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Ascott Residence Trust



# Annual General Meeting

22 April 2022

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# Covid-19 Situational Update



Citadines Tour Eiffel Paris



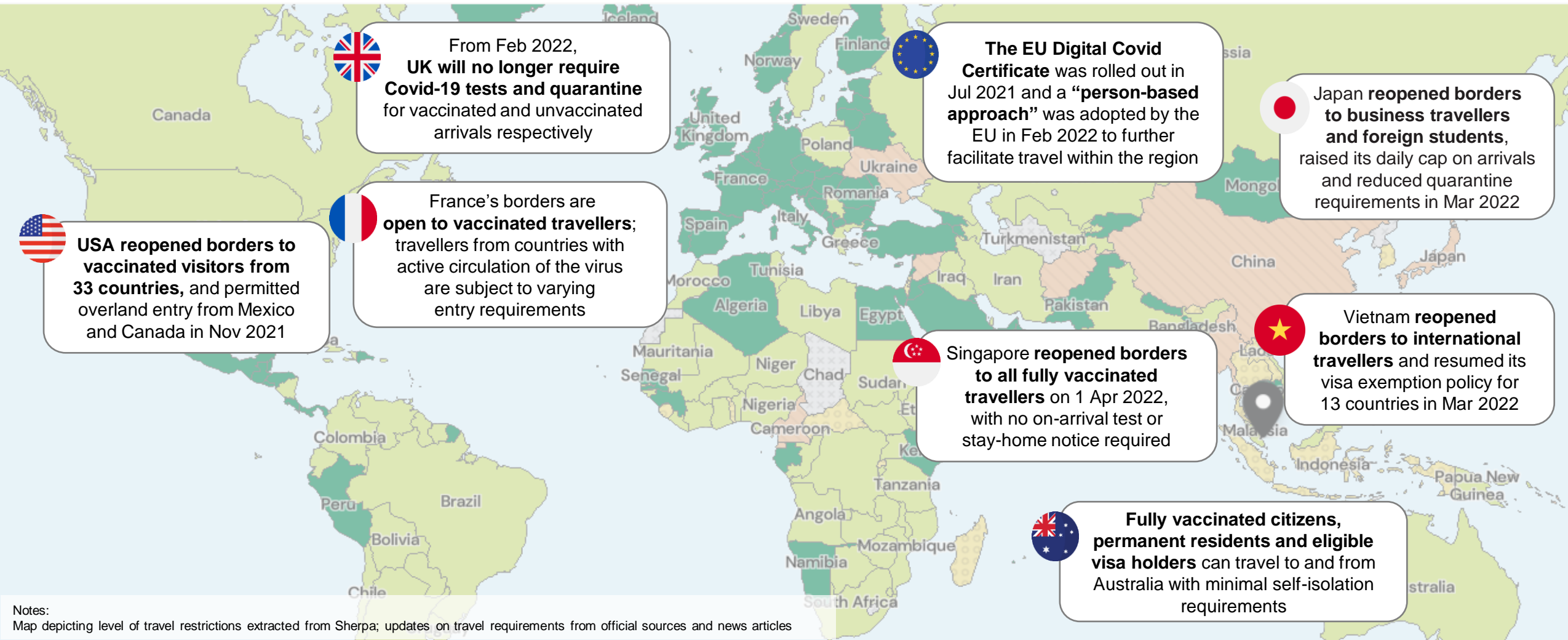
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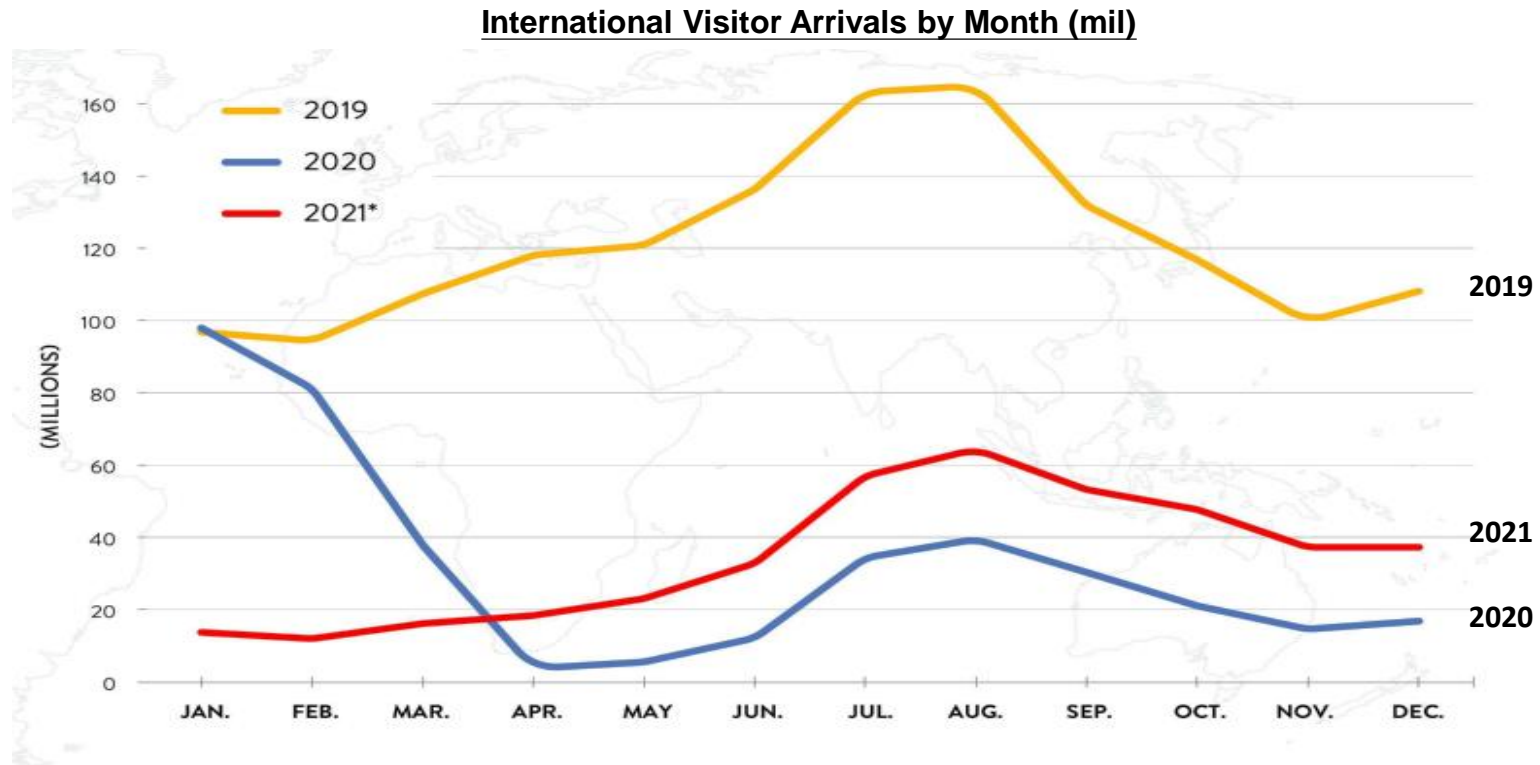
# More Countries Reopened Borders in 2H 2021 as Vaccination Rates Picked Up

As Omicron caseloads ebbed, border restrictions were further relaxed in late 1Q 2022



# International Visitor Arrivals Increased 4% Y-o-Y in 2021

Americas and Europe drove recovery in 2H 2021, rebounding 128% and 85% Y-o-Y



Recovery driven by traveller confidence, vaccination progress and easing of restrictions

\*Provisional data

Source: UNWTO, January 2022 UNWTO World Tourism Barometer Overview

# FY 2021 Highlights



# Largest Global Hospitality Trust in Asia Pacific

Constituent of FTSE EPRA Nareit Global Developed Index

**\$7.7b**

Total Assets

**>17,000<sup>1</sup>**

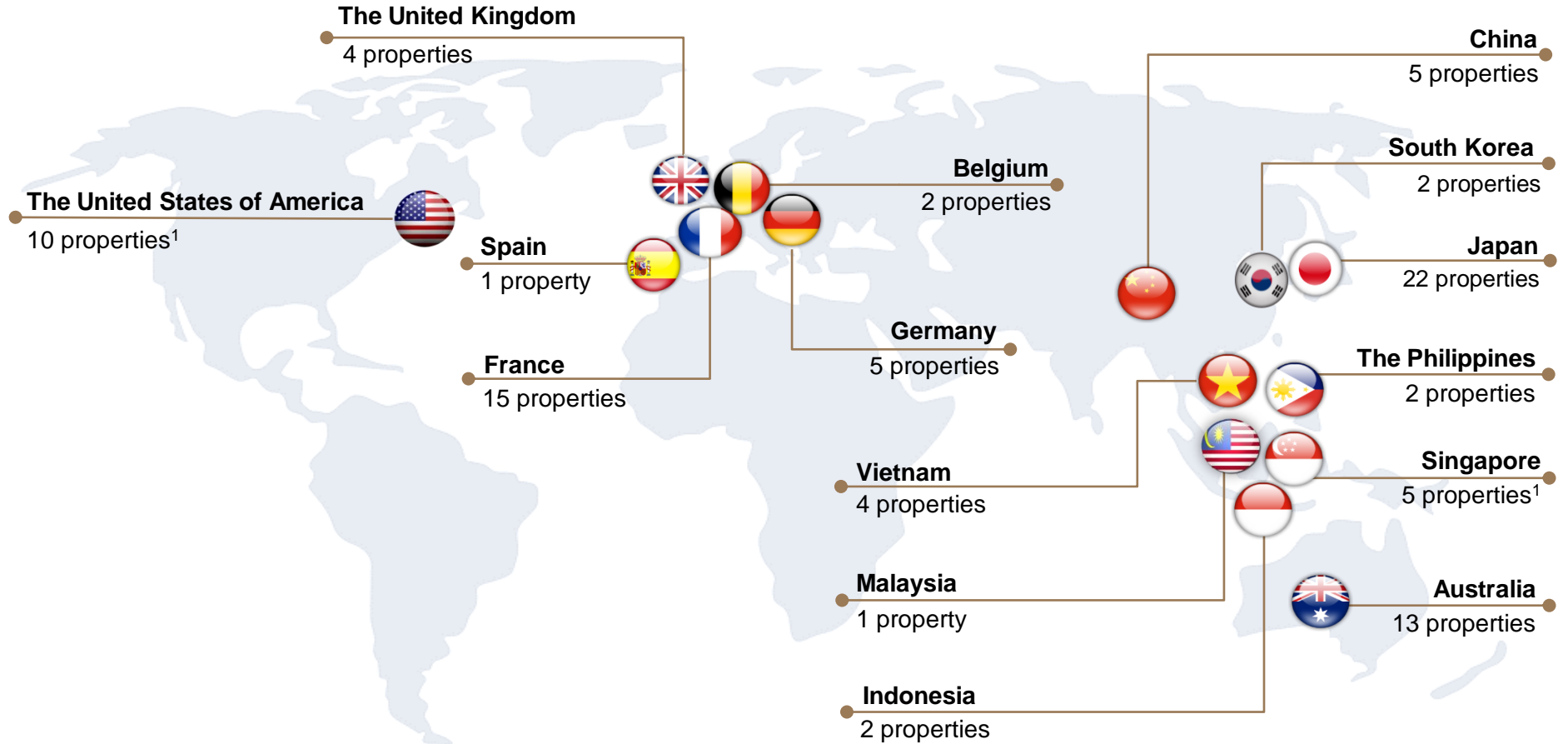
Units

**93<sup>1</sup>**

Properties

**43**

Cities in 15 countries



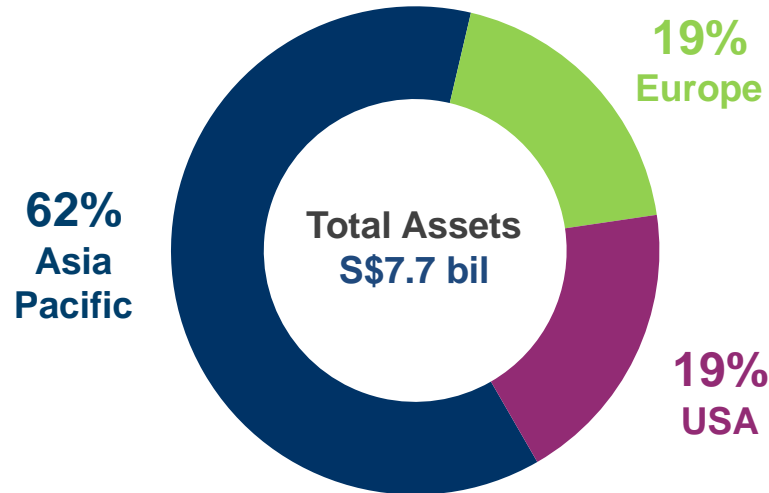
Notes: Above as at/for period ended 31 December 2021 unless otherwise stated

1. Including Somerset Liang Court Singapore and Standard at Columbia which are currently under development

# Resilience Amid Covid-19

Diversified, predominantly long-stay portfolio enabled ART to navigate the varied pace of recovery across markets and generate positive cash flow

Global presence across 15 countries,  
anchored in Asia Pacific



Predominantly  
long-stay  
lodging portfolio



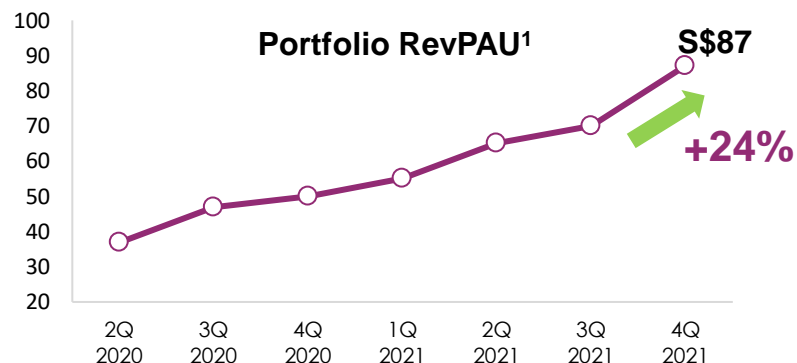
Note: Above are as at/for the full year ended 31 December 2021

# FY 2021 Highlights

Riding the travel recovery and pivoting to longer-stay accommodation



6 successive quarters  
of RevPAU recovery



4Q 2021 marked **strongest quarter-on-quarter recovery**

**43% y-o-y increase in Distribution per Stapled Security** to 4.32 cents in FY 2021

Notes:

1. Revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income, excludes master leases, rental housing and student accommodation
2. Refers to the divestments in 2020 and 2021. Exit yield is computed based on the properties' Net Operating Income / Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in the last financial year before they were divested.
3. For Standard at Columbia, which is under development, the EBITDA yield is a target yield on a stabilised basis



Expanding investment mandate,  
building income stability

**c. S\$780 mil in investments**  
in rental housing and student  
accommodation announced during the year

**Divesting at c. 2% exit yields<sup>2</sup>**

**Investing at c. 5% EBITDA yields<sup>3</sup>**

Successful replacement of distribution  
income lost to divestments at higher yields



Rejuvenating  
the portfolio

**Completion and opening of maiden development project**  
lyf one-north Singapore

**Ongoing and new developments**  
Somerset Liang Court in Singapore  
and Standard at Columbia in USA

**Completion of refurbishment and rebranding**  
voco Times Square South

# Rise in Distributions as Recovery Picked up Pace

Improvement in operating performance and distribution of divestment gains



## FY 2021 Distribution per Stapled Security (DPS)

**increased 43% y-o-y to 4.32 cents**

on improvement in operating performance and distribution of divestment gains

**increased 85% y-o-y** excluding divestment gains of  
S\$45 million distributed in both FY 2020 and FY 2021

Revenue

▲ **7%**

y-o-y  
to S\$394.4 mil

Gross Profit

▲ **16%**

y-o-y  
to S\$173.3 mil

Distribution Income

▲ **46%**

y-o-y  
to S\$137.3 mil

DPS

▲ **43%**

y-o-y  
to 4.32 cents

DPS excluding  
divestment gains distributed

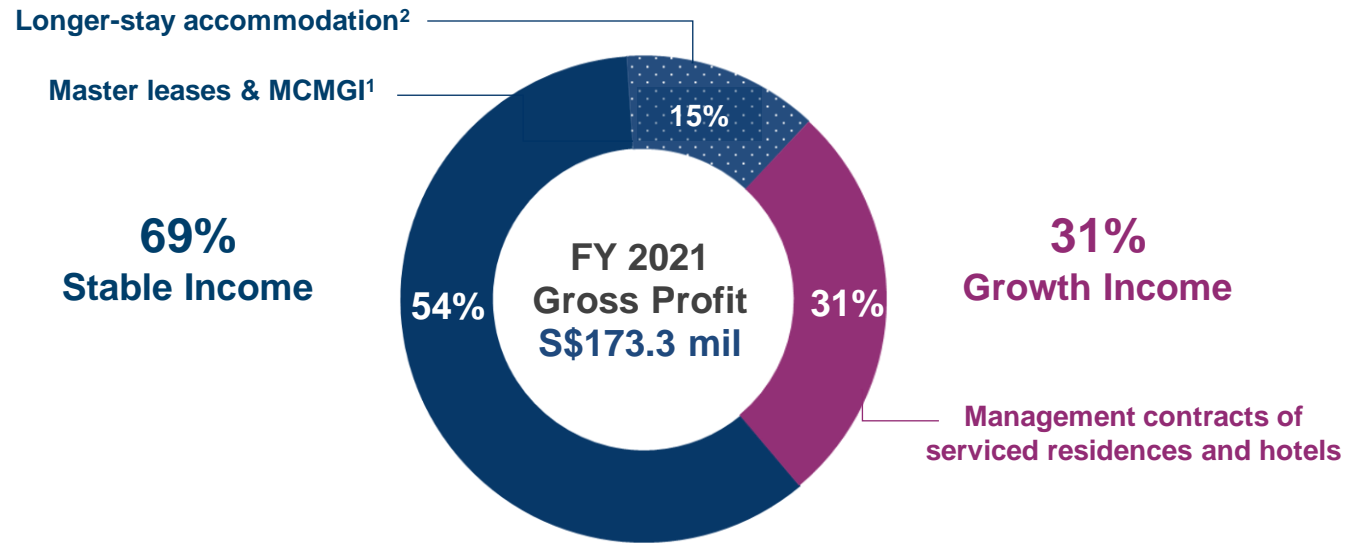
▲ **85%**

y-o-y  
to 2.92 cents

# Underpinned by Stable Income Sources

Master leases, MCMGI<sup>1</sup> and longer-stay accommodation provided downside protection during Covid-19

**Stable income sources comprised about 70% of ART's FY 2021 gross profit**  
**Rental housing and student accommodation performed well, registering occupancies of over 90%**



Mix of Contract Types	30	4	57
	Master Leases	MCMGI <sup>1</sup>	Management Contracts

*Note: Excludes 2 properties which are currently under development*

Notes: Above are as at/for the full year ended 31 December 2021

- 1. Management contracts with minimum guaranteed income
- 2. Management contracts of rental housing and student accommodation

# Well-spread Master Lease Expiry Profile

Weighted average lease to expiry of c.7 years; leases expiring in 2022 on track for renewal



- Master lease for **Park Hotel Clarke Quay** (currently known as Riverside Hotel Robertson Quay) was terminated in Aug 2021; currently managed by ART's Sponsor **under short-term management contract**
- Master lease for **Citadines Kurfürstendamm Berlin**, expiring in 2022, has been renewed on **fixed rent terms** based on independent market review; negotiations on the renewal of the master lease for Ascott Orchard Singapore are currently underway
- Master lease for **Citadines Les Halles Paris** was renewed ahead of its expiry in 2024 on **fixed rent terms at pre-Covid levels**

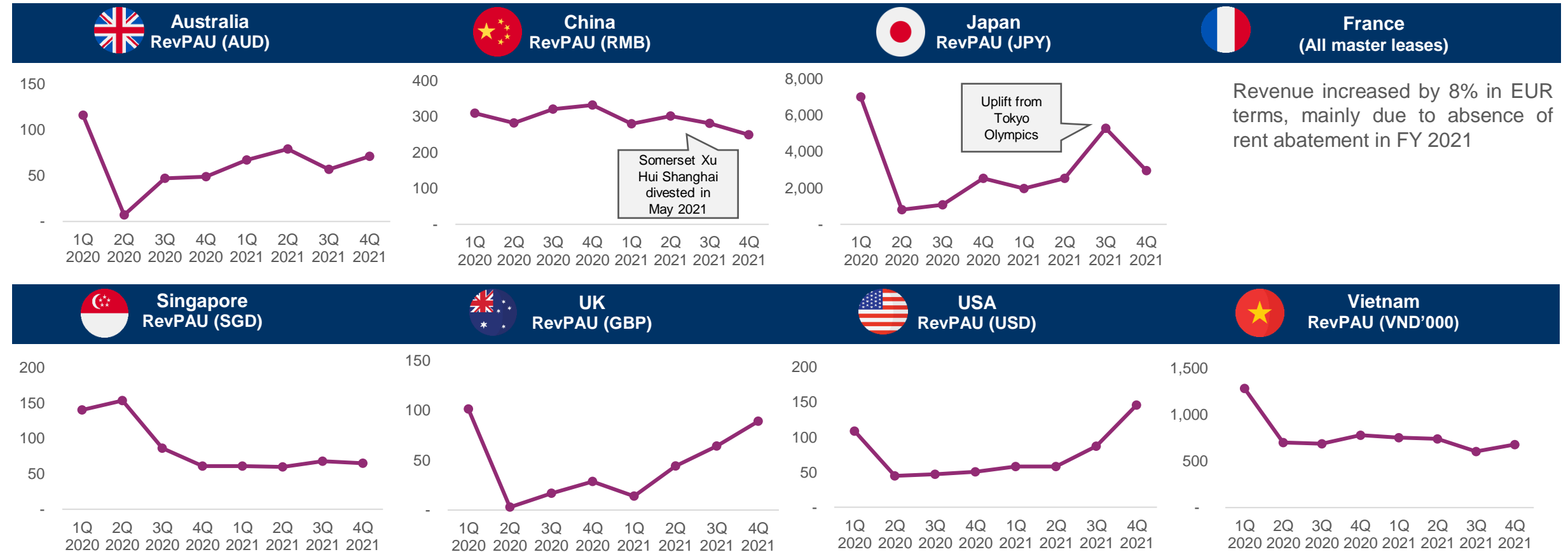
Note:

1. Percentage of gross rental income for master leases expiring at respective years over the total gross rental income for all master leases

# Broad-based Recovery Across Key Markets

USA and UK led the recovery in 2H 2021, gradual pick-up in other markets as restrictions were eased

----- Revenue per available unit<sup>1</sup> of key markets under management contracts and management contracts with minimum guaranteed income (MCMGI) -----



Note:

1. Revenue per available unit excludes master leases, rental housing and student accommodation

# Portfolio Updates



Uncommon Wilmington



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# Creating Value for Stapled Securityholders

Divesting at average exit yield of c.2%<sup>1</sup> and investing at average EBITDA yield of c.5%<sup>2</sup>

## Active Portfolio Reconstitution



Divestment proceeds of **c.S\$580 mil** from divestments in FY 2020 and FY 2021

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Investments of **c.S\$780 mil<sup>3</sup>** in FY 2021, successfully replacing the distribution income of divested properties

Total Stapled Securityholder returns of **>300%<sup>4</sup>** since IPO

Notes:

1. Refers to the divestments in 2020 and 2021. Exit yield is computed based on the properties' Net Operating Income / Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) in the last financial year before they were divested.
2. For Standard at Columbia, which is under development, the EBITDA yield is a target yield on a stabilised basis.
3. Refers to the total purchase consideration for the student accommodation and rental housing properties, as well as ART's investment in Standard at Columbia (comprising ART's investment in the initial 45% stake, estimated cost of the additional 5% stake which ART will acquire at fair market valuation, and other deal related expenses).
4. Computation from Bloomberg and assumes reinvestment of distributions back in the security.

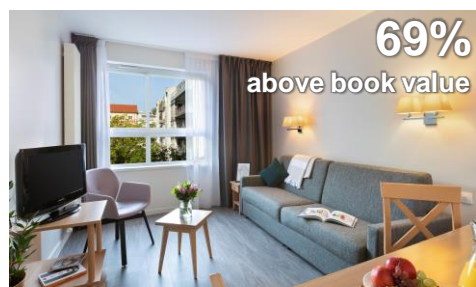
# Divesting at Premium to Book Despite Covid-19

Divesting properties that have reached their optimal stage of life cycle

## Completed in 2021



Citadines City Centre Grenoble

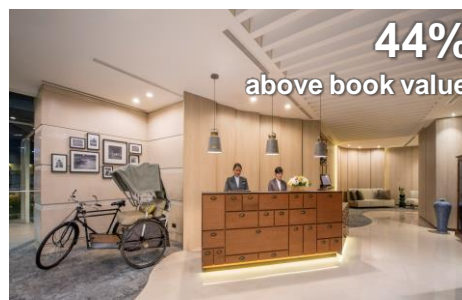


Citadines Didot Montparnasse Paris

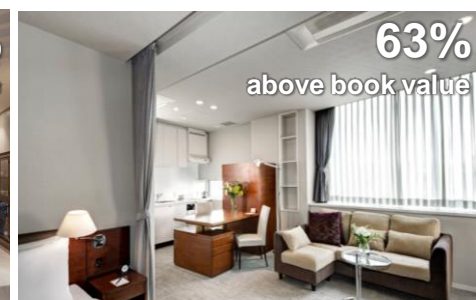


Somerset Xu Hui Shanghai

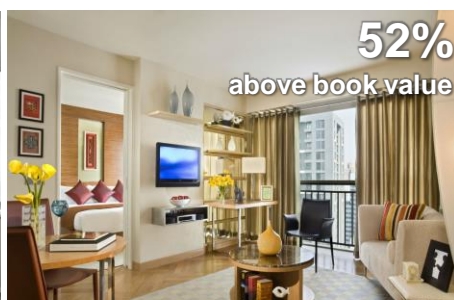
## Completed in 2020



Somerset Liang Court Singapore



Somerset Azabu East Tokyo



Ascott Guangzhou

c. **S\$225** mil in net gains  
from divestments in FY 2020 and FY 2021

c. **S\$0.7** bil in net gains  
from divestments since IPO

- Capacity to supplement distributions to Stapled Securityholders, if necessary
- S\$45 million in past divestment gains distributed in FY 2020 and FY 2021

Proceeds from divestments enhanced  
ART's liquidity and flexibility to:

- Pare down debt;
- Rejuvenate portfolio; and/or
- Recycle capital into higher-yielding assets

# Growing Footprint in Longer-stay Lodging

Foray into student accommodation asset class for income stability

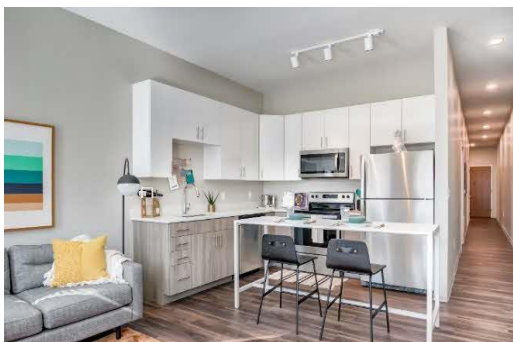
## Expansion of investment mandate into student accommodation



Paloma West Midtown, Georgia

Invested c.\$700 million in 8 USA student accommodation properties with >4,400 beds in a year

- Strategically-located properties that serve **reputable universities** with strong athletics programmes, **large student populations and steady enrolment growth**
- Despite border closures during Covid-19, ART's student accommodation properties performed well and registered **average occupancy of >90%** due to USA's **predominantly-local student population**
- **Average length of stay of c.1 year** offers income stability



The Link University City, Pennsylvania

## Building on success of ART's rental housing portfolio in Japan



Alpha Square Kita 15 jo

Invested c.\$85 mil in 3 Japan rental housing properties in FY 2021

Announced c.\$125 mil turnkey acquisition in 5 longer-stay properties in Mar 2022

- Expanding in **Japan's growth cities**, where demand for rental accommodation outstrips supply
- Despite Covid-19, ART's rental housing properties performed well and registered **average occupancy of >95%** as they serve Japan's domestic corporate segment
- **Average length of stay of c.2 years** offers income stability
- Low debt funding cost which enhances **cash yield**



Big Palace Minami 5 jo

# Building Resilience and Income Stability

Progressing towards medium-term target of 25 – 30% of portfolio value in longer-stay accommodation

**86**  
No. of Properties  
As at Dec 2020



**99**  
No. of Properties  
Post-acquisitions announced  
in 2021 and YTD 2022



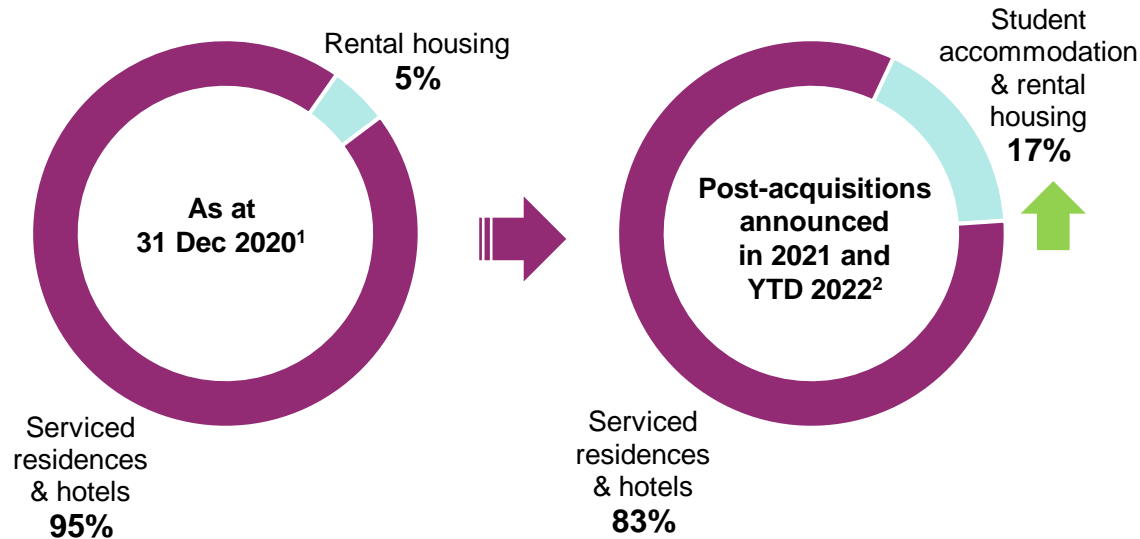
**54**  
Serviced  
residences

**18**  
Hotels /  
Business hotels

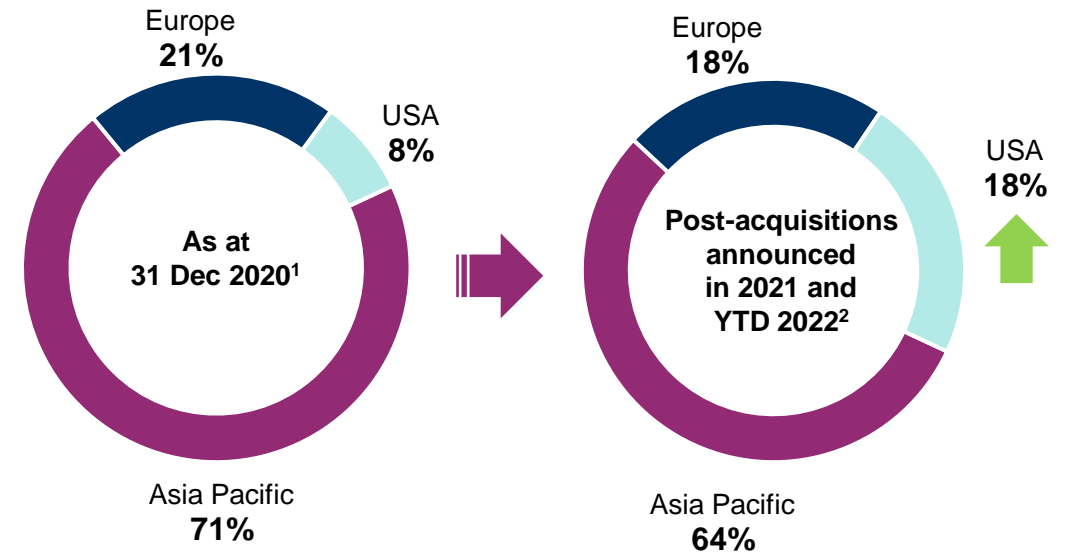
**18**  
Rental  
housing

**9**  
Student  
accommodation

Portfolio Value by Asset Class



Portfolio Value by Region



Notes:

1. Portfolio value is based on the property valuations as at 31 December 2020 and property development expenditure of properties under development
2. Portfolio value is based on property valuations as at 31 December 2021, and the property development expenditure of Latitude at Kent (which was acquired in February 2022), 5 turnkey properties in Japan and properties under development

# Rejuvenating the Portfolio with New Offerings

Development projects designed to cater to the new normal

## Redevelopment of Somerset Liang Court Singapore



- **192-unit Somerset serviced residence with hotel licence** in the popular riverfront lifestyle and entertainment Clarke Quay precinct
- Development update:
  - Site works commenced in mid-July 2021
  - Foundation piling works have commenced and expected to continue through 2023
- Development expected to **complete in 2H 2025**

Note: Expected opening dates and property details are subject to change

## Development of Standard at Columbia in South Carolina, USA



- **678-unit freehold student accommodation** in South Carolina, USA
- Joint development with Sponsor, The Ascott Limited, and third-party partner
- Development update:
  - Construction commenced in 3Q 2021
  - Building expected to top out in 2Q 2022
- Development expected to **complete in 2Q 2023**

# Rejuvenating the Portfolio with New Offerings

Brand new and refurbished properties to capture the recovery in travel demand

## Opening of lyf one-north Singapore

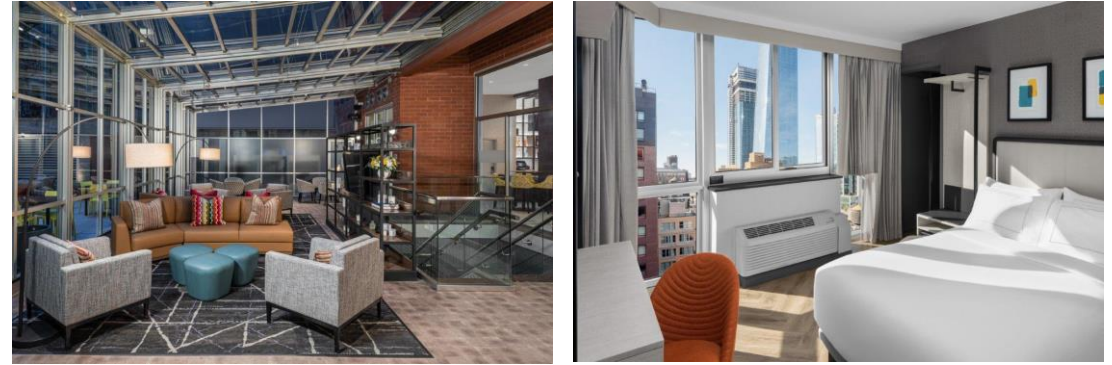


- **324-unit coliving property** designed for next-generation travellers
- **Soft-opened in Nov 2021, final TOP obtained in Jan 2022**
- Catering to technopreneurs, creatives and self-starters of prominent research and knowledge-based organisations, start-ups and business schools in the area
- 96%<sup>1</sup> occupancy achieved during first phase of opening and >85% occupancy within less than six months of opening, with bookings from companies and educational institutions in the vicinity

Note:

1. Based on inventory available for sale during the first phase of opening

## Refurbishment and rebranding of Hotel Central Times Square in USA



- **Launched as voco Times Square South in Nov 2021**
  - voco™ – premium positioning within the IHG stable of brands, with a thoughtful, unstuffy and charming brand personality
  - Expected uplift in room rates post-renovation
- USD 10 mil refurbishment of guest rooms and public areas
- Well-positioned to ride the travel recovery

# Capital Management

Strong financial capacity and healthy liquidity position



## Strong capital management

**S\$1.19<sup>1</sup>**

NAV per Stapled Security

**48%**

Total assets in foreign  
currency hedged

**0.2% (loss)**

Impact of foreign exchange after hedges on  
gross profit for FY 2021



## Robust financing flexibility

**37.1%**

Gearing  
(c. S\$1.9 bil debt  
headroom<sup>2</sup>)

Interest cover

**3.7X<sup>3</sup>**

**1.6%**

per annum  
Low effective  
borrowing cost

**68%**

of property value  
unencumbered

**BBB-** (Stable Outlook)

Fitch Ratings



## Fortifying liquidity

**c.S\$1.04 bil**

Total available funds<sup>4</sup>

**S\$150 mil** was raised through a  
**private placement in Sep 2021** and  
successfully deployed towards acquisitions

**72% : 28%**

Bank loans : Medium Term Notes

**c.74%**

Total debt  
on fixed rates

**2.7 years**

Weighted average  
debt to maturity

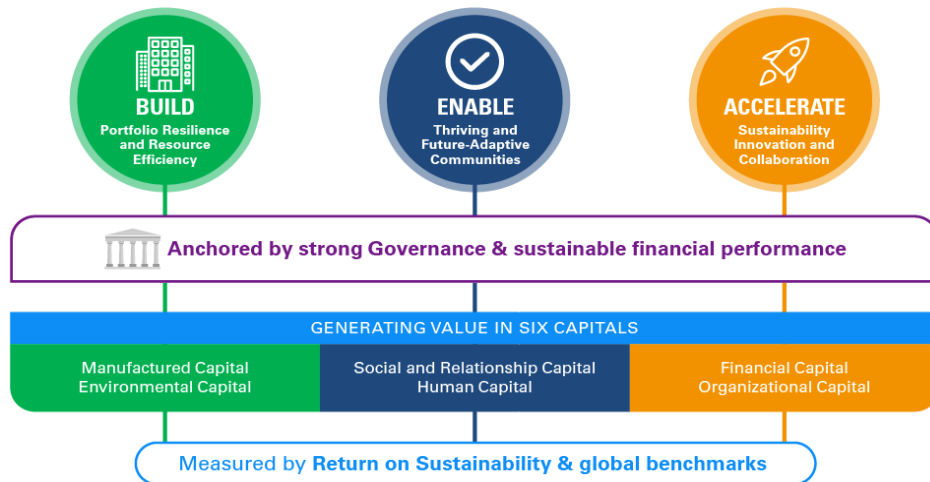
Notes: Above as at/for period ended 31 December 2021

1. The adjusted NAV per Stapled Security excluding distribution is S\$1.17
2. Refers to the amount of additional debt before reaching aggregate leverage of 50%
3. Computed based on trailing 12 months from January 2021 to December 2021
4. Comprising c.S\$340 mil in cash on-hand and c.S\$700 mil in available credit facilities as at 31 December 2021; includes committed credit facilities amounting to approximately S\$225 mil

# Commitment to Sustainability & Corporate Governance

Aligned with CapitaLand's 2030 Sustainability Master Plan

## CapitaLand's Sustainability Master Plan and 2030 targets (using 2008 as a base year)



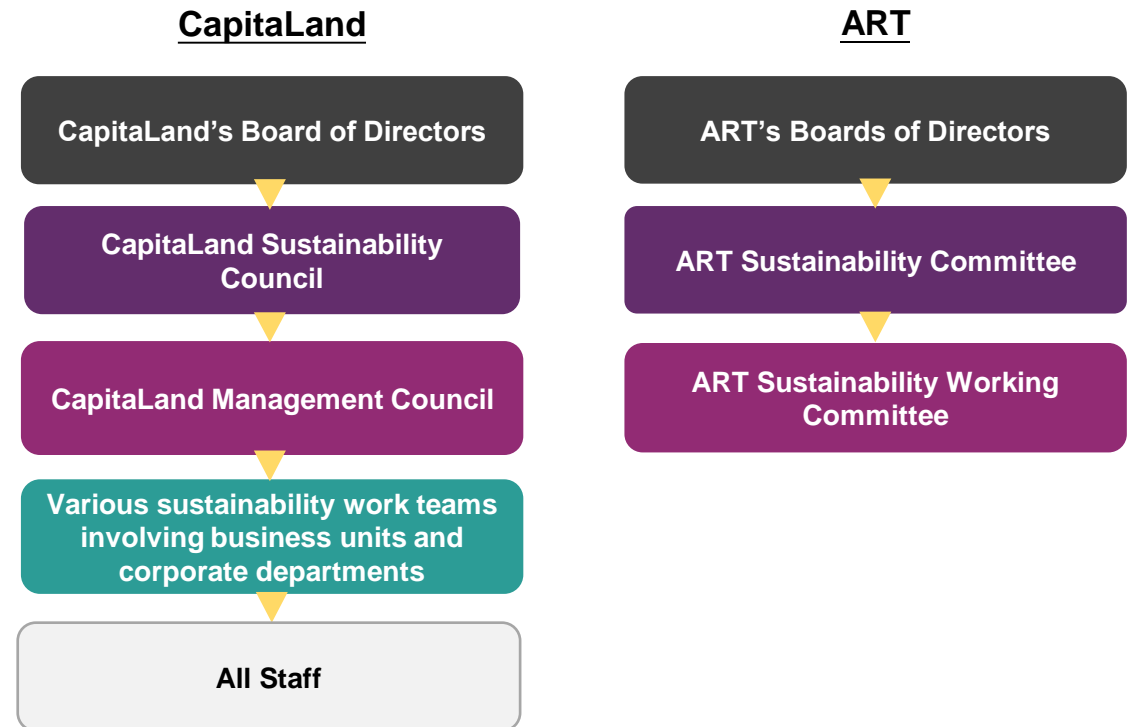
### Reduce:

- Carbon emissions intensity by **78%**
- Energy consumption intensity by **35%**
- Water consumption intensity by **45%**



**Increase** proportion of total electricity consumed from **renewable sources** to **35%**

## Strategic Sustainability Management Structure



# Commitment to Sustainability & Corporate Governance

Sustainability at the core of everything we do

## Awards & Accolades



### Global Sector Leader – Hotel

Global Real Estate Sustainability  
Benchmark 2021

### Ranked 1<sup>st</sup> in REITs and Business Trusts category

Singapore Governance and  
Transparency Index 2021

### Best Crisis Management

IR Magazine Awards – SEA 2021  
Mid to large cap category

## Sustainability Highlights



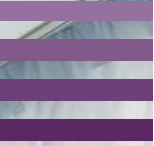
**33% green-certified properties**  
as at 31 Dec 2021

Target to green 50% of ART's portfolio by  
2025 and 100% by 2030

### Sustainable finance

- **First hospitality trust in Singapore** to secure a **green loan** for lyf one-north Singapore, which is certified BCA Green Mark Gold<sup>PLUS</sup>, in Jan 2021
- Published **Sustainability-linked Finance Framework** and obtained second-party opinion in Feb 2022
- **First hospitality trust globally and first REIT in Singapore** to issue a **sustainability-linked bond** in Apr 2022

# Looking Ahead



Somerset Millennium Makati



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# Embracing an Endemic Approach

Steadfast commitment towards reopening despite resurgence



## Outlook expected to improve as governments remain committed towards reopening their economies

- Barring the emergence of new variants of the virus or protracted periods of resurgence, the outlook for travel is expected to improve in 2022 as more countries have eased international border controls post-Omicron
- With higher vaccination rates and an increase in booster shots being administered globally, there is greater confidence in handling the pandemic
- In the interim, the pace of recovery is expected to remain varied and largely driven by the domestic segment, with Europe and USA leading the recovery; countries with long stays expected to remain resilient



## Underpinned by strong fundamentals, ART is well-placed to ride the recovery


- Diversified portfolio of predominantly long-stay properties and presence in large domestic markets
- Continued focus on increasing asset allocation in longer-stay accommodation for income stability while capturing growth from recovering markets
- Strong financial capacity and healthy liquidity position offer flexibility to pare down debt and/or distribute part of the gains from divestments to Stapled Securityholders

# Ascott Residence Trust's Positioning

Proxy to recovery of hospitality sector, underpinned by stable income base and strong fundamentals

## Geographical Allocation

**Global in Presence, Anchored in Asia Pacific**



**60% Asia Pacific**      **40% Europe / USA**

- Largest hospitality trust in Asia Pacific
- Diversified across 15 countries, Asia Pacific remains core
- Presence in large domestic markets and key gateway cities

## Target Asset Allocation

**Stable Income Base from Longer-stay Lodging**

**25-30% in longer-stay accommodation**

Resilient and counter-cyclical assets

**Capturing Growth as Travel Restarts**

**70-75% in serviced residences and hotels**

Beneficiaries of travel recovery 

- Committed to delivering sustainable returns to Stapled Securityholders
- Backed by strong sponsor, The Ascott Limited, one of the leading international lodging owner-operators

on a rewarding journey with



**asr** *ascott  
star  
rewards*

Sign up and enjoy an  
upgrade to Silver tier  
membership today.



- Discounts off Best Flexible Rates
- Early check-in and late check-out, subject to availability
- Birthday rewards and more!



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**Thank You**