



# Ascott Residence Trust

Annual General Meeting

16 June 2020

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M A K I N G

A N

I M P A C T

## A Banner Year

*In 2019, we actively reconstituted our portfolio, achieving growth and delivering 6% increase in Distribution per Stapled Security*

# Achievements in FY 2019



**FY 2019 Distribution per Stapled Security (“DPS”) up 6%**  
on back of stable operating performance and divestment gains

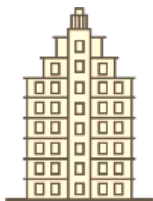
Revenue **stable**

Gross profit **+6%**

RevPAU **+1%**

NAV per unit<sup>1</sup> **+3%**

**Delivered >300% Returns to Stapled Securityholders since IPO<sup>2</sup>**



## Added S\$1.9 bil in asset value

Quality acquisitions, including:

- 14 prime properties through combination with Ascendas Hospitality Trust (“A-HTRUST”)
- Citadines Connect Sydney Airport, ART's first business hotel in Australia



## Unlocked >S\$200 mil net gains

Divestments include:

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

Notes:

1. Refers to Adjusted NAV per Stapled Security (excluding distributable income to Stapled Securityholders)
2. Source: Bloomberg. Computation assumes reinvestment of distributions back into the security

# Continued Commitment to Sustainability

Activities, awards and accolades



## Environment

lyf one-north Singapore obtained **Green Mark Gold<sup>PLUS</sup>** by Building and Construction Authority of Singapore



## Governance

**SIAS Investors' Choice Awards 2019**

**Runner-up** for Singapore Corporate Governance Award

**Runner-up** for Most Transparent Company Award

**Singapore Governance and Transparency Index 2019**

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

**Asia Pacific Best of the Breeds REITs Awards<sup>TM</sup> 2019**

**Best** Hospitality REIT (Platinum award)



## Social



Participation in CapitaLand International Volunteer Expedition to Long An, Vietnam



75% of ART's portfolio of properties participated in Earth Hour



Somerset Grand Hanoi awarded **EDGE Green Certification** by World Bank Group's International Finance Corporation



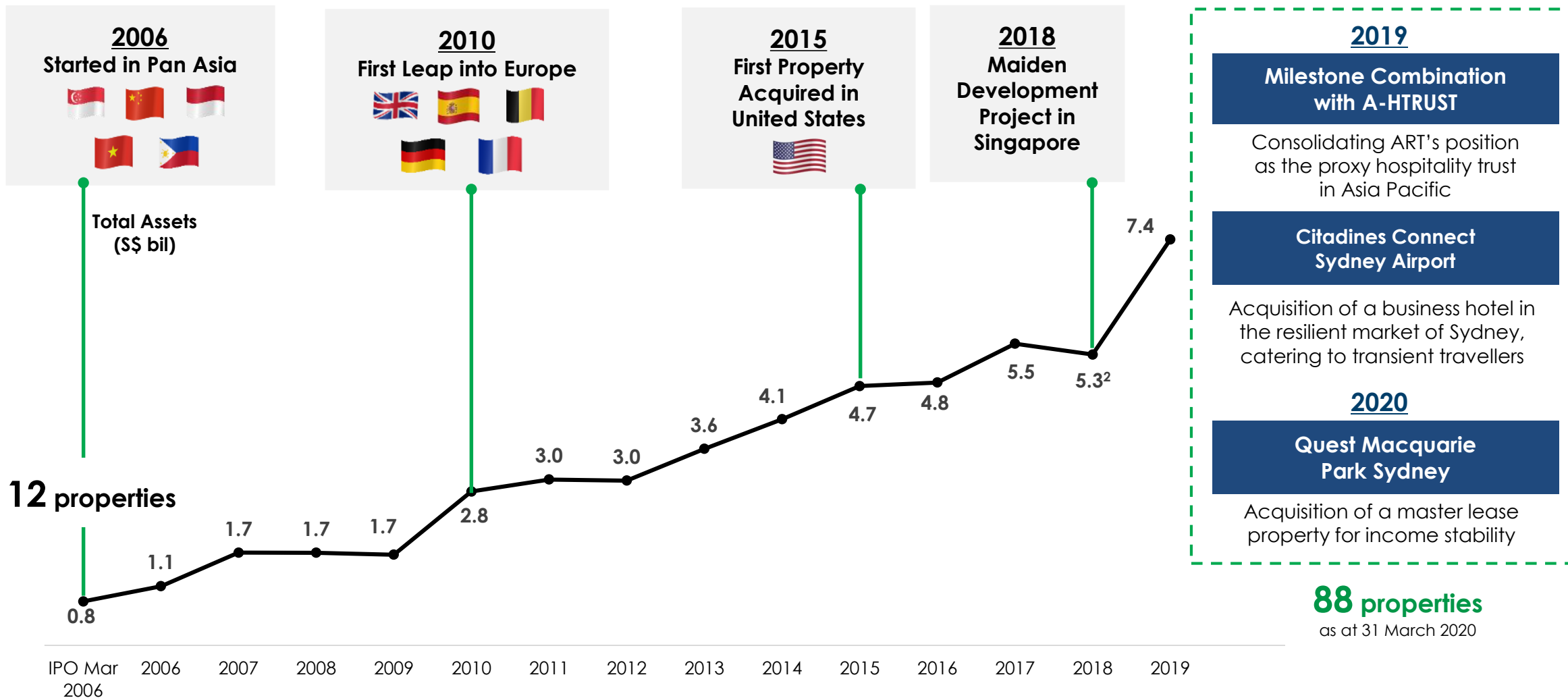


## Room to Grow

*Forging ahead,  
we continue to push  
frontiers and capture  
new avenues of  
growth*

# Nine-fold Expansion since IPO

Largest hospitality trust in Asia Pacific and ranked amongst top 10 globally<sup>1</sup>



Notes:

1. Measured based on total assets as at 31 December 2019
2. 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 to repay bank loans

# A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index<sup>1</sup>



**\$7.4b**

Total Assets

**>16,000<sup>2</sup>**

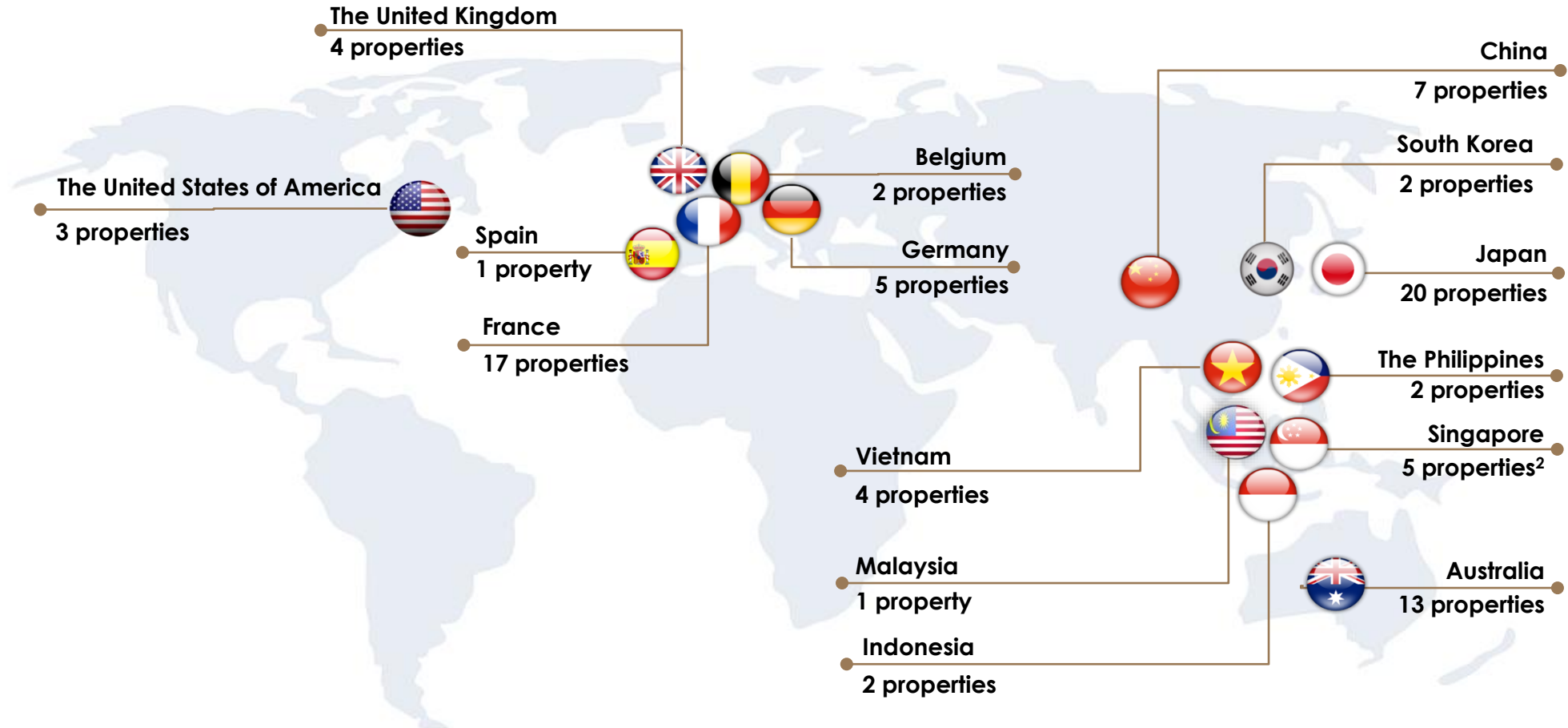
Units

**88<sup>2</sup>**

Properties

**39**

Cities in 15 Countries



Notes:

Figures above as at 31 March 2020, except for Total Assets which is as at 31 December 2019

1. With effect from 22 June 2020

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



# Unlocked Value through Portfolio Reconstitution

Divestment gains reinvested into yield accretive acquisitions



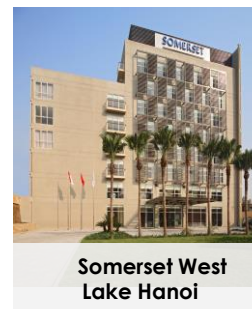
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**\$S\$0.5 billion<sup>1</sup>**  
of Net Gains through  
divestments since IPO

**2019**

Net gains of >\$S\$200 million

Distributed \$S\$17.5 million  
in divestment gains



Notes:

1. Net gains relate to divestment transactions completed or entered into since listing up to 31 December 2019
2. Sale and purchase agreements were signed in December 2019 with completion expected in 2H 2020. As at 31 March 2020, RMB 90 million (18% of total sales proceeds) were collected, which includes a non-refundable deposit of RMB 20 million



## More to Discover

*Exploring new possibilities and bringing to the fore innovative ways to build a stronger portfolio, creating long-term value*

# Milestone Combination with Ascendas Hospitality Trust

Consolidating ART's position as the proxy hospitality trust in Asia Pacific

Adding 14 quality properties with over 4,700 units in 7 cities across Asia Pacific

## Japan

5 freehold properties under master leases



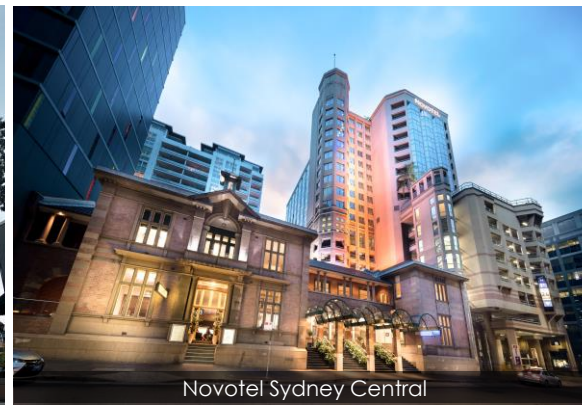
## Singapore

1 leasehold property under master lease



## Australia

6 freehold properties under management contracts



## South Korea

2 freehold properties under master leases



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

✓ Increase in **freehold** and **stable income** components

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

✓ Admission into **FTSE EPRA Nareit Global Developed Index** from 22 June 2020

# Redevelopment of Somerset Liang Court Singapore

Rejuvenation into a brand new property with fresh 99 year lease



SOMERSET  
SERVICED RESIDENCE

*Strengthen presence in the vibrant Clarke Quay enclave, benefiting from the Urban Redevelopment Authority's Draft Master Plan 2019 to revitalise the area*

Notes:

15,170 sqm GFA divested and retained GFA of 13,034 sqm for redevelopment

1. Expected opening date and property details are subject to change

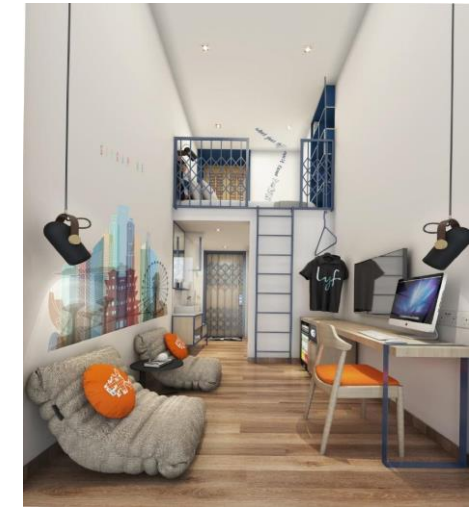
- **Divest** partial gross floor area (GFA) at **44% above book value** and **138% above acquisition price**
- **c.S\$163 million divestment proceeds** to be collected in July 2020 upon completion of sale
- Joins CDL-CapitaLand consortium to **redevelop retained GFA** into a **brand new Somerset serviced residence with hotel licence**
- **Refresh lease to 99 years** (from 57 years)
- **Opening in 1H 2025**, new property to incorporate 192 units with more efficient layout to cater to wider spectrum of guest profiles<sup>1</sup>
- Potential valuation upside after completion, in addition to total net gains of S\$84.3 million recognised in FY 2019

# Development of lyf one-north Singapore

Purpose-built coliving property to appeal to the future traveller tribe



Images above are artist's impressions



**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 and social spaces

one-north: **prime district** with **limited lodging supply** and home to **400 companies, 800 startups and 50,000 professionals**<sup>1</sup>

Attracting **over S\$7 billion worth of investments**<sup>1</sup> and to be developed into a cluster of world class facilities and business parks

Each unit comes with an *ensuite bathroom for comfort and privacy and a productive workspace for guests to 'work-from-home'*

Notes:  
Property details are subject to change  
1. Source: JTC (2018)



## Here to Stay

*Sustainability is key for us*

*Our resilient portfolio delivers sustainable distributions while our eco-friendly practices sustain us for the long haul*

# Our Portfolio Strengths...



Predominantly **long-stay** guest profile catering to **different market segments**

**59<sup>1</sup>**

Serviced residences

**18**

Hotels / Business hotels

**11**

Rental housing

**3 months<sup>2</sup>**

Average length of stay

Guest mix<sup>2</sup>

**41% : 59%**

Corporate : Leisure



**Geographically diversified,** predominantly **freehold** portfolio

**88<sup>1</sup>** properties in **39** cities

**68%**

Asia Pacific

**20%**

Europe

**12%**

The Americas

**59% : 41%<sup>3</sup>**

Freehold : Leasehold



Balanced mix of **stable** and **growth** income streams

**45%<sup>4</sup>**

Stable Income

**:**

**55%<sup>4</sup>**

Growth Income

- 35 Master leases<sup>1</sup>
- 7 Management contracts with minimum guaranteed income ("MCMGI")
- 45 Management contracts

Note: Excludes lylf one-north Singapore (under development)

## ...Offer Resilience

Notes: Figures above as at/for the year ended 31 December 2019 unless otherwise stated

1. Includes Quest Macquarie Park Sydney which was acquired in February 2020
2. Based on the portfolio apartment rental income
3. Based on property values
4. Based on pro forma FY 2019 gross profit (including portfolio of A-HTRUST)

# Our Strong Balance Sheet and Cashflow Position...



**Diversified funding sources and well-staggered debt maturity**

**64% : 36%**

Bank Loans : Medium term notes

**16%**

Debt due in 2020 (c. S\$404 mil)

No refinancing issues foreseen

**S\$1.7 mil**

Savings p.a. with refinancing of S\$150 mil perpetual securities in FY2019

Further savings expected with the reset of distribution rate of S\$250 mil perpetual securities on first call date, 30 June 2020



**Sufficient liquidity with c.S\$900 million in available funds**

**S\$300 mil**

Cash on-hand

**S\$425 mil**

Credit facilities available<sup>1</sup>

**S\$163 mil**

Cash proceeds from divestment<sup>2</sup>



**Robust financing flexibility**

**35.4%**

Gearing (~S\$2.1 billion debt headroom<sup>3</sup>)

Low effective borrowing cost

**1.8%**  
per annum

**BBB (Stable Outlook)**  
Fitch Ratings

Interest cover

**5.1X<sup>4</sup>**

**69%**

of property value unencumbered

## ...Enable Us to Weather the Downturn

Notes: Figures above as at/for the quarter ended 31 March 2020. Computations exclude effects of FRS 116 Leases

1. Includes committed credit facilities amounting to approximately S\$200 million

2. Refers to proceeds to be received from the completion of divestment of partial gross floor area in Somerset Liang Court Singapore expected in July 2020

3. Refers to the amount of additional debt before reaching aggregate leverage of 50%

4. Refers to the 12-month trailing interest cover



# While Performance has been Impacted by COVID-19...



## 1Q 2020 RevPAU<sup>1</sup> declined 23% on lower occupancies

- Portfolio occupancy significantly lower but above breakeven level; room rates remained relatively stable
- 18 properties temporarily closed<sup>2</sup> due to government mandate or to optimise resources
- 2Q 2020 to remain challenging

## Mitigants



**Cushioned by properties catering to long stays and rental housing** as these properties were impacted to lesser extent compared to those catering to transient travellers

**Degree of stability** from master leases and management contracts with minimum guaranteed income

**Diversified portfolio of 88 properties with no concentration risk**

Monthly contribution of closed properties account for <2% of total gross profit on a FY 2019 pro forma basis

## Working with our Lessees and Operators



**Comprehensive cost-containment measures** and government support to defray some costs

**Deferral of uncommitted discretionary capital expenditure**

**Pursuing alternative sources of revenue**

E.g. Providing accommodation to healthcare personnel on the frontline, workers affected by border shutdown

**Finding a middle ground and navigating challenges**

# ...Signs of Recovery are on the Horizon

Notes:

1. RevPAU refers to the revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income

2. As at 30 April 2020. Comprising 11 properties in France, 4 in Japan, 1 each in Belgium, Spain and South Korea

# Regional Updates – China

Green shoots of recovery as normalcy returns

**7** properties  
management  
contracts

**7%**  
of total assets



- Divestment of Citadines Xinghai Suzhou & Citadines Zhuankou Wuhan expected to complete in 2H 2020

Travel restriction indicator



- **1Q 2020 RevPAU declined 31% y-o-y**
- Operations substantially scaled down at Citadines Zhuankou Wuhan during the height of the epidemic. **Full operations have since resumed**
- **First-tier cities resilient**, long-staying guests supported occupancies
- **Portfolio occupancy of about 50%**, compared to market occupancy of 23%<sup>1</sup> for the month of March 2020
- **Signs of normalcy returning to China** with the relaxation of lockdown measures and resumption of major events
- **Forward bookings for domestic accommodation and air travel have rebounded to >70% of previous levels<sup>2</sup>**
- STR observed that **midscale and economy hotels are driving the recovery** of the China lodging market<sup>1</sup>
- **ART to focus efforts to capture domestic market demand**; a significant proportion of ART's guests in China is domestic

Notes:

1. Source: STR
2. Source: The Straits Times

# Regional Updates – Asia Pacific

Progressive reopening but full recovery to take time

**68%**  
of total assets



**13** properties master leases  
**42** properties management contracts

Note: Figures above include properties in China

Key Markets	% of Total Assets	RevPAU Change <sup>1</sup>
Australia	13%	-28%
Japan	20%	-37%
Singapore	17%	-30%
Vietnam	4%	-20%

Note:

1. Refers to the y-o-y 1Q 2020 RevPAU change. RevPAU refers to the revenue per available unit of the properties under management contracts

Travel restriction indicator



- **Properties catering to transient stays most impacted** (e.g. in Australia, Japan and South Korea) while **those with long stays less so** (e.g. in Vietnam)
- **Temporary closure** of 2 properties in Japan and 1 property in South Korea
- **Rental housing portfolio** in Japan remained **resilient with occupancies over 90%**
- Pursued **alternative business opportunities** in Australia and Singapore, supporting frontline personnel, those on quarantine or affected by border closures
- **Phased reopening and lifting of movement controls in** many Asia Pacific markets
- Gradual pick-up in **domestic and regional travel**
- Asian governments are **prioritising business travellers** in their travel negotiations with one another
- ART's Asia Pacific portfolio caters to a **higher proportion of corporate guests (>50%)** and **longer average length of stay of 4 months**
- **ART properties** with more **domestic guests** (e.g. Australia) could experience a **faster pace of recovery**; others may take a longer time

# Regional Updates – Europe

Easing of lockdown measures

20%  
of total assets



22 properties  
master leases

7 properties  
MCMGI<sup>1</sup>

Key Markets	% of Total Assets	RevPAU Change <sup>2</sup>
France	7%	n.a.
United Kingdom	7%	-15%

Travel restriction indicator



- Decline in occupancy from March 2020
- **Temporary closure** of 11 properties in France, 1 in Belgium and 1 in Spain either due to government mandate or soft accommodation demand
- **Earnings protected** by fixed rents under master leases and minimum guarantee under MCMGI<sup>1</sup>, but a **protracted pandemic may put a strain** on lessees
- **Mitigation efforts** included supporting accommodation needs of healthcare workers
- **Demand for accommodation remains muted** in April and May
- **Easing of lockdown** in most countries, with European Union calling for **unrestricted free movement within Europe**
- **Plans to progressively reopen ART properties in regional France** from June 2020, to capture summer holiday demand

Notes:

1. MCMGI refers to Management Contracts with Minimum Guaranteed Income

2. Refers to the y-o-y 1Q 2020 RevPAU change. RevPAU refers to the revenue per available unit of the properties under management contracts with minimum guaranteed income

# Regional Updates – United States

Delicate steps toward recovery

Travel restriction indicator

**3** properties  
in New York City  
management contracts

**12%**  
of total assets



- **1Q 2020 RevPAU dropped 22% y-o-y**
- Performance affected by **absence of leisure and corporate demand** following the lockdown from March 2020
- While many New York City hotels were closed due to weak demand, **ART properties remained operational** with reduced staffing and costs
- **Deferred asset enhancement initiative** for DoubleTree by Hilton Hotel New York – Times Square South, in bid to conserve cash
- **Pursued business through alternative channels** to mitigate the drop in traditional market drivers, including housing healthcare workers and COVID-19 responders
- All 50 US states have begun to ease lockdowns and the **partial reopening of New York City from early June** could see some pick-up in domestic tourism and travel
- Baby steps to recovery could be counteracted by disruptions from protests or risk of resurgence

# Future Ready

Prioritising safety and leveraging digital touchpoints

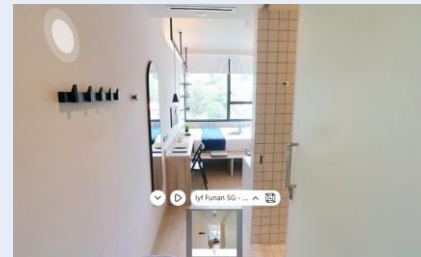


Leveraging the operational expertise of our Sponsor, The Ascott Limited, to:

- Provide high standards of hygiene and safety
- Improve digital solutions to provide greater value and safety
- Redesign our apartments to offer a more productive workspace

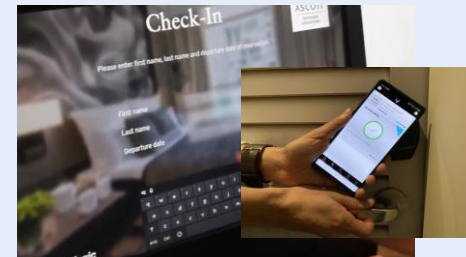


## Minimising person-to-person contact with technology



### 3D virtual tours

3D virtual tours provide prospective guests with the convenience of viewing our apartments without stepping out of their homes



### Self check-in kiosks & mobile key cards

Guests can enjoy a fast check-in experience and not worry about losing their physical key cards or coming into contact with our staff to obtain physical key cards



### Service robots

Service robot Xiao Ya performs a suite of tasks such as concierge services, leading guests to the rooms or facilities, delivering clean laundry and packages, and refilling room supplies

# Looking Forward

Staying resolute and agile

## Near-term performance under pressure, but early signs of recovery are on the horizon



- **Financial performance expected to be adversely impacted**
- **Long stays continue to offer resilience** as we **work closely with our lessees and operators** to navigate the challenges and **pursue all business opportunities**
- **Domestic/regional travel and midscale accommodation** are expected to lead lodging recovery globally, and our properties are well-positioned to capture the uptick in demand
- **Barring a second wave of the virus, there are nascent signs of a resumption in international travel** with the reopening of borders and formation of travel bubbles
- **While difficult to ascertain how long a full recovery will take**, our **strong financial and cashflow positions** will enable us to weather the downturn

## Positive on longer-term prospects of the hospitality sector



- Historically, tourism has shown unparalleled ability to recover from crisis and proven to be a key driver of international recovery<sup>1</sup>
- Continue to **adapt and future-ready** our properties to capture a rebound when it happens

Note:  
1. Source: UNWTO



# Thank you



ASCOTT  
RESIDENCE  
TRUST

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