

Ascott Residence Trust



Singapore REITs Symposium 2022

21 May 2022

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Residence Trust

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Citadines Central Shinjuku Tokyo

Overview of Ascott Residence Trust

Ascott Orchard Singapore



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A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index

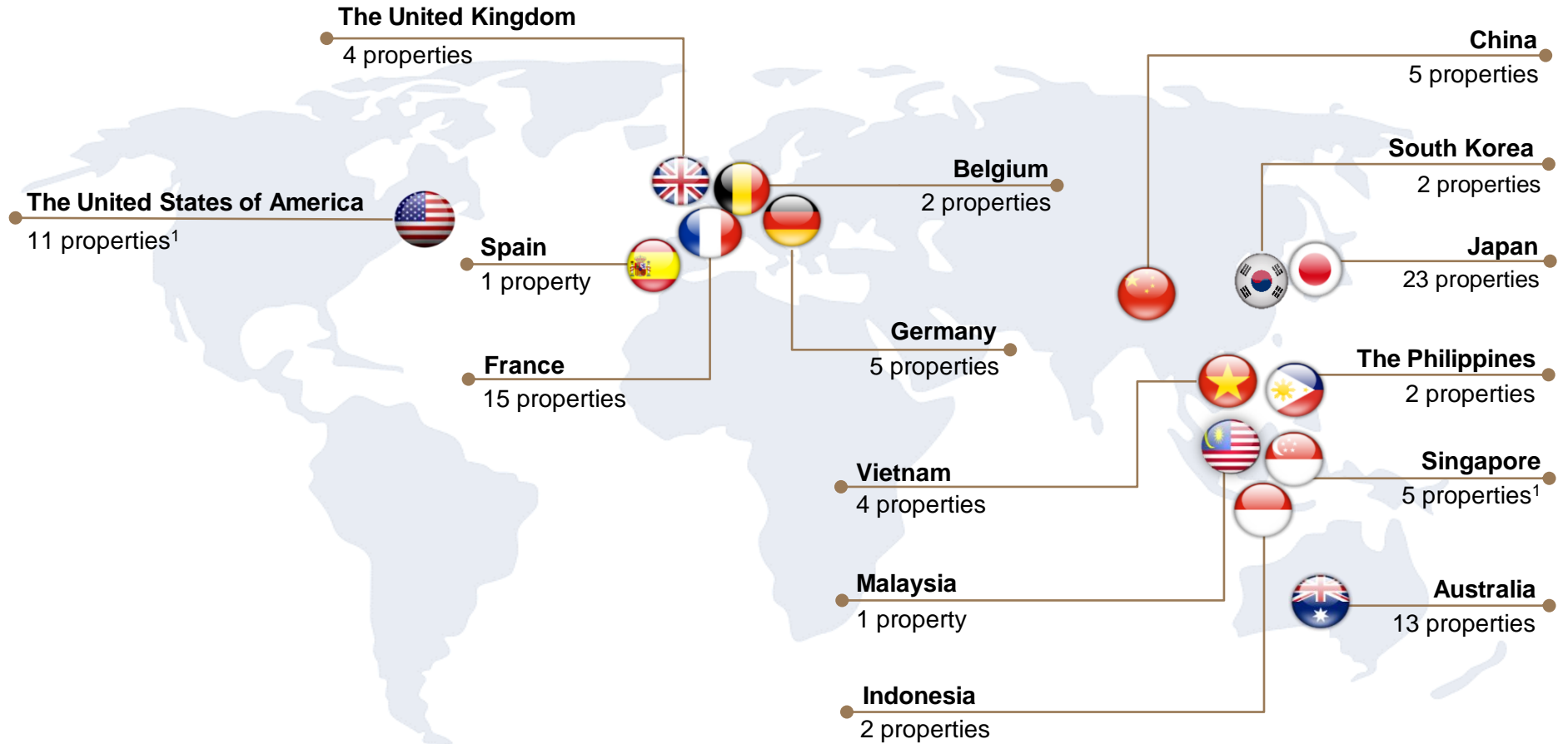
\$7.7b

Total Assets
as at 31 Dec 2021

>17,000¹
Units

95¹
Properties

44
Cities in 15 countries



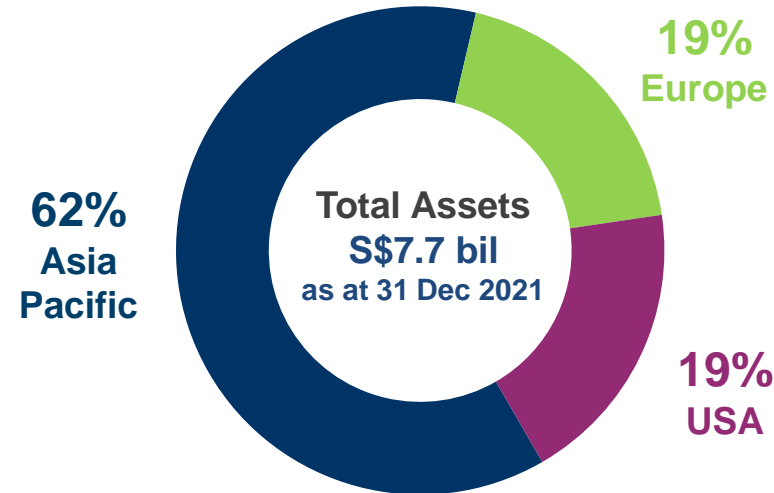
Notes: Above as at/for period ended 31 March 2022 unless otherwise stated

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

Resilience Amid Covid-19

Diversified, predominantly long-stay portfolio enables 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

54

Serviced
Residences

18

Hotels/
Business Hotels

14

Rental
Housing

9

Student
Accommodation

Mix of stable
and growth
income
sources

31

Master
Leases

4

MCMGI

58

Management
Contracts

Note: Excludes 2 properties which are currently under development

Note: Above are as at 31 March 2022 unless otherwise stated

Strong Sponsor – The Ascott Limited

One of the leading international lodging owner-operators



c.135,000

Units

Includes units under development

c.800

Properties



200

Cities

>30

Countries

>30 years track record

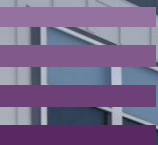
Strong alignment of interests

c.40% sponsor stake¹ in ART



Notes: Figures updated as at March 2022

1. Held through CapitaLand Group



Financial Highlights



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Paloma Raleigh
(formerly known as Latitude on Hillsborough)

FY 2021: Rise in Distributions as Recovery Picked up Pace

Improvement in operating performance and distribution of divestment gains



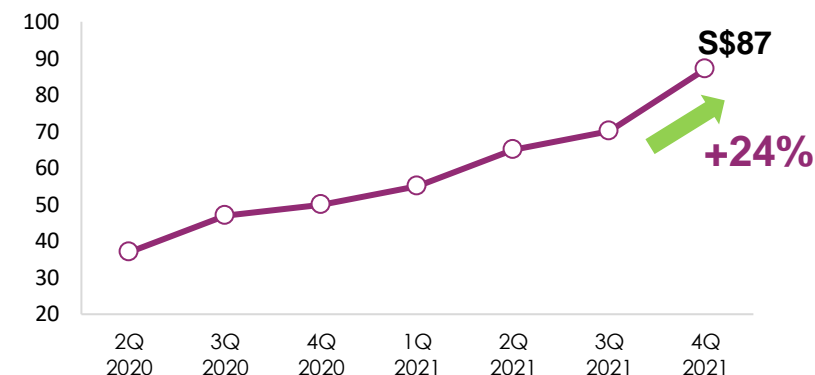
FY 2021 Distribution per Stapled Security (DPS)

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

6 successive quarters of RevPAU recovery



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

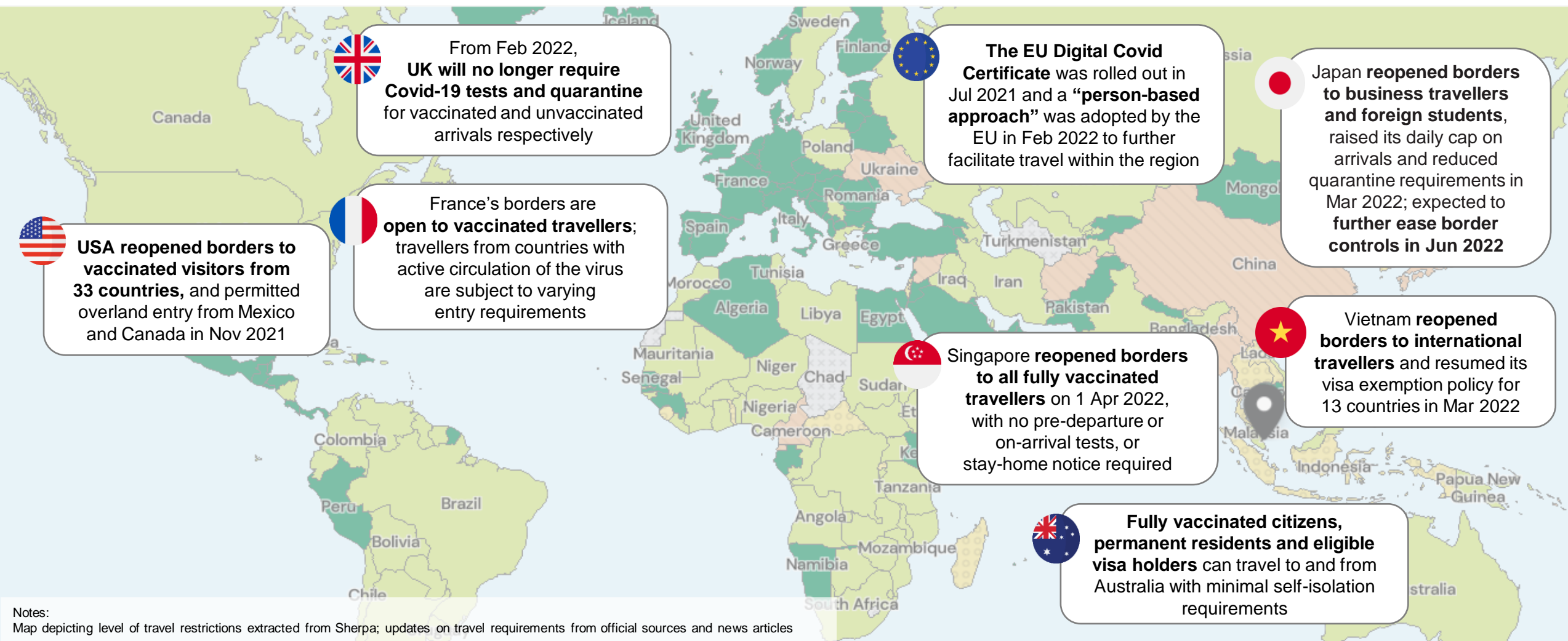
DPS excluding divestment gains distributed

▲ **85%**

y-o-y
to 2.92 cents

More Countries Substantially Eased Border Controls in end-1Q 2022

As Omicron caseloads ebbed, several markets reopened their borders to vaccinated travellers



1Q 2022 Highlights

Higher stable income contribution due to acquisitions; 22% y-o-y increase in portfolio RevPAU¹

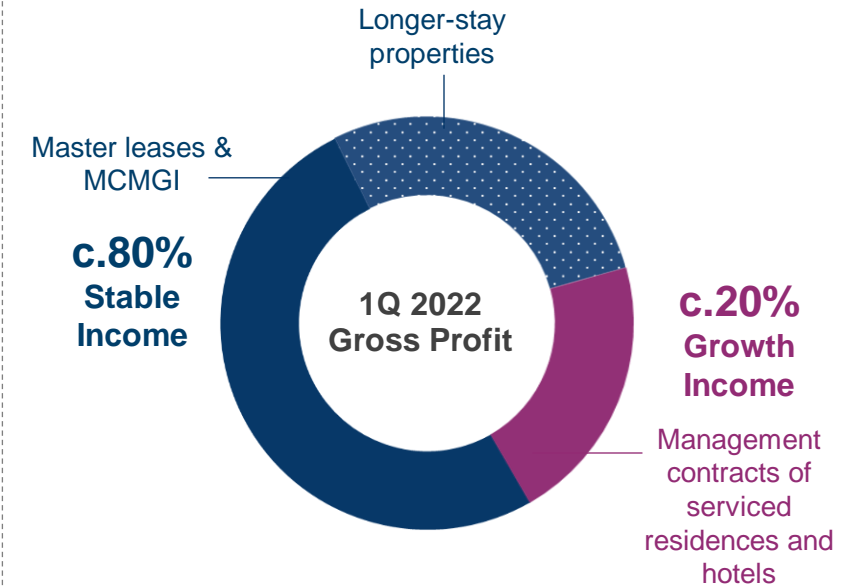


Revenue and gross profit increased y-o-y due to contributions from newly-acquired properties and stronger operating performance of the portfolio

- Excluding the contributions from 11 new properties and 3 properties divested in FY 2021, **same-store revenue was higher y-o-y due to stronger operating performance**

❖ **Stable income² comprised about 80% of 1Q 2022 gross profit**

- Longer-stay properties** (rental housing and student accommodation) **contributed c.28% of 1Q 2022 gross profit**, up from c.12% in 1Q 2021
- Performance of longer-stay properties remained resilient with **average occupancy at >95%**
- Completed acquisition of student accommodation Latitude at Kent in USA in Feb 2022 and announced **accretive turnkey acquisitions of 5 longer-stay properties in Japan** in Mar 2022
- Master lease contribution was lower y-o-y mainly due to divestments in France last year and reclassification of Park Hotel Clarke Quay from master lease to management contract; **on a same-store basis, master lease gross profit increased y-o-y** due to Australia, France and Singapore



Notes:

- Revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income (MCMGI), excludes master leases, rental housing and student accommodation
- Stable income sources include master leases, MCMGI, rental housing and student accommodation

1Q 2022 Highlights

Higher stable income contribution due to acquisitions; 22% y-o-y increase in portfolio RevPAU¹

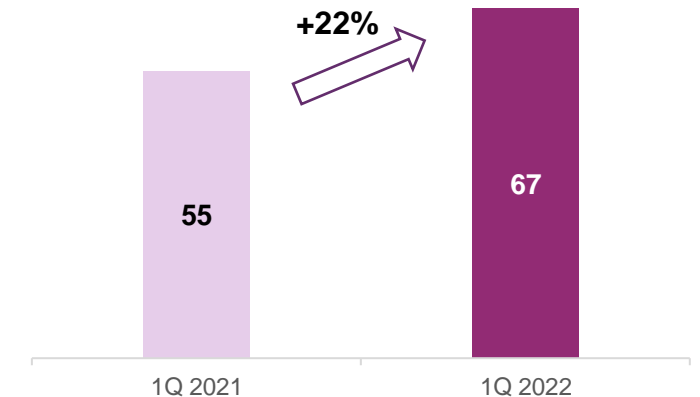


Revenue and gross profit increased y-o-y due to contributions from newly-acquired properties and stronger operating performance of the portfolio

❖ Portfolio RevPAU¹ rose 22% y-o-y to S\$67 in 1Q 2022 despite Omicron

- Demand for travel was curtailed in Jan-Feb 2022 when **restrictions were imposed** to curb the spread of the Omicron variant
- **Pent-up demand translated to a strong pick-up in Mar 2022** when restrictions were lifted as caseloads ebbed, particularly in UK, USA, Japan and Australia
- As more countries reopened their borders to vaccinated travellers, there was an **uptick in international corporate and leisure bookings**
- 3 properties (2 in Singapore, 1 in Australia) **transited from block bookings to welcoming public guests**, in line with the respective countries' reopening plans
- **Higher RevPAU in 1Q 2022 was driven by an increase in average daily rates (ADR) and occupancy**

Portfolio RevPAU¹ (S\$)



Note:

1. Revenue per available unit of properties under management contracts and MCMGI, excludes master leases, rental housing and student accommodation



Key Market Highlights



La Clef Louvre Paris

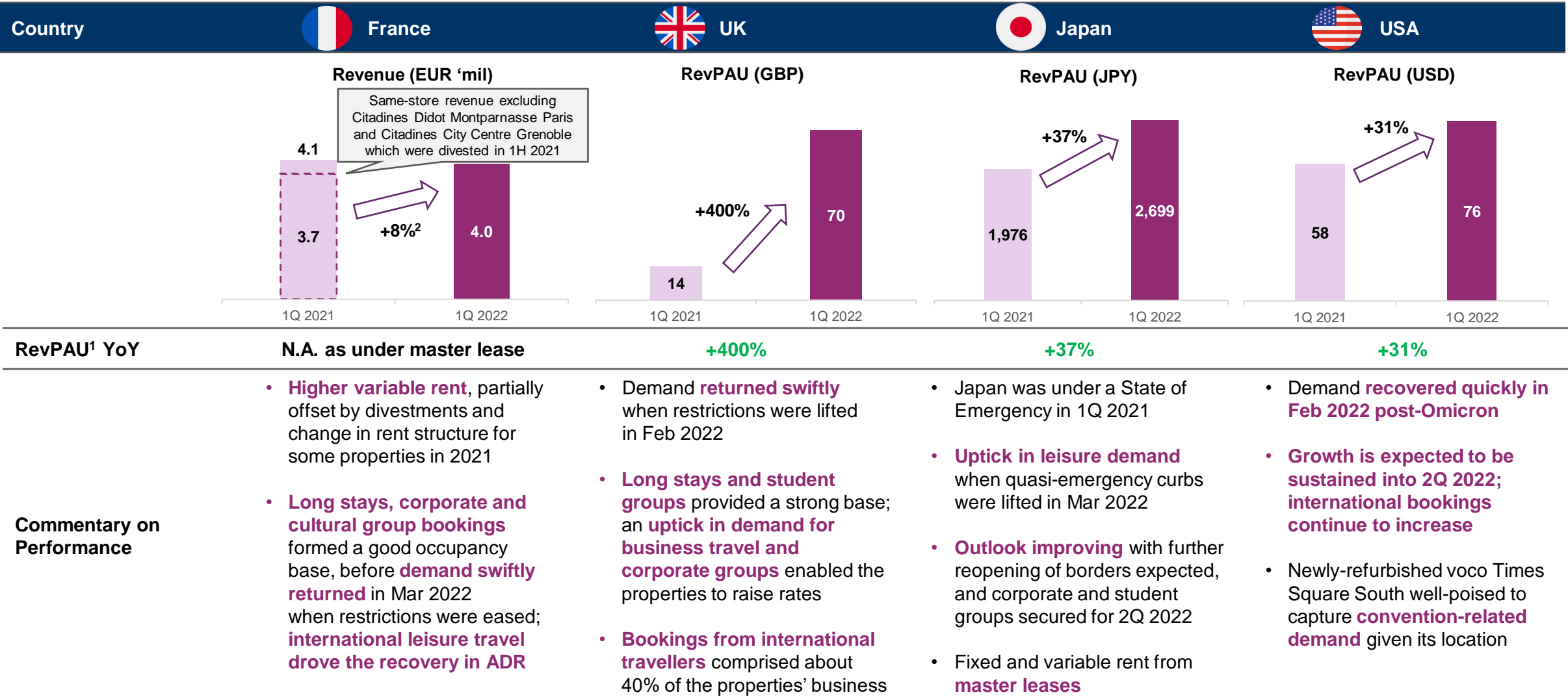


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Recovery Momentum Picks Up Across Most Key Markets

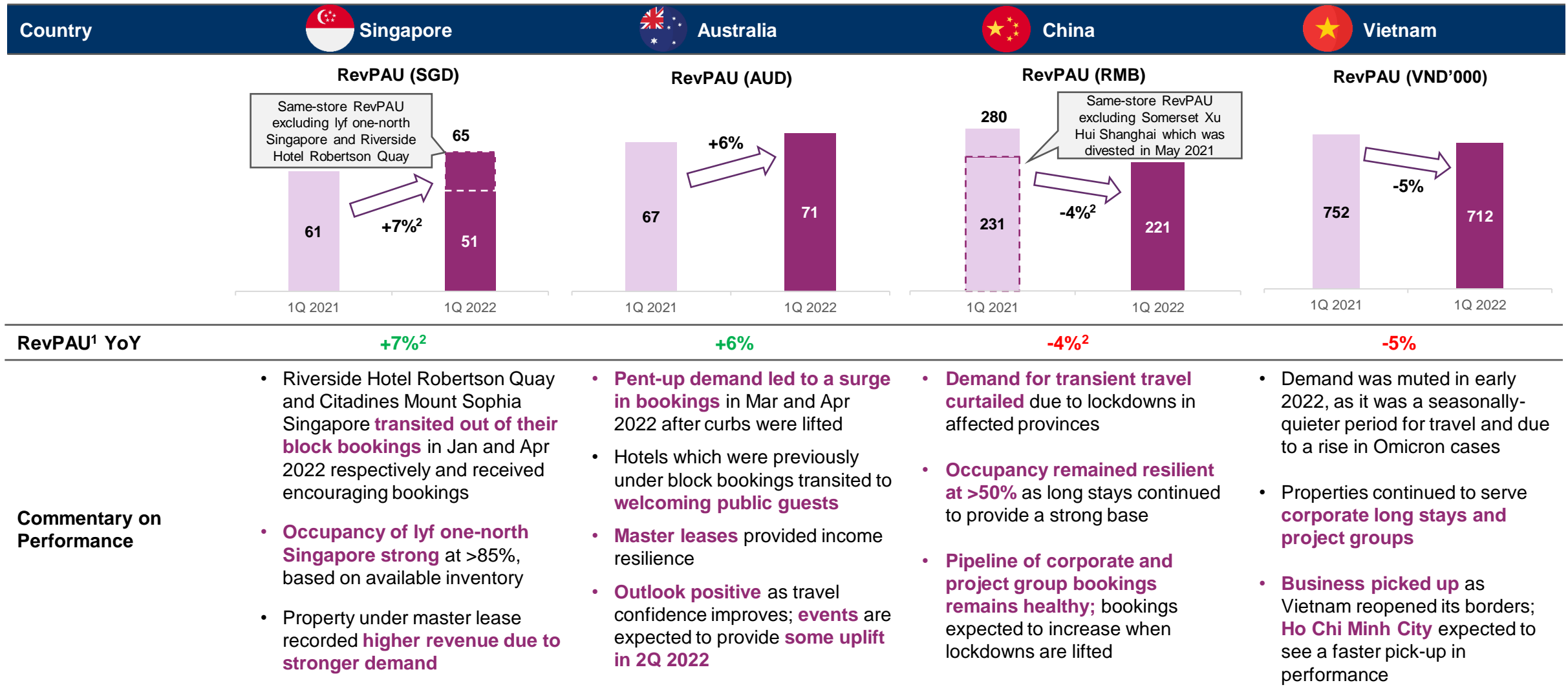


Notes: Statistics are as at/for the quarter ended 31 March 2022

1. Revenue per available unit of properties under management contracts and MCMGI, excludes master leases, rental housing and student accommodation, in local currency

2. On a same-store basis

Recovery Momentum Picks Up Across Most Key Markets



Notes: Statistics are as at/for the quarter ended 31 March 2022

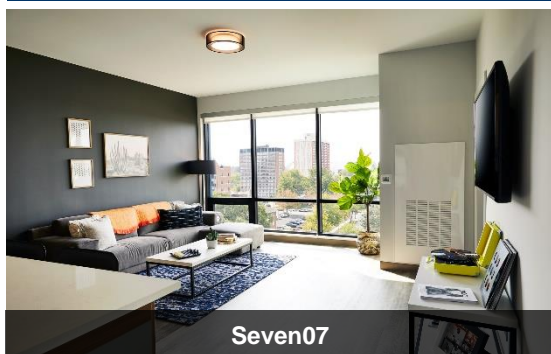
1. Revenue per available unit of properties under management contracts and MCMGI, excludes master leases, rental housing and student accommodation, in local currency

2. On a same-store basis

Rental Housing and Student Accommodation

Unaffected by Omicron, contributed c.28% of 1Q 2022 gross profit, up from c.12% in 1Q 2021

Performance Updates



- **Rental housing**
 - **Average occupancy remained high at >95%** despite Omicron
- **Student accommodation**
 - First full-quarter of income contribution from 4 USA properties acquired in 4Q 2021
 - **Properties remained fully occupied at c.100%** despite Omicron
 - **Pre-leasing** for the next academic year continues to be **favourable, pacing ahead of last year**
 - **Expected rent growth of c.5% y-o-y**

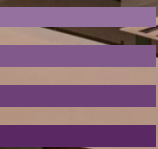
Notes:

1. Formerly known as The Link University City
2. Expected stabilised net operating income yield
3. Based on FY 2021 pro forma Distribution per Stapled Security. The pro forma is based on the audited financial statements of ART for the financial year ended 31 December 2021, assuming that (1) the acquisition was completed on 1 January 2021 and ART held and operated the properties through to 31 December 2021 and (2) the acquisition will be 100% funded by debt

New Acquisition Updates



- **Completed acquisition** of student accommodation in USA, Latitude at Kent, in Feb 2022, which is **currently fully-leased**
- Announced the **turnkey acquisition of 5 longer-stay properties in Japan for JPY 10.4 bil (\$\$125.0 mil)** in Mar 2022
 - Average NOI yield of c.4.0%² and DPS accretion of c.1.7%³
 - Completed acquisition of ART's first student accommodation property in Japan, Eslead College Gate Kindaimae, in Mar 2022
 - The remaining 4 rental housing acquisitions are expected to complete between 4Q 2022 and 2Q 2023



Portfolio Updates



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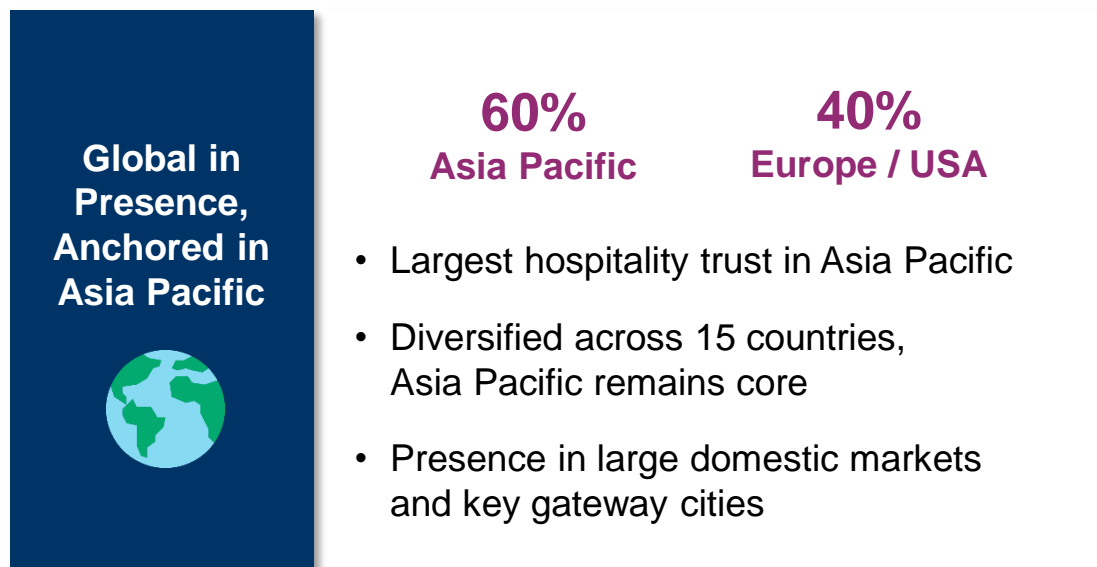
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lyf one-north Singapore

Ascott Residence Trust's Positioning

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

Geographical Allocation



Target Asset Allocation



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

Note:

1. Portfolio value is based on property valuations as at 31 December 2021, property development expenditure of Latitude at Kent which was completed in February 2022 and properties under development; excludes the turnkey investment in 5 Japan properties announced in March 2022

Creating Value for Stapled Securityholders

Divesting at average exit yield of c.2%¹ and investing at average EBITDA yield of c.5%²

Active Portfolio Reconstitution



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

Investments of
c.S\$780 mil³
in FY 2021, successfully replacing
the distribution income of
divested properties

Total Stapled Securityholder returns of **>300%⁴** 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.

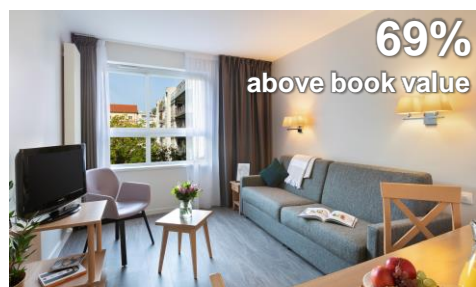
Divesting at Premium to Book Despite Covid-19

Divesting properties that have reached their optimal stage of life cycle

Completed in 2021



Citadines City Centre Grenoble



Citadines Didot Montparnasse Paris

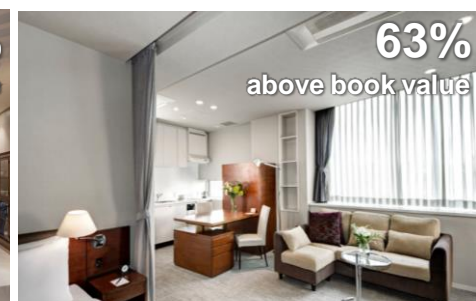


Somerset Xu Hui Shanghai

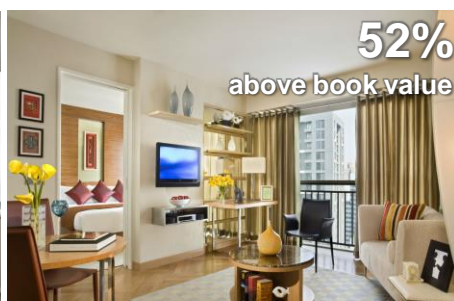
Completed in 2020



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

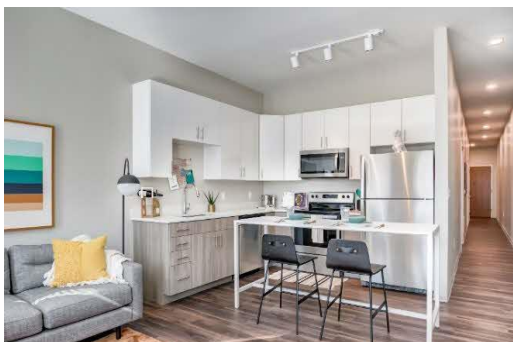
Expansion of investment mandate into student accommodation



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

Opening of lyf one-north Singapore

Achieved strong occupancy of >85%¹ in 1Q 2022, well-positioned to capture return of inbound travel

Soft opened in Nov 2021, final TOP obtained in Jan 2022



- **324-unit coliving property** designed for next-generation travellers
- **2-minute walk from one-north MRT station** and 30-minute ride to the Central Business District
- Catering to technopreneurs, creatives and self-starters of prominent research and knowledge-based organisations, start-ups and business schools in the area
- **>85%¹ occupancy achieved in 1Q 2022**, with bookings from companies and educational institutions in the vicinity
- **Well-positioned to capture the return of inbound travel as borders reopen**



Certified Green Mark Gold^{PLUS}

by the Building and Construction Authority of Singapore

- Holistic sustainable ecosystem to reduce energy and water consumption, as well as carbon footprint
- Features landscaped gardens, elevated planters and public activity spaces

Note:

1. Based on inventory available for sale

Rejuvenating the Portfolio with New Developments

New product offerings to cater to the new normal

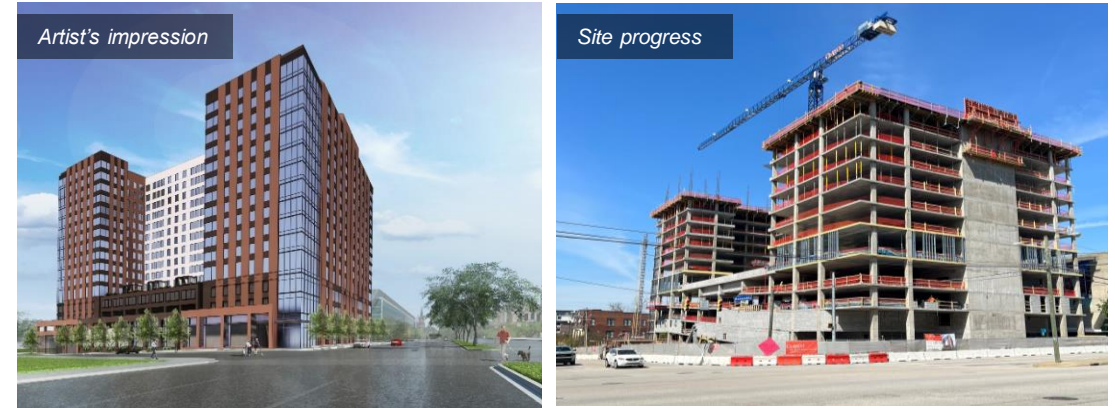
Redevelopment of Somerset Liang Court Singapore



- 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-Jul 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 student accommodation 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**

Capital & Risk Management

Somerset Millennium Makati



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Capital Management

Strong financial capacity and healthy liquidity position



Strong capital management

S\$1.16

NAV per Stapled Security

48%

Total assets in foreign
currency hedged

0.6% (loss)

Impact of foreign exchange after hedges on
gross profit for 1Q 2022



Robust financing flexibility

37.8%

Gearing
(c. S\$1.8 bil debt
headroom¹)

Interest cover

3.5X²

1.6%

per annum

Low effective
borrowing cost

68%

of property value
unencumbered

BBB- (Stable Outlook)

Fitch Ratings



Fortifying liquidity reserves

c.S\$880 mil

Total available funds

=

c.S\$300 mil

Cash on-hand

+

c.S\$580 mil

Available credit facilities³

Notes: Above as at/for period ended 31 March 2022

1. Refers to the amount of additional debt before reaching aggregate leverage of 50%; based on an aggregate leverage limit of 45%, the debt headroom is c.S\$0.9 bil

2. Computed based on trailing 12 months from April 2021 to March 2022

3. Balances as at 31 March 2022; includes committed credit facilities amounting to approximately S\$160 mil

Capital Management

Commenced refinancing of debt due in 2022, lenders remain supportive

73% : 27%

Bank loans : Medium Term Notes

c.70%

Total debt on fixed rates

2.6 years

Weighted average debt to maturity

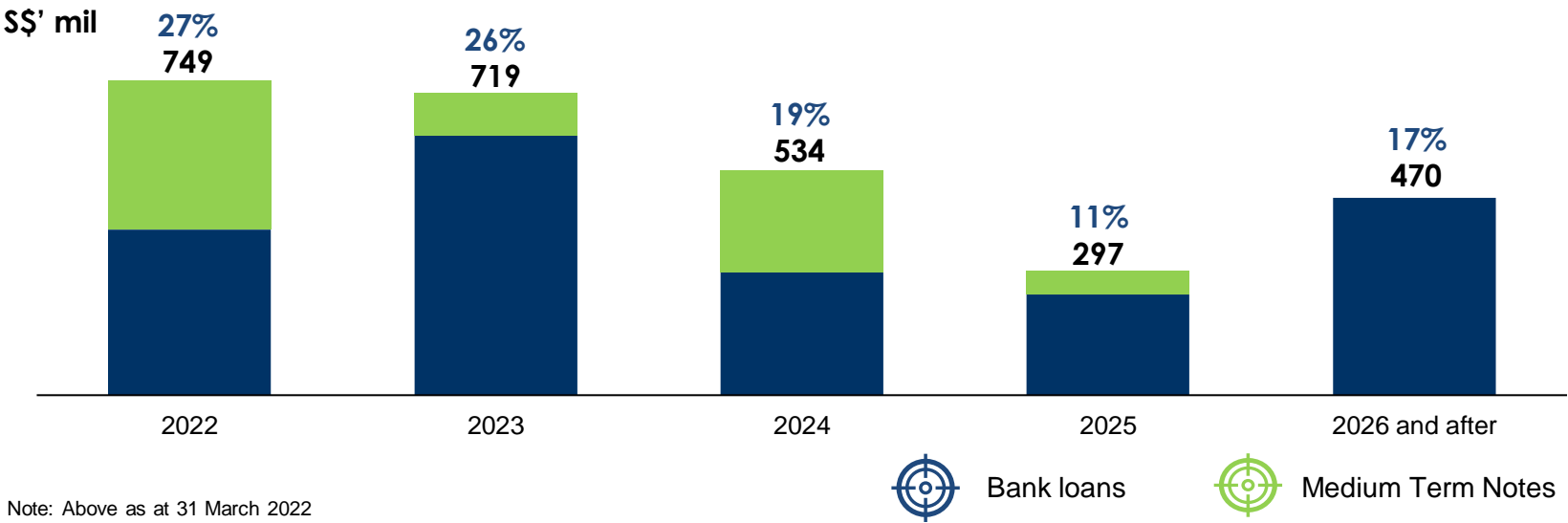
- The lower proportion of debt on fixed rates was due to a short-term floating-rate loan taken up for the financing of the new student accommodation properties
- Post-refinancing of the loan, the proportion of debt on fixed rates is expected to rise to c.78%



S\$200 mil sustainability-linked bond launched in Apr 2022, the first amongst hospitality trust globally and the first amongst S-REITs

- 5-year issue with a fixed coupon rate of 3.63% per annum, maturing in April 2027
- Rated 'BBB-' by Fitch, the same credit rating assigned to ART
- **Strong demand from institutional investors and about 2.2X oversubscribed**; the issue was upsized from S\$150 mil to S\$200 mil

Managing liquidity risks through diversified funding sources





Looking Ahead

Paloma West Midtown



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Brighter Outlook as Reopening Picks Up Pace

More countries have embraced an endemic approach and reopened international borders



A stronger 2022 expected as the return to normalcy gains speed

- 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
 - The International Air Transport Association expects **overall traveller numbers to improve to 83% of 2019 levels in 2022**, as more countries relax or eliminate travel restrictions¹
- Forward bookings at ART's properties indicate a **sustained underlying demand from leisure and corporate travel segments, with some uplift expected from events and conventions**
- **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
- While operating costs are expected to increase over time, **higher room rates, fixed-rate utility contracts, technological and go-green initiatives** are expected to **mitigate some of the impact** on ART



Longer-stay accommodation offers stability as the hospitality properties capture growth from recovering markets

- ART's serviced residences and hotels in gateway cities and large domestic markets **position it well to ride the recovery**
- Rental housing and student accommodation properties offer **stable income base** and **downside protection against resurgence and new variants** of the virus

Note:

1. Source: International Air Transport Association, "Air Passenger Numbers to Recover in 2024", 1 March 2022

Commitment to Sustainability & Corporate Governance

Aligned with CapitaLand's 2030 Sustainability Master Plan



Accolades & Awards

Global Sector Leader – Hotel
Global Real Estate Sustainability
Benchmark (GRESB) 2021

Ranked 1st
Singapore Governance and Transparency Index 2021
REITs and Business Trusts category

Best Crisis Management
IR Magazine Awards – SEA 2021
Mid to large cap category



CapitaLand's 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%**



33% green-certified properties
as at 31 Dec 2021

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

New

Sustainable finance

- First hospitality trust globally to issue a sustainability-linked bond in Apr 2022
- First hospitality trust in Singapore to secure a green loan in Jan 2021



Strategic Sustainability Management Structure

CapitaLand

CapitaLand's Board of Directors

CapitaLand Sustainability Council

CapitaLand Management Council

Various sustainability work teams
involving business units and
corporate departments

All Staff

ART

ART's Boards of Directors

ART Sustainability Committee

ART Sustainability Working Committee



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Thank You