



# Ascott Residence Trust

## 1H 2021 Financial Results

27 July 2021

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# Content

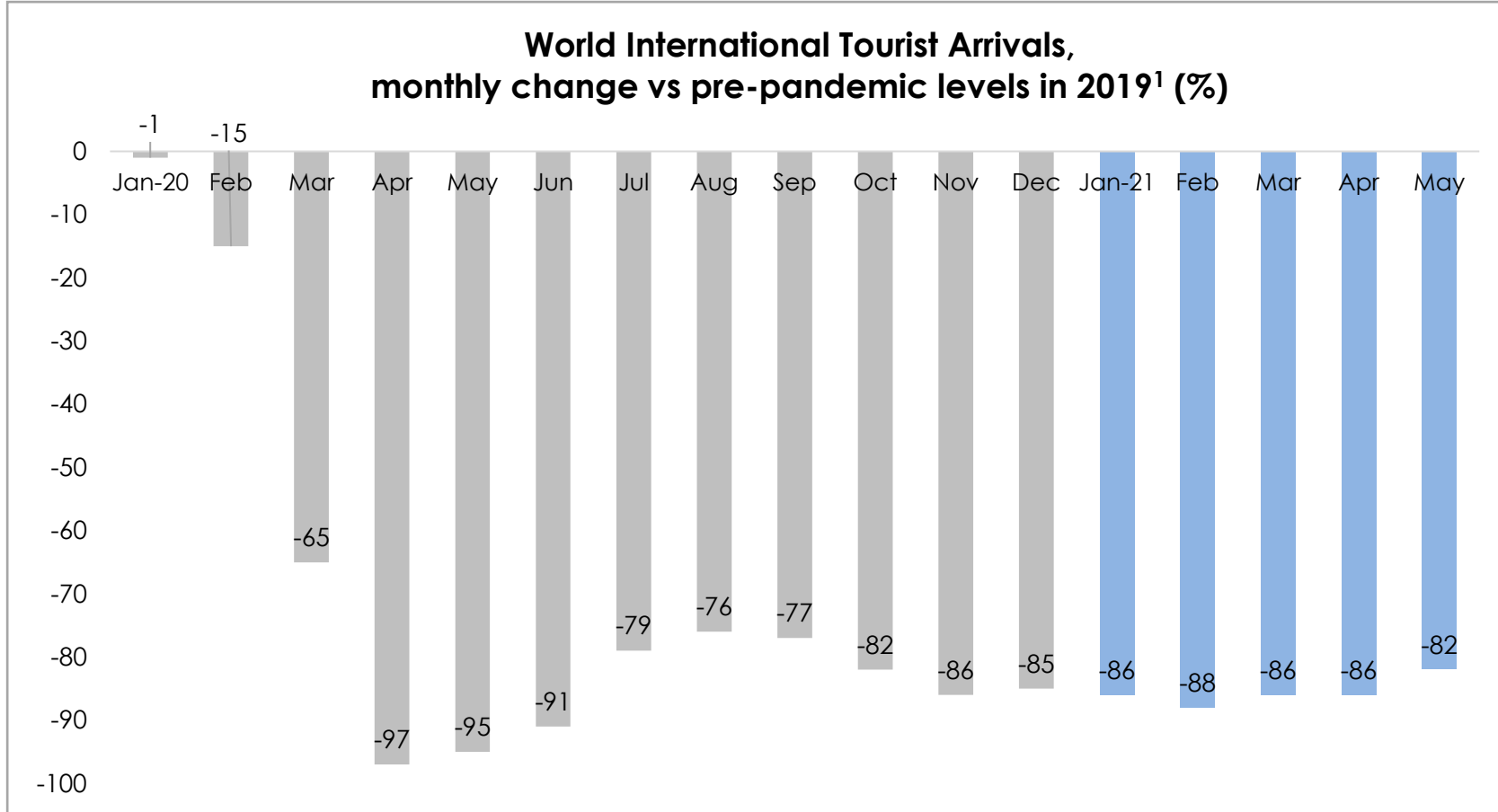
- Covid-19 Situational Update
- 1H 2021 Highlights
- Portfolio Updates
- Key Country Updates
- Capital and Risk Management
- Looking Ahead

# Covid-19 Situational Update



# International Arrivals Impacted by Border Closures

Gradual pick-up in international travel, domestic travel drives recovery in most destinations



## 2021 vs 2020

**65%**

**y-o-y decline<sup>2</sup> in international arrivals for YTD May 2021** as most international borders remained closed

Slight upturn in May as some destinations started to ease restrictions<sup>3</sup>

**10-40%**

**Forecasted y-o-y increase in international arrivals for full-year 2021**, on expectation of a rebound in 2H 2021<sup>4</sup>

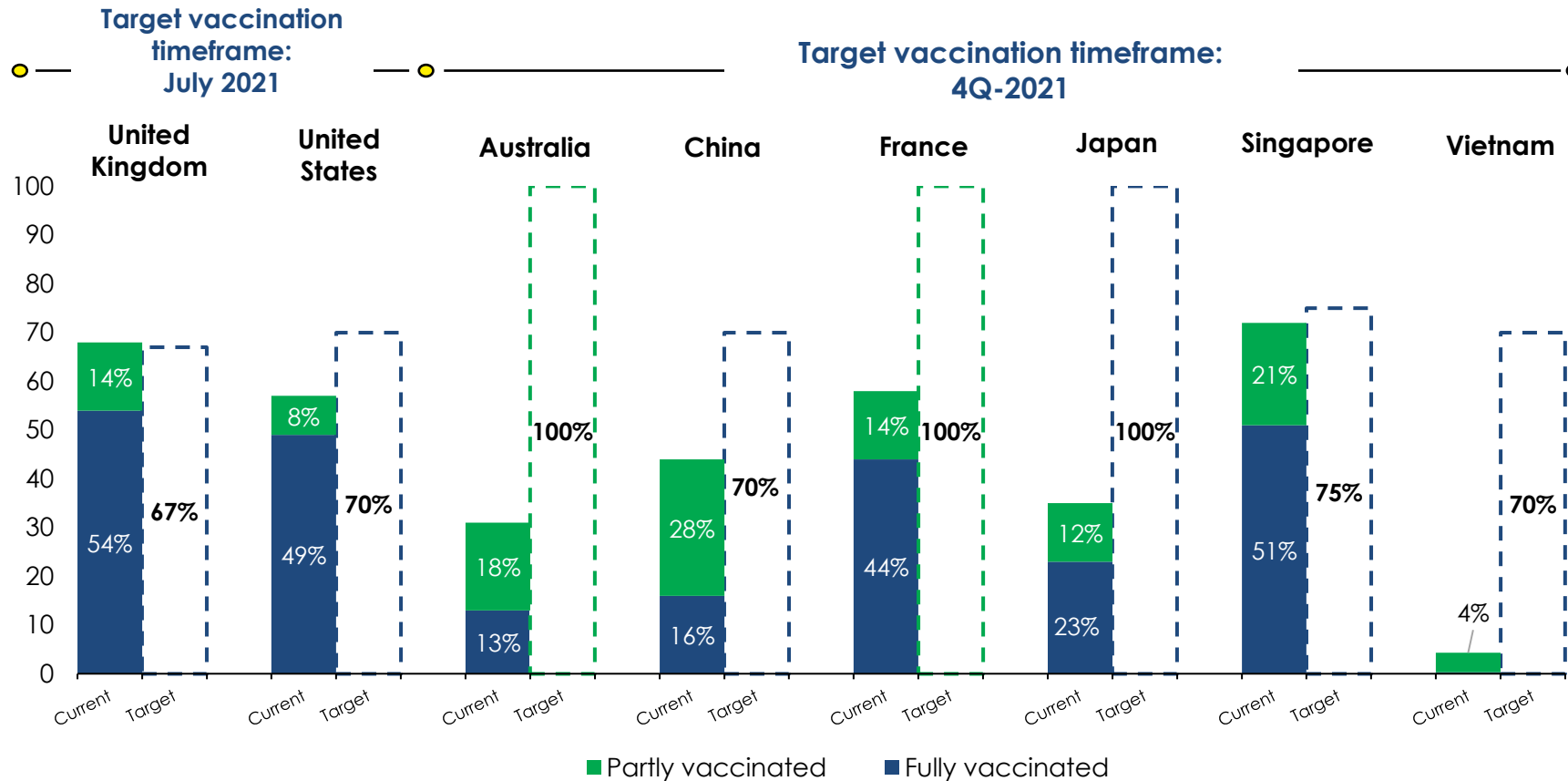
Notes:

1. Source: UNWTO, "Tourism Data Dashboard", July 2021. Data shows percentage change against 2019 levels for better comparability
2. 85% decline compared to 2019 levels
3. Source: UNWTO, "International travel largely on hold despite uptick in May", July 2021
4. Source: UNWTO, "Tourist numbers down 83% but confidence slowly rising", June 2021

# Governments Step Up Immunisation Efforts Globally

Vaccinations a confidence-booster for travel

## Proportion of population vaccinated against Covid-19



Notes: As at July 2021  
Current vaccination rates are from Our World in Data, "Share of people vaccinated against COVID-19", July 2021  
Target vaccination rates (in bars with dotted outlines) are based on government guidance and compiled from various news articles

## Based on a Tripadvisor survey...

**86%**

of travellers more likely to travel domestically if they receive the vaccine

**77%**

of travellers more likely to travel internationally if they receive the vaccine

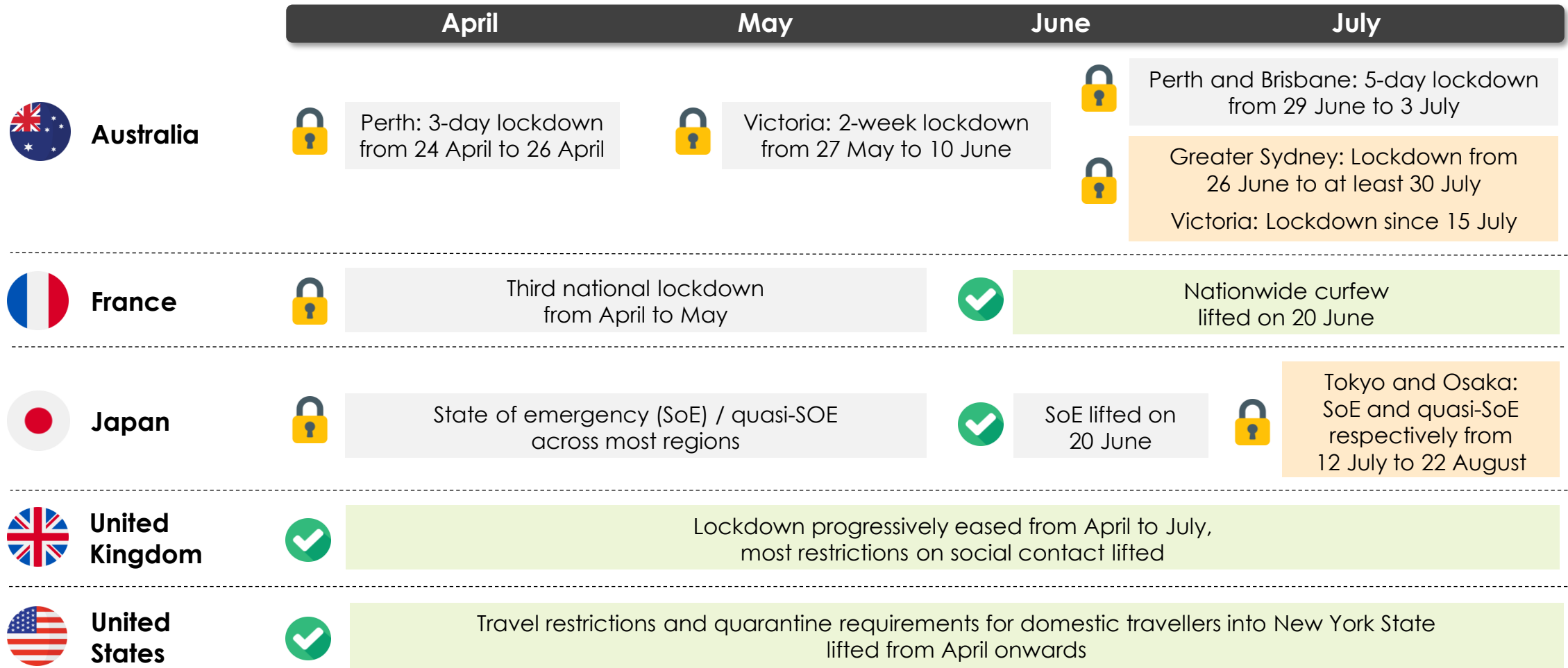
**74%**

of travellers plan to take at least one overnight domestic leisure trip in 2021

Source: Tripadvisor, "2021 - The year of the travel rebound?", January 2021

# Varied Responses to Covid-19

Europe and USA eased restrictions in 2Q 2021, supported by higher vaccination rates



Legend

Past restrictions	Current restrictions	Easing of restrictions
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Notes: As at July 2021  
Information on lockdowns and reopenings are compiled from various sources

# More Countries Reopening for International Travel

Formation of travel bubbles and launch of vaccine certificates

International Air Transport Association (IATA) expects personal and leisure travel to return from second half of 2021<sup>1</sup>



EU lifted travel restrictions for 25 countries<sup>2</sup> and rolled out the EU Digital Covid Certificate in July<sup>3</sup>



France opened international borders restriction-free to travellers from 38 countries from mid-June<sup>4</sup>



Vaccinated UK residents not required to be quarantined upon returning from countries under green/amber lists<sup>5</sup>



USA eased travel recommendation on 110 countries<sup>6</sup>



Australia formed travel bubble with New Zealand, considers cautious approach in reopening international borders in 2022<sup>7</sup>



China, Japan and South Korea announced the launch of Covid-19 certificates and vaccine passports<sup>8</sup>

## Sources:

1. The Business Times, "Personal travel will return from second half of 2021: IATA chief", March 2021
2. Schengen Visa Info News, "Official: 11 countries added to EU Council's list for which travel restrictions should be lifted", July 2021
3. European Commission Official Website, "EU Digital COVID Certificate", July 2021
4. Schengen Visa Info News, "Travelling to France this summer amid COVID-19 – Everything you need to know", July 2021
5. Forbes, "UK lifts quarantine from amber countries from 19 July – but there is a catch", July 2021
6. The Straits Times, "US eases travel recommendations on 110 countries, territories including S'pore and Japan", June 2021
7. The Straits Times, "Australia says international borders might not fully reopen until mid-to-late 2022", May 2021
8. Nikkei Asia, "Japan to join EU and China in issuing digital vaccine passport", March 2021

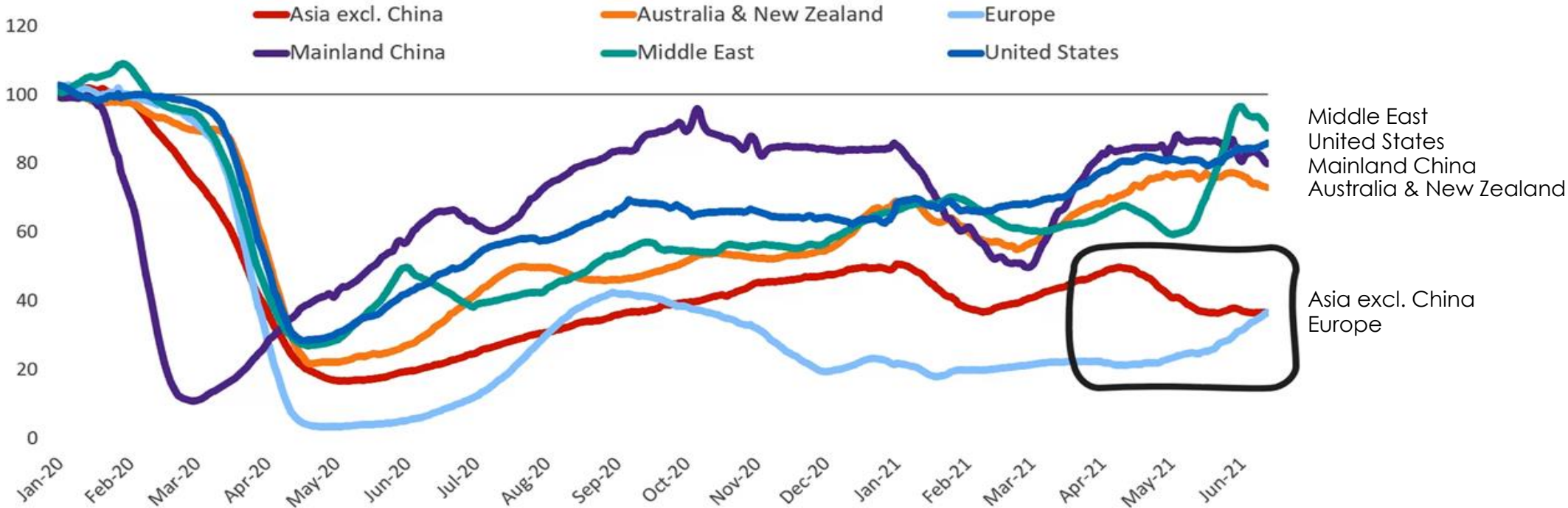


# Industry Occupancy Rates Closing in to 2019 Levels

Stronger performance in 2Q 2021 across most markets

Rolling 28 days occupancy (full inventory) indexed to 2019

Source: STR, CoStar Realty Information, Inc.<sup>1</sup>



Source:  
1. STR COVID-19 Webinar, APAC Hotel Performance Analysis, 18 June 2021

# 1H 2021 Highlights

**Citadines**

# A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index



**\$\$7.3b**

Total Assets

**>16,000<sup>1</sup>**

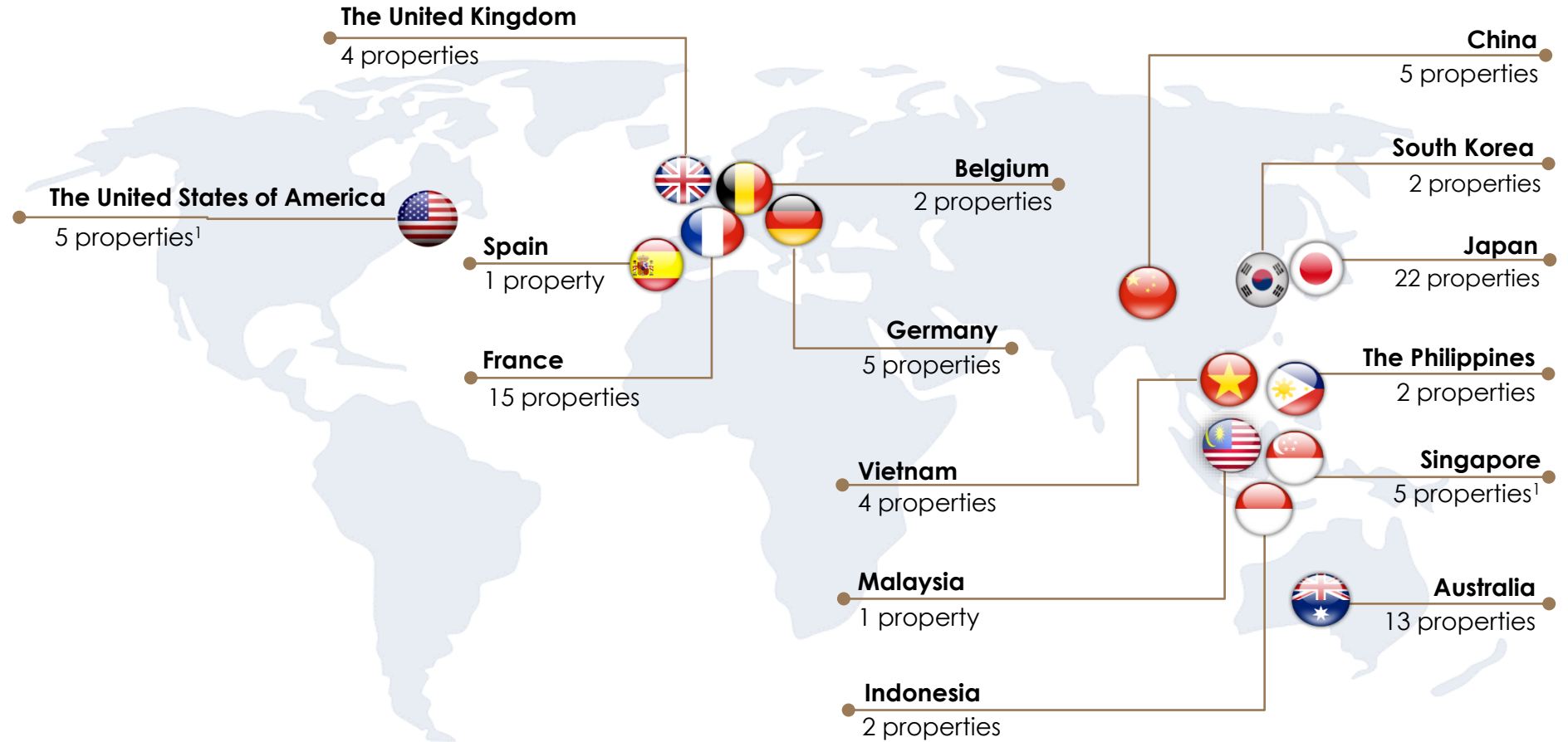
Units

**88<sup>1</sup>**

Properties

**38**

Cities in 15 countries



Notes: Above as at/for period ended 30 June 2021 unless otherwise stated

1. Including 1 of one-north Singapore, Somerset Liang Court Singapore and student accommodation property in South Carolina, USA (currently under development)

# Strong Sponsor – The Ascott Limited

One of the leading international lodging owner-operators



**>128,000**

**Serviced residence  
& hotel units**

Includes units under development

**c.800**  
**Properties**



**200**  
**Cities**

**>30**  
**Countries**

**>30 years track record**

**Strong alignment of interests**  
**c.41% sponsor stake<sup>1</sup> in ART**



Notes: Figures updated as at July 2021  
1. Held through CapitaLand Group

# 1H 2021 Financial Highlights

Fourth consecutive quarter of RevPAU recovery in 2Q 2021



1H 2021: Distributable income higher by 96% y-o-y

Revenue  
**S\$185.0 mil**

▼ 11% y-o-y

Portfolio RevPAU

**S\$60<sup>1</sup>**

▼ 14% y-o-y

Gross Profit  
**S\$82.1 mil**

▼ 7% y-o-y

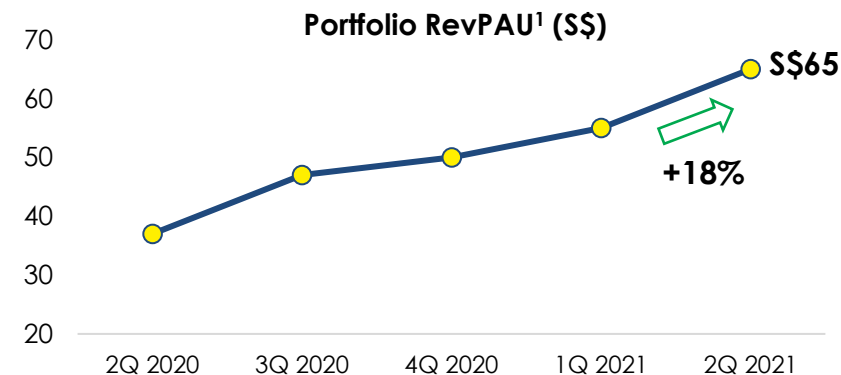
Distributable Income

**S\$63.8 mil**

▲ 96% y-o-y



2Q 2021: Portfolio RevPAU<sup>1</sup> rose by 76% y-o-y and 18% q-o-q



- 1H 2021 revenue and gross profit were lower y-o-y due to **divestments and as Covid-19 had a lesser impact on 1Q 2020**
- **On a same-store basis<sup>2</sup>, revenue was 7% lower y-o-y; gross profit was relatively stable** as lower operating costs mitigated the softer revenue
- **Distributable income higher by 96% y-o-y**, boosted by distribution top-up of S\$20 million in 1H 2021, one-off termination fee income received<sup>3</sup> and realised exchange gain

- 2Q 2021 revenue and gross profit were **45% and 56% higher y-o-y** respectively, on a same-store basis<sup>2</sup>
- **RevPAU for most markets increased q-o-q** in 2Q 2021, as **higher vaccination rates** aided further **easing of restrictions**
- **Average occupancy** rose q-o-q from c.50% to mid-50%
- China continued to lead the recovery with **higher corporate demand**
- Europe benefitted from **leisure demand** brought by the summer season
- **Block bookings** (in Australia, Singapore, USA), and **long stays** (in Indonesia, Philippines, Vietnam) continued to offer stability

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. Excluding acquisitions and divestments in 2020 and 2021
3. For the divestments of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan which were terminated

# 1H 2021 Financial Highlights

Enhancing stability and working towards a sustainable recovery



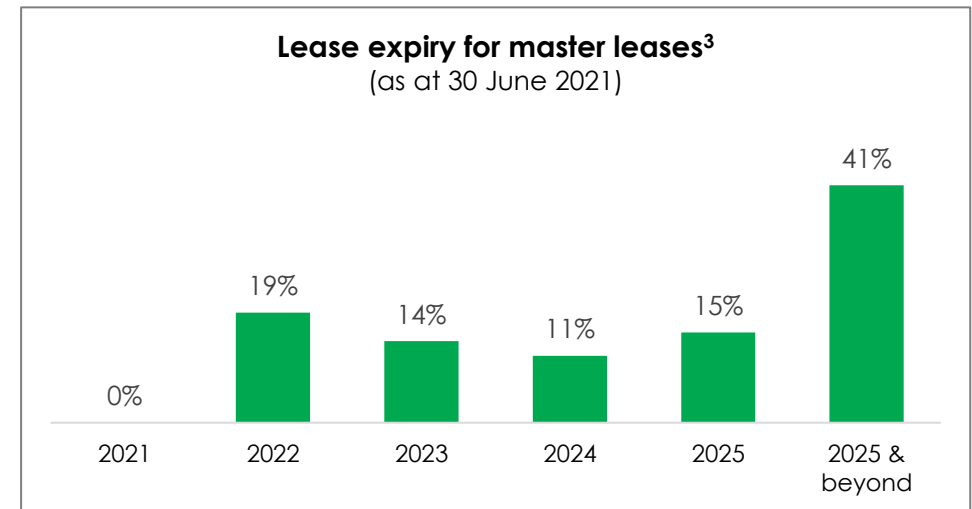
## Building a resilient portfolio supported by stable income sources

- ART's **stable income sources<sup>1</sup>** contributed **c.74% of gross profit** in 1H 2021
  - Increased asset allocation in rental housing and student accommodation in 1H 2021 with acquisition of maiden student accommodation property and 3 rental housing properties in Japan
- Portfolio continued to **generate profits and positive cashflow**
  - During 1H 2021, 12 properties were temporarily closed, **8 of which have reopened** in May and June, and **2 have reopened** in July<sup>2</sup>
  - 8 of the closed properties were on master leases and continued to receive fixed rent
- **No master leases expiring in 2021**
  - Park Hotel Clarke Quay is in the process of being repossessed by ART and the Managers are assessing options for the operations of the property; a provision of S\$5.3 mil has been made in 1H 2021 for the outstanding rents and the master lease (expiring in 2023) will subsequently be terminated



## Strong financial capacity & healthy liquidity position

- **Debt due in 2021 substantially refinanced**
- **Gearing lowered to 35.9%; debt headroom of c.S\$1.9 bil** offers capacity and flexibility to acquire
- **Healthy liquidity position with total available funds of c.S\$1.17 bil** (comprising cash on-hand and available credit facilities)



Notes:

1. Stable income sources include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties
2. The 12 properties temporarily closed in 1H 2021 comprised 5 in France, 4 in Japan, 1 each in Spain, Belgium and South Korea. As at 27 July 2021, the 2 remaining closed properties are Hotel WBF Kitaseмба East and Hotel WBF Kitaseмба West in Japan and constitute c.2% of ART's total operating units.
3. Percentage of gross rental income for master leases expiring during the respective periods over the total gross rental income for all master leases

# 1H 2021 Distribution Details

Top-up of distribution to mitigate impact of Covid-19



## Sharing divestment gains with Stapled Securityholders

- **c.S\$360 mil in net gains** unlocked from divestments from 2019 to 2021 year-to-date
- **Top-up of S\$20 mil in 1H 2021** to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions
- **DPS of 2.045 cents in 1H 2021, 95% higher y-o-y**



**Distribution  
per Stapled Security (DPS)**

**2.045 cents**

**▲ 95% y-o-y**

## Distribution Details

Last Day of Trading on "cum" basis	2 August 2021
Ex-Date	3 August 2021
Books Closure Date	4 August 2021
Distribution Payment	27 August 2021

# Financial Performance by Contract Types

Same-store<sup>1</sup> gross profit relatively stable as lower operating costs mitigated softer revenue

	Revenue (S\$'mil)			Gross Profit (GP) (S\$'mil)			RevPAU <sup>2</sup> (S\$)		
	1H 2021	1H 2020	% Change	1H 2021	1H 2020	% Change	1H 2021	1H 2020	% Change
<b>Master Leases</b>	53.7	58.1	-8%	48.2	52.2	-8%	n.a.	n.a.	n.a.
<b>Management Contracts with Minimum Guaranteed Income (MCMGI)<sup>3</sup></b>	5.3	8.4	-37%	2.5	2.7	-7%	23	47	-51%
<b>Management Contracts (MC)<sup>3</sup></b>	126.0	142.0	-11%	31.4	33.7	-7%	63	71	-11%
<b>Total</b>	<b>185.0</b>	<b>208.5</b>	<b>-11%</b>	<b>82.1</b>	<b>88.6</b>	<b>-7%</b>	<b>60</b>	<b>70</b>	<b>-14%</b>
<b>Total Same-store basis<sup>1</sup></b>	<b>176.5</b>	<b>190.5</b>	<b>-7%</b>	<b>77.0</b>	<b>78.1</b>	<b>-1%</b>	<b>59</b>	<b>65</b>	<b>-9%</b>

- **Master Leases (59% of total GP):** Lower revenue & gross profit due to divestments, changes in rent structure and softer performance
- **Management Contracts with Minimum Guaranteed Income (3% of total GP):** Lower revenue due to Covid-19 impact, partially offset by income top-up from the operator; impact on gross profit mitigated by lower operating expenses (wage subsidies and waiver of property tax expenses)
- **Management Contracts (38% of total GP):** Lower revenue & gross profit due to divestments and softer demand for accommodation

Notes:

1. Same-store basis computation excludes all acquisitions and divestments made in 2020 and 2021
2. Pertains to the serviced residences and hotels only, excludes rental housing and student accommodation
3. For comparison purposes, the contributions from the 3 United Kingdom properties which were converted from MCMGI to MC from May 2020 have been excluded from MCMGI and classified under MC



# Resilience Amid Covid-19

Enhancing stability and diversification with rental housing and student accommodation

## Contract types with a fixed/minimum rent component

### Master leases

<b>Australia</b>	<b>4.6%</b>
<b>France</b>	<b>14.6%</b>
Germany	8.8%
<b>Japan</b>	<b>13.4%</b>
<b>Singapore</b>	<b>14.9%</b>
South Korea	2.4%

### MCMGI<sup>1</sup>

Belgium	0.4%
Spain	0.5%
<b>United Kingdom</b>	<b>2.2%</b>

## Management contracts of rental housing and student accommodation

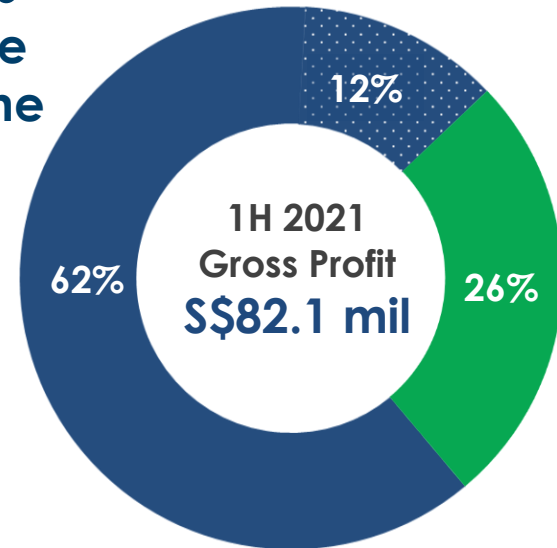
### Rental housing

<b>Japan</b>	<b>9.5%</b>
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### Student accommodation

<b>United States</b>	<b>2.7%</b>
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**74%**  
Stable  
Income



**26%**  
Growth  
Income

### Contract Types

**31**

Master  
Leases

**4**

MCMGIs<sup>1</sup>

**50**

Management  
Contracts

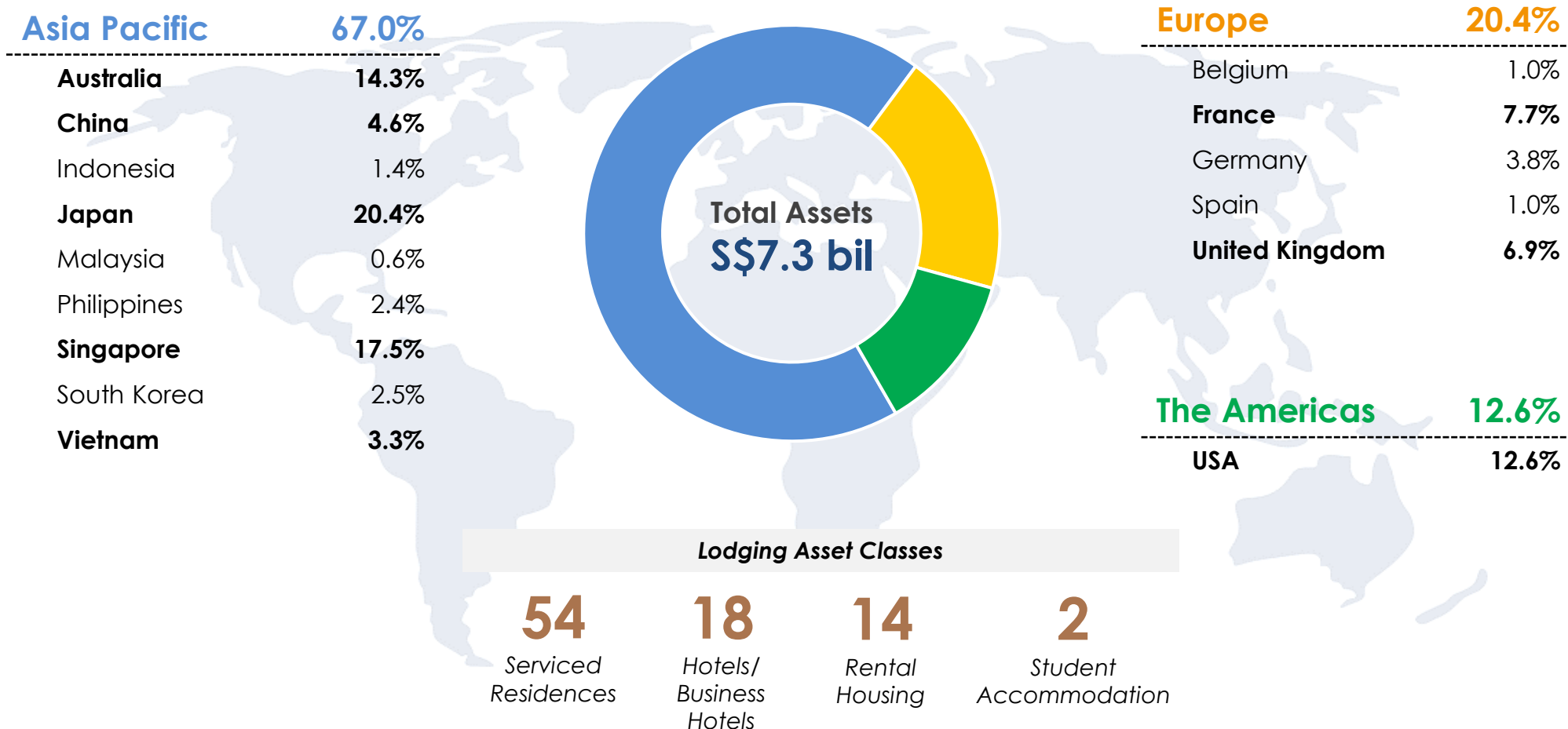
## Management contracts of serviced residences and hotels

<b>Australia</b>	<b>13.1%</b>
<b>China</b>	<b>5.4%</b>
Indonesia	1.7%
<b>Japan</b>	<b>-1.5%</b>
Malaysia	-0.1%
Philippines	1.2%
<b>Singapore</b>	<b>0.1%</b>
<b>United Kingdom</b>	<b>2.4%</b>
<b>United States</b>	<b>-3.4%</b>
<b>Vietnam</b>	<b>7.1%</b>

Note: Excludes 3 properties which are currently under development

# Resilience Amid Covid-19

Diversified portfolio with no concentration risk



Note: Above as at 30 June 2021. Markets in bold are ART's 8 key markets

# Portfolio Updates



# Investment & Portfolio Reconstitution Strategy

Virtuous cycle to enhance yield for Stapled Securityholders

**Divestments**  
at premium to  
book value



**Investments in**  
rental housing  
and student  
accommodation



**Development**  
projects

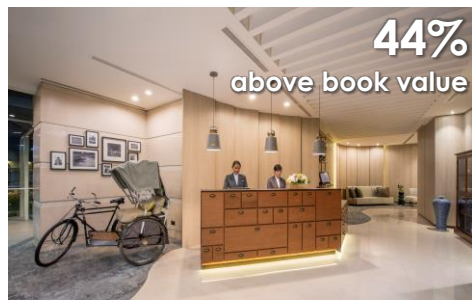


- Recycling capital into **higher-yielding investments** with a focus on increasing proportion of stable income
  - **Medium term target** of increasing asset allocation in rental housing and student accommodation properties from c.9% currently to **15%-20% of portfolio value**
- **Development projects** to rejuvenate the portfolio and enhance returns

# Divesting at Premium to Book Despite Covid-19

Divesting properties that have reached their optimal stage of life cycle

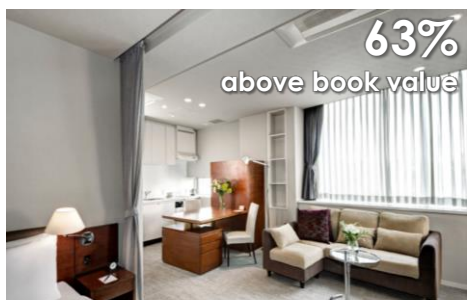
## Completed in 2020



44%

above book value

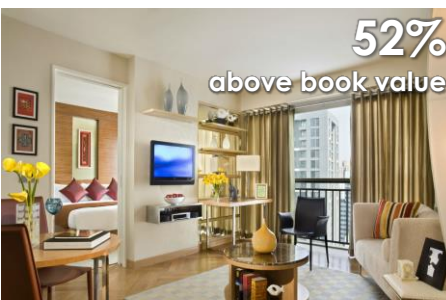
Somerset Liang Court Singapore



63%

above book value

Somerset Azabu East Tokyo

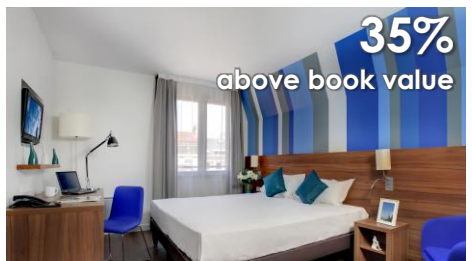


52%

above book value

Ascott Guangzhou

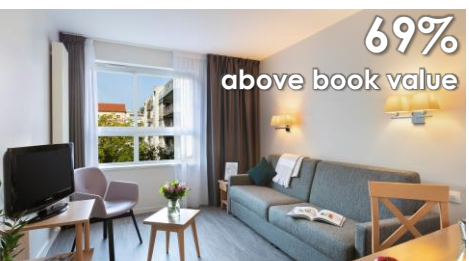
## Completed in 2021



35%

above book value

Citadines City Centre Grenoble  
Completed in March 2021



69%

above book value

Citadines Didot Montparnasse Paris  
Completed in May 2021



171%

above book value

Somerset Xu Hui Shanghai  
Completed in May 2021

## Divestments in 2020 and 2021

**c. S\$580 mil in proceeds**

Enhancing liquidity and flexibility to

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

**c. S\$225 mil in net gains**

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

**c. 2%<sup>1</sup> average exit yield**

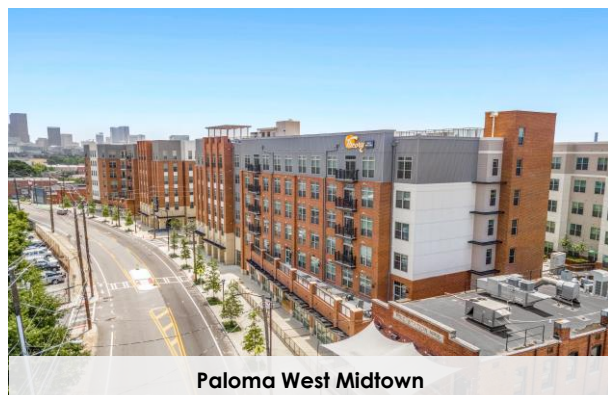
Note:

1. Exit yield is computed based on the properties' EBITDA in the last financial year before they were divested; excludes the divestment of Somerset Liang Court Singapore as it is a partial sale of GFA and the exit yield is therefore not meaningful for the purpose of this computation

# Re-deploying Proceeds into Higher-Yielding Investments

Building stable income through rental housing and student accommodation

**c. \$285 mil in total investment<sup>1</sup> at average EBITDA yield of c. 5%**  
**Long leases of 1-2 years, average occupancy of >90%**



**February 2021**

**Acquisition of maiden student accommodation property in Atlanta, USA**

US\$95.0 mil (\$126.3 mil)

**June 2021**

**Acquisition of 3 rental housing properties in Sapporo, Japan**

JPY 6.78 bil (\$85.2 mil)

**June 2021**

**Development of student accommodation property in South Carolina, USA**

US\$55.2 mil<sup>2</sup> (c. \$73.4 mil)

Note:

1. Refers to the total purchase consideration for Paloma West Midtown and the 3 rental housing properties in Japan, as well as ART's investment in the student accommodation development in South Carolina, USA, which comprises ART's initial 45% stake, estimated cost of the additional 5% stake which ART will acquire at fair market valuation, and other deal-related expenses
2. Comprises 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

# Building Stable Income Contribution

Increasing asset allocation in rental housing and student accommodation

## Acquisition of 3 Rental Housing Properties in Sapporo, Japan



City Court Kita 1 jo



Alpha Square Kita 15 jo



Big Palace Minami 5 jo

- 3 freehold rental housing properties in Sapporo, Japan, with a total of 411 units
- Total acquisition price of **JPY 6.78 bil (\$\$85.2 mil)**
- **DPS accretion of c.2.6%** and **average EBITDA yield of c.4%**
- Average lease of **about 2 years** offers income stability
- Completed in June 2021

## Student Accommodation Development in South Carolina, USA



Student Accommodation Development  
(artist's impression)

- Freehold property with 247 units and 678 beds to undergo construction from 3Q 2021 to 2Q 2023
- 0.8km from University of South Carolina
- ART and Sponsor to jointly invest in a 45% stake each and subsequently acquire remaining 10% stake from the third-party partner at fair market valuation when the property stabilises
- ART's total investment<sup>1</sup> for its 50% stake is **US\$55.2 mil (c.\$\$73.4 mil)**
- **DPS accretion of c.2.1%**<sup>2,3</sup> and target **stabilised EBITDA yield of c.6.2%**<sup>3</sup>

### Notes:

1. Comprises 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
2. The pro forma DPS is calculated based on the audited consolidated financial statements of ART for FY 2020 and 3,108,047,703 Stapled Securities in issue as at 31 December 2020 and on the following assumptions: (i) ART had completed the acquisition and the property commenced operation on 1 January 2020 and (ii) the acquisition is funded based on a funding structure of 65% debt and 35% divestment proceeds
3. Based on ART's total investment

# Strong Fundamentals of USA Student Accommodation

Rebound in leasing activity as universities return to in-person instruction

## Overall USA Student Accommodation Market



### Pre-leasing rates near pre-pandemic levels<sup>1</sup>

- As at May 2021, **c.70% of beds have been leased for Fall 2021 school year**
- Pre-leasing in line with May 2020 pace and inching closer to May 2019 pre-pandemic levels
- **Annual effective asking rates higher** by c.1.1% year-on-year



### Rebound in pre-leasing spurred by

- Full reopening of almost all universities in USA
- Wider distribution of vaccines
- Lifting of travel restrictions for students from China and several other countries<sup>2</sup>

As of July 2021, Paloma West Midtown is **97% pre-leased for Fall 2021**, performing better than market

Since acquisition in February 2021, the property has registered an **average occupancy of >95%**



#### Sources:

1. Realpage, "Student Housing Performance Nears Pre-Pandemic Norms", June 2021
2. Nikkei Asia, "US embassy in China to resume student visa processing on May 4", May 2021



# 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
- Sale of partial GFA **completed on 15 July 2020** and **S\$163.3 mil of cash proceeds collected**
- Development update:
  - Demolition works completed
  - Site works have commenced in mid-July 2021
- Development expected to **complete in 2H 2025**

## Development of lyf one-north Singapore



- 324-unit coliving property located in the vibrant research and business hub of one-north, Singapore
- Development update:
  - Main structural and façade works completed in 1Q 2021
  - External works, internal architectural and mechanical & electrical works in progress
- Expected to **complete in 4Q 2021**

# Refurbishment and Rebranding of Hotel Central

Well-positioned to ride the recovery in domestic leisure travel

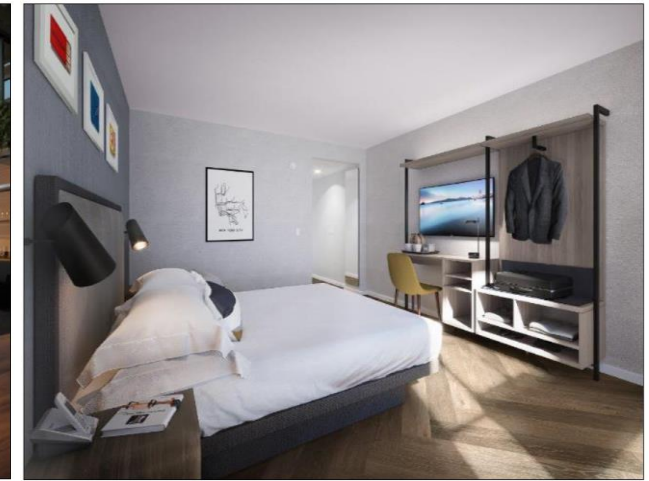
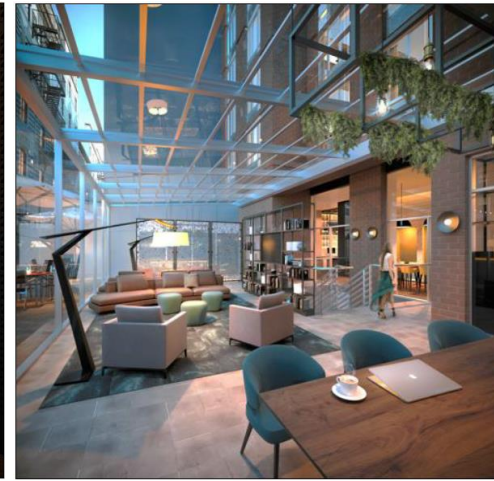


Photo credit: IHG

Renderings of refurbished hotel

## Refurbishment of Hotel Central Times Square<sup>1</sup> in New York, USA

- US\$10 mil refurbishment of guest rooms and public areas
  - Modernised spaces – activated lobby, lounge, meeting room and bar
  - Seasonal terrace features refreshed look and feel with a new mural overlooking the space
- Launching as voco Times Square South in 4Q 2021

## Rebranding to voco™

- Premium positioning within the IHG stable of brands
- Each property retains its individuality and character
- Thoughtful, unstuffy and charming brand personality

Note:

1. Property located at 341 West 36th Street, New York, New York 10018, The United States of America and formerly known as DoubleTree by Hilton Hotel New York – Times Square South

# Key Country Updates



# 8 Key Markets Performance

		Revenue (LC 'mil)			Gross Profit (LC 'mil)			RevPAU (LC)		
		1H 2021	1H 2020	% Change	1H 2021	1H 2020	% Change	1H 2021	1H 2020	% Change
<b>Master Leases</b>										
Australia	AUD	4.0	4.2	-5%	3.7	4.0	-8%	n.a.	n.a.	n.a.
France	EUR	8.3	10.5	-21%	7.4	9.4	-21%	n.a.	n.a.	n.a.
Japan	JPY	1,005.7	1,206.1	-17%	880.0	1,083.2	-19%	n.a.	n.a.	n.a.
Singapore	S\$	13.7	12.3	11%	12.2	10.9	12%	n.a.	n.a.	n.a.
<b>Management Contracts with Minimum Guaranteed Income (MCMGI)</b>										
United Kingdom <sup>1</sup>	GBP	1.4	1.3	8%	1.0	0.6	67%	34	52	-35%
<b>Management Contracts (MC)</b>										
Australia	AUD	46.4	40.0	16%	10.5	3.0	250%	73	62	18%
China	RMB	70.8	87.0	-19%	21.3	31.9	-33%	290	296	-2%
Japan <sup>2</sup>	JPY	1,147.2	1,347.4	-15%	525.9	625.0	-16%	2,259	3,903	-42%
Singapore	S\$	2.2	10.2	-78%	0.1	6.1	-98%	60	147	-59%
United Kingdom <sup>1</sup>	GBP	3.0	6.2	-52%	1.1	2.0	-45%	28	52	-46%
USA <sup>3</sup>	USD	13.6	14.5	-6%	-0.4	-2.4	83%	58	77	-25%
Vietnam <sup>4</sup>	VND	189.7	228.7	-17%	99.1	118.3	-16%	746	989	-25%

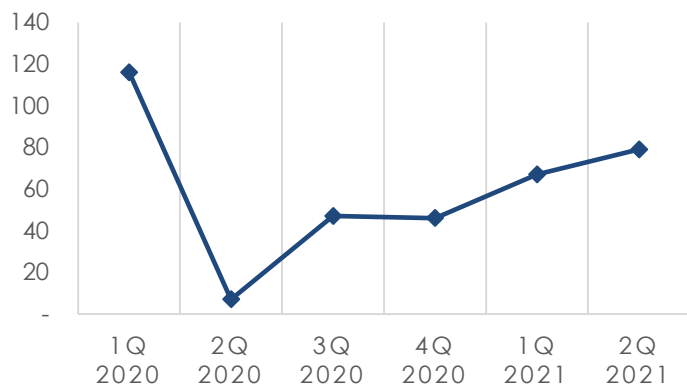
**Notes:**

1. For comparison purposes, the contributions from the 3 United Kingdom properties which were converted from MCMGI to MC from May 2020 have been excluded from MCMGI and classified under MC
2. RevPAU for Japan relates to serviced residences and excludes rental housing
3. RevPAU for USA relates to hotels and excludes student accommodation
4. Revenue and gross profit figures for Vietnam are stated in billions and RevPAU is stated in thousands

# Australia

Stronger performance as block bookings mitigate impact of snap lockdowns

REVP AU (AUD)



**Snap lockdowns across various states in 1H 2021; New South Wales is currently under a lockdown since 26 June 2021**



**International borders closed except for Australia-New Zealand travel bubble**



**Domestic travel generally permitted except during lockdowns**

**14%** of total assets: **4** Master Leases; **9** Management Contracts

- **1H 2021 revenue and gross profit were higher y-o-y** due to stronger performance of the hotels

### Management Contracts

- **RevPAU increased 18% q-o-q to AUD 79<sup>1</sup> in 2Q 2021** due to some improvement in the Covid-19 situation and block bookings at 4 hotels, which supported occupancies during the quarter; block bookings for certain hotels are expected to continue through 2H 2021
- **Perth and Brisbane properties performed better** due to higher domestic leisure demand
- **Snap lockdowns** in Victoria and New South Wales and **interstate travel restrictions** affected overall confidence in travel, impacting the Melbourne and Sydney properties

- **Underlying demand** from corporate groups, MICE segment and leisure travellers continues to improve, and **bookings are expected to gradually return as restrictions are lifted**, as experienced in 1Q 2021

### Master Leases

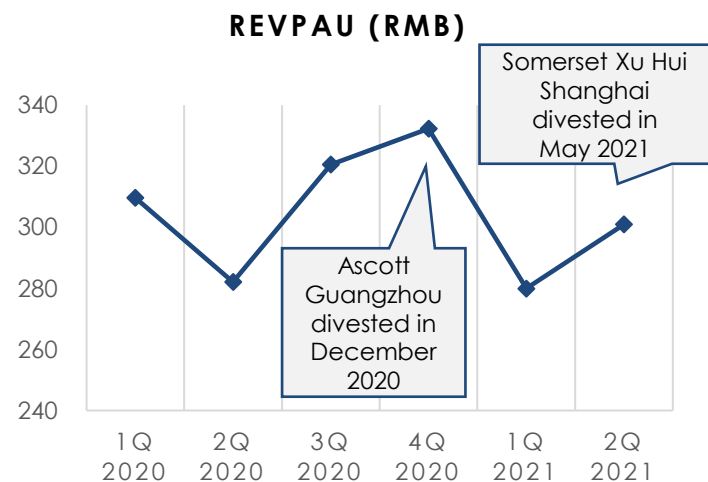
- Some rental waivers extended to support master lessees and in compliance with Australia's mandatory code of conduct, partially mitigated by full half-year contribution from Quest Macquarie Park Sydney acquired in Feb 2021
- Covid-19 situation expected to improve with the government's target to have **all adults vaccinated with at least one dose by end-2021**
- Large-scale sporting and entertainment events had resumed at full capacity in most states

Notes: Updates on travel and movement restrictions above as at 26 July 2021

1. Pertains to the properties under management contracts only

# China

Outlook positive on higher corporate and leisure demand



5% of total assets: 5 Management Contracts<sup>1</sup>

- 1H 2021 revenue and gross profit were lower y-o-y due to the **divestments** of Ascott Guangzhou and Somerset Xu Hui Shanghai; **on a same-store basis<sup>1</sup>, revenue and gross profit were 10% and 4% higher y-o-y respectively**
- Performance of certain properties was impacted by **snap lockdowns** in cities which experienced a resurgence
- **On a same-store basis<sup>2</sup>, RevPAU increased 18% q-o-q to RMB 273 in 2Q 2021**
- **Average occupancy of the China portfolio was 60%, higher than a year ago (low 50%),** due to the recovery in business and industrial activities
- **Long stays** continued to provide a strong occupancy base for the properties
- Demand for accommodation expected to remain **largely domestic** due to border restrictions
- **Recovery expected to pick up pace in 3Q 2021** given an uptick in demand for corporate long stays and leisure travel during the summer school holidays
- **Received S\$9.8 mil in termination fee income** following the termination of divestments of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan in 1Q 2021
- **Recognised gain of S\$124.5 mil** from the divestment of Somerset Xu Hui Shanghai in 2Q 2021



**Covid-19 situation generally under control; localised lockdowns imposed on areas experiencing a resurgence**



**International borders remain closed except for green lane arrangements**



**Domestic travel permitted**

Notes: Updates on travel and movement restrictions above as at 26 July 2021

1. Excluding Ascott Guangzhou and Somerset Xu Hui Shanghai which were divested in December 2020 and May 2021 respectively

2. Excluding Somerset Xu Hui Shanghai which was divested in May 2021

# France

## Recovery in 2Q 2021 on summer leisure travel demand



8% of total assets: 15 Master Leases<sup>1</sup>

- 1H 2021 revenue and gross profit were lower due to the **divestment of 2 properties and softer demand**, which resulted in lower rental income under the current master lease structure which has a variable rent component
- In 1Q 2021, 5 ART France properties were **temporarily closed**<sup>2</sup> due to movement restrictions but continued to receive fixed rent under the master lease arrangements
- All temporarily closed properties were progressively **reopened in 2Q 2021** to capture the **summer holiday demand**
- **Long stays, corporate, student and cultural group bookings** supported occupancies during the lockdown
- In June 2021, ART's France portfolio registered **healthy occupancy of c.70%, with regional cities performing better** than city-centre properties
- **Positive momentum expected to continue into 3Q 2021**, with c.60% of the population having received at least one dose of vaccine and the government's target to achieve a 100% vaccination rate



**Third national lockdown imposed from April to May 2021; nationwide curfew lifted on 20 June 2021**



**International borders open to countries under green, orange and red lists, subject to Covid-19 test and quarantine requirements**



**Domestic travel permitted**

Notes: Updates on travel and movement restrictions above as at 26 July 2021

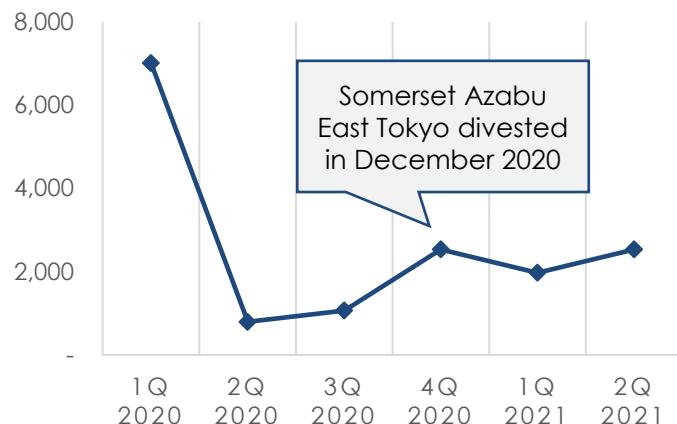
1. Excluding Citadines Didot Montparnasse Paris which was divested in May 2021

2. The 5 properties were Citadines Les Halles Paris, Citadines Republique Paris, Citadines Maine Montparnasse Paris, La Clef Louvre Paris and Citadines Croisette Cannes

# Japan

Stable income sources partially mitigate impact of movement curbs

REVPAU (JPY)



**State of emergency (SoE) / quasi-SoE across most regions in 1H 2021; Tokyo and Osaka to remain under SoE and quasi-SoE respectively until 22 August 2021**



**International borders closed except to nationals and long-term visa holders**



**Domestic travel discouraged under state of emergency**

**20%** of total assets: **3** Master Leases; **5** serviced residences under Management Contracts (MC) and **14** rental housing properties under MC

- **1H 2021 revenue and gross profit were lower y-o-y** due to the divestment of Somerset Azabu East Tokyo and impact of Japan's state of emergency
- On a same-store basis<sup>1</sup>, 1H 2021 revenue and gross profit for MC were 8% and 12% lower y-o-y respectively

### MC – Serviced Residences

- **RevPAU increased 28% q-o-q to JPY2,538<sup>2</sup> in 2Q 2021** due to higher domestic leisure demand during the holiday seasons, and month-long corporate bookings at 2 of the serviced residences in April 2021
- Hotel WBF Kitasemba East and Hotel WBF Kitasemba West in Osaka remained closed in 1H 2021 due to poor demand; both properties constitute c.2% of ART's total operating units

- Uplift expected for the 2 Tokyo properties which have secured **group bookings for Olympic Games** in 3Q 2021

### MC – Rental Housing

- Continued to provide resilience to the portfolio with **occupancies of >90%**
- Acquisitions of 3 new properties completed in June 2021

### Master Leases

- **Continued to receive fixed rent** despite 2 of the properties in Osaka<sup>3</sup> being temporarily closed from May; both properties have reopened in July 2021
- **Domestic travel expected to pick up** with government's drive to vaccinate all willing residents by November 2021

Notes: Updates on travel and movement restrictions above as at 26 July 2021

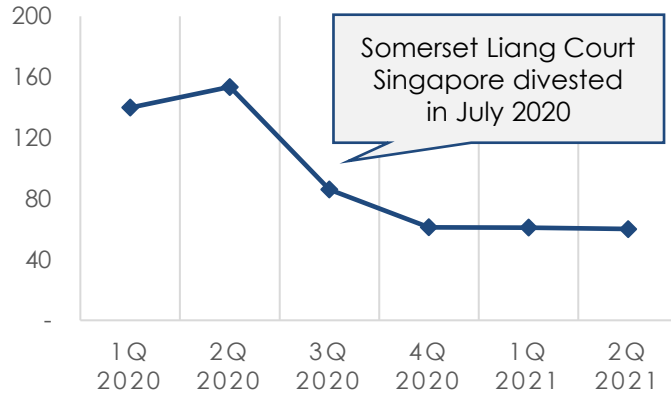
1. Excluding Somerset Azabu East Tokyo which was divested in December 2020 and the 3 rental housing properties which were acquired in June 2021
2. Pertains to the serviced residences under management contracts only
3. The 2 properties were Hotel WBF Honmachi and Sotetsu Grand Fresca Osaka-Namba



# Singapore

Stable performance q-o-q due to government block bookings

REVP AU (SGD)



Currently in Phase 2 (Heightened Alert) of reopening



International borders remain closed except for green lane and official business travel arrangements



Hotels approved by Singapore Tourism Board can accept staycation bookings

**18%** of total assets: **2** Master Leases; **1** Management Contract

## Management Contract

- 1H 2021 revenue **was lower y-o-y** mainly due to the cessation of operations and **sale of partial GFA of Somerset Liang Court Singapore**; on a same-store basis<sup>1</sup>, revenue and gross profit were lower by S\$0.8 mil and S\$1.2 mil respectively
- Softer revenue y-o-y was also due to **lower contracted rates** under the government booking, compared to 1H 2020 (2Q 2020 revenue was mainly from housing workers affected by the border closure)
- **RevPAU<sup>2</sup> was stable q-o-q at S\$60 in 2Q 2021** as Citadines Mount Sophia Singapore was under a government contract and expected **to remain booked through 3Q 2021**

## Master Leases

- **1H 2021 revenue was higher y-o-y** as rental waivers were granted in 1H 2020
- **Long stays, corporate and staycation bookings** were key drivers for Ascott Orchard Singapore; corporate and relocation enquiries have gradually increased
- Park Hotel Clarke Quay (PHCQ) block booked by the government since May 2021
- PHCQ is in the process of being repossessed by ART and the Managers are assessing options for the operations of the property; a provision of S\$5.3 mil has been made in 1H 2021 for the outstanding rents and the master lease (expiring in 2023) will subsequently be terminated

- c.50% of Singapore's population fully vaccinated; Singapore government plans to **reopen international borders progressively** when the situation stabilises

Notes: Updates on travel and movement restrictions above as at 26 July 2021

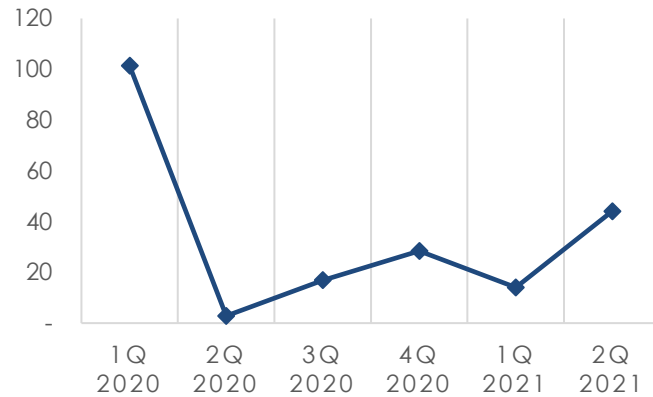
1. Excluding Somerset Liang Court Singapore, which was divested in July 2020

2. Pertains to the property under management contract, Citadines Mount Sophia Singapore, only

# United Kingdom

Domestic recovery spurred by easing of restrictions and pent-up demand

REVPAU (GBP)



**Lockdown progressively eased from April to July 2021**



**International borders open to countries under green and amber lists, subject to Covid-19 test and quarantine requirements**



**Domestic travel permitted**

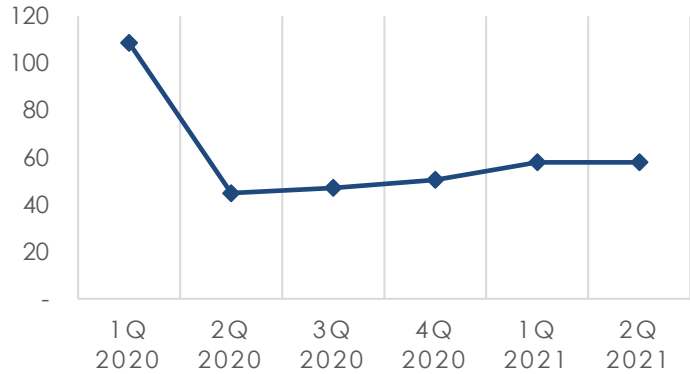
## 7% of total assets: 3 Management Contracts; 1 Management Contract with Minimum Guaranteed Income (MCMGI)

- **1H 2021 revenue and gross profit were lower y-o-y** as restrictions were imposed on UK hotels under the country's lockdown system
  - Income top-up mitigated the softer performance of Citadines South Kensington London, under MCMGI arrangement
  - Decline in gross profit was partially mitigated by lower staff costs, property tax and other expenses
- **Long stays by student groups and corporates** formed a stable occupancy base at the properties
- **RevPAU increased 214% q-o-q to GBP44 in 2Q 2021** following the relaxation of measures in May 2021 and increase in **domestic leisure travel** during the summer holidays
- **Positive momentum expected to continue into 3Q 2021** with c.70% of the population having received at least one dose of vaccine

# United States

Recovery picks up pace with greater confidence in travel

REVP AU (USD)



Many states, including New York, have fully reopened



International travel restrictions on arrivals from Europe



Domestic travel generally permitted as most states have eased travel restrictions

**13%** of total assets: **3** hotels under Management Contracts (MC) and **1** student accommodation under MC

- **1H 2021 revenue was lower y-o-y** mainly due to lower occupancies and renovation of Hotel Central Times Square; **gross profit was higher y-o-y** due to lower staff costs and marketing expense

- **Renovation of Hotel Central Times Square commenced** in April 2021 and rebranded property expected to launch in 4Q 2021; property remains operational

## Hotels

- **RevPAU stable q-o-q at USD58<sup>1</sup> in 2Q 2021**
- Occupancy at Sheraton Tribeca New York remained high through 1H 2021 due to a **block booking**
- RevPAU at Element New York Times Square West increased q-o-q mainly due to **higher leisure demand**
- **Outlook positive with steady increase in corporate group enquiries**, as more of the population becomes vaccinated and returns to office

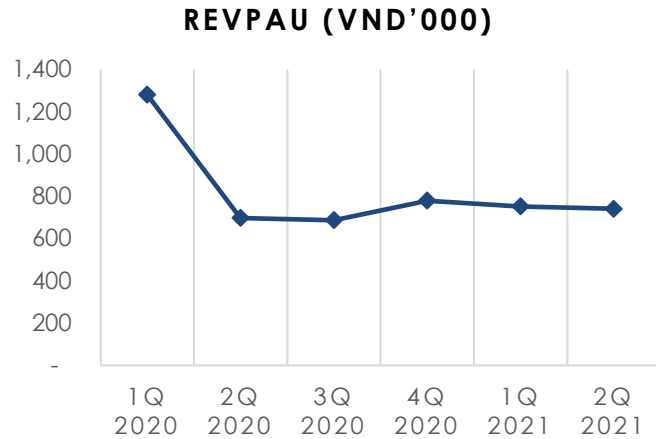
## Student Accommodation

- Paloma West Midtown, student accommodation property acquired in February 2021, registered **occupancy of >95% year-to-date and is 97% pre-leased for Fall 2021** as of July 2021
- Entered into **joint development** with Sponsor and third-party US partner for a student accommodation property in South Carolina in June 2021; construction is expected to complete in 2Q 2023

Notes: Updates on travel and movement restrictions above as at 26 July 2021  
1. Pertains to the 3 hotels and excludes the student accommodation property

# Vietnam

Long stays continue to provide resilience



**Tightened social-distancing measures in place since May 2021; Ho Chi Minh City and Hanoi are under lockdown until early-August**



**International borders remain closed with limited flights**



**Domestic travel permitted but flights have been reduced**

**3%** of total assets: **4** Management Contracts

- **1H 2021 revenue and gross profit were lower y-o-y** mainly due to softer demand
- **2Q 2021 RevPAU decreased 2% q-o-q to VND 740,000**, on the back of a resurgence and tightening of movement controls to curb the spread of the Delta variant since May 2021
- **New reservations were impacted** as flights were reduced, and discretionary domestic travel was put on pause
- **Long stays, corporate guests and project groups** formed majority of the properties' bookings, providing a resilient occupancy base
- **Vietnam's economic prospects remain bright**, with GDP growth accelerating in 2Q 2021 to 6.6% on strong performance from the manufacturing sector<sup>1</sup>

Notes: Updates on travel and movement restrictions above as at 26 July 2021


1. Source: ICIS, "Vietnam GDP growth accelerates in Q2 on strong industry output", 29 June 2021

# Capital and Risk Management



# Strong Financial Capacity & Healthy Liquidity Position

Sufficient liquidity to cover three years' fixed costs under a worst case, zero income scenario




### Strong capital management

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**S\$1.19**  
NAV per Unit

**50%**  
Total assets in foreign currency hedged

**0.5% (gain)**  
Impact of foreign exchange after hedges on gross profit for 1H 2021



### Robust financing flexibility

---


**35.9%**  
Gearing  
(c. S\$1.9 bil debt headroom<sup>1</sup>)

**1.6%**  
per annum  
Low effective borrowing cost

**BBB- (Stable Outlook)**  
Fitch Ratings

Interest cover  
**2.3X<sup>2</sup>**

**68%**  
of property value unencumbered



### Fortifying liquidity reserves

---

**c.S\$1.17 bil**  
Total available funds

=

**c.S\$470 mil**  
Cash on-hand

+

**c.S\$695 mil**  
Available credit facilities<sup>3</sup>

Notes:

Above as at/for period ended 30 June 2021

1. Refers to the amount of additional debt before reaching aggregate leverage of 50%
2. Refers to the 12-month trailing interest cover
3. Balances as at 30 June 2021; includes committed credit facilities amounting to approximately S\$277 mil

# Strong Financial Capacity & Healthy Liquidity Position

Diversified funding sources and well spread-out debt maturity profile

**69% : 31%**

Bank loans : Medium Term Notes

**3%**

Total debt due in 2021

**c.80%**

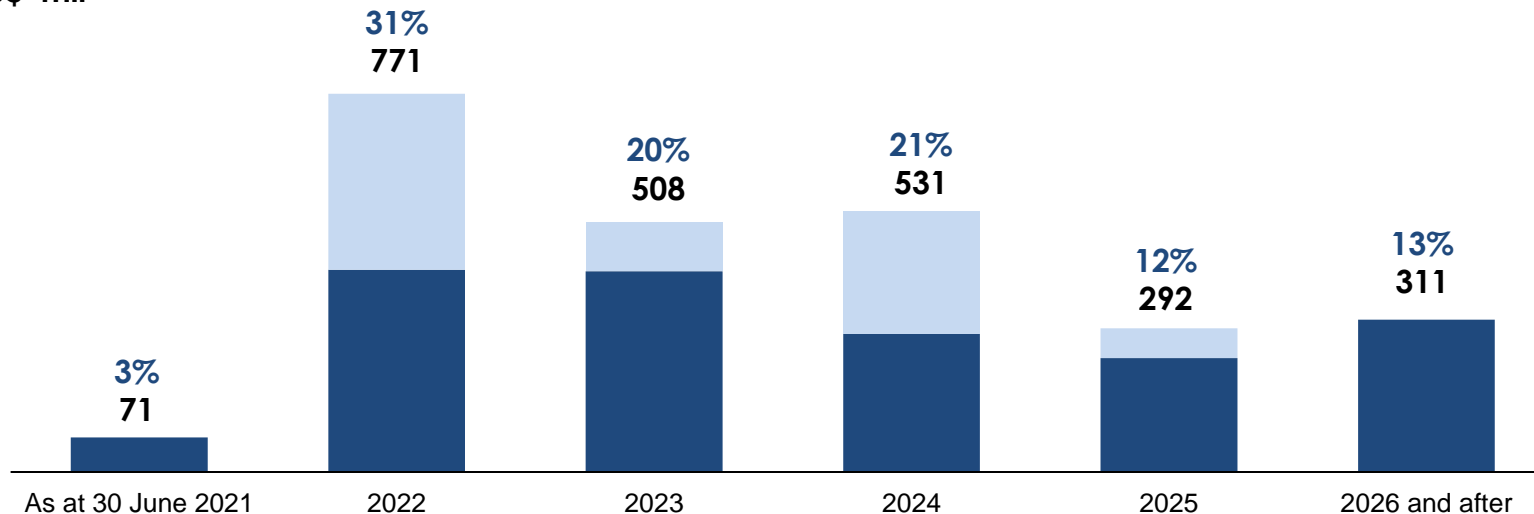
Total debt on fixed rates

**3.2 years**

Weighted average debt to maturity

## Managing liquidity risks through diversified funding sources

S\$' mil



- Debt due in 2021 substantially refinanced
  - Successfully refinanced S\$179 mil in debt in 1H 2021
- Lenders remain supportive



Bank loans



Medium Term Notes

# Looking Ahead



lyf one-north, Singapore (Artist's Impression)  
Concept Design by WOHA



# Well-positioned for Recovery

Underpinned by strong fundamentals, poised to capture pent-up demand



## Near-term uncertainty remains, and the pace of recovery across markets divergent...

Movement restrictions continue to be in place in countries experiencing a resurgence

Concerns around variants of the virus

Initial phase of recovery largely driven by domestic and essential corporate travel segments, and return of international demand may be more gradual



## ...but progress has been made, and industry experts expect a stronger 2H 2021.

Accelerated vaccine rollout, reopening of economies and borders

IMF expects the global economy to grow 6% in 2021<sup>1</sup>

UNWTO expects international visitor arrivals to rebound by 2H 2021, increasing 10% to 40% y-o-y for the full year<sup>2</sup>



## 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

Strong financial and cashflow positions offer flexibility to invest, pare down debt and/or distribute to Stapled Securityholders

### Sources:

1. International Monetary Fund, "World Economic Outlook", April 2021
2. UNWTO, "Tourist numbers down 83% but confidence slowly rising", June 2021



Thank you



ASCOTT  
RESIDENCE  
TRUST

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