Global Brands

The Ascott Group has embarked on a S$5 million brand promotion exercise of its serviced residences in 16 cities in 10 countries.

The residences are being rationalised into two brands – The Ascott luxury residences for top executives and stylish Somerset brand for senior and upper management executives.

The initiative, which involves the group’s 6,000 serviced residence units, paves the development of its successful regional brands into global brands.

(Continued on pg 2...)
The Ascott Group’s chief executive officer, Mr Kee Teck Koon, said: “The main driver of our future performance will be our global franchise – our ability to provide a network of serviced residences in major cities, with economies of scale.

“Our brands will power our growth into a leading player in the international serviced residence industry. Our success will be driven by our expertise in transforming our leading brands in the Asia Pacific into compelling global icons.”

The largest serviced residence company in the Asia Pacific, The Ascott Group targets to grow to 15,000 serviced residence units by 2005, compared to its current 6,000 units.

Mr Kee said that the company will also leverage on its brand strength to secure more serviced residence management contracts. It aims to grow its third party management projects to one third of its total portfolio, and improve its capital productivity.

The company will continue to invest in its ‘hardware’ especially in product development and design. Today it is the first serviced residence company in Singapore to provide its customers with real-time on-line reservations. Clients making bookings over the Internet receive immediate confirmation, and can make ‘virtual tours’ to check out the apartments they choose.

**The Heartware**

The group aims to enrich its guests’ living experience, through its emphasis on ‘heartware’ or service quality, and ‘menu’ of guest support services. These range from organising events for guests to experience the local culture, to networking activities to help them integrate with the community.

Mr Kee said that The Ascott Training Institute not only arms staff with the skills to provide superior service, it also motivates them to provide the service passion that is integral to the The Ascott ‘heartware’.

To ensure consistency in product and service quality, the company conducts regular audits at its residences across the region. Its systems are also continually refined and benchmarked against the world’s best companies.
**Leading Brands**

**The Ascott – Successful, Distinguished, Elegant**
Luxurious elegant living in some of the finest serviced residences in the Asia Pacific is The Ascott promise. Located in the heart of the business districts of gateway cities, The Ascott serviced residence provides the discerning top executive with exclusive living amid first-class facilities and gracious discreet service.

**Somerset – Contemporary, Stylish, Warm**
Located in the business hub of major cities, Somerset serviced residences offer a seamless blend of comfort and convenience, amid stylish décor. Savvy executives and their families enjoy modern business facilities and good living amid the pulsating city excitement and charming local culture.

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**The Ascott**
- Singapore: The Ascott Singapore
- China: The Ascott Beijing *(Opening Q3 2001)*, The Ascott Pudong, Shanghai
- Indonesia: The Ascott Jakarta
- Malaysia: The Ascott Kuala Lumpur
- New Zealand: The Ascott Metropolis, Auckland
- Thailand: The Ascott Piraya, Bangkok *(Opening Q2 2002)*
- United Kingdom: The Ascott Mayfair, London

**Somerset**
- Singapore: Somerset Grand Cairnhill, Somerset Compass, Somerset Liang Court, Somerset Orchard, Somerset Singapore *(Opening Q4 2003)*
- Australia: Somerset Hyde Park, Sydney, Somerset Melbourne *(Opening Q3 2002)*
- China: Somerset Grand Shanghai, Somerset Fortune Garden, Beijing *(Opening Q4 2001)*, Somerset Olympic Tower, Tianjin, Somerset Xu Hui, Shanghai
- Indonesia: Somerset Grand Citra, Jakarta, Somerset Puri Darmo, Surabaya
- Malaysia: Somerset Gateway, Kuching, Somerset Kuala Lumpur
- Philippines: Somerset Millennium, Makati, Stamford Court Salcedo, Makati
- Thailand: Somerset Lake Point, Bangkok, Somerset Riverton, Bangkok *(Opening Q4 2002)*, Somerset Thonglor, Bangkok
- United Kingdom: Somerset Bishopsgate, London
- Vietnam: Somerset Grand Hanoi, Somerset Chancellor Court, Ho Chi Minh City, Somerset Ho Chi Minh City, Somerset West Lake, Hanoi
An exciting evening at the races provided a memorable way for The Ascott Group to launch its brand promotion with its guests, clients and business associates.

The company sponsored The Ascott Cup race at the Singapore Turf Club, and dramatically highlighted its race for leadership in the international serviced residence industry.

Between races, its chief executive officer, Mr Kee Teck Koon, said: “Today, there is no truly global serviced residence company. At The Ascott Group, we see this as a great opportunity to build a global icon.”

“It is an ambition that has fired the imagination and pumped up the adrenalin of our 3,200 staff across the region. As we race for global leadership, we need you to continue to place your bets on us, and our The Ascott and Somerset residences.”

As guests bet on The Ascott race, they were treated to a sumptuous buffet of specialties from the various cities the group operates in. They were also rewarded with free accommodation for their knowledge of its properties in a monopoly game.
Global Ambition
Mr Kee added: “Fifteen years ago, we opened our first serviced residence – The Ascott Singapore. We were a pioneer and set product and service standards that others followed. Today, we are the largest in the Asia Pacific, and determined to expand into the major cities of Europe, the US and Asia Pacific.”

Surprise Visitor
Former US First Lady, Mrs Hilary Clinton, made a surprise visit to Somerset Grand Hanoi, during her trip to Vietnam in November last year.

She had heard about the serviced residence from the US community in Hanoi and decided to drop by and dine there. Mr Alfred Ong, The Ascott Group’s country general manager for Indochina, received her with warm hospitality.

“Our The Ascott and Somerset brands will power our global ambition. At the heart of our brands, our core purpose is simple. We don’t just provide a roof. We enrich our guests’ living experience. The time they are with us is our opportunity to enhance and contribute to their well being and success while they are away from home,” said Mr Kee.
Somerset Lake Point, a prime residence with spectacular lake views in the heart of Bangkok’s Sukhumvit business district, was officially opened in April.

The twin tower development comprises a 26-storey 199-unit serviced residence and a 31-storey 157-unit apartment block.

The 1.24 billion Baht (US$30 million) project made headlines in September last year, when it was acquired by IP Thai Property Fund (IPTPF), and became Bangkok’s second largest property acquisition for the year involving a foreign investor. The contract to manage the serviced residence was awarded to The Ascott Group, following the acquisition.

IPTPF is a joint venture between I.P. Property Fund Asia Limited (with 70 per cent stake) and The Ascott Group (with 30 per cent stake). I.P. Property Fund Asia is managed by I.P. Real Estate Asset Management, a joint venture between ING Real Estate and CapitaLand Limited.

Doubling Occupancy

The group’s chief executive officer, Mr Kee Teck Koon, said: “In just six months since operating the property, we have more than doubled its occupancy to over 80 per cent, and at higher than market rental rates.

“This project demonstrates a key competitive edge - our ability to bring new properties to stabilised occupancies in the shortest time possible. We achieve this by deploying specially trained teams who implement a rapid-fire pre-opening model to shorten the various phases of launching a property.”
Mr Kee added that the group plans to open its top of the line 300-unit The Ascott Piraya serviced residence and 101-unit Somerset Riverton by end 2002. Its current presence in Bangkok includes the 93-unit Stamford Court Thonglor (to be renamed Somerset Thonglor), 118-unit Omni Tower serviced residence, and 61-unit Kallista Residences for long staying guests.

“We are poised to become a significant player in Bangkok’s serviced residence market with over 1,000 units by 2002. This is in line with our strategy to build critical mass in gateway cities, and drive higher operating margins by clustering our portfolio to exploit economies of scale and maximise our revenue,” said Mr Kee.

**Studio Apartments**

Somerset Lake Point serviced residence features furnished studio apartments and two-bedroom units. Facilities include a pool, jacuzzi, sauna, gym, squash courts, business centre and library.

At the non-serviced residential tower, fitting out works and marketing of the two, three and four-bedroom apartments have begun. The apartments are furnished to similar standards as the serviced residence units, with separate recreational facilities.

*The lobby at Somerset Lake Point*

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**Annual Report**

**AWARDS**


The Somerset Holdings Annual Report 1999 won the gold award in the 2000 International Annual Report Competition Awards in New York, US. The award recognises excellence in writing and design in annual reports.
Building Brands in China

The group’s flagship The Ascott brand was launched in China in April, with the soft opening of the The Ascott Pudong serviced residence in Shanghai.

A prime 35-storey 248-unit development, The Ascott Pudong is the first luxury-class serviced residence in Lujiazui, Shanghai’s business district in Pudong. The group also redesigned the Chinese characters of its The Ascott and Somerset brands, and rebranded its Stamford Court Xu Hui serviced residence in Shanghai as Somerset Xu Hui.

The group’s chief operating officer, Mr Cameron Ong, said: “The brand rationalisation in China accelerates the transformation of our leading brands into global icons.”

The group will open two new properties in Beijing in the next few months – the 272-unit The Ascott Beijing and 254-unit Somerset Fortune Garden.

Penthouses
The Ascott Pudong boasts elegantly furnished units ranging from one to four-bedroom apartments and penthouses with spectacular views of the Huangpu River.

Facilities include a business centre, heated swimming pool, sauna, indoor tennis court, gym and lounge.

Strong Demand
He added that demand for serviced residences in Shanghai is strong, boosted by increased foreign business interest in China, ahead of its anticipated entry into the WTO.

“The Ascott Pudong enables us to tap into this demand, and accelerates our brand development in China with a flagship property that sets new benchmark standards in the city,” he added.

“Our serviced residences in China are performing strongly. Somerset Grand Shanghai exceeded the market with 85 per cent occupancy. In Tianjin, our Somerset Olympic Tower achieved one of the highest occupancies at 90 per cent.”

He said that The Ascott Group will focus its presence in China in the gateway cities of Beijing and Shanghai to build critical mass and forge brand leadership. By the end of the year, it will operate 1,444 units, making it one of the largest serviced residence players in the country.

Serviced Residences in China

Shanghai
- The Ascott Pudong
- Somerset Grand Shanghai
- Somerset Xu Hui

Tianjin
- Somerset Olympic Tower

Opening soon in Beijing
- The Ascott Beijing
- Somerset Fortune Garden
The Ascott Group has secured two more management contracts in Melbourne and Singapore. This is in line with its strategy to increase its stock of managed properties to one-third of its portfolio, and increase its fee-based income.

Myer House in Melbourne’s central business district will strengthen the group’s presence in Australia. The company currently operates the 71-unit Somerset Hyde Park in Sydney. Now a retail-cum-office complex, the 26-storey Myer House will be refurbished by its developer, Australand Holdings Ltd, into 135 serviced residence units and 200 apartments.

The project, which is due for completion in the second half of 2002, is within walking distance of Melbourne Central Shopping Centre, and minutes from the business district at Collins Street.

Ascott International, the group’s management arm, will operate the residence for 10 years. The property will be marketed under the company’s Somerset brand of serviced residences.

Myer House boasts a gymnasium, spa-pool, jacuzzi, sauna, roof top barbeque area, lounge and meeting rooms.

In Singapore, the group has secured a 10-year contract to operate a proposed 12-storey, 94-unit residential project at Bencoolen Street. The location is earmarked by Singapore’s Urban Redevelopment Authority for development into an international entertainment hub, similar to Broadway and Times Square in New York.

To be built by the Islamic Religious Council of Singapore (MUIS), the project stands next to a four-storey commercial block. Construction will complete by end 2003.

The Bencoolen project will be marketed as a Somerset serviced residence and will offer one to three-bedroom units, a gymnasium, swimming pool and residents’ lounge.

With the project, The Ascott Group will have more than 750 serviced residence units in Singapore, accounting for 25 per cent market share.

The company already owns and operates the 153-unit The Ascott Singapore, 144-unit Somerset Grand Cairnhill, 88-unit Somerset Orchard, 192-unit Somerset Liang Court and 72-unit Somerset Compass.

The group’s management services are attractive to building owners because it offers leading brands, an extensive marketing network and better returns due to its economies of scale.
Selling Non-Core Businesses

The Ascott Group is progressing well on its plans to divest S$1.4 billion of its non-core assets in the next two to three years.

The disposal is central to its strategy to focus on its serviced residence business where it has the greatest competitive advantage, and exit its other businesses.

In the first half of the year, it entered into agreements to sell its Orchard Point retail podium in Singapore, retail management business, and stake in a golf course in China.

The group expects to divest another S$400 to S$500 million of its retail properties in the next few months.

Proceeds from the disposal will be used to retire debts and fund the expansion of its serviced residence business in Europe, North Asia, Australia and the US.

Future acquisitions will involve mainly operational properties that are immediately earnings accretive.

Orchard Point Retail Podium
The sale of the shopping centre for S$91 million will result in a S$5.9 million gain in FY 2001. The mall commands 100 per cent occupancy with a tenant mix spanning entertainment related shops, fashionable boutiques and F&B outlets.

Retail Management Contracts
The agreement to assign the group’s retail property management contracts for S$8.5 million, includes the transfer of its retail property management staff to CapitaLand Commercial.

The deal preserves the retail management franchise which The Ascott Group has built up, and provides business continuity for its partners, tenants and business associates. It also offers an attractive career path for the retail property management staff.

Masters Golf Course and Country Club
The group has sold its stake in the project to a Hongkong-based investment company for US$16.3 million in cash and US$2.3 million in transferable country club memberships.

Although the sale price will result in a loss of S$10.5 million for the current financial year, the disposal will save the company about S$5.2 million a year in further operating costs, interest and depreciation.
The Ascott Training Institute

The Ascott Training Institute, the group’s regional training school, facilitates the systematic transfer of skills and best practices throughout the organisation.

The institute works to establish consistent product quality and service standards throughout the group’s properties across the region. This involves implementing a systematic pre-opening process for all new properties, developing and conducting training programmes to equip staff with the relevant skills and knowledge, and conducting post-training audits and tracking of standards for all new and existing properties.

Ascott Passion

Besides providing staff with the knowledge to provide superior service, the institute also motivates them to practise The Ascott ‘service passion’. This involves striving to deliver a high standard of service with warmth and enthusiasm.

To continually refine and benchmark against the world’s best companies, Ascott managers from across the group’s properties in 10 countries meet up twice a year to review their operational performance and improve key processes. The first meeting for 2001 was held in Malaysia in April.

University Link-Ups

Among the school’s major training initiatives are its licensing partnerships with Singapore’s Nanyang Technological University (NTU), providing modules in financial management accredited by the Nanyang Business School of NTU; and the development of a Regional Training Scheme (RTS) which is supported by the Economic Development Board of Singapore.

Under the RTS, heads of departments based overseas undergo a five-week training programme in Singapore comprising project work, on-the-job and classroom training. The institute also conducts short overseas and local programmes for specialist staff to keep up-to-date on best practices in their fields.
## The Ascott Group Directory

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Tel: (65) 220 8222  Fax: (65) 227 2220  
Website: http://www.the-ascott.com

### Ascott International Management Pte Ltd
Tel: (65) 220 8222  Fax: (65) 227 2220

### Central Reservations
Tel: (65) 272 7272  Fax: (65) 736 9806  
Email: marketing@the-ascott.com

### The Ascott Serviced Residences

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<tr>
<td>Auckland</td>
<td>The Ascott Metropolis</td>
<td>(64-9) 300 8800</td>
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<td>(86-10) 6568 7868</td>
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<td>(62-21) 391 6868</td>
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<td>Singapore</td>
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<td>(65) 735 6868</td>
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### Somerset Serviced Residences

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### The Heritage

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### Other Residences Managed by Ascott International Management

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