



# Ascott Residence Trust

4Q/FY 2019 Financial Results

30 January 2020

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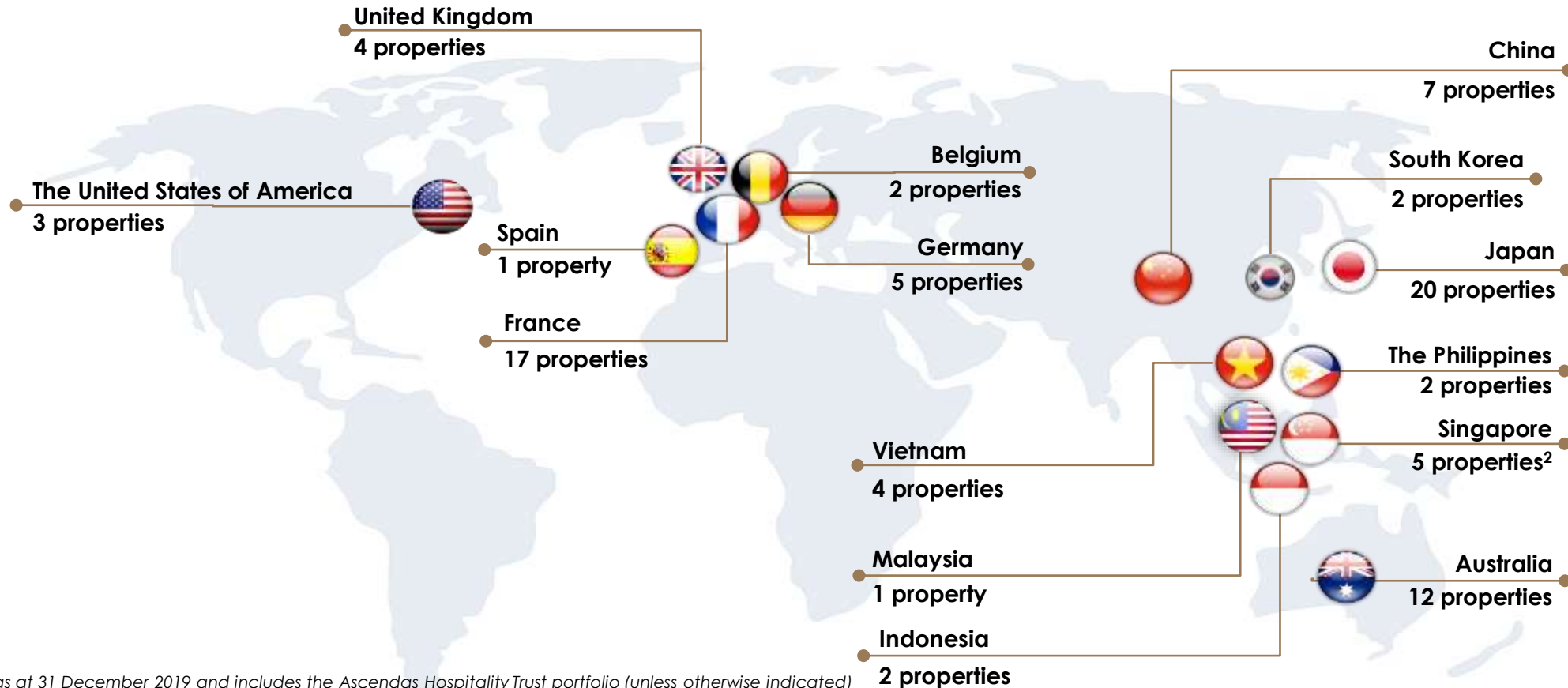
# Content

- Year in Review
- Key Highlights of 4Q/FY 2019
- Capital and Risk Management
- Distribution Details
- Key Country Updates
- Looking Forward
- Appendix
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  - Other Information

# Year in Review



# Ascott Residence Trust – A leading global hospitality trust



Notes:  
Figures above as at 31 December 2019 and includes the Ascendas Hospitality Trust portfolio (unless otherwise indicated)

1. Based on closing price of S\$1.27 as at 29 January 2020

2. Including 1 of one-north Singapore (currently under development)

# FY 2019 – A banner year for ART



## Distribution per Stapled Security up 6% in FY 2019 on stable operating performance and divestment gains

Revenue **stable**

Gross profit **+6%**

RevPAU **+1%**

Unitholders' distribution **+7%**



## Acquiring quality properties, adding S\$1.9b in asset value

Acquisitions include:

- Milestone combination with Ascendas Hospitality Trust ("A-HTRUST")
- Citadines Connect Sydney Airport

## Unlocking >S\$200 mil in net gains

Divestments include:

- Ascott Raffles Place Singapore
- Somerset Liang Court Singapore
- Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan



## Lowering finance costs

- Refinanced perpetual securities at lower rate of 3.88% p.a., resulting in annual savings of S\$1.7 million
- Refinanced debt at lower rates

## Commitment to Sustainability

**Corporate governance:**

- Ranked 3rd in Singapore Governance and Transparency Index 2018 & 2019
- Runner-up for Singapore Corporate Governance Award and Most Transparent Company Award at SIAS Investors' Choice Awards 2019

**Green buildings:**

- lyf one-north Singapore obtained BCA Green Mark Goldplus in January 2020
- Somerset Grand Hanoi awarded EDGE Green Certification in January 2020



**Delivering total unitholder returns of c.30%**  
through capital gains and distributions

# Successfully completed the combination with A-HTRUST

Cementing position as the largest hospitality trust in Asia Pacific with enlarged asset size of S\$7.4 billion



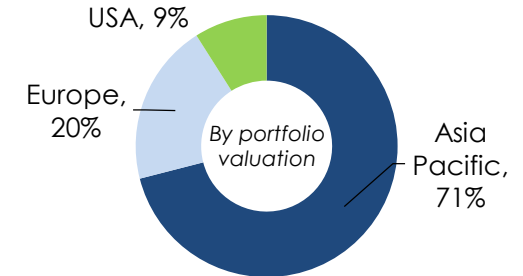
**30% increase** in asset size to **S\$7.4 billion**

**Higher freehold component**

**59% : 41%**

Freehold : Leasehold

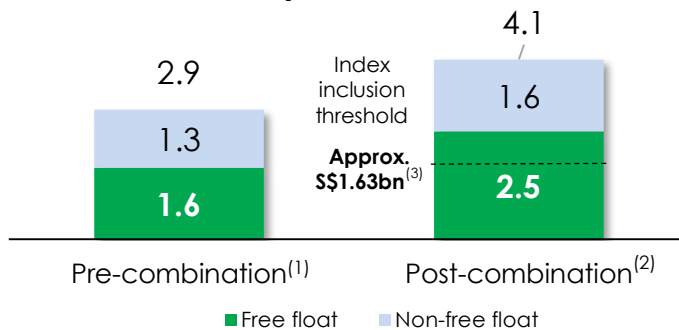
**Strengthened Asia Pacific presence** by **11%**



**Well positioned for inclusion in FTSE EPRA Nareit Developed Index**

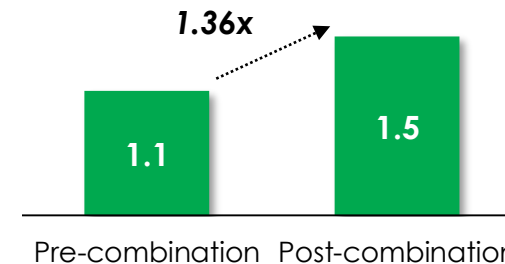
**Increased free float and market capitalisation**

**>75% EBITDA<sup>4</sup> from developed markets<sup>5</sup>**



**Augmented financial flexibility for future growth**

Larger debt headroom of **S\$1.5 billion**



- Greater access to **growth opportunities**
- Increased capacity for more **development / conversion projects**

Notes: Unless otherwise stated, pre-combination statistics refer to ART's financial position/portfolio as at 31 December 2019, excluding the A-HTRUST portfolio. Post-combination statistics include the A-HTRUST portfolio.

1. Based on the number of units and closing price as at 26 December 2019
2. Based on the number of stapled securities and closing price as at 2 January 2020
3. Based on the FTSE Russell threshold as at December 2019
4. Earnings before interest, taxes, depreciation and amortisation (excluding corporate costs)
5. Based on FTSE EPRA Nareit classification

# Key Highlights of 4Q/FY 2019





# 4Q 2019 - Distribution per Stapled Security increased 6%

on the back of a resilient portfolio and divestment gains, enabled by strong financial position

▼ **2%**  
Y-o-Y

**Revenue**

▲ **3%**<sup>1</sup>  
Y-o-Y

**Gross Profit**

▼ **2%**  
Y-o-Y

**RevPAU**

▲ **6%**  
Y-o-Y

**DPS**

## Diversified portfolio for income resilience



- Lower revenue mainly due to the divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi
- Stronger performance from Belgium, Philippines, Singapore and Vietnam
- Softer performance in Australia, China, Japan and USA
- Excluding effects of foreign exchange and on a same-store basis, revenue and RevPAU were stable

## Active portfolio reconstitution to create value



- Fair value gains of S\$106.2 million, mainly from Somerset Liang Court Singapore
- Debt headroom of S\$1.5 billion<sup>2</sup> for yield-accretive acquisitions

## Enhanced returns to Stapled Securityholders



- 4Q 2019 distribution per Stapled Security ("DPS") of 2.27 cents, 6% higher y-o-y
- S\$13.5 million capital distribution to replace loss of income and share divestment gains with unitholders
- Lower financing costs

### Notes:

1. Includes FRS 116 adjustments. On a same-store basis and excluding the FRS 116 adjustments, gross profit decreased by S\$1.7 million.
2. Refers to the amount of additional debt before reaching an aggregate leverage of 45%.

# Generating gains through portfolio reconstitution

## Rejuvenating an aged asset

1

### Divestment of partial GFA of Somerset Liang Court Singapore



- Divest at **44% above book value**<sup>1</sup>; total net gains of **S\$84.3 million**<sup>2</sup>
- Net proceeds to fund **redevelopment into a brand new serviced residence with hotel licence and refreshed lease of 99 years**
- **Rejuvenate property** as part of an iconic waterfront integrated development in the heart of Clarke Quay
- Divestment expected to complete in April 2020; redeveloped new serviced residence expected to open in 2H 2024

## Divesting properties which have reached their optimal stage of life cycle

2

### Divestment of Somerset West Lake Hanoi



- Divest at **39% above property book value**<sup>3</sup> by c.**S\$5 million**<sup>4</sup>
- Completed on 31 October 2019

3

### Divestment of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan



- Divest at **>30% above combined property book values**<sup>5</sup>; represents net gains of c.**S\$21.2 million**
- Exit cap rate of c.3.7%
- Sale and purchase agreements signed in December 2019; with completion expected by 1H 2020

#### Notes:

1. Book value as at 30 September 2019 of S\$211.0 million
2. Includes realised net divestment gain of S\$40.9 million and S\$43.4 million fair value gain on retained GFA
3. Book value as at 30 June 2019 of S\$13.3 million
4. Based on 100% stake. ART has an effective 70% stake in the property
5. Book value as at 30 June 2019 of S\$75.1 million

# Investing in higher-yielding properties

## Acquisition of Quest Macquarie Park Sydney<sup>1</sup>

- Freehold 111-unit serviced residence
- Agreed property value of **A\$46.0 million**
- Studio, one-bedroom and two-bedroom apartments with kitchen, ideal for guests on long-stay
- Facilities include gymnasium, conference room and alfresco barbecue pit
- **Master lease (stable income)** – annual rent indexed at 4% increase each year
- **EBITDA yield of mid 5%**



**Strategically located within Macquarie Park Business Centre**, Sydney's second largest business district and home to telecommunications, technology, pharmaceutical and electronics industries



**Near Macquarie Park Train Station**, which connects to Sydney's Central Business District



**5-minute drive to Macquarie University, Macquarie University Hospital and Macquarie Centre**



Note:

1. Sale & Purchase Agreement signed in January 2020 with completion expected by 1Q 2020

# lyf one-north Singapore on track to open in 2021

Awarded BCA Green Mark Goldplus in January 2020

## Development of purpose-built coliving property in one-north Singapore



- To cater to the **rising trend of coliving** and **millennial-minded business traveller market**
- **Construction on track to complete in 2020**
- 324 efficiently designed studio and loft units<sup>1</sup> and social spaces
- Recognised by the Building and Construction Authority (BCA) for its **environmentally sustainable design features**

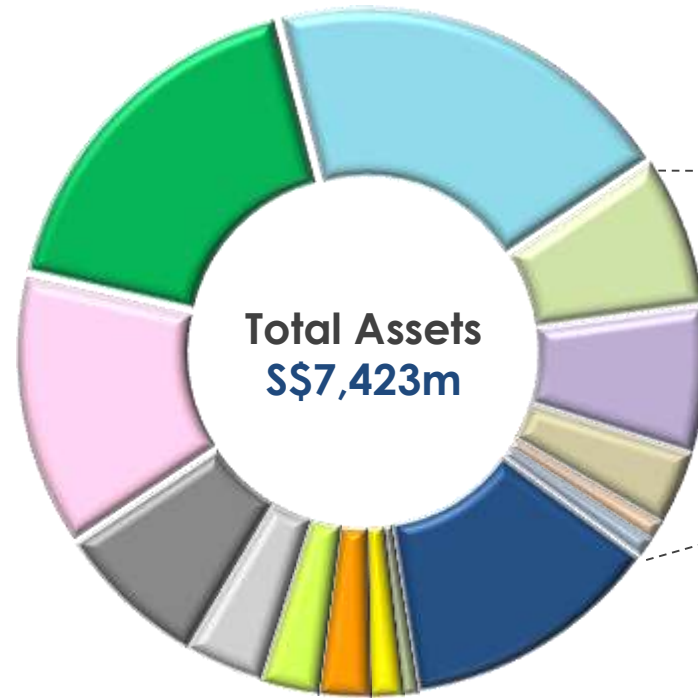
Note:

1. Subject to change

# Performance driven by balanced and diversified asset allocation

## 68% Asia Pacific

Asia Pacific	68.2%
Japan	19.7%
Singapore	17.4%
Australia	12.9%
China	7.2%
Vietnam	3.7%
South Korea	2.7%
Philippines	2.4%
Indonesia	1.5%
Malaysia	0.7%

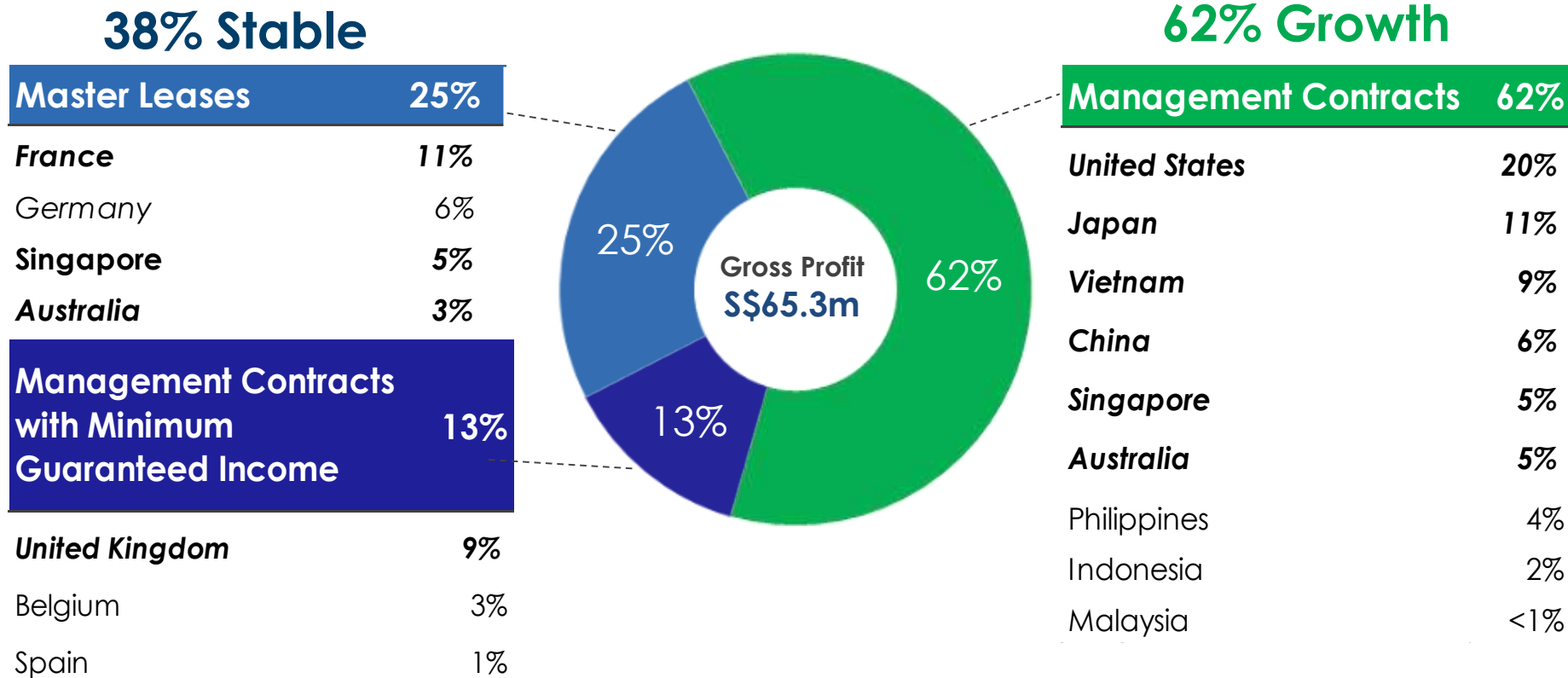


## 32% Europe/Americas

Europe	19.4%
France	7.1%
UK	7.0%
Germany	3.5%
Spain	0.9%
Belgium	0.9%
The Americas	12.4%
USA	12.4%

# Delivering resilient performance through mix of stable and growth income

>75% FY 2019 EBITDA<sup>1</sup> from developed markets<sup>2</sup>



**8 key markets** contributed approximately **84%** to total gross profit:

Australia (8%), China (6%), France (11%), Japan (11%), Singapore (10%), United Kingdom (9%), United States (20%) and Vietnam (9%)

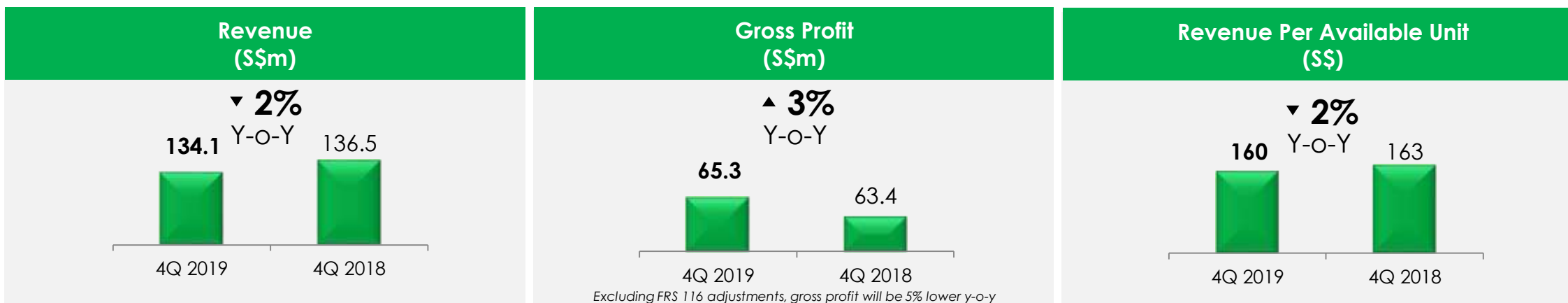
Notes: Based on 4Q 2019 Gross Profit (unless otherwise indicated)

1. Earnings before interest, taxes, depreciation and amortisation (excluding corporate costs)

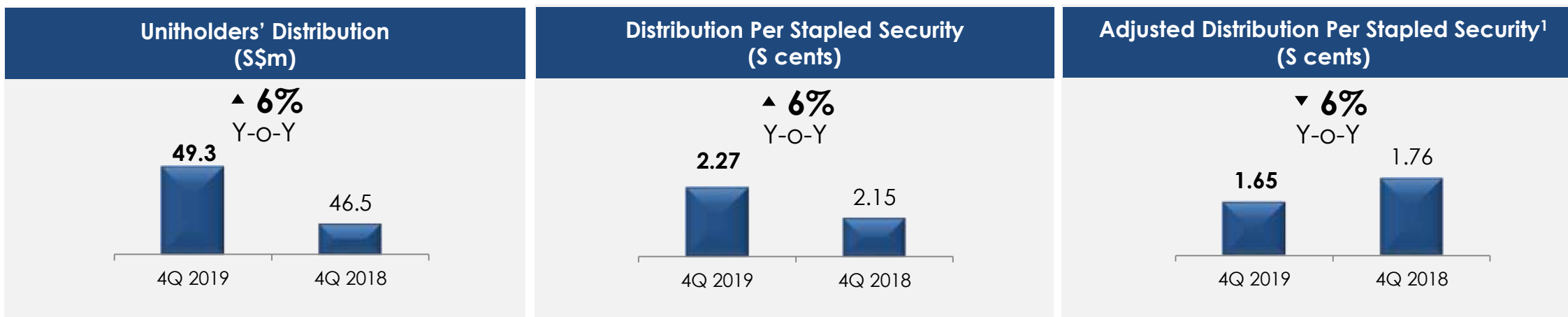
2. Based on FTSE EPRA Nareit classification

# Unitholders' Distribution up 6% in 4Q 2019 on resilient portfolio and higher divestment gains

Lower revenue mainly due to divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi



Higher unitholders' distribution enabled by lower finance costs and higher divestment gains



Note:

1. DPS for 4Q 2019 was adjusted to exclude divestment gains of \$13.5 million; and DPS for 4Q 2018 was adjusted to exclude divestment gains of \$6.5 million and the contribution from Ascott Raffles Place Singapore

# Overall portfolio performance resilient in 4Q 2019

Lower master lease revenue mainly due to divestment of Ascott Raffles Place Singapore

		Revenue (S\$'mil)			Gross Profit (S\$'mil)			RevPAU (S\$)		
		4Q 2019	4Q 2018	% Change	4Q 2019 <sup>1</sup>	4Q 2018	% Change	4Q 2019	4Q 2018	% Change
Stable Income	Master Leases	17.9	20.0	(11)	16.2	17.8	(9)	-	-	-
	Management Contracts with Minimum Guaranteed Income	20.5	20.5	-	8.4	8.2	2	193	196	(2)
Growth Income	Management Contracts	95.7	96.0	-	40.7	37.4	9	154	157	(2)
Total		134.1	136.5	(2)	65.3	63.4	3	160	163	(2)

- **Master Leases:** Lower revenue and gross profit mainly due to divestment of Ascott Raffles Place Singapore and weaker EUR, partially offset by higher contribution from Ascott Orchard Singapore
- **Management Contracts with Minimum Guaranteed Income:** Stronger performance from Belgium and UK, offset by weaker EUR and GBP
- **Management Contracts:** Revenue remained stable mainly due to the acquisition of Citadines Connect Sydney Airport, stronger performance from Philippines, offset by softer corporate demand in China and competition from new supply in USA



# Overall portfolio performance resilient for FY 2019

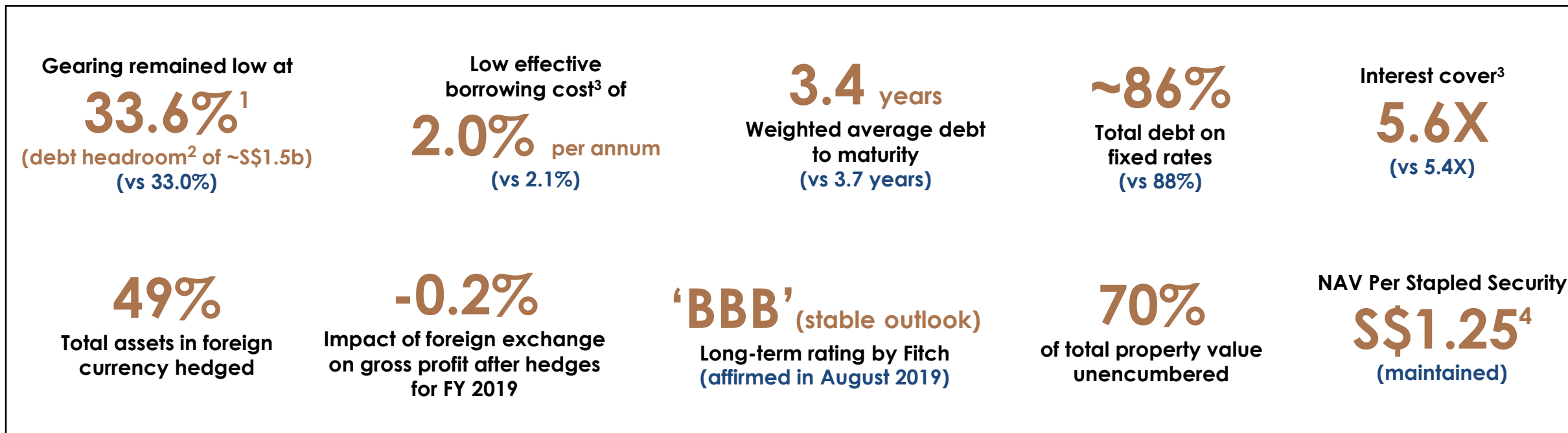
RevPAU increased by 1%

		Revenue (S\$'mil)			Gross Profit (S\$'mil)			RevPAU (S\$)		
		FY 2019	FY 2018	% Change	FY 2019 <sup>1</sup>	FY 2018	% Change	FY 2019	FY 2018	% Change
Stable Income	Master Leases	74.6	80.9	(8)	67.1	73.2	(8)	-	-	-
	Management Contracts with Minimum Guaranteed Income	81.1	77.1	5	33.9	31.6	7	194	184	5
Growth Income	Management Contracts	359.2	356.3	1	151.6	134.6	13	144	145	(1)
Total		514.9	514.3	-	252.6	239.4	6	152	151	1

- **Master Leases:** Lower revenue and gross profit mainly due to divestment of Ascott Raffles Place Singapore and lower rent upon the renewal of certain French master leases in end-2018, partially offset by higher contribution from Ascott Orchard Singapore
- **Management Contracts with Minimum Guaranteed Income:** Stronger performance mainly from Belgium and UK, offset by weaker EUR and GBP
- **Management Contracts:** Revenue remained stable mainly due to the acquisition of Citadines Connect Sydney Airport, stronger performance from Philippines, offset by softer demand in the regional cities of China and competition from new supply in USA

# Capital and Risk Management

# Enlarged balance sheet with strong credit metrics for further growth



## Managing liquidity risks through diversified funding sources



**S\$250 million**  
**4.68% perpetual securities**  
(Callable on 30 June 2020)

Notes: Figures above as at/for the year ended 31 December 2019, with 30 September 2019 comparable in brackets

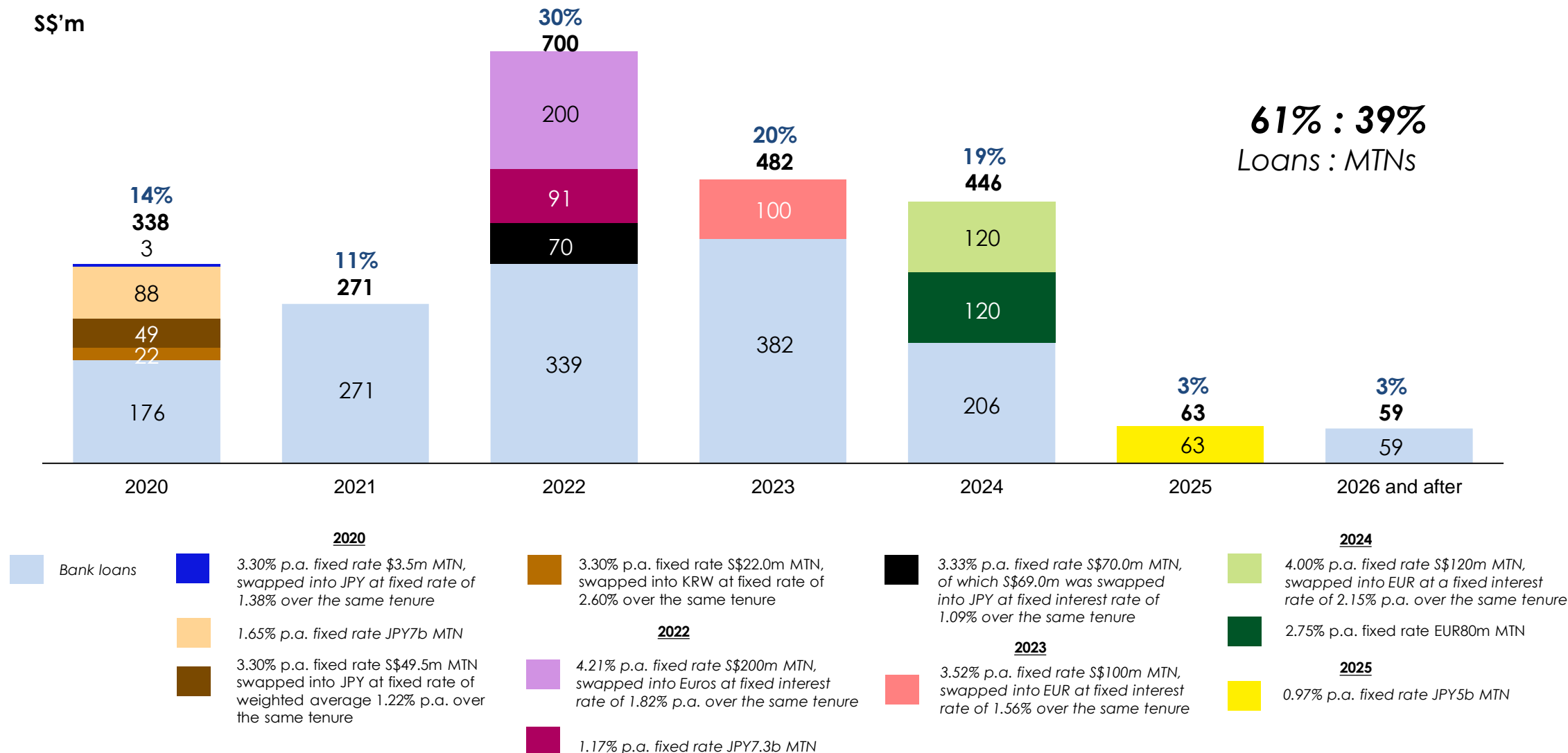
1. Computation of gearing excludes lease liabilities recognised by virtue of FRS 116 as these operating leases were entered into in the ordinary course of business and were in effect before 1 January 2019
2. Refers to the amount of additional debt before reaching aggregate leverage of 45%
3. Excluding the effect of FRS 116 Leases which was effective 1 January 2019
4. Adjusted NAV per Stapled Security, excluding the distributable income to Stapled Securityholder, is S\$1.22

# Well spread-out debt maturity profile

Commenced discussions to refinance loans due in 2020, ahead of maturity dates

S\$'m

**61% : 39%**  
Loans : MTNs



Note:  
As at 31 December 2019 and includes A-HTRUST debt

# Distribution Details



# Distribution Details

Ascott Reit Permitted Distributions<sup>1</sup> of **4.180 cents** per Ascott Reit Unit<sup>1</sup> for the period from **1 July and up to (and including) 31 December 2019<sup>2</sup>**, payable to **Ascott Reit Entitled Unitholders<sup>3</sup>**

February 2020						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	<b>10</b>	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

**26 December 2019**  
Last Day of Trading on “cum” Basis

**30 December 2019**  
Books Closure<sup>4</sup>

**10 February 2020**  
Distribution Payment  
*(For avoidance of doubt, this distribution is for unitholders of Ascott Reit as at books closure date of 30 December 2019 only)*

Note:

1. Terms as defined in the Composite Document dated 26 September 2019 in relation to the Proposed Combination of Ascott Residence Trust and Ascendas Hospitality Trust
2. The A-HTRUST Scheme Implementation Date
3. Refers to unitholders of Ascott Reit as at 5.00 p.m. on 30 December 2019, being the books closure date with respect to the Ascott Reit Permitted Distributions, as announced on 10 December 2019
4. As announced on 10 December 2019

# Key Country Updates

*The combination with A-HTRUST was completed on 31 December 2019.*

*The performance of the ART properties in 4Q 2019, covered in this section, does not include A-HTRUST.*

# Australia

Contributed 8% to Gross Profit<sup>1</sup>

Contributions from acquisition of Citadines Connect Sydney Airport, offset by softer leisure and corporate demand in Melbourne

Master Lease



3 Quest Properties

Management Contracts



Citadines Connect Sydney Airport



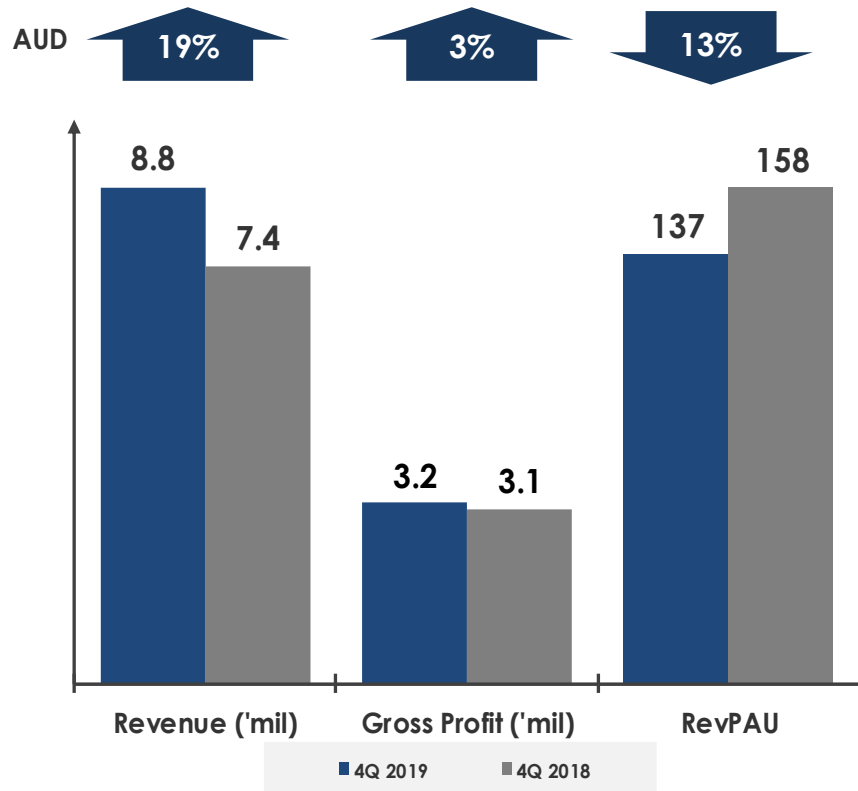
Citadines on Bourke Melbourne



Citadines St Georges Terrace Perth



A Member of CapitalLand



relates to properties under Management Contracts only

Notes:

1. 3 properties under Master Lease contracts contributed to 3% of gross profit, and 3 properties under Management Contracts contributed to 5% of gross profit in 4Q 2019
2. Source: International Monetary Fund (2019)
3. Source CBRE (2019)

## Performance Highlights and Market Outlook

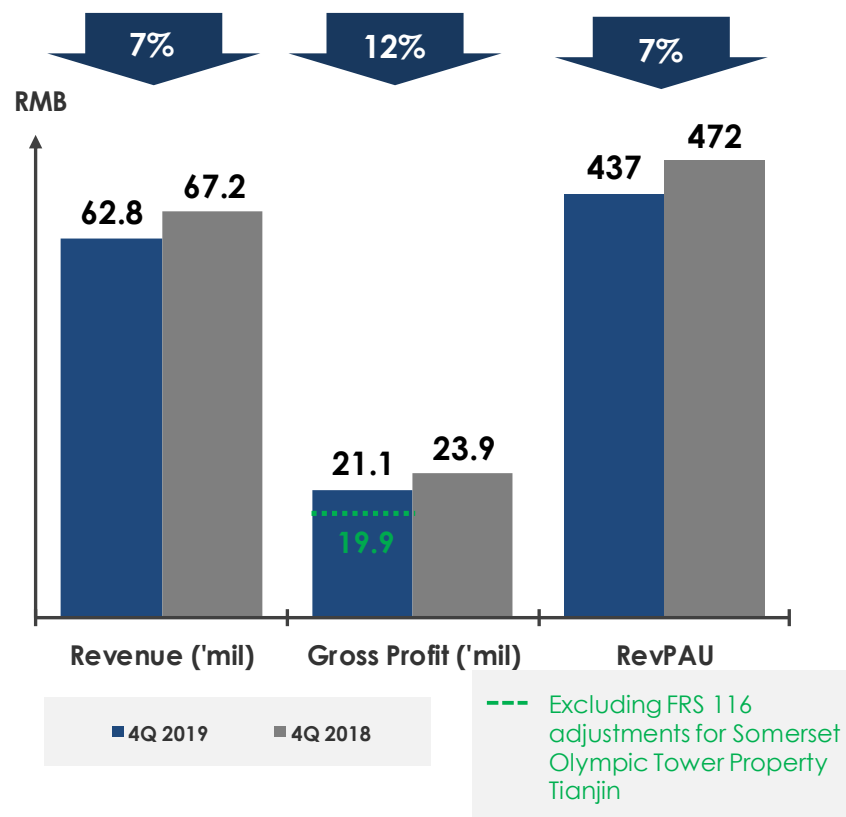
- The acquisition of Citadines Connect Sydney Airport contributed to higher revenue, but its lower RevPAU resulted in a lower portfolio RevPAU. On a same store basis, revenue and gross profit were lower due to softer leisure and corporate demand in Melbourne, and RevPAU was 9% lower y-o-y.
- IMF expects GDP in Australia to grow 2.3% in 2020<sup>2</sup>.
- Post-combination with A-HTRUST and the acquisition of Quest Macquarie Park Sydney in 2020, ART will have a total of 13 operating properties in Australia, with 4 properties under master leases and 9 properties under management contracts.
- In the near term, impact from the bushfires and new supply of about 2,300 rooms to be built in the Sydney CBD by 2021, albeit mainly from the luxury segment<sup>3</sup>, may put pressure on operating performance. However, as a popular holiday and corporate destination, Sydney continues to benefit from high tourist volumes and sustained room demand in the medium term.
- Despite growing tourist volumes and a strong calendar of events in Melbourne, the supply of about 4,200 rooms coming on-stream between 2020-2022<sup>3</sup> is expected to result in hotels lowering room rates.



# China

Contributed 6% to Gross Profit

Softer corporate demand and competition from new supply in second-tier cities



## Performance Highlights and Market Outlook

- Revenue and gross profit decreased mainly due to softer corporate demand on the back of trade tensions and competition from new supply in second-tier cities.
- China reported GDP growth of 6.1% for 2019, its weakest annual growth in 29 years.<sup>1</sup> While the signing of phase one of the trade deal between China and the US had brought some reprieve to trade tensions, China continues to face rising debt and cooling domestic demand<sup>1</sup>. Government spending and stimulus efforts would likely continue in 2020<sup>2</sup>. IMF forecasts a GDP growth of 6.0% for 2020<sup>3</sup>.
- In view of travel advisories issued by health authorities arising from the Novel Coronavirus situation, demand for lodging is expected to be impacted. ART has signed sale and purchase agreements to divest Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan, at a price of >30% above their combined book values. Upon completion in 1H 2020, ART's China portfolio will have 5 properties.

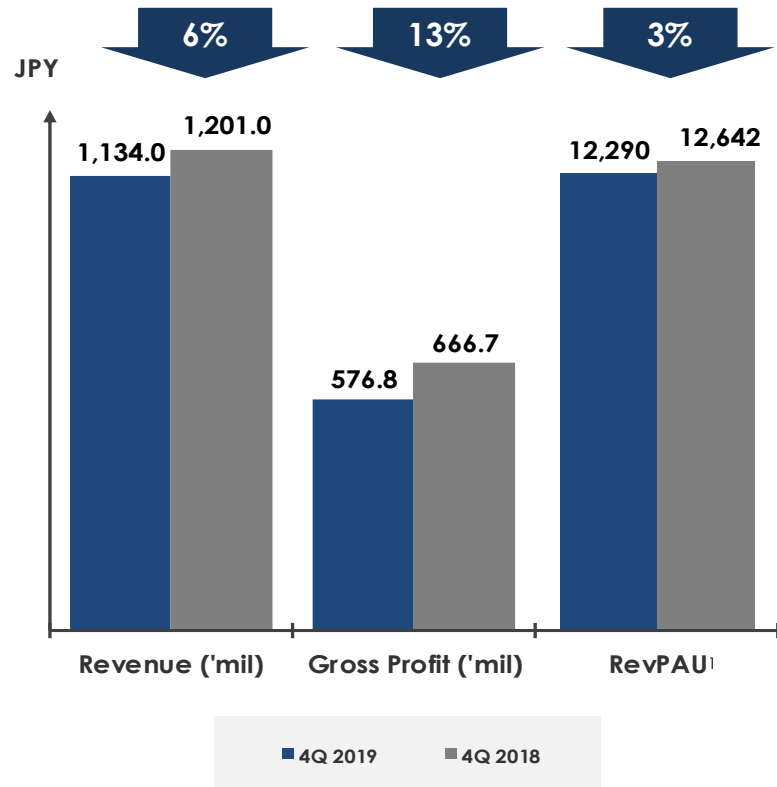
Notes:

- Source : CNN (2020)
- Source: Channelnewsasia (2020), Reuters (2020)
- Source: International Monetary Fund (2020)

# Japan

Contributed 11% to Gross Profit

Increased competition arising from new supply



Notes:

1. RevPAU relates to serviced residences and excludes rental housing properties
2. Source: Japan National Tourism Organization (2019)
3. Source: International Monetary Fund (2020)
4. Source: CBRE (2019)
5. Source: JLL (2019)
6. Source: Japan Valuers (2019)

## Management Contracts



Citadines Central  
Shinjuku Tokyo



Citadines  
Shinjuku  
Tokyo



Citadines  
Karasuma-Gojo  
Kyoto



Somerset  
Azabu East  
Tokyo



11 rental housing  
properties  
in Japan



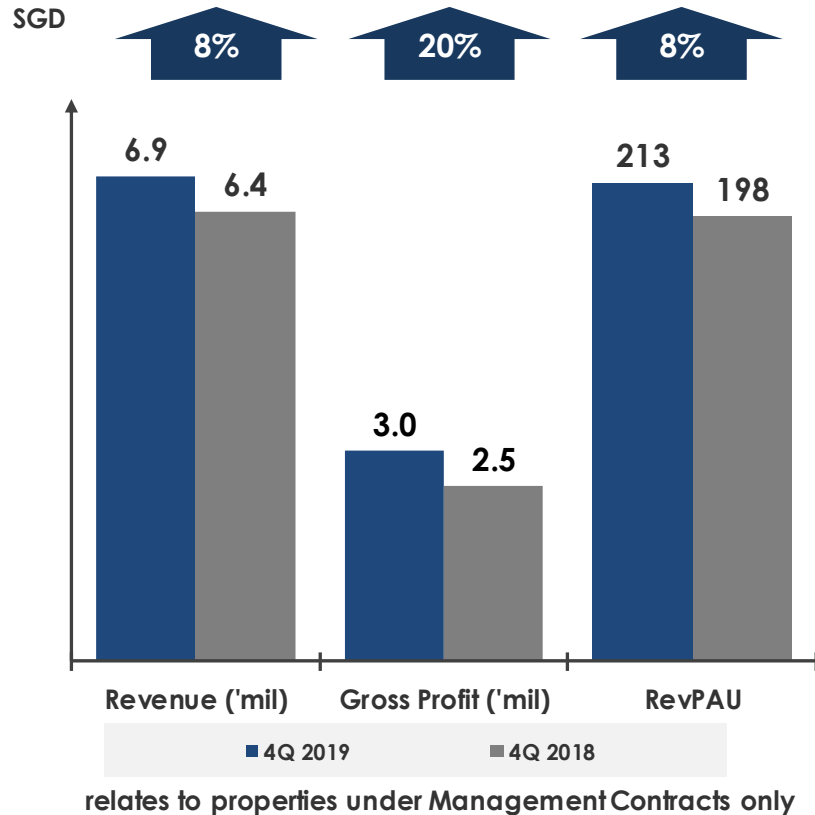
## Performance Highlights and Market Outlook

- Revenue decreased mainly due to competition affecting the serviced residences and a rental housing property in Fukuoka. In addition, the Japan-South Korea trade row had impacted visitor arrivals from South Korea<sup>2</sup>.
- Lower gross profit due to lower revenue, higher staff costs, operation & maintenance expense and marketing expense.
- IMF forecasts GDP for Japan to grow 0.7% in 2020<sup>3</sup>.
- Following a successful Rugby World Cup in 2019, inbound tourist numbers are set to increase in the next few years with large-scale events such as the Tokyo Olympics, Paralympics and Osaka-Kansai World Expo<sup>4</sup>. Haneda International Airport and Narita International Airport are currently undergoing upgrading works and are expected to cater to the increase in visitor arrivals<sup>5</sup>.
- Competition in the lodging space is expected to increase in tandem with higher demand for accommodation, with more hotel rooms entering the market and the legalisation of *Minpaku*<sup>6</sup>.
- ART is poised to capture the increased demand in 2020. With the combination with A-HTRUST, ART's expanded Japan portfolio now comprises 20 properties – 11 rental housing properties, 5 business/select-service hotels under master leases and 4 serviced residences under management contracts.

# Singapore

Contributed 10% to Gross Profit<sup>1</sup>

Higher market demand



Ascott Orchard Singapore



Somerset Liang Court Singapore

Citadines Mount Sophia Property Singapore



## Performance Highlights and Market Outlook

- Revenue and gross profit for the properties under management contracts increased due to higher market demand. Ascott Orchard Singapore, which is under a master lease arrangement, also saw stronger corporate and leisure demand, delivering higher variable rents to ART.
- IMF expects GDP growth for Singapore of 1.0% in 2020<sup>2</sup>.
- For the first 11 months of 2019, international visitors increased by 2.9% y-o-y<sup>3</sup>. Despite geopolitical tensions and economic uncertainty, the tourism sector is expected to be resilient with new developments such as the Mandai eco-tourism hub, Jurong Lake District hub, Greater Southern Waterfront and the rejuvenation of Orchard Road and Sentosa<sup>4</sup>. Jewel Changi Airport and the expansion of Changi Airport Terminal 5 are also expected to support visitor growth to the city<sup>5</sup>.
- With limited supply in hotel rooms until 2021, a pick-up in the general trading performance of the market is expected<sup>6</sup>.
- Post-combination with A-HTRUST, ART will have 2 properties under master leases and 2 properties under management contracts in Singapore.

Notes:  
 1. 1 property under master lease contributed to 5% of gross profit, and 2 properties under Management Contracts contributed to 5% of gross profit in 4Q 2019  
 2. Source: International Monetary Fund (2019)  
 3. Source: Singapore Tourism Board (2019)  
 4. Source: HVS (2019)  
 5. Source: JLL (2019)  
 6. Source: CBRE (2019)

# United Kingdom

Contributed 9% to Gross Profit

Higher corporate and leisure demand

Management Contracts with Minimum Guaranteed Income



Citadines  
Trafalgar Square  
London



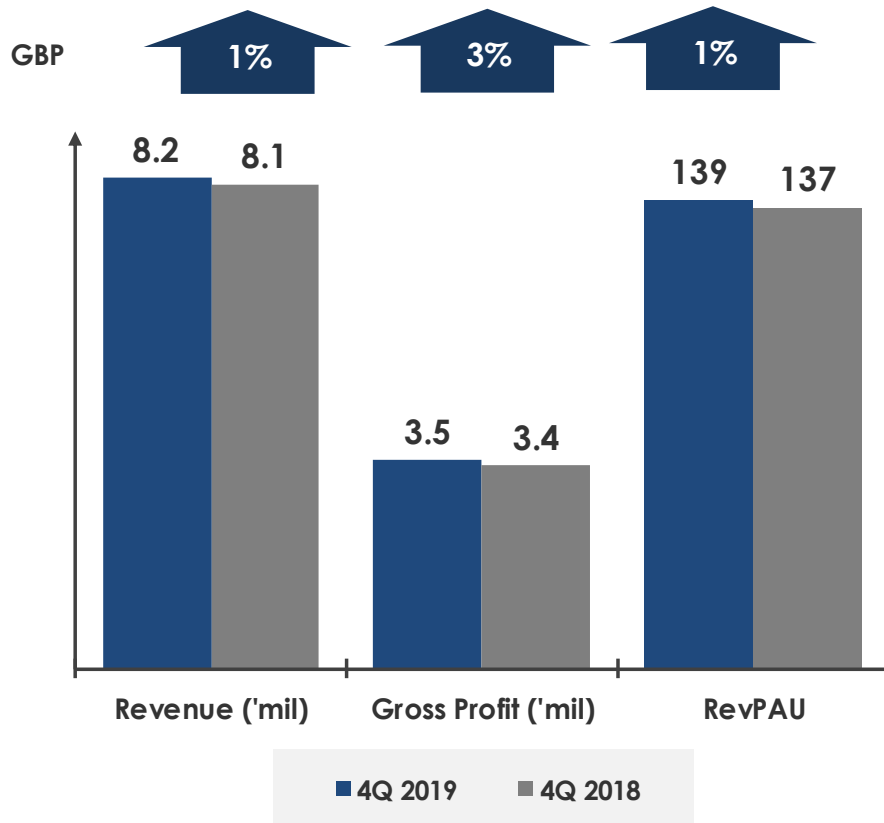
Citadines Holborn-  
Covent Garden  
London



Citadines  
Barbican  
London



Citadines South  
Kensington  
London



## Performance Highlights and Market Outlook

- Revenue increased due to higher corporate and leisure demand. Gross profit increased due to higher revenue and lower marketing expense, partially offset by higher management fee and staff costs.
- IMF forecasts GDP growth in 2020 to pick up slightly to 1.4%, on expectations of an orderly Brexit<sup>1</sup>.
- For the first nine months of 2019, visitor arrivals grew 2% y-o-y<sup>2</sup>. 2020 is forecasted to be another record year for inbound tourism to the UK, with international visitor arrivals forecasted to grow 2.9% y-o-y to 39.7 million<sup>2</sup>.
- In London, modest growth in market RevPAR is expected in 2020<sup>3</sup>, as demand, supported by a weak Pound, exceeds the increase in room supply.
- ART's UK portfolio is expected to continue delivering stable performance. With the properties under management contracts with minimum guaranteed income, ART is protected against downside risks but stands to benefit from unlimited upside when the properties perform well.

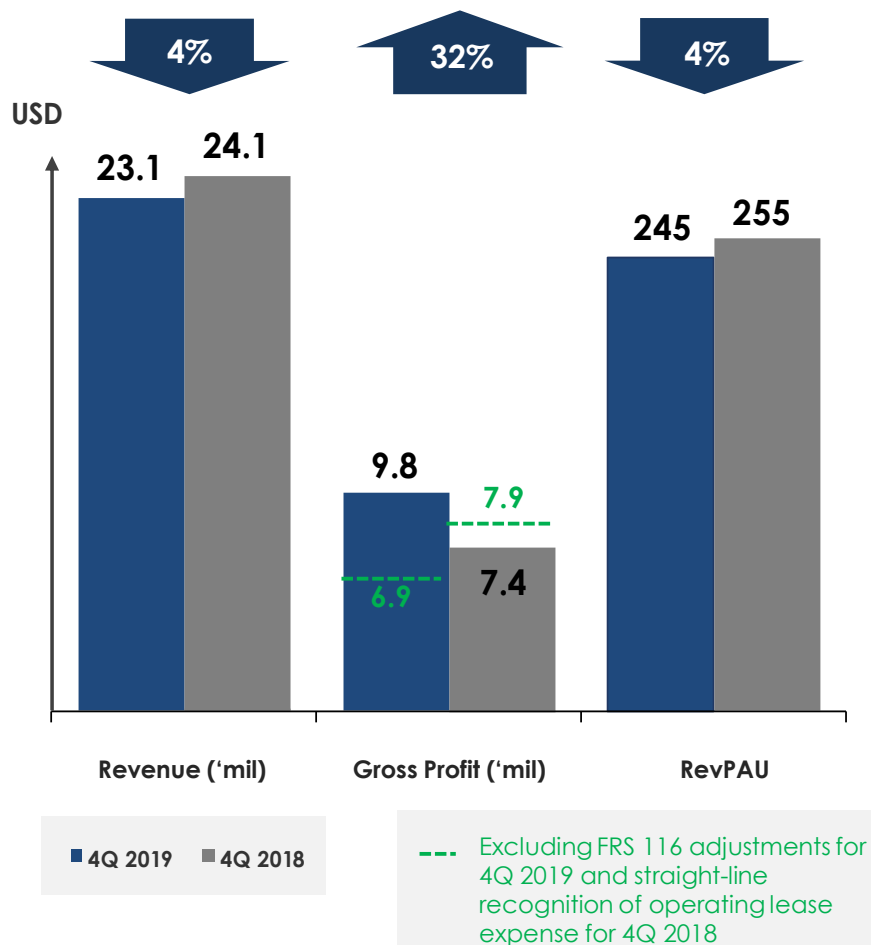
Notes:

- Source: International Monetary Fund (2020)
- Source: VisitBritain (2020)
- Source: PWC UK (2019)

# United States

Contributed 20% to Gross Profit

## Competition from new supply



### Management Contracts



Element New York Times Square West



DoubleTree by Hilton Hotel New York



Sheraton Tribeca New York Hotel



### Performance Highlights and Market Outlook

- In line with the New York market, revenue decreased due to competition from new supply.
- Excluding FRS 116 and straight line adjustments, gross profit decreased due to lower revenue and higher depreciation expense, partially mitigated by lower marketing expense.
- IMF expects GDP growth for US to moderate in 2020 to 2.0%, mainly due to a neutral fiscal stance<sup>1</sup>.
- While significant development projects in Manhattan, including Hudson Yards and the World Trade Centre redevelopment are expected to drive demand, supply growth is expected to outpace demand growth in 2020<sup>2</sup>.
- However, supply growth is expected to decline significantly after 2020, with financing and construction costs dissuading new development projects<sup>2</sup>.
- DoubleTree by Hilton Hotel New York is scheduled to refurbish its lobby and apartment units in 2Q 2020. When completed, ART's Times Square properties will be better positioned to benefit from the adjacent Hudson Yards and compete against other hotels in the market.

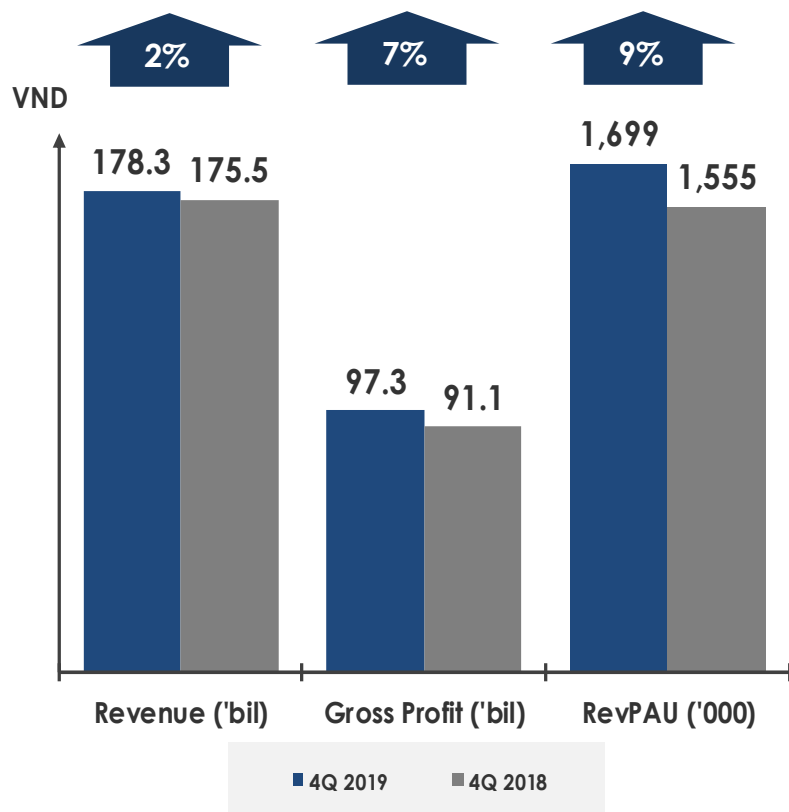
Notes:

1. Source: International Monetary Fund (2020)
2. Source: HVS (2019)

# Vietnam

Contributed 9% to Gross Profit

Stronger corporate demand partially offset by divestment of Somerset West Lake Hanoi



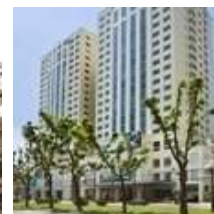
Notes:

- Source: International Monetary Fund (2019)
- Source: Foreign Investment Agency (2019)
- Source: Vietnam National Administration of Tourism (2019)
- Source: Formula 1 (2019)
- Source: Vietnam Briefing (2019)
- Source: JLL (2019)

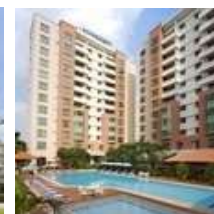
## Management Contracts



Somerset Grand Hanoi



Somerset Hoa Binh Hanoi



Somerset Ho Chi Minh City



Somerset Chancellor Court Ho Chi Minh City



A Member of CapitalLand

## Performance Highlights and Market Outlook

- Revenue increased mainly due to stronger corporate demand in Hanoi, partially offset by the divestment of Somerset West Lake Hanoi. On a same store basis, revenue and gross profit increased 7% and 11% respectively.
- In 2019, Vietnam GDP grew 6.5%<sup>1</sup>. Foreign direct investment remained strong at US\$31.8 billion for the first eleven months of 2019, a 3% increase y-o-y<sup>2</sup>. For 2020, IMF expects GDP to grow another 6.5%<sup>1</sup>.
- In 2019, international visitor arrivals increased 16.2% y-o-y<sup>3</sup>. Hanoi is set to welcome the country's first Formula One event, which will see the number of visitors to Hanoi increase<sup>4</sup>. Plans are also made to relocate Ho Chi Minh City's airport to Long Tanh, which will boost the country's capacity to handle passengers by 100 million<sup>5</sup>.
- New supply in Ho Chi Minh is likely to slow in 2020 as the government has tightened approval policies for new development projects<sup>6</sup>. In Hanoi, about 1,700 new rooms are expected to enter the market<sup>6</sup>.

# Looking Forward

PARK HOTEL

PARK HOTEL

# Looking Forward

Diversified portfolio with mix of stable and growth income for resilience  
Continue to enhance portfolio and grow through yield-accretive acquisitions

## Market Outlook

In the short term...



**Concerns over Novel Coronavirus Situation Impacting Demand for Travel**

In the longer term...



**Accommodative Monetary Policy and Slight Easing of Trade Tensions**



**Growth in Global Visitor Arrivals**



**Growth in Supply May Outpace Demand in Some Markets**

## Resilient Portfolio

### Proxy hospitality trust in Asia Pacific



- Completed combination with A-HTRUST
- Enlarged balance sheet, enhanced diversification and resilience
- Positioned for potential index inclusion and positive re-rating

### Building a Diversified, Resilient Portfolio



- Global presence in key cities with no concentration risk
- Predominantly serviced residences focused on business travellers, with longer average length of stay
- Balanced mix of stable and growth income
- Increasing stable, master lease income with the acquisition of Quest Macquarie Park Sydney

### Financial Flexibility to Pursue Growth



- Low gearing of 33.6% with debt headroom of about S\$1.5 billion<sup>1</sup>
- Cost of debt remains low at 2.0% p.a.
- Fitch Ratings affirmed “BBB” rating with Stable Outlook

### Support of Strong Sponsor, The Ascott Limited



- One of the leading international lodging owner-operators
- Pipeline of approximately 20 assets
- Alignment of interests with ~40% stake<sup>2</sup> in ART

Notes:

1. Refers to the amount of additional debt before reaching aggregate leverage limit of 45% set by MAS
2. Held through CapitalLand Group



# Appendix

## Value Creation Strategies

The image shows a large, multi-story building with a curved facade. The building is light-colored, possibly white or cream, and has many windows. The word "Citadines" is written in large, blue, 3D letters on the building's facade. The building is set against a clear blue sky. A white, semi-transparent graphic element is overlaid on the left side of the image, containing the text "Appendix" and "Value Creation Strategies".

**Citadines**

# Value Creation

## Five pronged approach to deliver value



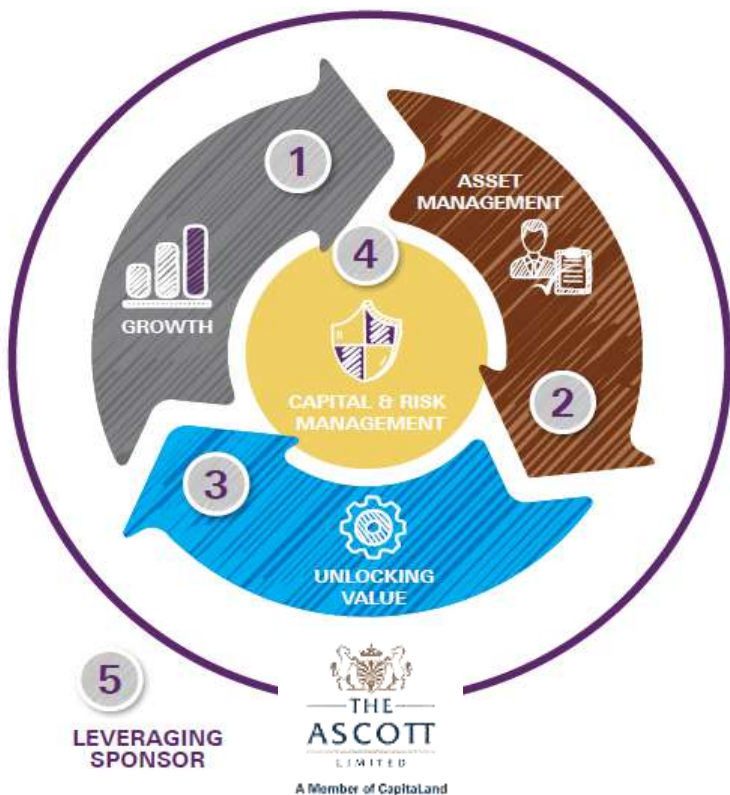
### Vision:

To be the premier hospitality trust with quality assets in key global cities



### Mission:

To deliver stable and sustainable returns to Stapled Securityholders



## 1. Growth by Acquisition

- Total assets **grew ninefold** since IPO to \$7.4 billion
- **Maiden development** project for **first coliving** property
- Completed milestone **combination** with **Ascendas Hospitality Trust**

## 2. Active Asset Management

- **RevPAU optimisation** & yield management
- **Asset Enhancement Initiatives**
- **Portfolio diversification:** geographical spread; product offering; contract types; etc

## 3. Unlocking Value

- Generated **\$S0.4b net divestment gains** and reinvested into higher-yielding assets

## 4. Prudent Capital and Risk Management

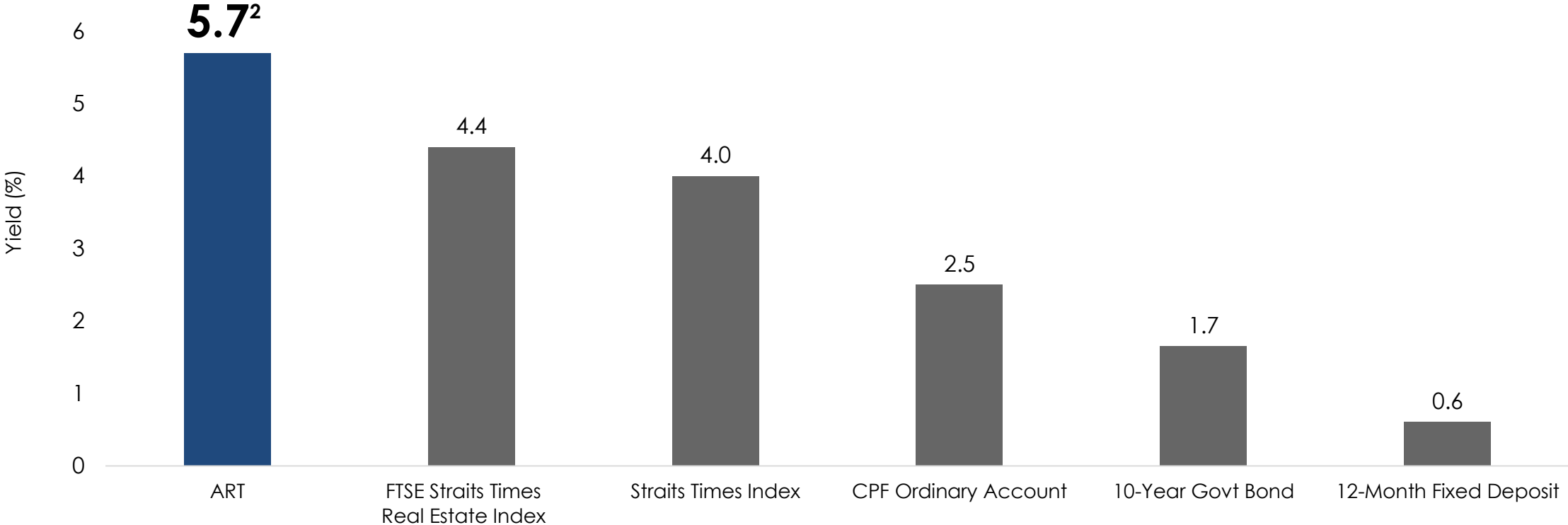
- **“BBB”** (stable outlook) **rating** by Fitch Ratings

## 5. Leveraging Sponsor

- Strong **brand recognition** and **global footprint**
- **Right of first refusal** and **pipeline assets**
- **Alignment** of Stapled Securityholder interests with ~40% stake<sup>1</sup>

# Value Creation

Attractive 5-Year Average DPS Yield of >6%<sup>1</sup>

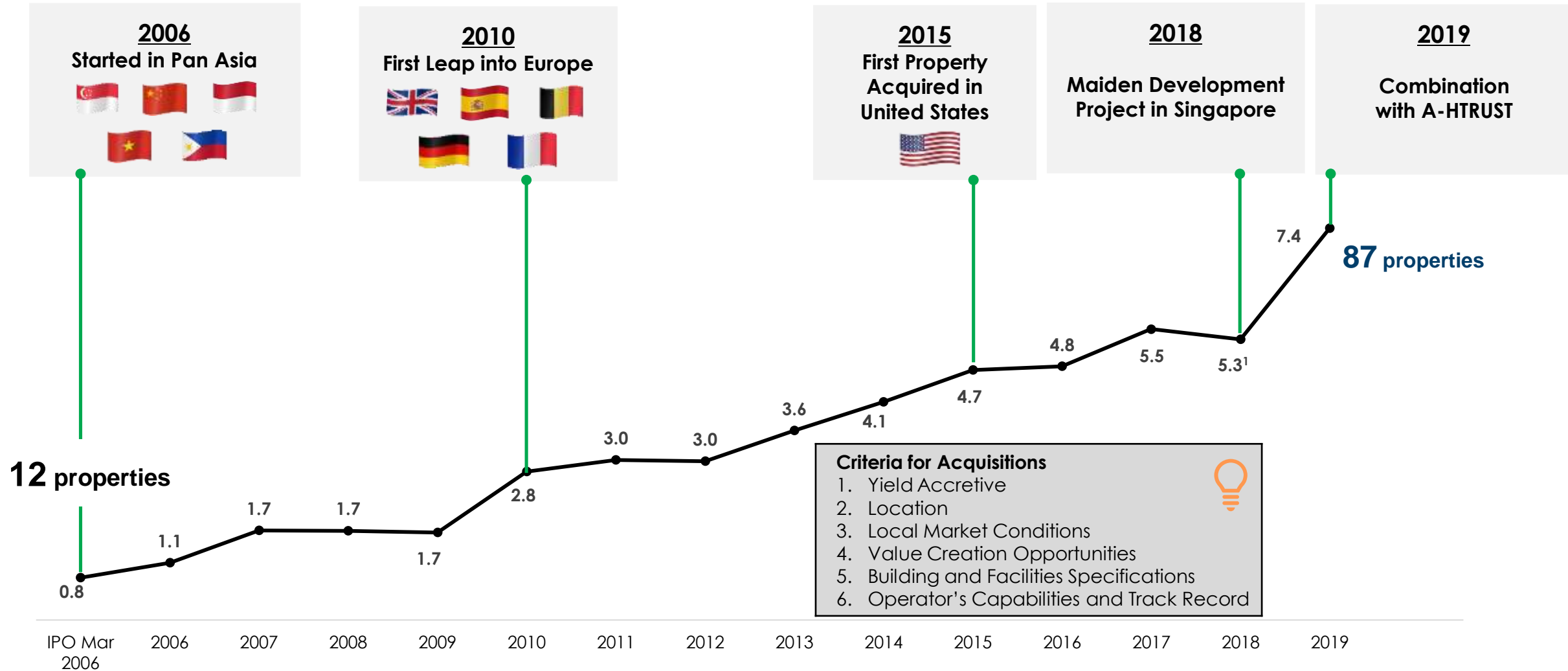


**Total Unitholder Return Since IPO**  
**> 300%<sup>3</sup>**

Above yield figures as at December 2019, unless otherwise stated.  
 Sources: Central Provident Fund; Monetary Authority of Singapore; Bloomberg (trailing 12 month yield for FTSE Straits Times Real Estate Index and Straits Times Index)  
 1. Based on a simple average of the past 5 years' DPS Yield  
 2. Computed based on ART's FY 2019 DPS of 7.61 cents and the closing unit price of S\$1.33 as at 26 December 2019  
 3. Computation from Bloomberg and assumes reinvestment of distributions back into the security

# 1 Key Milestone Acquisitions since IPO

## Total Assets Since Listing (\$\$ billion)



Note:

1. The decrease in total assets was due to the utilisation of the proceeds from the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an on 5 January 2018 to repay bank loans

1

# Maiden Development Project to Build New Coliving Property

*lyf one-north Singapore*, located in a prime developing district with limited lodging supply

**Coliving** a rising trend in today's sharing economy amongst the **rising millennial-minded business traveller market**

lyf one-north Singapore, expected to **open in 2021**, incorporates 324 efficiently designed studio and loft units<sup>1</sup> and social spaces



Artist's impression



Artist's impression – Communal kitchen

one-north : home to **400 companies, 800 startups and 50,000 professionals<sup>2</sup>**

Attracting **over S\$7 billion worth of investments<sup>2</sup>** and to be developed into a cluster of world class facilities and business parks

Notes:

- 1. Subject to change
- 2. Source: JTC (2018)

# Asset Enhancement

Improve competitiveness of property and guest satisfaction

## Before

## After

### Element New York Times Square West

The United States of  
America

Completed 2Q 2019



### Somerset Grand Citra Jakarta

Indonesia

Completed 2Q 2019



#### Criteria for Asset Enhancement Initiatives (AEI)



1. Age of the Property
2. Market Outlook
3. Yield Accretion

#### Planned AEI for 2Q 2020

DoubleTree by Hilton Hotel New York – Times Square West  
Refurbishment of apartment units and lobby

# Unlocking Value



**Generated ...**

**Total Net Divestment Gains**

**\$0.4 billion**

**Total Divestment Proceeds**

**\$1.6 billion**



### Criteria for Divestment

1. Property Life Cycle
2. Market Conditions
3. Requirement for additional capital outlay

# 4 Capital & Risk Management

## Strong Balance Sheet

Comfortable target gearing of approximately 40%



## Balance Sheet Hedging

Natural hedging and swaps through foreign borrowings to match capital value of assets on a portfolio basis



## Prudent Capital Management

Diversified funding sources & proactive interest rate management

'BBB' long-term rating by Fitch Ratings with stable outlook

## Income Hedging

Hedging foreign currencies through forward contracts to protect distribution





# 5 Strong Sponsor – The Ascott Limited

One of the leading international lodging owner-operators



**>114,000**

**Serviced residence  
& hotel units**

Includes units under development

**>700**

**Properties**



**>180**

**Cities**

**>30**

**Countries**

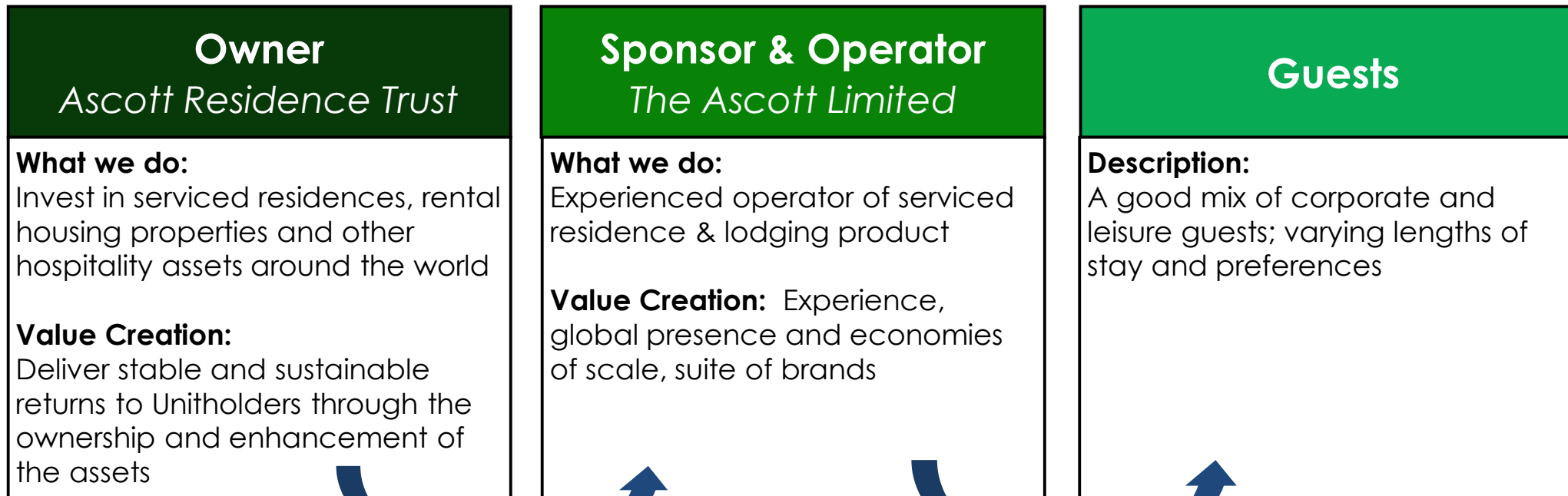
**>30** year track record

**Award-winning brands  
with worldwide recognition**

**Strong alignment of interests  
– CapitaLand owns ~40% stake**



# 5 Working with Sponsor



engages service of

to manage the property and provide hospitality services to

# Appendix

## Other Information



# Key Features of ART

<b>Structure</b>	<ul style="list-style-type: none"><li>• Stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT)</li></ul>
<b>Investment Mandate</b>	<ul style="list-style-type: none"><li>• Invests primarily in real estate and real estate-related assets which are income-producing and which are used, or predominantly used, as serviced residences, rental housing properties and other hospitality assets in any country in the world</li></ul>
<b>Leverage</b>	<ul style="list-style-type: none"><li>• Based on regulatory requirements for S-REITs, Ascott Reit's aggregate leverage cannot exceed 45%<sup>1</sup></li><li>• As a stapled group, ART intends to comply with the aggregate leverage limit applicable to S-REITs</li><li>• Historically, ART's aggregate leverage has been at approximately 34%-41%<sup>2</sup></li></ul>
<b>Minimum Distribution Payout Ratio</b>	<ul style="list-style-type: none"><li>• Required to distribute at least 90% of its taxable income to Unitholders to qualify for the Inland Revenue Authority of Singapore tax transparency treatment for REITs</li><li>• Since its listing, Ascott Reit has paid out <b>100%</b> of its distributable income</li></ul>
<b>Sponsor-aligned Interest</b>	<ul style="list-style-type: none"><li>• CapitaLand Limited, Asia's largest diversified real estate group, is the parent company of The Ascott Limited, the Sponsor of ART</li><li>• CapitaLand Group owns ~40% interest in ART</li></ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"><li>• Externally managed by Ascott Residence Trust Management Limited<sup>3</sup> (manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd.<sup>3</sup> (trustee-manager of Ascott Business Trust)<ul style="list-style-type: none"><li>– Majority of the board are Independent Non-Executive Directors</li></ul></li></ul>

Notes:

1. Ascott Reit is governed by the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore.
2. Based on ART's gearing for financial years 2011 – 2019.
3. Wholly-owned subsidiaries of CapitaLand Limited.

# Awards and Accolades

Highly coveted accolades awarded in past 2 years



Asia Pacific  
Best of the Breeds  
REITs AWARDS™

## Asia Pacific Best of the Breeds REITs Awards™ 2018 & 2019

Best Hospitality REIT (Platinum award)



## SIAS Investors' Choice Awards 2019

Runner-up for  
Singapore Corporate  
Governance Award

Runner-up for  
Most Transparent  
Company Award

SINGAPORE GOVERNANCE AND  
TRANSPARENCY INDEX (SGTI)

## Singapore Governance and Transparency Index 2018 & 2019

Ranked 3<sup>rd</sup> out of 43 Trusts

## World Travel Awards 2019

Accorded accolades for **Leading Serviced Apartments 2019**

Belgium's Leading Serviced Apartments 2019: **Citadines Sainte-Catherine Brussels**

Germany's Leading Serviced Apartments 2019: **Citadines Arnulfpark Munich**

Spain's Leading Serviced Apartments 2019: **Citadines Ramblas Barcelona**

Asia's Leading Serviced Apartments 2019: **Ascott Jakarta**

Japan's Leading Serviced Apartments 2019: **Citadines Shinjku Tokyo**



## TripAdvisor Awards 2019

> 20 properties<sup>1</sup>  
conferred the  
Certificate of  
Excellence  
Award 2019



Note:

1. Refer to [https://www.the-ascott.com/en/tripadvisor\\_awards\\_2019.html](https://www.the-ascott.com/en/tripadvisor_awards_2019.html) for the full list of properties



# Thank you



ASCOTT  
RESIDENCE  
TRUST

A Member of CapitalLand