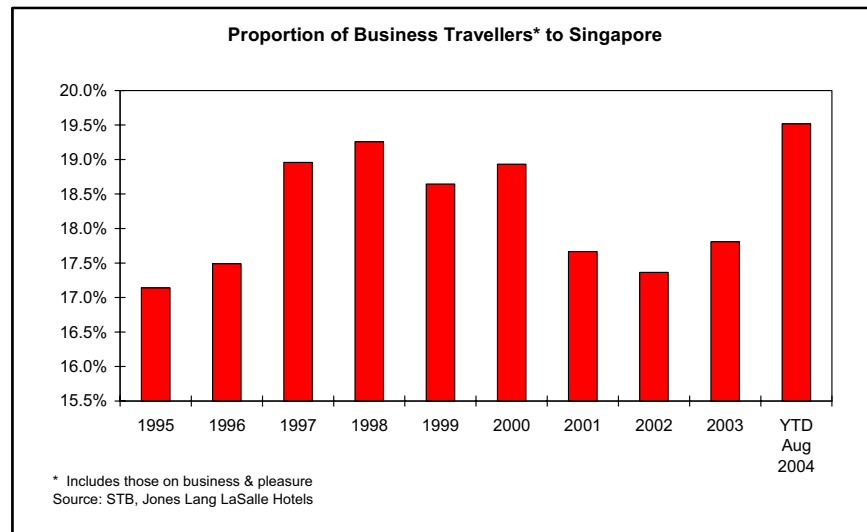
By nationality, the Japanese community forms the largest group of expatriates in Singapore. Latest available statistics from the Annual Report of Statistics on Japanese Nationals Overseas show 21,437 Japanese living in Singapore as at 1st October 2004, down from 23,174 as at 1st October 2001. A significant number stayed in the West Coast area (district 5) of Singapore near several Japanese schools although there are no serviced apartment developments in the vicinity.

As Singapore's largest foreign direct investor and second largest trading partner, many US MNCs use Singapore as an export base to other parts of the world. The number of US companies in Singapore is estimated at around 1,300. As such, there is a large American expatriate community with an estimated 15,000 US citizens in Singapore. Their numbers look set to rise with the successful signing of the US-Singapore Free Trade Agreement (FTA) which took effect from 1st January 2004. Following the relocation of the Singapore American School (the school of choice for most American expatriates here) from Ulu Pandan to Woodlands in 1996, the Woodlands area (district 25) in the northern part of the island has emerged quickly as a new residential enclave that is popular with the US expatriates, particularly those with children. However, there are no serviced apartment developments in the immediate vicinity of the Singapore American School.

Business Travellers

Data from the Singapore Tourism Board (STB) showed the proportion of business travellers to Singapore ranged from 17% to about 19% between 1995 and 2003. For year-to-date (YTD) August 2004 (latest available statistics), Singapore received about 1.1 million business/business & pleasure visitors or about 19.5% of total international arrivals over the period.

The increasingly global business platform has also increased the mobility of the global workforce. In addition, corporations are sending more staff on short to medium term overseas assignment, which can range from a week to several years. Serviced apartments are therefore a good alternative to hotels especially for those who only require accommodation for a few months.



Performance Review

The Singapore serviced apartment industry generally enjoyed healthy occupancy levels during the 1990s, except during the Asian financial crisis years of 1997/98. Between 1990 and 1996, the average occupancy was either close to or exceeded the 90%-level. However, softer demand conditions during the Asian financial crisis, coupled with the addition of about 1,400 new units to the market in 1997 and 1998, placed downward pressure on the average occupancy rate which registered two consecutive years of decline to about 75-77% in 1998. With no new supply and better economic performance, occupancy rates rebounded to a healthy level of about 85% as at end-1999.

Over the past five years, the serviced apartment industry in Singapore has weathered several external shocks – including the September 11th terrorist attacks in the US in 2001, the Bali bombings during 2002 and the SARS outbreak/Iraq war in 2003. During those years, the average occupancy rate ranged from 70-80%. In comparison, five-star hotels in Singapore registered average occupancies of 66.6% in 2002 and 60.1% in 2003, while four-star hotels recorded average occupancies of 76.7% and 62.9% respectively.

By 2004, most properties are reporting 80-90% occupancy with popular projects in prime locations running close to full capacity. This trend continued into 2005, with serviced apartments reporting strong demand on the back of sustained business and economic growth.

Depending on the unit size, configuration and rental package, serviced apartment rentals can vary quite significantly amongst developments. In general, however, serviced apartment operators prefer to vary their rental discount, which enable them to respond to the prevailing market situation more quickly, rather than adjusting their published rates. During better times, some operators do adjust their published rentals upwards.

Rental discounts of 10-20% off the published rates are usually given, although this can increase to as high as 30-35% when market conditions are weak. On the back of strong

demand and limited supply, serviced apartments are registering higher achieved rentals, which on average, have reportedly increased by about 5-10% in 2005 from the previous year.

Published Monthly Rentals of Serviced Residences by Unit Type

Unit Type	Prime Districts	Other Districts
Studio	S\$4,200 – 5,600	S\$2,950 – 4,500
1-Bedroom	S\$4,400 – 7,900	S\$3,300 – 6,000
2-Bedroom	S\$3,280 – 13,200	S\$3,600 – 7,800
3-Bedroom	S\$3,830 – 18,800	S\$6,000 – 8,800
4-Bedroom	S\$8,000 – 12,500	S\$10,500
Penthouse	S\$6,000 – 23,500	S\$9,700 – 19,500

Source: Jones Lang LaSalle Hotels, Industry Sources, November 2005

8.3 Serviced Residences Trends

Demand from Expatriates

In line with better economic conditions, many MNCs have announced expansion plans, bringing in new incoming expatriates. In recent years, there appear to be a younger group of incoming expatriates who tend to be singles or married couples in their mid-20s and mid-30s with no children. In addition, employment contracts are more flexible, and can range from six months to a year.

Another noticeable trend among MNCs are programmes to reduce and localise the expatriate workforce, usually implemented after 2 to 5 years of the employee’s relocation. The trend is in line with global cost management measures and directives to streamline organisational structures, in order to enhance operational efficiency.

There is also a growing number of Asian expatriates from countries such as India and China, especially in the financial services and information technology sectors. A recent survey conducted by Hong Kong-based HR Business Solutions (HRBS) in 2005 also showed the availability of more regional positions as MNCs increasingly make Singapore a hub for their operations in South Asia, including India, although some jobs have also migrated out of Singapore. The survey, which covered 580 firms in the region, shows that among jobs with country, regional and Asia-Pacific roles in Singapore, those with regional responsibilities rose from 35% of the total in 2004 to 40% this year.

Demand from Singaporeans

An emerging trend, more Singaporeans are staying in serviced apartments as a temporary accommodation while renovating their homes. Returning Singaporeans based overseas on home visits or require temporary lodging because they have leased out their homes are also putting up in serviced apartments.

New “Live-and-Work” Concept

When completed in October 2007, the redevelopment of UOB Building into a 128-unit project offering office-cum-serviced residences units will be the first such “live-and-work” concept offered in the Orchard Road area. UOL is expected to target expatriates on consultancy assignments in Singapore or those starting up their businesses and want to live and work in the same place.

Supply Trend

As mentioned in the earlier part of the report, the past five years have witnessed the exit of several serviced apartment developments. For example, developer GuocoLand is redeveloping Tanglin Studio at 21 Leonie Hill into a 97-unit Leonie Studio condominium while Allson Hotel has withdrawn its 16 serviced apartments after the sale of one-wing of the hotel in 2004. With the private residential market picking up, this trend is likely to continue; for example, we understand that Far East Organization is exploring redevelopment/conversion plans for its existing Cairnhill Towers.

8.4 Market Outlook

Barring any unforeseen external shocks, the overall outlook for the serviced residences industry in Singapore stays positive in view of the following factors:

- Economic and business sentiments are looking optimistic with MNCs announcing expansion plans in Singapore. In addition, the Government’s continued efforts to sign more FTAs will lead to greater business, trade and investment inflows to Singapore. There are also plans to develop the services sector as Singapore’s second engine of growth to complement the main manufacturing sector. Niche areas will include healthcare and education, in addition to the financial, tourism and info-communications industry. These measures, which are supplemented by business-friendly policies and tax incentives, would help to ensure Singapore’s medium- to longer-term competitiveness in the region.
- Singapore’s positioning as a leading business and financial hub will be enhanced further with the development of the new Business and Financial Centre (BFC) located at the New Downtown @ Marina Bay.
- The Economic Development Board will continue to attract and increase the number of MNCs with international or regional headquarters in Singapore. The Singapore Government is also keen to attract more foreign talents to the country, as one of its strategies for continued economic growth.
- Singapore has a very high standard of living for expatriates and the city is the best place to live and work in Asia according to EIU’s Worldwide Quality of Life Index 2005.

Best Place to live and work in Asia

Worldwide Quality of Life Index (Top 20)		
Country	Rating	Rank
Ireland	8.33	1
Switzerland	8.07	2
Norway	8.05	3
Luxembourg	8.02	4
Sweden	7.94	5
Australia	7.93	6
Iceland	7.91	7
Italy	7.81	8
Denmark	7.80	9
Spain	7.73	10
Singapore	7.72	11
Finland	7.62	12
United States	7.62	13
Canada	7.60	14
New Zealand	7.44	15
Netherlands	7.43	16
Japan	7.39	17
Hong Kong	7.35	18
Portugal	7.31	19
Austria	7.27	20

Source: EIU Quality of Life Index, 2005

- Limited new supply of serviced apartments in the pipeline.

With demand prospects generally looking positive, coupled with limited new supply, the local serviced residences industry is expected to continue to enjoy healthy occupancy levels in the range of 85-95% with potential for further rate growth over the next couple of years.

However, in the medium- to longer-term, the industry continues to face several challenges including:

- Competition from hotels and the private residential leasing market will remain stiff, especially the latter alternative, which provide expatriates with more housing options and locations.
- Global offshoring trends with many companies outsourcing some of their business processes to countries with lower labour costs such as India and the Philippines.
- The growing dominance of India and China in the world economic stage, which may lead to the relocation of the headquarter functions of MNCs to these countries.
- Although economic conditions are more favourable in 2004/2005, companies are still generally cost conscious and expatriate housing packages will constantly be reviewed to match prevailing leasing market conditions. In addition, the increasing trend of companies localising the expatriate workforce may prove challenging for serviced residences which, though considered “value-for-money”, are generally more expensive.
- Increased risk of terrorism and an avian flu outbreak in Asia may derail economic growth prospects.

PROPERTY FUND GUIDELINES

1 Scope and Definitions

1.1 These Guidelines apply to a collective investment scheme that invests or proposes to invest in real estate and real estate-related assets (hereinafter referred to as “a property fund”). The scheme may or may not be listed on the Singapore Exchange (“SGX”). An investment in real estate may be by way of direct ownership or a shareholding in an unlisted special purpose vehicle (“SPV”) constituted to hold/own real estate.

1.2 For the purposes of this Appendix:-

(a) **Associate of any director** includes

- (i) any member of his immediate family;
- (ii) the trustee, acting in its capacity as a trustee, of any property fund of which the director or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 25.0% or more.

(b) **Cash equivalent items** means instruments or investments of such high liquidity and safety that they are as good as cash.

(c) **Controlling unitholder** means a person who, together with (where applicable):-

- (A) its ultimate/immediate holding company;
- (B) its subsidiary;
- (C) its associated company;
- (D) its fellow subsidiary;
- (E) where it is an associated company of another company, say, Company X - a subsidiary of Company X;
- (F) its fellow associated company;
- (G) an associated company of its immediate holding company;
- (H) a subsidiary of the entity in sub-paragraph (B), (D) or (E); and
- (I) an associated company of the entity in sub-paragraph (B), (D) or (E), either
 - (i) hold 15.0% or more of the units in the property fund (MAS may determine that such a person is not a controlling unitholder); or
 - (ii) hold less than 15.0% of the units in the property fund but in fact exercise control over the property fund.

For the avoidance of doubt, the number of units in the property fund held by a person and persons listed in (A) to (I) should be aggregated in determining if the units held amount to 15.0% or more of the total units in the property fund.

- (d) **Deposited property** means the value of the property fund's total assets based on the latest valuation.
- (e) **Desktop valuation** means a valuation based on transacted prices/yields of similar real estate assets, without a physical inspection of the property.
- (f) **Interested party** includes:-
 - (i) the sponsor/promoter of the property fund (if different from the manager);
 - (ii) the manager of the property fund;
 - (iii) the trustee of the property fund;
 - (iv) the adviser to the property fund;
 - (v) a director, other than an independent director, of the sponsor/promoter, Manager or adviser (or an associate of any such director);
 - (vi) a controlling unitholder; or
 - (vii) in respect of the sponsor/promoter, Manager or adviser or controlling unitholder:-
 - (A) its ultimate/immediate holding company;
 - (B) its subsidiary;
 - (C) its associated company;
 - (D) its fellow subsidiary;
 - (E) where it is an associated company of another company, say, Company X - a subsidiary of Company X;
 - (F) its fellow associated company;
 - (G) an associated company of its immediate holding company;
 - (H) a subsidiary of the entity in sub-paragraph (B), (D) or (E); or
 - (I) an associated company of the entity in sub-paragraph (B), (D) or (E).
- (g) **Real estate-related assets** means listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

2 The Manager of a Property Fund

- 2.1 The Manager of a listed property fund should be a corporation with a physical office in Singapore, and have minimum shareholders' funds of S\$1 million. The Manager in Singapore should have:-
 - (a) a resident chief executive officer; and
 - (b) at least two full-time professional employees.

- 2.2 The Manager, as well as its chief executive officer, directors and professional employees should meet the fit and proper criteria as set out in the “Guidelines on Fit and Proper Criteria” [Guideline No: MCG-G01] issued by the Authority. In addition, the Manager should:-
- (a) have at least 5 years of experience in managing property funds;
 - (b) appoint, with the approval of the trustee, an adviser who has at least 5 years experience in investing in and/or advising on real estate; or
 - (c) employ persons who have at least 5 years of experience in investing in and/or advising on real estate.
- 2.3 Where the Manager has appointed an adviser pursuant to paragraph 2.2(b), that adviser need not be independent of the Manager, and may act as agent in seeking out buyers/sellers of real estate or in managing the property fund’s real estate assets. However, where the adviser has been appointed as the marketing agent for a property, that adviser may recommend the property fund to purchase that property only if:-
- (a) the adviser has disclosed to the Manager that it is the marketing agent for that property; and
 - (b) the adviser is not related to the Manager in a manner described in paragraph 1.2(f)(vii).
- 2.4 Commissions or fees paid by the property fund to the adviser should not be higher than market rates.
- 2.5 The Singapore office should play a meaningful role in the business activities of the Manager. In the Authority’s assessment of the role of the Singapore office, the following factors are relevant, but not exhaustive:-
- (a) the composition and mandates of the board of directors and management committees; and
 - (b) the extent to which the chief executive officer and directors based in Singapore participate in the formulation of investment strategies and financing activities.
- 2.6 The Manager of a listed property fund should perform the following activities in Singapore:-
- (a) accounting;
 - (b) compliance; and
 - (c) investor relations.
- 2.7 The manager of a property fund seeking authorisation for the fund under section 286(1) of the Securities and Futures Act (Cap. 289) should complete and submit the form appended in Annex 2A.

3 The Trustee of a Property Fund

- 3.1 The Trustee should exercise due care and diligence in discharging its functions and duties, including safeguarding the rights and interests of participants.
- 3.2 Amongst others, the Trustee should exercise reasonable care in ensuring that:-
- (a) the property fund has proper legal and good marketable titles to the real estate assets owned by the property fund;
 - (b) the contracts (such as rental agreements) entered into on behalf of the property fund is legal, valid, binding and enforceable by or on behalf of the property fund in accordance with its terms; and

- (c) the Manager arranges adequate insurance coverage in relation to the real estate assets of the property fund.

4 Trust Deed Provisions for Removal of Manager and Convening of Meetings

4.1 The trust deed of a property fund should contain the following provisions:-

- (a) the Manager may be removed by way of a resolution passed by a simple majority of participants present and voting at a general meeting, with no participant being disenfranchised; and
- (b) a general meeting may be convened at the request in writing of not less than 50 participants or participants representing not less than 10% of the issued units of the property fund.

4.2 Existing property funds are to comply with the guidelines in this paragraph by 20 April 2006.

5 Interested-party Transactions

5.1 A property fund may acquire assets from or sell assets to interested parties, or invest in securities of or issued by interested parties,

if:-

- (a) adequate disclosures are made in the prospectus (if it is at the first launch/offer of the property fund) or circular (if it is during the life of the property fund), stating:-
 - (i) the identity of the interested parties and their relationships with the property fund;
 - (ii) the details of the assets to be acquired or sold, including a description of these assets and their location;
 - (iii) the prices at which these assets are to be acquired or sold;
 - (iv) the details of the valuations performed (including the names of the valuers, the methods used to value these assets and the dates of the valuations) and their assessed values;
 - (v) the current/expected rental yield;
 - (vi) the minimum amount of subscriptions to be received, if the transactions are conditional upon the property fund receiving the stated amount of subscriptions; and
 - (vii) any other matters that may be relevant to a prospective investor in deciding whether or not to invest in the property fund or that may be relevant to a participant in deciding whether or not to approve the proposed transactions;
- (b) for transactions entered into at the first launch/offer of the property fund, the scheme has entered into agreements to buy those assets at the prices specified in sub-paragraph (a)(iii) from the interested parties. If the transactions are conditional upon the property fund receiving a stated minimum amount of subscriptions, the agreements should reflect this;
- (c) two independent valuations of each of those real estate assets, with one of the valuers commissioned independently by the Trustee, have been conducted in accordance with paragraph 8;
- (d) each of those assets is acquired from the interested parties at a price not more than the higher of the two assessed values, or sold to interested parties at a price not less than the lower of the two assessed values; and

- (e) the Trustee provides written confirmation that it is of the view that the transaction is on normal commercial terms and not prejudicial to the interests of participants where participants' approval for the transaction is not required and;
 - (i) in the case of an acquisition, the transaction price is not at the lower of the two valuations; or
 - (ii) in the case of a disposal, the transaction price is not at the higher of the two valuations.

5.2 A property fund should:-

- (a) where a proposed transaction is equal to or greater than 3% of the property scheme's NAV, announce the transaction immediately; or
- (b) where a proposed transaction is equal to or greater than 5% of the property fund's NAV, announce the transaction immediately and obtain a majority vote at a participants' meeting. A person who has an interest, whether commercial, financial or personal, in the outcome of the transaction, other than in his capacity as a participant, will not be allowed to vote on the resolution to approve the transaction. There should be an opinion rendered by an Independent Expert stating whether or not the transaction is on normal commercial terms and whether the transaction is prejudicial to participants, based on an assessment of the impact of the transaction on the property fund on an overall basis. The Independent Expert should also draw the participants' attention to any possible disadvantages of the transaction.

5.3 For the purpose of paragraph 5.2, the value of all transactions with the same interested party during the current financial year should be aggregated. If the aggregate value of all transactions with the same interested party during the current financial year is:-

- (a) equal to or greater than 3% of the property fund's NAV, the requirement in paragraph 5.2(a) will apply to the latest transaction and all future transactions entered into with that interested party during that financial year; or
- (b) equal to or greater than 5% of the property fund's NAV, the requirements in paragraph 5.2(b) will apply to the latest transaction and all future transactions entered into with that interested party during that financial year.

5.4 For the purpose of paragraphs 5.1 to 5.3, the agreement to buy or sell the assets should be completed:-

- (a) where the interested-party transaction is entered into at the first launch/offer of the property fund, within 6 months of the close of the first launch/offer; or
- (b) where the interested-party transaction is entered into after the first launch/offer and:-
 - (i) the transaction is less than 5% of the property fund's NAV, within 6 months of the date of the agreement; or
 - (ii) the transaction is equal to or greater than 5% of the property fund's NAV, within 6 months of the date of the participants' approval referred to in paragraph 5.2(b); or
- (c) where there is more than one interested-party transaction entered into during the current financial year and the latest transaction results in the 5% threshold referred to in paragraph 5.3(b) being exceeded, within 6 months of the date of participants' approval in respect of that latest transaction.

5.5 An Independent Expert for the purpose of paragraphs 5.2 should:-

- (a) not receive payments of more than \$200,000 aggregated over the current financial year from the Manager, adviser or other party/parties whom the property fund is transacting with. For the avoidance of doubt, this does not include fees paid by the property fund to the Independent Expert for rendering an opinion on the interested-party transactions;
- (b) not be a related corporation as defined in the Interpretation Section of this Code or have a relationship with the Manager, adviser or other party/parties whom the property fund is transacting with which, in the opinion of the trustee, would interfere with the Independent Expert's ability to render an independent and professional opinion on the fairness and reasonableness of the transactions;
- (c) disclose to the trustee any pending business transactions, contracts under negotiation, other arrangements with the Manager, adviser or other party/parties whom the property fund is transacting with and other factors that would interfere with the Independent Expert's ability to render an independent and professional opinion on the fairness and reasonableness of the transactions. The trustee should then take such disclosure into account when deciding whether the person concerned is sufficiently independent to act as the Independent Expert for the interested-party transactions; and
- (d) have the necessary expertise and experience, in the opinion of the trustee, to form an opinion on the fairness and reasonableness of such transactions.

5.6 A property fund is not prohibited from engaging an interested party as property management agent or marketing agent for the scheme's properties provided that any fees or commissions paid to the interested party are at not more than market rates.

5.7 In instances where the Manager receives a percentage-based fee when the property fund acquires and disposes of real estate assets from/to interested parties, such a fee should be in the form of units issued by the property fund at prevailing market price(s). The units should not be sold within one year from their date of issuance.

6 Permissible Investments

6.1 Subject to the restrictions and requirements in paragraph 7, a property fund may only invest in:-

- (a) Real estate, whether freehold or leasehold, in or outside Singapore. An investment in real estate may be by way of direct ownership or a shareholding in an unlisted SPV constituted to hold/own real estate;
- (b) Real estate-related assets, wherever the issuers/assets/securities are incorporated/located/issued/traded;
- (c) Listed or unlisted debt securities and listed shares of or issued by local or foreign non-property corporations;
- (d) Government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board; and
- (e) Cash and cash equivalent items.

6.2 A property fund may invest in local or foreign assets, subject to the terms of its trust deed. Where an investment in a foreign real estate asset is made, the Manager should ensure that the investment complies with all the applicable laws and requirements in that foreign country, for example, those relating to foreign ownership and good title to that real estate.

- 6.3 When investing in leasehold properties, the Manager should consider the remaining term of the lease, the objectives of the property fund, and the lease profile of the property fund's existing property portfolio.
- 6.4 When investing in real estate as a joint owner the property fund should make such investment by acquiring shares or interests in an unlisted SPV constituted to hold/own the real estate and the property fund should have freedom to dispose of such investment. The joint venture agreement, memorandum and articles of association and/or other constitutive document of the SPV should provide for:-
- (a) a specified minimum percentage of distributable profits of the SPV that will be distributed. The property fund should be entitled to receive its *pro rata* share of such distributions;
 - (b) veto rights over key operational issues of the SPV, including:-
 - (i) amendment of the joint venture agreement, memorandum and articles of association or other constitutive document of the SPV;
 - (ii) cessation or change of the business of the SPV;
 - (iii) winding up or dissolution of the SPV;
 - (iv) changes to the equity capital structure of the SPV;
 - (v) changes to the dividend distribution policy of the SPV;
 - (vi) issue of securities by the SPV;
 - (vii) incurring of borrowings by the SPV;
 - (viii) creation of security over the assets of the SPV;
 - (ix) transfer or disposal of the assets of the SPV;
 - (x) approval of asset enhancement and capital expenditure plans for the assets of the SPV;
 - (xi) entry into interested party transactions;
 - (c) a mode for the resolution of disputes between the property fund and joint venture partners.
- 6.5 Financial derivatives may only be used for the purpose of:-
- (a) hedging existing positions in a portfolio; or
 - (b) EPM, provided that derivatives are not used to gear the overall portfolio.

7 Restrictions and Requirements on Investments/Activities

- 7.1 A property fund should comply with the following restrictions/ requirements:-
- (a) Subject to paragraph 7.3, at least 35% of the property fund's deposited property should be invested in real estate. A new scheme will be given 24 months from the close of the first launch/offer to comply with this requirement;
 - (b) At least 70% of the property fund's deposited property should be invested, or proposed to be invested, in real estate and real estate-related assets;

- (c) A property fund should not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless the property fund intends to hold the developed property upon completion. For this purpose, property development activities do not include refurbishment, retrofitting and renovations;
 - (d) A property fund should not invest in vacant land and mortgages (except for mortgage-backed securities). This prohibition does not prevent a property fund from investing in real estate to be built on vacant land that has been approved for development or other uncompleted property developments;
 - (e) The total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 10% of the property fund's deposited property; and
 - (f) For investments in listed or unlisted debt securities and listed shares of or issued by property and non-property corporations (local or foreign) and other locally-registered property funds, not more than 5% of the property fund's deposited property can be invested in any one issuer's securities or any one manager's funds. A corporation and its subsidiary companies are regarded as one issuer or manager. Investments in other property funds should not be made with a view to circumventing the letter or spirit of the prohibition on interested-party transactions set out in paragraph 5.
- 7.2 The investment restrictions/requirements in paragraphs 7.1 (e) and (f) are applicable at the time the transactions are entered into. A property fund is not required to divest any assets that breach the restrictions/requirements if such breaches were a result of:-
- (a) the appreciation or depreciation of the value of the property fund's assets;
 - (b) any redemption of units or distributions made from the property fund; or
 - (c) in respect of investments in listed shares of or issued by property and non-property corporations (local or foreign), any changes in the total issued nominal amount of securities arising from rights, bonuses or other benefits that are capital in nature.
- 7.3 Where as a result of divestment or new issue of units by the property fund, a scheme's investments in real estate fall below 35% of its deposited property, the scheme should increase the proportion of its real estate investments to 35% within:-
- (a) 12 months if the real estate investments fall to a level between 20% and 35% of the property fund's deposited property; or
 - (b) 24 months if the real estate investments fall below 20% of the property fund's deposited property.
- 7.4 Para 7.3 would not apply if:-
- (a) in the case of divestment, the property fund offers to return (by way of redemption) or distributes *at least 70%* of the proceeds of the divestment in cash within 12 months (in the case of paragraph 7.3(a)) or 24 months (in the case of paragraph 7.3(b));
 - (b) in the case of a new issue of units, the property fund offers to return *at least 70%* of the subscription monies received from such new issue within 12 months (in the case of paragraph 7.3(a)) or 24 months (in the case of paragraph 7.3(b)); or
 - (c) in the case of either divestment or new issue of units, the property fund is in the process of being wound up.

8 Valuation of the Property Fund's Real Estate Investments

- 8.1 A full valuation of each of the property fund's real estate assets should be conducted by a valuer *at least* once a year, in accordance with any applicable Code of Practice for such valuations.
- 8.2 Where the Manager proposes to issue new units for subscription or redeem existing units, a desktop valuation of all the scheme's real estate assets should be conducted by a valuer *unless* the assets have been valued not more than 6 months ago (based on the date of the valuation report).
- 8.3 A valuer for the purpose of paragraph 8, be it for a full or desktop valuation, should:-
- (a) not receive payments of more than \$200,000 aggregated over the current financial year from the Manager, adviser or the other party/parties whom the property fund is contracting with. For the avoidance of doubt, this does not include fees paid by the property fund to the valuer for valuation work undertaken for the scheme;
 - (b) not be a related corporation of or have a relationship with the Manager, adviser or other party/parties whom the property fund is contracting with which, in the opinion of the trustee, would interfere with the valuer's ability to give an independent and professional valuation of the property;
 - (c) disclose to the trustee any pending business transactions, contracts under negotiation, other arrangements with the Manager, adviser or other party/parties whom the property fund is contracting with and other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property. The trustee should then take such disclosure into account when deciding whether the person concerned is sufficiently independent to act as the valuer for the property fund;
 - (d) be authorised under any law of the state or country where the valuation takes place to practice as a valuer;
 - (e) have the necessary expertise and experience in valuing properties of the type in question and in the relevant area; and
 - (f) not value the same property for more than 2 consecutive years.
- 8.4 For the avoidance of doubt, an adviser appointed by the Manager pursuant to paragraph 2.2(b) should not value the properties that it recommends to be bought or sold by the property fund. However, that adviser may value the property after it has been acquired by the scheme.
- 8.5 Subject to paragraph 5.1(d) in respect of interested-party transactions, a property fund should purchase or sell real estate assets at a reasonable price. A "reasonable price" means:-
- (a) in the case of acquisitions, a price not more than 110% of the assessed value (valuer to be commissioned by the scheme) and which assessment is not more than 6 months old; or
 - (b) in the case of disposals, a price not less than 90% of the assessed value assessed (valuer to be commissioned by the scheme) and which assessment is not more than 6 months old.
- 8.6 For the purpose of paragraph 8.5, the date of acquisition or disposal means the date of the sale and purchase agreement. Where there is more than one valuation conducted by more than one valuer for the same real estate asset, the Manager should use the average of the assessed values.
- 8.7 Where a real estate asset is to be bought or sold at a price other than that specified in paragraph 8.5, *prior approval* should be obtained from the trustee.
- 8.8 Notwithstanding paragraphs 8.1 and 8.2, a valuation of the property fund's real estate assets may be conducted if the trustee or Manager is of the opinion that it is in the best interest of participants to do so.

9 Aggregate Leverage Limit

- 9.1 Borrowings may be used for investment or redemption purposes. A property fund may mortgage its assets to secure such borrowings.
- 9.2 The total borrowings and deferred payments (together the “aggregate leverage”) of a property fund should not exceed 35% of the fund’s deposited property. The aggregate leverage of a property fund may exceed 35% of the fund’s deposited property (up to a maximum of 60%) only if a credit rating of the property fund from Fitch Inc., Moody’s or Standard and Poor’s is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35% of the fund’s deposited property.
- 9.3 If borrowings are to be used to fund partly or wholly the purchase of a new property, the value of the deposited property used for determining the aggregate leverage may include the value of the new property that is being purchased, provided that:-
- (a) the borrowings are incurred on the same day as that on which the purchase of the property is completed; OR if the borrowings are incurred before the purchase of the property is completed, those borrowings are kept in a separate bank account that is established and kept by the property fund solely for the purpose of depositing such monies;
 - (b) the monies raised by such borrowings are utilised solely for the purchase of the property including related expenses such as stamp duties, legal fees and fees of experts and advisers (all of which must be determined on an arm’s length basis) and for no other purpose; and
 - (c) if borrowings are incurred before the new property is purchased and the manager subsequently becomes aware or ought reasonably to have become aware that the purchase will not take place, the manager must return the monies raised by such borrowings as soon as practicable.
- 9.4 The aggregate leverage limit is not considered to be breached if due to circumstances beyond the control of the manager the following occurs:-
- (a) a depreciation in the asset value of the property fund; or
 - (b) any redemption of units or payments made from the property fund.

If the aggregate leverage limit is exceeded as a result of (a) or (b) above, the manager should not incur additional borrowings or enter into further deferred payment arrangements.

- 9.5 For the purpose of calculating the aggregate leverage to determine compliance with the aggregate leverage limit, if a property fund invests in real estate through shareholdings in unlisted SPVs, the aggregate leverage of all SPVs held by the property fund shall be aggregated on a proportionate basis based on the property fund’s share of each SPV. For the avoidance of doubt, the assets of such SPVs should also be aggregated on a proportionate basis based on the property fund’s share of each SPV.
- 9.6 An existing property fund with aggregate leverage exceeding 35% of the fund’s deposited property should comply with paragraph 9.2 by 20 April 2006.

10 Redemption Requirements for Unlisted Property Funds

- 10.1 In respect of unlisted property funds, Managers should offer to redeem units *at least* once a year in accordance with paragraphs 10.2 and 10.3.
- 10.2 Any offer to redeem units pursuant to paragraph 10.1 should be sent to participants with adequate notice, and should state:-
- (a) the indicative price at which each unit will be redeemed;

- (b) the period during which the offer will remain open (this period should last for *at least* 21 calendar days, but in no case should it remain open for more than 35 calendar days, after the offer is made);
- (c) the assets and/or borrowings that will be used to satisfy the minimum amount of redemption requests stipulated in paragraph 10.3 or a greater amount proposed by the Manager, as the case may be. In the case of non-cash assets, the amount of money that is expected to be available from the sale of such assets should be stated;
- (d) subject to the minimum amount stipulated in paragraph 10.3, that if the money available (from cash, sale of non-cash assets and/or borrowings earmarked in sub-paragraph (c)), is insufficient to satisfy all redemption requests, the requests are to be satisfied on a pro-rata basis. For this purpose, no redemption requests made pursuant to the offer may be satisfied until after the close of the offer period;
- (e) that the actual price at which the units will eventually be redeemed (as determined by reference to the latest valuations available of the property fund's portfolio of assets after deducting appropriate transaction costs) may differ from the indicative price in sub-paragraph (a) due to changes in the values of the property fund's assets during the offer period;
- (f) that the participant should elect, at the same time, whether or not he wishes to proceed with the redemption if his entire redemption request cannot be met; and
- (g) that redemption requests made pursuant to the offer will be satisfied within 30 calendar days after the closing date of the offer. Such period may be extended to 60 calendar days after the closing date of the offer if the Manager satisfies the trustee that such extension is in the best interest of the property fund. The redemption period may be extended beyond 60 calendar days after the closing date of the offer if such extension is approved by participants.

10.3 In respect of any offer to redeem units pursuant to paragraph 10.1, *at least* 10% of the property fund's deposited property should be offered. Where the total amount of redemption requests received by the Manager is for less than 10%, all redemption requests should be met in full.

11 Disclosure Requirements

11.1 Paragraph 3.3(b), 4.2(b), 7.1 and 7.2 of this Code (in respect of the sending, preparation and content of semi-annual reports) will not apply to a property fund.

11.2 An annual report should be prepared by the manager at the end of each financial year, disclosing:-

- (a) details of all real estate transactions entered into during the year, including the identity of the buyers/sellers, purchase/sale prices, and their valuations (including the methods used to value the assets);
- (b) details of all the property fund's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, and/or the remaining terms of the property fund's leasehold properties (where applicable);
- (c) the tenant profile of the property fund's real estate assets, including the:-
 - (i) total number of tenants;
 - (ii) top ten tenants, and the percentage of total gross rental income attributable to each of these top ten tenants;
 - (iii) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors; and

- (iv) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years.
- (d) in respect of the other assets of a property fund, details of the:-
 - (i) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and
 - (ii) distribution of investments in dollar and percentage terms by country, asset class (e.g. equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g. “AAA”, “AA”, etc.);
- (e) details of the property fund’s exposure to derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;
- (f) details of the property fund’s investment in other property funds, including the amount and percentage of total fund size invested in;
- (g) details of borrowings of the property fund;
- (h) details of deferred payment arrangements entered into by the property fund (if applicable);
- (i) the total operating expenses of the property fund, including all fees and charges paid to the Manager, adviser and interested parties (if any), and taxation incurred in relation to the scheme’s real estate assets;
- (j) the performance of the property fund in a consistent format, covering various periods of time (e.g. 1-year, 3-year, 5-year or 10-year) whereby:-
 - (i) in the case of an unlisted property fund, such performance is calculated on an “offer to bid” basis over the period; or
 - (ii) in the case of a listed property fund, such performance is calculated on the change in the unit price transacted on the stock exchange over the period.

Calculation of scheme performance should include any dividends/distributions made assuming that they were reinvested into the property fund on the day they were paid out;

- (k) its NAV per unit at the beginning and end of the financial year; and
- (l) where the property fund is listed, the unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the volume traded during the financial year.

11.3 The Third Schedule of the SFR requires the prospectus to disclose the risks specific to investing in property funds. Some examples of such risks (list is not exhaustive; to be explained in relation to the property fund being offered, where appropriate) include the following:-

- (a) *Diversification* – Property funds tend to be less well-diversified than general securities funds.
- (b) *High gearing* – Property funds tend to be more highly geared than general securities funds. This could be risky if interest rates rise sharply.
- (c) *Valuation* – Property valuation, which affects the offer price of units in a property fund, is subjective.

- (d) *Illiquidity of properties* – The underlying properties in a property fund are often illiquid. Property may have to be sold to make distributions if market conditions change, or to meet redemptions if the fund is unlisted or delisted; the property fund may be unable to do this expediently where the need arises.
- 11.4 Where the Manager intends to charge or has received a fee upon the *Incorporated* property fund's acquisition of real estate assets, the following should be disclosed, in percentage terms and/or dollar value and in tabular form, in the offering document, circular to unitholders or other appropriate medium:-
- (a) acquisition fee payable to the REIT manager; and
 - (b) if a profit forecast is made,
 - (i) the expected incremental income to the REIT; and
 - (ii) the expected incremental base and performance fee payable to the REIT manager.
- 11.5 Where the Manager intends to charge or has received a fee upon the property fund's disposal of real estate assets, such fee (in percentage terms and/or dollar value) should be disclosed in the offering document, circular to unitholders or other appropriate medium. An explanation of how the disposal would be in the interests of participants should also be included.
- 11.6 Where forecasts of distribution yields are provided in offering documents, circulars, announcements and marketing materials of a property fund, and deferred payment arrangements have been or will be entered into by the property fund, clear and prominent disclosure of the details of the deferred payment arrangements entered into should be made, including forecasts of distribution yields assuming all deferred payments are settled in full.

12 Consultation with Authority

- 12.1 Where the Manager intends to incorporate features which may lead to inequality of treatment of participants or potential participants (e.g. the provision of volume discounts) or which may make less apparent the value of a proposed transaction, the Authority should be consulted in advance.

**PROCEDURES FOR ACCEPTANCE, EXCESS APPLICATION AND PAYMENT BY
SINGAPORE REGISTERED SHAREHOLDERS WHOSE SECURITIES ACCOUNTS
ARE CREDITED WITH ASCOTT SHARES**

Singapore Registered Shareholders are entitled to receive this Prospectus and the ARE which form part of this Prospectus.

The Entitlements of Singapore Registered Shareholders are governed by the terms and conditions of this Prospectus and the ARE. The number of Units provisionally allocated to each Singapore Registered Shareholder is indicated in the ARE (fractional entitlements (if any) having been disregarded). The Securities Accounts of Singapore Registered Shareholders have been credited by CDP with the number of Units provisionally allocated to them as indicated in the ARE. Singapore Registered Shareholders may accept their provisional allocations of Units in whole or in part. Full instructions for the acceptance of and payment for the provisional allocations of Units are set out in this Prospectus and the ARE.

Singapore Registered Shareholders accepting their provisional allocation of Units and (if applicable) applying for Excess Units under the Preferential Offering are required to pay the Preferential Offering Sale Price of S\$0.68 per Unit, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is rejected or accepted in part only, or (ii) the Preferential Offering does not proceed for any reason.

This Prospectus and its accompanying application forms have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying application forms may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither this Prospectus (including its accompanying application forms) nor any copy thereof may be published or distributed, directly or indirectly, in or into the United States and they do not constitute an offer of securities for sale into the United States or any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such an offer. The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Units are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of United States securities laws.

Approval has been obtained from the CPF Board for those of its members participating in its investment scheme (collectively, the "IS Shareholders") to use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts ("CPF Funds") to pay for the Units. IS Shareholders who wish to accept the provisional allocation of Units and (if applicable) apply for Excess Units using CPF Funds will need to instruct the respective approved banks where such IS Shareholders hold their CPF Investment Accounts, to purchase the Units on their behalf in accordance with this Prospectus.

If a Singapore Registered Shareholder wishes to accept his provisional allocation of Units specified in the ARE, in full or in part, and (if applicable) apply for Excess Units in addition to the Units provisionally allocated to him, he may do so by duly completing the relevant portions of the ARE or by way of Electronic Application (as described below). A Singapore Registered Shareholder should ensure that the ARE is accurately and correctly completed, failing which the acceptance of his provisional allocation of Units and (if applicable) application for Excess Units may be rejected.

Singapore Registered Shareholders may accept their provisional allocations of Units, in full or in part, and (if applicable) apply for Excess Units either through CDP or by way of Electronic Application through an ATM of a Participating Bank.

Unless expressly provided to the contrary in this Prospectus, the ARE or ARS with respect to enforcement against Singapore Registered Shareholders or their renounees, a person who is not a party to any contracts made pursuant to this Prospectus, the ARE or ARS has no rights under the Contracts (Right of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

(a) Acceptance/Application through CDP

To accept the provisional allocation of Units and (if applicable) apply for Excess Units through CDP, the duly completed ARE must be accompanied by **A SINGLE REMITTANCE** for the full amount payable for the relevant number of Units accepted and (if applicable) Excess Units applied for, and submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED at 4 SHENTON WAY #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the Singapore Registered Shareholder's own risk, to **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than **4.45 p.m.** on **23 March, 2006** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).

The payment must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**THE CENTRAL DEPOSITORY (PTE) LIMITED – ASCOTT PREF OFFERING ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and Securities Account number of the Singapore Registered Shareholder clearly written on the reverse side of the Cashier's Order or Banker's Draft.

NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.

(b) Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank

Instructions for Electronic Application through ATMs to accept the Units provisionally allocated and (if applicable) to apply for Excess Units will appear on the ATM screens of the respective Participating Banks. Please refer to Appendix IX to this Prospectus for additional terms and conditions for Electronic Application through an ATM of a Participating Bank.

A Singapore Registered Shareholder may choose to accept his provisional allocation of Units specified in the ARE in full or in part. A Singapore Registered Shareholder who wishes to accept part of his Entitlement and trade the balance of his Entitlement on the SGX-ST should:-

- (i) complete the ARE for the number of Units provisionally allocated to him which he wishes to accept and submit the ARE together with payment in the prescribed manner as described above to CDP; or
- (ii) accept and purchase that part of his Entitlement by way of Electronic Application in the manner described above.

The balance of his Entitlement may be sold as soon as dealings therein commence on the SGX-ST during the Entitlements Trading Period.

Singapore Registered Shareholders who wish to trade all or part of their Entitlements on the SGX-ST during the Entitlements Trading Period should note that the Entitlements will be tradeable in two board lot sizes of provisional allocations of 1,000 Units and 200 Units and/or any other board lot sizes which the SGX-ST may require. Such Singapore Registered Shareholders may start trading their Entitlements as soon as dealings therein commence on the SGX-ST during the Entitlements Trading Period.

The AREs need not be forwarded to the Purchasers as arrangements will be made by CDP for separate ARS(s) to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Vendor, send the ARS(s) accompanied by this Prospectus by ordinary post and at the Purchaser's own risk, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that the ARS is accurately and correctly completed, failing which the acceptance of the provisional allocations of Units may be rejected.

This Prospectus and its accompanying application forms will not be despatched to Purchasers whose registered addresses with CDP are not in Singapore (the "**Overseas Purchasers**"). Overseas Purchasers who wish to accept the provisional allocations of Units credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Purchasers who wish to receive the ARS accompanied by this Prospectus may obtain the same from CDP, the Share Registrar or any Member Company in Singapore for the period up to the Closing Date at 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).

Purchasers should inform their finance companies or Depository Agents if their purchases of such provisional allocations of Units are settled through these intermediaries. In such instances, if the Purchasers wish to accept the Units represented by the Entitlements purchased, they will need to go through these intermediaries who will then accept the provisional allocations of Units on their behalf.

As an illustration, if a Singapore Registered Shareholder has **1,000** Ascott Shares in his Securities Account as at the Books Closure Date, he will be provisionally allocated **200** Units in his Securities Account, as set out in his ARE, and his alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:-

Alternatives

Procedures to be taken

(a) Accept his entire provisional allocation of Units and (if applicable) apply for Excess Units

(i) **By way of Electronic Application.** Accept his entire provisional allocation of **200** Units and (if applicable) apply for Excess Units by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor); or

(ii) **Through CDP.** Complete and sign the ARE in accordance with the instructions contained therein for the full provisional allocation of **200** Units and (if applicable) the number of Excess Units applied for and forward the ARE together with a single remittance for S\$136.00 (or, if applicable, such higher amount in respect of the total number of Units accepted and Excess Units applied for) by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore and made payable to "**THE CENTRAL DEPOSITORY (PTE) LIMITED – ASCOTT**

PREF OFFERING ACCOUNT” and crossed **“NOT NEGOTIABLE, A/C PAYEE ONLY”** for the full amount due on acceptance, by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED at 4 SHENTON WAY #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post, at his own risk, in the self-addressed envelope provided to **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor) and with the name and Securities Account number of the Singapore Registered Shareholder written on the reverse side of the Cashier’s Order or Banker’s Draft. **NO COMBINED CASHIER’S ORDER OR BANKER’S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

(b) Accept a portion of his provisional allocation of Units, for example, his entitlement to **100** provisionally allocated Units and reject the balance.

(i) **By way of Electronic Application.** Accept the provisional allocation of **100** Units by way of Electronic Application through an ATM of a Participating Bank as described herein not later than 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor);

(ii) **Through CDP.** Complete and sign the ARE in accordance with the instructions contained therein for the provisional allocation of **100** Units and forward the ARE together with a single remittance for S\$68.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive no later than 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).

The balance of the provisional allocation of **100** Units which are not accepted by the Singapore Registered Shareholder will automatically lapse and cease to be available for acceptance by that Singapore Registered Shareholder if an acceptance is not made through an ATM of a Participating Bank by 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor) or if an acceptance is not made through CDP by 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).

(c) Accept a portion of his provisional allocation of Units, for example, his entitlement to **100** provisionally allocated Units and trade the balance on the SGX-ST.

(i) **By way of Electronic Application.** Accept the provisional allocation of **100** Units by way of Electronic Application through an ATM of a Participating Bank as described herein not later than 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor); or

- (ii) **Through CDP.** Complete the ARE in accordance with the instructions contained therein for acceptance of the provisional allocation of **100** Units and forward the ARE together with a single remittance for S\$68.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive no later than 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).

The balance of the provisional allocation of the **100** Units may be traded on the SGX-ST during the Entitlements Trading Period.

During the Entitlements Trading Period, Singapore Registered Shareholders should note that the Entitlements will be tradeable in the ready market in two board lot sizes of provisional allocations of 1,000 Units and 200 Units and/or any other board lot sizes which the SGX-ST may require. Singapore Registered Shareholders who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market during the Entitlements Trading Period. An announcement will be made of the board lot size prior to the commencement of trading of the provisional allocations of Units on the SGX-ST.

If acceptance and payment for the Units in the prescribed manner as set out in this Prospectus and the ARE or ARS (as the case may be) is not received through CDP by 4.45 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor) or through an ATM of a Participating Bank by 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor) from any Singapore Registered Shareholder or Purchaser, the Units provisionally allocated to that Singapore Registered Shareholder or Purchaser shall be deemed to have been declined and shall forthwith lapse and become void. Such provisional allocations of Units not so accepted by Singapore Registered Shareholders, the Purchasers or the Renounees will be used to satisfy excess applications (if any) or otherwise dealt with in such manner as the directors of the Vendor may, in their absolute discretion, deem fit in the interests of the Vendor. **If any Singapore Registered Shareholder or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, accountant, solicitor or any other professional adviser immediately.**

The Excess Units are available for application subject to the terms and conditions contained in this Prospectus and the ARE and (if applicable) the Trust Deed. Applications for Excess Units will, at the absolute discretion of the directors of the Vendor, be satisfied from such Units, if any, that are not validly taken up by the Singapore Registered Shareholders or the Purchasers, together with those from the aggregated fractional entitlements to the Units, the unsold "nil-paid" Entitlements (if any) of the Overseas Shareholders and any Units that are otherwise not allocated for whatever reason in accordance with the terms and conditions contained in this Prospectus and the ARE. In the event that applications are received by the Vendor for more Excess Units than are available, the successful applications for the Excess Units will be determined by ballot or otherwise as determined by the Vendor, provided that the directors and substantial shareholders of the Vendor shall rank last in priority in the allocation of such Excess Units.

CDP takes no responsibility for any decisions that the directors of the Vendor may make. The Vendor reserves the right to refuse any application for Excess Units, in whole or in part, without giving any reason whatsoever therefor.

If no Excess Unit is allocated or if the number of Excess Units allocated is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded by CDP, on behalf of the Vendor, to such Singapore Registered Shareholders, the Purchasers or the Renounees, without interest or any share of revenue or other benefit arising therefrom within 14 Market Days after the Closing Date, by crediting their accounts with the relevant Participating Banks at their own risk (if they accept and, if applicable, apply by way of an Electronic Application), the receipt by such bank being a good discharge to CDP, the Manager, the Vendor, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter or the Sub-Underwriter for their obligations, if any, hereunder, or by means of a crossed cheque drawn on a bank in Singapore and sent to them at their mailing addresses by ordinary post (if they accept and, if applicable, apply through CDP) at their own risk.

THE LAST TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE UNITS IS:-

- (A) 4.45 P.M. ON 23 MARCH 2006 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE VENDOR) IF AN ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE UNITS IS MADE THROUGH CDP; OR**
- (B) 9.30 P.M. ON 23 MARCH 2006 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE VENDOR) IF AN ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE UNITS IS MADE THROUGH AN ATM OF A PARTICIPATING BANK.**

It should be particularly noted that unless:-

- (i) acceptance and payment in Singapore currency by Cashier's Order or Banker's Draft drawn on a bank in Singapore and made out in favour of **"THE CENTRAL DEPOSITORY (PTE) LIMITED – ASCOTT PREF OFFERING ACCOUNT"** and crossed **"NOT NEGOTIABLE, A/C PAYEE ONLY"** for the full amount of the provisionally allocated Units due on acceptance and with the names and Securities Account numbers of the Singapore Registered Shareholders or the Purchasers (as the case may be) clearly written on the reverse side of the Cashier's Order or Banker's Draft is submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED at 4 SHENTON WAY #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post at the Singapore Registered Shareholder's or the Purchaser's (as the case may be) own risk, in the self-addressed envelope provided to reach **THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD P.O. BOX 1597, SINGAPORE 903147 by 4.45 p.m. on 23 March 2006** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor); or
- (ii) acceptance of the provisionally allocated Units is made by the Singapore Registered Shareholders or the Purchasers (as the case may be) by way of an Electronic Application through the ATM of a Participating Bank and payment of the full amount payable for such Units is effected by 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor),

the provisional allocation of Units will be deemed to have been declined and shall forthwith lapse and become void. All monies received will be returned (without interest or any share of revenue or other benefit arising therefrom) to the Singapore Registered Shareholders or the Purchasers (as the case may be) by ordinary post (where acceptance is through CDP) or the Participating Banks (where acceptance is by way of an Electronic Application through the ATMs of the Participating Banks, and at the sole risk of the Singapore Registered Shareholders or the Purchasers (as the case may be) within 14 Market Days after the Closing Date. **ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM OF A PARTICIPATING BANK

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the “**Steps**”). Please read carefully the terms and conditions of this Prospectus, the instructions set out on the ATM screens of the relevant Participating Banks and the terms and conditions for Electronic Applications set out in this Prospectus before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used in respect of the acceptance of, and (if applicable) the excess application for, Units at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the “**Applicant**” in the terms and conditions for Electronic Applications and the Steps shall mean a Singapore Registered Shareholder, his renounee or the Purchaser who accepts or (as the case may be) who applies for the Units through an ATM of the Participating Banks. An Applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at the ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE or ARS.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM Card issued to him in his own name. Using his own Securities Account number with an ATM Card which is not issued to him in his own name will render his acceptance or (as the case may be) application liable to be rejected.

The Electronic Application shall be made in accordance with, and subject to, the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below:-

1. In connection with his Electronic Application for the Units, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:-
 - (a) that he has received a copy of this Prospectus and has read, understood and agreed to all the terms and conditions of acceptance of, and (if applicable) application for, the Units under the Preferential Offering and this Prospectus prior to effecting the Electronic Application, and agrees to be bound by the same; and
 - (b) that he consents to the disclosure of his name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and application details (the “**Relevant Particulars**”) from his account with that Participating Bank to the Share Registrar, Securities Clearing & Computer Services (Pte) Ltd, CDP, the SGX-ST, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter and the Sub-Underwriter (the “**Relevant Parties**”) (references in the relevant ATM screens to “**Issuer**” shall be deemed to mean the Vendor and references in the relevant ATM screens to “**Underwriter**” shall be deemed to mean JP Morgan).

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter”, “OK”, “Confirm”, “Yes” key, as the case may be. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter”, “OK”, “Confirm”, “Yes” key, as the case may be, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of, and the Third Schedule to the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
3. The Applicant irrevocably agrees and undertakes to purchase and to accept the lesser of the number of Units provisionally allocated and Excess Units applied for as stated on the Transaction Record or the number of Units provisionally allocated standing to the credit of his Securities Account as at the Closing Date. In the event that the Vendor decides to allocate any lesser number of Excess Units or not to allocate any number of Excess Units to the Applicant, the Applicant agrees to accept the decision as final.
4. If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter", "OK", "Confirm" or "Yes" key, as the case may be, on the ATM) of the number of Units accepted and (if applicable) Excess Units applied for shall signify and shall be treated as his acceptance of the number of Units and Excess Units applied for that may be allocated to him.
5. In the event that the Applicant accepts the Units both by way of ARE and/or ARS (as the case may be) and by way of Electronic Application through the ATM of a Participating Bank, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Units which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of provisionally allocated Units which are standing to the credit of his Securities Account as at the Closing Date and the aggregate number of Units which have been accepted by the Applicant by way of the ARE and/or the ARS (as the case may be) and by Electronic Application through an ATM. CDP, in determining the number of Units which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Units, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE and/or the ARS or by way of the acceptance through Electronic Application through the ATM of a Participating Bank.
6. If applicable, in the event that the Applicant applies for Excess Units by way of ARE and/or the ARS (as the case may be) and by way of application through the ATM of a Participating Bank, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Excess Units which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Units not exceeding the aggregate number of Excess Units for which he has applied by way of Electronic Application through the ATM of a Participating Bank and by way of ARE and/or ARS. CDP, in determining the number of Excess Units which the Applicant has given valid instructions for application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of the Excess Units, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE and/or ARS or by way of Electronic Application through the ATM of a Participating Bank.
7. The Applicant irrevocably requests and authorises the Vendor to:-
 - (a) register or procure the registration of the Units allocated to the Applicant in the name of CDP for deposit into his Securities Account;
 - (b) return (without interest or any share of revenue or other benefit arising therefrom) the acceptance/application monies, should his Electronic Application in respect of the Units accepted and/or Excess Units applied for not be accepted by the Vendor for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within 14 Market Days after the Closing Date; and
 - (c) return (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for Excess Units be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within 14 Market Days after the Closing Date.

8. **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING/APPLYING FOR THE UNITS AS NOMINEE OF ANY OTHER PERSON.**
9. The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, loss, theft (in each case whether or not within the control of CDP, the Participating Banks, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter and/or the Share Registrar) and any events whatsoever beyond the control of CDP, the Participating Banks, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter and/or the Share Registrar and if, in any such event, CDP, the Participating Banks, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter and/or the Share Registrar do not record or receive the Applicant's Electronic Application or data relating to the Applicant's Electronic Application or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and have no claim whatsoever against CDP, the Participating Banks, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter and/or the Share Registrar for any purported acceptance thereof and (if applicable) excess application thereof or for any compensation, loss or damages in connection therewith or in relation thereto.
10. **Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between 7.00 a.m. to 9.30 p.m.**
11. Electronic Applications shall close at 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor).
12. All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
13. The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of the Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
14. Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance/application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within 14 Market Days of the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of the acceptance/application monies will be refunded on the same terms.
15. In consideration of the Vendor arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Preferential Offering at 9.30 p.m. on 23 March 2006 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Vendor), and by making and completing an Electronic Application, the Applicant agrees that:-
 - (a) (i) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document referred to in Section 298 of the SFA is lodged with the Authority);
 - (ii) he represents and warrants that he is not a U.S. person (within the meaning of Regulation S).

- (b) his Electronic Application, the acceptance by the Vendor and the contract resulting therefrom shall be governed by, and construed in accordance with, the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;
 - (c) none of CDP, the Vendor, the Manager, the Trustee, the Sole Global Co-ordinator, the Sole Lead Underwriter, the Sub-Underwriter, the Share Registrar or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage, transmission or delivery of data relating to his Electronic Application to the Vendor or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;
 - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of his provisional allocation of Units and (if applicable) his application for Excess Units;
 - (e) in respect of the Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Vendor and not otherwise, notwithstanding any payment received by or on behalf of the Vendor; and
 - (f) unless expressly provided to the contrary in this Prospectus or the Electronic Application with respect to enforcement against the Applicant, a person who is not a party to any contracts made pursuant to this Prospectus or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
16. The Applicant should ensure that his personal particulars, as recorded by both CDP and the relevant Participating Banks, are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allocation and other correspondences will be sent to his address last registered with CDP.
17. The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Vendor will reject any application by any person acting as nominee.
18. In the event that the Applicant accepts the provisional allocation of Units or applies for Excess Units, as the case may be, by way of ARE or ARS or by way of Electronic Application through the ATM of a Participating Bank, the provisional allocation of Units and/or Excess Units will be allocated in such manner as the Vendor or CDP may, in their absolute discretion, deem fit and the amount paid on acceptance and (if applicable) excess application or the surplus acceptance and (if applicable) excess application monies, as the case may be, will be refunded without interest or any share of revenue or other benefit arising therefrom within 14 Market Days of the Closing Date by any one or a combination of the following:-
- (a) by means of a crossed cheque sent by ordinary post at his own risk if he accepts and (if applicable) applies through CDP; and
 - (b) crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts and (if applicable) applies through an ATM of that Participating Bank.

19. The Applicant hereby acknowledges that, in determining the total number of Units represented by the provisional allocation of Units which he can validly accept, the Vendor and CDP are entitled and the Applicant hereby authorises the Vendor and CDP to take into consideration:-
- (a) the total number of Units represented by the provisional allocation which the Applicant has validly accepted, whether under the ARE(s) and/or the ARS(s) or any other form of application (including Electronic Application through the ATM) for the Units;
 - (b) the total number of Units represented by the provisional allocation standing to the credit of the Securities Account of the Singapore Registered Shareholder which is available for acceptance; and
 - (c) the total number of Units represented by the provisional allocation which has been disposed of by the Singapore Registered Shareholder.

The Applicant hereby acknowledges that the determination of CDP or the Vendor shall be conclusive and binding on him.

20. The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allocation of Units accepted by the Applicant and (if applicable) the Excess Units for which the Applicant has applied for.

PROCEDURES FOR ACCEPTANCE, SPLITTING, RENUNCIATION, EXCESS APPLICATION AND PAYMENT BY SINGAPORE REGISTERED SHAREHOLDERS WHOSE SHARES ARE NOT DEPOSITED WITH CDP

Singapore Registered Shareholders whose Shares are not deposited with CDP (“**Entitled Scripholders**”) are entitled to receive this Prospectus with the following documents which are enclosed with, and are deemed to constitute a part of, this Prospectus:-

Renounceable PAL incorporating:-

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Renunciation	Form C
Form of Nomination	Form D
Excess Units Application Form	Form E

The provisional allocation of the Units to Entitled Scripholders is governed by the terms and conditions of this Prospectus and the enclosed PAL. The number of Units provisionally allocated to Entitled Scripholders is indicated in the PAL. Entitled Scripholders may accept their provisional allocations of Units, in full or in part, and are eligible to apply for Units in excess of their Entitlements under the Preferential Offering. Full instructions for the acceptance of, and payment for, the Units provisionally allocated to Entitled Scripholders and the procedures to be adopted should they wish to renounce, transfer or split their provisional allocations are set out in the PAL.

THE FULL AMOUNT PAYABLE FOR THE RELEVANT NUMBER OF UNITS ACCEPTED/APPLIED FOR WILL BE ROUNDED UP TO THE NEAREST WHOLE CENT, IF APPLCABLE.

Entitled Scripholders should note that all dealings in, and transactions of, the provisional allocation of Units through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on the SGX-ST.

Unless expressly provided to the contrary in this Prospectus and/or the PAL, a person who is not a party to the PAL and/or this Prospectus has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

Entitled Scripholders who wish to accept their entire provisional allocations of Units or to accept any part of it and decline the balance should complete the Form of Acceptance (Form A) of the PAL for the number of Units which they wish to accept and forward the PAL, in its entirety, together with payment in the prescribed manner to **THE ASCOTT GROUP LIMITED C/O THE UNIT REGISTRAR, LIM ASSOCIATES (PTE) LTD AT 10 COLLYER QUAY, #19-08 OCEAN BUILDING, SINGAPORE 049315** so as to arrive not later than 4.45 p.m. on 23 March 2006.

Entitled Scripholders who wish to accept a portion of their provisional allocations of Units and renounce the balance of their provisional allocation of Units, or who wish to renounce all or part of their provisional allocations of Units in favour of more than one person, should first, using the Request for Splitting (Form B) of the PAL, request to have their provisional allocations of Units under the PAL split into separate PALs (the “**Split Letters**”) according to their requirements. The duly completed Form B together with the PAL, in its entirety, should be returned to reach the Share Registrar not later than 5.00 p.m. on 17 March 2006. Split Letters will then be issued to Entitled Scripholders in accordance with their request. No Split Letters will be issued to Entitled Scripholders if Form B is received after 5.00 p.m. on 17 March 2006.

The Split Letters representing the number of Units, which Entitled Scripholders intend to renounce, may be renounced by completing the Form of Renunciation (Form C) before delivery to the renounees. Entitled Scripholders should complete Part A of the Split Letter(s) representing that part of their provisional allocations they intend to accept, if any, and forward the said Split Letter(s) together with payment in the prescribed manner to the Share Registrar so as to arrive not later than 5.00 p.m. on 17 March 2006.

Entitled Scripholders who wish to renounce their entire provisional allocations of Units in favour of one person, or renounce any part of it in favour of one person and decline the balance, should complete Form C for the number of provisional allocations of Units which they wish to renounce and deliver the PAL in its entirety to the renounees.

Payment in relation to PAL must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**ASCOTT PREF OFFERING ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and address of the Entitled Scripholder or acceptor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft. The completed PAL and payment should be addressed and forwarded, at the sender's own risk, to **THE ASCOTT GROUP LIMITED C/O THE UNIT REGISTRAR, LIM ASSOCIATES (PTE) LTD AT 10 COLLYER QUAY, #19-08 OCEAN BUILDING, SINGAPORE 049315** so as to arrive not later than **4.45 p.m. on 23 March 2006**. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

If acceptance and payment in the prescribed manner as set out in the PAL is not received by 4.45 p.m. on 23 March 2006, the provisional allocations of Units will be deemed to have been declined and such provisional allocations not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the directors of the Vendor may, in their absolute discretion, deem fit in the interests of the Vendor. The Vendor will return all unsuccessful application monies received in connection therewith by ordinary post and at the risk of the Entitled Scripholders or their renounee(s), as the case may be, without interest or any share of revenue or benefit arising therefrom within 14 Market Days after the Closing Date.

Entitled Scripholders who wish to apply for Excess Units in addition to those which have been provisionally allocated to them may do so by completing the Excess Units Application Form (Form E) of the PAL and forwarding it with **A SEPARATE REMITTANCE** for the full amount payable in respect of the Excess Units in the form and manner set out above, at their own risk, **THE ASCOTT GROUP LIMITED C/O THE UNIT REGISTRAR, LIM ASSOCIATES (PTE) LTD AT 10 COLLYER QUAY, #19-08 OCEAN BUILDING, SINGAPORE 049315** so as to arrive not later than **4.45 p.m. on 23 March 2006**. **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

Applications for the Excess Units are subject to the terms and conditions contained in the PAL, Form E and this Prospectus. Applications for Excess Units will, at the absolute discretion of the directors of the Vendor, be satisfied from such Units as are not validly taken up by the Singapore Registered Shareholders, their respective renounee(s) or the Purchaser(s) of Entitlements, together with the aggregated fractional entitlements to the Units, the unsold "nil-paid" Entitlements (if any) of Overseas Shareholders and any Units that are otherwise not allocated for whatever reason in accordance with the terms and conditions contained in the PAL, Form E and this Prospectus. In the event that applications are received by the Vendor for more Excess Units than are available, the Excess Units available will be allocated in such manner as the directors of the Vendor may, in their absolute discretion, deem fit in the interests of the Vendor. The Vendor reserves the right to allocate the Excess Units applied for under the Form E in any manner the directors of the Vendor may deem fit and to refuse, in whole or in part, any application for Excess Units without assigning any reason whatsoever.

If no Excess Unit is allocated to Entitled Scripholders or if the number of Excess Units allocated to them is less than that applied for, it is expected that the amount paid on application or the surplus application monies, as the case may be, will be refunded to them by the Vendor without interest or any share of revenue or other benefit arising therefrom within 14 Market Days of the Closing Date at 5.00 p.m. on 12 April 2006, by ordinary post at their own risk.

No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.

Entitled Scripholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

THE LAST TIME AND DATE FOR ACCEPTANCES AND/OR APPLICATIONS AND PAYMENT FOR THE UNITS IS 4.45 P.M. ON 23 MARCH 2006 (OR SUCH OTHER TIMES(S) AND/OR DATES(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE VENDOR).

The Units will be listed and quoted on the SGX-ST and will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Units effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with CDP" and the "Terms and Conditions for CDP to act as Depository for Shares", as the same may be amended from time to time. Copies of the above are available from CDP.

To facilitate scripless trading, Singapore Registered Shareholders (not being Depositors) who wish to accept their provisional allocation of Units and (if applicable) apply for Excess Units should open Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts so that the number of Units that may be allocated to them may be credited into their Securities Accounts. Singapore Registered Shareholders (not being Depositors) and their renounees who wish to accept and/or apply for the Units and have their Units credited to their Securities Accounts must fill in their Securities Accounts numbers and National Registration Identity Card ("**NRIC**") or passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PALs. Singapore Registered Shareholders (not being Depositors) and their renounees who fail to fill in their Securities Account numbers or NRIC or passport numbers (for individuals) or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers or NRIC or passport numbers (for individuals) or registration numbers (for corporations) or whose particulars as provided in the forms comprised in the PALs differ from those particulars in their Securities Accounts currently maintained by CDP will be issued documentary evidence evidencing title to the Units purchased by them. Documentary evidence, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title. If the address of a Singapore Registered Shareholder (not being a Depositor) stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letters on successful allocation will be sent to his address last registered with CDP.

PRESENT AND PAST DIRECTORSHIPS OF THE DIRECTORS AND EXECUTIVE OFFICERS OF THE MANAGER

Directors of the Manager

Mr Lim Jit Poh

Current Directorships

Beijing ComfortDelGro Ya Tai Intelligence
 Beijing Jin Jian Taxi Services Company Limited
 Beijing TianLongDaTian Vehicle Inspection Co Ltd
 Braddell plc
 Cabcharge Asia Pte Ltd
 Chengdu CityLimo Auto Services Co Ltd
 Chengdu ComfortDelGro Yiyou Taxi Co Ltd
 Chengdu Jitong Integrated Vehicle Inspection Co Ltd
 Cheng Meng Holdings Pte Ltd
 China Sun Bio-Chem Technology Group Company Ltd
 CityCab Pte Ltd
 CityCab (Shenyang) Pte Ltd
 CityFleet (UK) Pte Ltd
 CityLimo Leasing (M) Sdn Bhd
 Comfort Bus Pte Ltd
 Comfort Group Ltd
 ComfortDelGro (China) Pte Ltd (formerly known as DelGro (China) Pte Ltd)
 ComfortDelGro (S.E.Asia) Pte Ltd (formerly known as SBS Taxi (Pte) Ltd)
 ComfortDelGro Cabcharge Pty Ltd
 ComfortDelGro Corporation Limited
 ComfortDelGro Engineering Pte Ltd (formerly known as Comfort Automotive Services Pte Ltd)
 ComfortDelGro Insurance Brokers Pte Ltd
 ComfortDelGro Savico Taxi Company
 Comfort Transportation Pte Ltd
 Computer Cab plc
 DelGro Corporation Limited
 Family Leisure Pte Ltd
 Guangzhou Xin Tian Wei Transportation Development Company Ltd
 Inchem Holdings International Ltd
 International Factors (Singapore) Ltd
 Jilin Comfort Transportation co., Ltd
 Kim Eng Holdings Limited
 KS Energy Services Limited
 Magacity Limited
 Metroline plc
 Nanning Comfort Transportation co., Ltd
 NCI Golf Pte Ltd
 Pasir Ris Resort Pte Ltd
 SBS Transit Ltd
 Scottish Citylink Coaches Limited
 Setsco Services Pte Ltd
 Shanghai City QiAi Taxi Services Company Limited
 Shanghai Shen Xin Bus Services Ltd
 SHC Capital Limited (formerly known as HBM Print Ltd)
 Shengyang ComfortDelGro Taxi Pte Ltd
 Shengyang ComfortDelGro Anyun Bus Company Ltd
 Sichuan ComfortDelGro Car Servicing Co Ltd
 Sky China Petroleum Services Ltd

Past Directorships

Alton Construction Ltd
 Ambassador Golf and Hotel Management Services Pty Ltd
 Ambassador Holdings Pty Ltd
 Boon Lay Executive Condominiums Pte Ltd
 Cityview Apartments and Commercial Centre Limited
 Comfort (China) Pte Ltd (*de-registered*)
 Comfort Properties Pte Ltd
 Corpus Five Sdn Bhd
 Draycott Garden Pte Ltd
 DelGro (Guangzhou) Pte Ltd (*de-registered*)
 DelGro Investments Pte Ltd (*de-registered*)
 Empress Realty Private Limited
 Etown Pte Ltd
 Gateway Enterprises Company Limited General Automotive Services Pte Ltd (*de-registered*)
 Grantchester Pte Ltd
 Green Park Asset Management (UK) Limited (*dissolved*)
 Guangzhou Cultural Centre Hotel Co-operative Venture
 Hillgate Investment Pte Ltd
 i -One.Net International Ltd (re-named Xpress Holdings Ltd)
 International Factors (Singapore) Ltd
 International Factors Leasing Pte Ltd
 Kenview Investment Ltd (*de-registered*)
 Kingsgrove Holdings Pty Ltd
 L.C. (London) Ltd
 L.C. (Thailand) Limited
 L.C. Development Ltd
 L.C. Hotels Pte Ltd
 L.C. Logistics Pte Ltd
 L.C. Miniature Golf Ltd
 LC Financial Services Pte Ltd (formerly known as Tradna Pte Ltd)
 LCD (Indochina) Pte Ltd
 LCD (Vietnam) Pte Ltd
 LCD Management Sdn Bhd
 LCD Property Pte Ltd
 LCD Property Management Pte Ltd
 LCS Property Pte Ltd
 Leadale Property (Pte) Ltd
 Lum Chang (China) Investments Ltd
 Lum Chang (Hong Kong) Investments Ltd
 Lum Chang (M) Sdn. Berhad
 Lum Chang (Suzhou) Investments Pte Ltd
 Lum Chang Building Contractors Pte Ltd
 Lum Chang Corporation Pte Ltd
 Lum Chang Development Pte Ltd
 Lum Chang Holdings Limited
 Lum Chang Investments Pte Ltd

Mr Lim Jit Poh (continued)**Current Directorships**

SLF Leisure Enterprises (Pte) Ltd
 Surbana Corporation Pte. Ltd.
 Suzhou Comfort Taxi Co Ltd
 The Ascott Group Limited
 VICOM Ltd
 VICOM Inspection Centre Pte Ltd
 Vietnam Taxi Company Limited
 Xiamen Comfort Taxi Co Ltd
 Yantai CityCab Services Co Ltd
 Yellow-Top Cab Pte Ltd

Past Directorships

Lum Chang Nominees Pte Ltd
 Lum Chang Properties Ltd
 Lum Chang Securities Pte Ltd
 Nam Tin Realty Private Limited (*struck off*)
 Naginda Sdn Bhd
 New Trend Holding Pte Ltd
 Nexus Sdn Bhd
 Orchard 300 Ltd
 Orchard 290 Ltd
 Oxford Gardens Pte Ltd
 Paradiz Investments Ltd
 Point West London Limited
 Robox Shelfco (No. 49) Pty Ltd
 VICOM Nominee Investment Pte Ltd (*de-registered*)
 Waterbank Properties (S) Pte Ltd (*de-registered*)
 Streaming Media International Pte Ltd (Formerly known
 as Viewlive.Net Pte Ltd)
 Tecobest Investment Limited (*de-registered*)
 Thai Lum Chang Company Limited
 Trans-Island Limousine Services Limited

Mr Liew Mun Leong**Current Directorships**

The Ascott Group Limited
 CapitaCommercial Trust Management Limited
 CapitaLand Commercial & Integrated Development
 Limited
 CapitaLand Financial Limited
 CapitaLand Financial Services Limited
 CapitaLand Hope Foundation
 CapitaLand Limited
 CapitaLand Residential Limited
 CapitaLand Retail Limited
 CapitaLand UK Holdings Limited
 CapitaMall Trust Management Limited
 China Club Investment Pte Ltd
 Civil Aviation Authority of Singapore
 Clarke Quay Pte Ltd
 Raffles Holdings Limited
 Royal Thali Pte Ltd
 Singapore-China Foundation Ltd
 T.C.C. Capital Land Limited
 Temasek Polytechnic
 The Chinese Opera Institute
 The Link Management Limited

Past Directorships

Canary Riverside Development Pte Ltd
 Canary Riverside Estate Pte Ltd
 Canary Riverside Holdings Pte Ltd
 Canary Riverside Hotel Pte Ltd
 Canary Riverside Investments Pte Ltd
 Canary Riverside Properties Pte Ltd
 CapitaLand Property Services Holdings Pte Ltd
 EDB Ventures Pte Ltd
 EDB Ventures 2 Pte Ltd
 ICFox International Ltd
 I.P. Property Fund Asia Ltd
 Somerset Holdings Ltd
 PREMAS International Limited
 PSB Holdings Pte Ltd
 Raffles City (Pte) Ltd
 RC Hotels (Pte) Ltd
 ST Property Investments Pte Ltd

Mr Ong Ah Luan Cameron**Current Directorships**

Amanah Ascott Management Sdn Bhd
 Amanah Scotts Properties (KL) Sdn Bhd
 Amanah Scotts Sdn Bhd
 Ascott Dilmun Holdings Limited
 Ascott Group (Jersey) Limited
 Ascott International Management (2001) Pte Ltd
 Ascott International Management Japan Company,
 Limited
 Bayswater (C.I.) Limited
 Burton Engineering Pte Ltd
 Eurimeg SA
 EuroResidence 2 SAS

Past Directorships

Ascott International Management (Australia) Pty Ltd
 Ascott International Management (Dubai) Pte. Ltd.
 Ascott International Management (Malaysia) Sdn. Bhd.
 Ascott International Management Pte Ltd
 Ascott Residences Pte Ltd
 Ascott Residences Pty Ltd
 Cairnhill Place (1999) Limited
 Calliston Holdings (S) Pte Ltd
 Cuppage Terrace (1999) Pte Ltd
 East Australia Trading Company (S) Pte Ltd
 East Australia Trading Company Limited
 FITM Limited

Mr Ong Ah Luan Cameron (continued)**Current Directorships**

Greencliff Birchgrove Pty Limited (In Voluntary Liquidation)
Greenpark Investments (Guernsey) Limited
Guangzhou F C Golf & Country Club Co. Ltd
Hanoi Tower Center Company Limited
Ipjora (S) Pte. Ltd.
Mekong-Hacota Joint Venture Co Ltd
Oriville SAS
Queensgate Gardens (C.I.) Limited
Roland House (C.I.) Limited
Saigon Office and Serviced Apartment Company Limited
Somerset (Wuhan) Investments Pte Ltd
Somerset Grand Citra (S) Pte. Ltd.
Somerset Philippines (S) Pte. Ltd.
SQ Resources, Inc.
The Ascott Group Limited
The Ascott Group (Europe) Pte Ltd
The Ascott Holdings Limited
The Ascott KL (S) Pte. Ltd.
The Ascott Operating Pte. Ltd.
West Lake Development Limited Company
Wuhan New Minzhong Leyuan Company Limited

Past Directorships

Glenwood Properties Pte Ltd
Hemliner Pte Ltd
Hua Xin Residences Pte Ltd
Javana Pte Ltd
Lavender View Regency Pty Ltd
LC Genisis (Shanghai) Pte Ltd
LCR Devonshire Pte Ltd
LCR Drayon Pte Ltd
LCR Rochester Pte Ltd
Liang Court Wanisara Sdn Bhd
Melody Land Investments Pte Ltd
P.T. Ciputra Liang Court
Regional Hotel Pte Ltd
Scotts Centre Management Pte Ltd
SH Malls Limited
Somerset (Australia) Pte Ltd
Somerset (Vietnam) Investments Pte Ltd
Somerset Investments Pte Ltd
Stanhope Holdings Pte Ltd
Suites Management Services Pte. Ltd
System-Bilt (Myanmar) Limited
Telok Ayer Properties Pte Ltd
The Ascott (Australia) Pty Ltd
The Ascott (Hyde Park) Pty Ltd
The Ascott (Vietnam) Investments Pte Ltd
The Ascott Capital Pte Ltd
The Ascott E-Investment Pte Ltd
The Ascott Heritage Pte Ltd
The Ascott Hospitality Holdings Pte Ltd
Ventura (Bishan) Limited
Ventura Development (Myanmar) Pte Ltd

Mr S. Chandra Das**Current Directorships**

Arrow Asia Opportunity Fund Ltd
The Ascott Group Limited
CapitaMall Trust Management Ltd
CIES Food Forum
Hongguo International Holdings Ltd
IFoundry Sytems (S) Pte Ltd
Integrated Data Services Limited
Japan Land Ltd
Myanmar Plantation Singapore Pte Ltd
Myanmar Singapore Plantation Limited
National Trust Housing Finance Limited (formerly Mercantile Housing Finance Limited)
Nera Telecommunications Ltd
Nera Electronics Ltd
NM Rothschild & Sons (Singapore) Ltd
Polsin Pte Ltd
Prime Africa Investment (Pte) Ltd
PSA-Sical Terminals Limited
SDB Cisco (India) Limited
SICAL-CWT Distriparks Limited
Southern Africa Investments Pte Ltd
SOFIL Information Systems Pte Ltd
South India Corporation (Agencies) Limited
TMall Ltd
United Test and Assembly Center Ltd
Wilson International Trading Pte Ltd
Yeo Hiap Seng Ltd

Past Directorships

GLS Logistics Singapore Pte Ltd
L&M Group Investments Ltd
NTUC Fairprice Co-oprative Ltd
PSC Corporation Ltd

Mr David Schaefer**Current Directorships**

Bracewood Development Ltd.
 Citigroup Asia Novel Plaza Ltd.
 Citigroup Property Investors Asia Kingsville II Ltd.
 K2 Holdings Ltd.
 K2 Macau Holdings I Ltd.
 K2 Macau Holdings II Ltd.
 K2 Macau Development Ltd.
 Novel Plaza Company Ltd.
 Shanghai Yong Tai Real Estate Development Company
 Silverlink Holdings Ltd.

Mr Paul Ma Kah Woh**Current Directorships**

Asia General Holdings Limited
 Asia Insurance Company Limited
 Asia Life Assurance Society Limited
 CapitaLand China Development Fund Pte Ltd
 Golden Harvest Entertainment (Holdings) Limited
 Mapletree Investments Pte Limited
 Mapletree Logistics Trust Management Limited
 SMRT Buses Ltd
 SMRT Corporation Ltd
 SMRT Road Holdings Ltd
 SMRT Trains Ltd

Mr Ku Moon Lun**Current Directorships**

Cone Development Limited
 Crown Genius Consultants Limited
 Howe On Limited

Past Directorships

Anting Investments Limited
 Asia Pacific Land Ltd.
 China Property Investment Limited
 Hallway Property Limited
 Macquarie Asia Property Advisors Ltd.
 Macquarie Central Office CR-REIT
 Macquarie Real Estate Asia Nominees Pty Ltd.
 Macquarie Properties Japan Limited
 First China Property Development Ltd.
 First China Property Group Ltd.
 First China Property Management Ltd.
 The Ascott Group Ltd.

Past Directorships

JobCatch Pte Ltd
 Kapient Pte Ltd
 KWM Investments Pte Ltd
 KPMG Business Advisory Pte Ltd

Past Directorships

Beijing Shi Hu Software Technology
 Development Co., Ltd
 Davis Langdon & Seah China Limited
 Davis Langdon & Seah Holdings Limited
 Davis Langdon & Seah Hong Long Limited
 Davis Langdon & Seah International
 Davis Langdon & Seah (Thailand) Limited
 Dalas Technology (HK) Limited
 DLS Management Limited
 DLS Specification China Limited
 Icfox (BVI) Limited
 Icfox Catalogue Limited
 Icfox China Limited
 Icfox e-Projects Limited
 Icfox Holdings Limited
 Icfox Hong Kong Limited
 Icfox Interface Limited
 Icfox (Malaysia) Sdn Bhd
 Icfox Marketplace Limited
 Icfox (Singapore) Pte Limited
 Icfox Services Limited
 Icfox (Thailand) Limited
 L.E.S. Atles Systems Limited
 L.E.S. Limited
 Lefull Consultants Limited (*members' voluntary winding
 up*)
 Premas Hong Kong Limited

Executive Officers of the Manager

Mr Chong Kee Hiong

Current Directorships

Aliph Properties Pte Ltd
Amanah Ascott Management Sdn Bhd
Amanah International Management (Malaysia) Sdn Bhd
Amanah Scotts Properties (KL) Sdn Bhd
Amanah Scotts Sdn Bhd
Ascott Dilmun Holdings Limited
Ascott Group (Jersey) Limited
Ascott Hospitality Holdings Philippines, Inc.
Ascott International Management (2001) Pte Ltd
Ascott Property Management (Shanghai) Co., Ltd
Ascott Residences Pte Ltd
Bayswater (C.I.) Limited
Burton Engineering Pte Ltd
Cairnhill Place (1999) Limited
Calliston Holdings (S) Pte Ltd
Casablanca Villa (M) Sdn Bhd
Citadines Bangkok (S) Pte Ltd
Cosmo Villa Sdn Bhd
Craydon Pte Ltd
Cuppige Terrace (1999) Pte Ltd
Dynamic Chance Sdn Bhd
East Australia Trading Company (S) Pte Ltd
East Australia Trading Company Limited
Effenberg Investments Pte Ltd
Equicore Enterprise Sdn Bhd
Eurimeg SA
Euroresidence 2 SAS
FITM Limited
Glenwood Properties Pte Ltd
Greenpark Investments (Guernsey) Limited
Guangzhou F C Golf & Country Club Co. Ltd
Hanoi Tower Center Company Limited
Hemliner Property (Beijing) Co., Ltd
Hemliner Pte Ltd
Hua Xin Residences Pte Ltd
Ipjora (S) Pte Ltd
Ipjora Holdings Sdn Bhd
Javana Pte Ltd
Laetitia Investments Pte Ltd
Lavender View Regency Pty Limited
LC (Kumpulan Malaysia) Pte Ltd
LC Genesis (Shanghai) Pte Ltd
LF Industrial Estates Limited
Liang Court (Malaysia) Sdn Bhd
Liang Court Development Sdn Bhd
Liang Court Wanisara Sdn. Bhd.
Mekong-Hacota Joint Venture Co Ltd
Melody Land Investments Pte Ltd
Orchard Point (1999) Limited
Oriville SAS
Piatra Pte Ltd
P.T. Ascott International Management Indonesia
P.T. Bumi Perkasa Andhika
P.T. Ciputra Liang Court
Queensgate Gardens (C.I.) Limited
Regional Hotel Pte Ltd
Roland House (C.I.) Limited
Saigon Office And Serviced Apartment Co Ltd
Scotts Centre Management Pte Ltd

Past Directorships

Hospitalitybex Pte Ltd
Huaxia Swissotel Management Co Ltd
Japan-Turnkey Urban Development Co. Ltd
Raffles Centre (Private) Limited
Raffles Corporation (Australasia) Pte Ltd
Raffles Corporation (Germany) Pte Ltd
Raffles Corporation (Japan) Pte Ltd
Raffles Corporation (Switzerland) Pte Ltd
Raffles Corporation (Thailand) Pte Ltd
Raffles Corporation (USA) Pte Ltd
Raffles International (Russia) Pte Ltd
Resorts International (1997) Pte Ltd
RHL E-Ventures Pte Ltd
Stamford Hotels Pte Ltd
The Raffles Company (1997) Pte Ltd
Tincel Properties (Private) Limited

Mr Chong Kee Hiong (continued)

Current Directorships

Scotts Development (Saraca) Pte Ltd
Scotts Philippines, Inc
Scotts Vietnam Pte Ltd
Sejati Timur Sdn Bhd
SH Malls Limited
Shanghai Xin Wei Property Development Co., Ltd
Siam Holdings Ltd
Siam Real Estate Fund
Slamet Pte Ltd
SN Resources, Inc.
Somerset (Australia) Pte Ltd
Somerset (UK) Pte Ltd
Somerset (Vietnam) Investments Pte Ltd
Somerset (Wuhan) Investments Pte Ltd
Somerset Bayswater Operating Limited
Somerset Development Pte Ltd
Somerset FG Pte. Ltd.
Somerset Grand Citra (S) Pte Ltd
Somerset Investments Pte Ltd
Somerset Kensington Gardens Operating Limited
Somerset Philippines (S) Pte Ltd
Somerset Princes Square Operating Limited
Somerset Queens Gate Gardens Operating Limited
Somerset Retail Holdings Pte Ltd
Somerset Roland House Operating Limited
Somerset Roponggi (Japan) Pte. Ltd.
Somerset Suzhou Investment Pte Ltd
SQ Resources, Inc.
S.R.E.F. (Managers) Company Limited
Stanhope Gardens Pte Ltd
Stanhope Holdings Pte Ltd
Stanhope Investments Pte Ltd
Stanhope Properties Pte Ltd
System-Bilt (Myanmar) Ltd
Telok Ayer Properties Pte Ltd
The Ascott (Vietnam) Investments Pte Ltd
The Ascott Capital Pte Ltd
The Ascott Group (Europe) Pte Ltd
The Ascott Holdings Limited
The Ascott Hospitality Holdings Pte Ltd
The Ascott International Investments Pte Ltd
The Ascott KL (S) Pte Ltd
The Ascott Mayfair Operating Limited
The Ascott Operating Pte Ltd
Ventura (Bishan) Limited
Ventura Development (Myanmar) Pte Ltd
Ventura Development Pte Ltd
Westfield Holdings Pte Ltd
West Lake Development Company Limited
Wisma Matex Sdn Bhd
Wuhan New Minzhong Leyuan Company Limited

Past Directorships

Mr Gerald Yong Choon Miao

Current Directorship

Hanoi Tower Center Company Limited

Past Directorships

None

Ms Kang Siew Fong

Current Directorship

Hanoi Tower Center Company Limited

Past Directorships

None

Ms Goh Lilian

Current Directorships

None

Past Directorships

None

MANAGER OF ASCOTT RESIDENCE TRUST

Ascott Residence Trust Management Limited

8 Shenton Way
#13-01 Temasek Tower
Singapore 068811

JOINT FINANCIAL ADVISOR, SOLE GLOBAL CO-ORDINATOR AND SOLE LEAD UNDERWRITER

J.P. Morgan (S.E.A.) Limited

168 Robinson Road
17th Floor Capital Tower
Singapore 068912

JOINT FINANCIAL ADVISOR

CapitaLand Financial Services Limited

39 Robinson Road
#18-01 Robinson Point
Singapore 068911

SUB-UNDERWRITER

DBS Bank Ltd

6 Shenton Way
DBS Building
Tower One
Singapore 068809

SHARE REGISTRAR, UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Lim Associates (Pte) Ltd

10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

TRUSTEE

DBS Trustee Ltd

6 Shenton Way #36-02
DBS Building, Tower One
Singapore 068809

LEGAL ADVISORS

Legal Advisor to the Preferential Offering, the Vendor and the Manager

Wong Partnership
One George Street
#20-01
Singapore 049145

Legal Advisor to Sole Global Co-ordinator and Sole Lead Underwriter

Stamford Law Corporation
9 Raffles Place
#32-00 Republic Plaza
Singapore 048619

Legal Advisor to the Trustee

Shook Lin & Bok
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

INDEPENDENT ACCOUNTANTS

KPMG
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

INDEPENDENT TAX ADVISOR

Ernst & Young
10 Hoe Chiang Road
#18-00 Keppel Towers
Singapore 089315

INDEPENDENT VALUERS APPOINTED BY THE MANAGER

**Jones Lang LaSalle
Property Consultants Pte Ltd**
9 Raffles Place
#38-01 Republic Plaza
Singapore 048619

INDEPENDENT VALUER APPOINTED BY THE TRUSTEE

HVS International Singapore
79 Anson Road
#11-05
Singapore 079906

DTZ Debenham Tie Leung (SEA) Pte Ltd

100 Beach Road
#35-00 Shaw Tower
Singapore 189702

INDEPENDENT PROPERTY CONSULTANT

**Jones Lang LaSalle
Property Consultants Pte Ltd**
9 Raffles Place
#38-01 Republic Plaza
Singapore 048619



ASCOTT
RESIDENCE
TRUST

ASCOTT RESIDENCE TRUST
Nº 8 Shenton Way #13-01 Temasek Tower
Singapore 068811

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