



# MORE THAN

A PLACE TO STAY

**6<sup>th</sup> Annual General Meeting**

**29 June 2018**

# Disclaimer

This presentation shall be read in conjunction with A-HTRUST's Annual Report for the financial year ended 31 March 2018 ("FY2017/18"), a copy of which is available on [www.sgx.com](http://www.sgx.com) or [www.a-htrust.com](http://www.a-htrust.com).

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends and foreign exchange rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

**The Australian Dollar, Chinese Renminbi, Japanese Yen, Korean Won and Singapore Dollar are defined herein as "AUD", "RMB", "JPY", "KRW" and "SGD" or "S\$", respectively.**

**Any discrepancies in the figures included herein between the individual amounts and total thereof are due to rounding.**

# CONTENTS

1. Key Highlights
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3. Executing Strategies



# 1

## Key Highlights





# FY2017/18 Key Highlights

2.0x

Divested Beijing hotels for 2.0x valuation

2.7%

Effective interest rate significantly lower

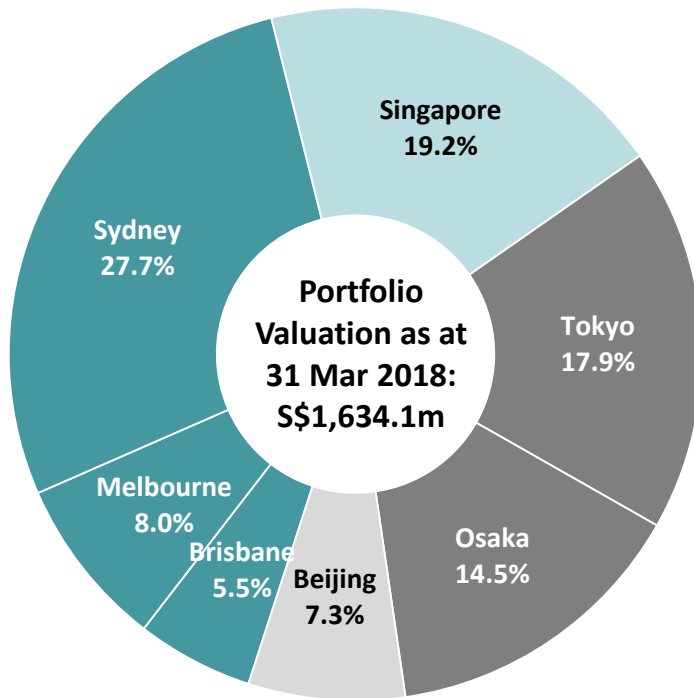
3.2%

DPS y-o-y improvement





# Well diversified portfolio



- Australia
- Japan
- Singapore
- China

AUSTRALIA	SGD mn	41.1%
Pullman Sydney Hyde Park	179.9	11.0%
Novotel Sydney Central	170.2	10.4%
Novotel Sydney Parramatta	49.7	3.0%
Courtyard by Marriott Sydney-North Ryde	52.2	3.2%
Pullman and Mercure Melbourne Albert Park	130.4	8.0%
Pullman and Mercure Brisbane King George Square	89.2	5.5%

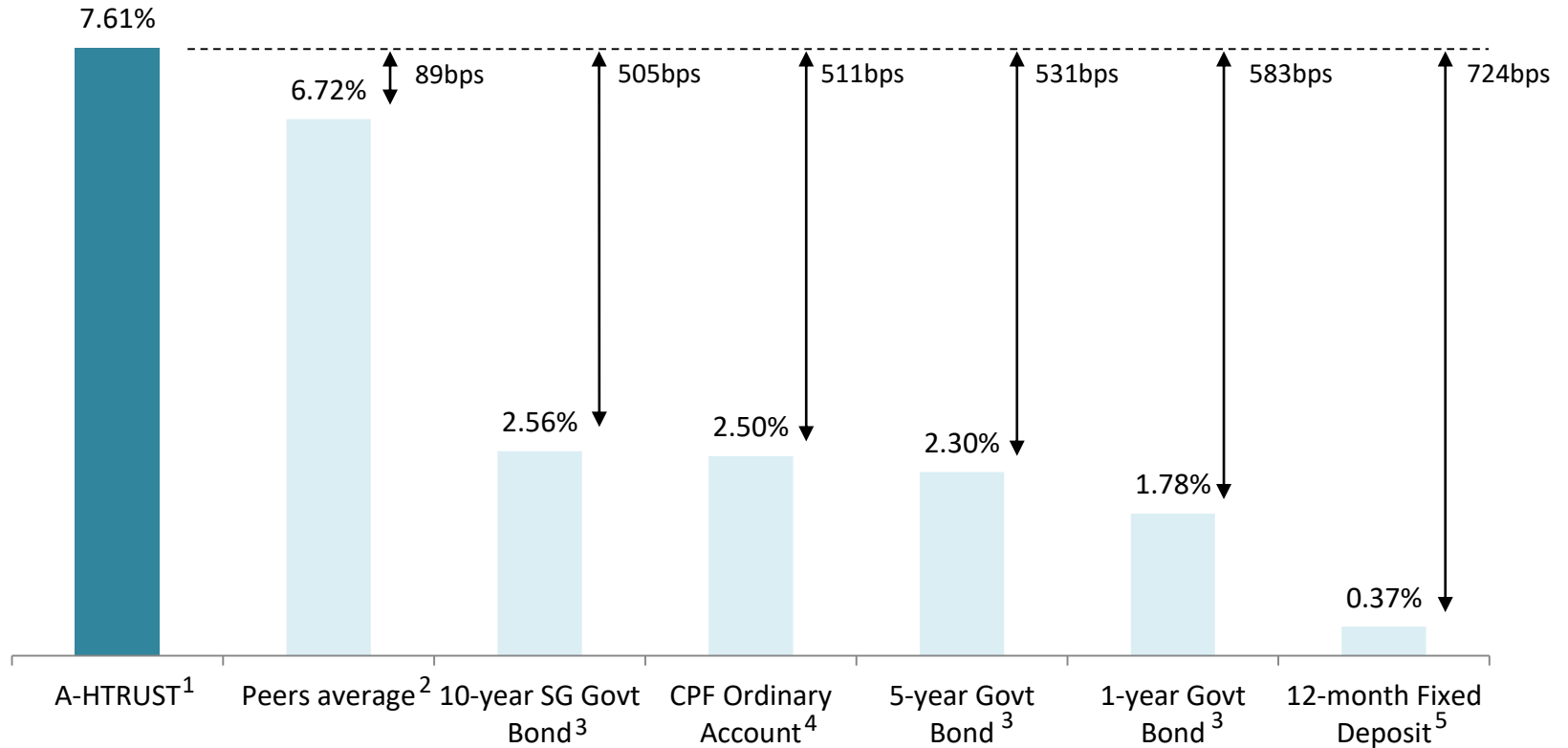
CHINA	SGD mn	7.3%
Novotel Beijing Sanyuan	53.2	3.3%
Ibis Beijing Sanyuan	66.1	4.0%

JAPAN	SGD mn	32.4%
Hotel Sunroute Ariake	292.8	17.9%
Hotel Sunroute Osaka Namba	236.5	14.5%

SINGAPORE	SGD mn	19.2%
Park Hotel Clarke Quay	314.0	19.2%

**1,634.1** 100.0%

# Attractive yield spread



1. Based on DPS of 5.86 cents for FY2017/18 and closing price of A-HTRUST's stapled securities as at 26 June 2018.
2. Based on past 12 months yields of hospitality trusts listed on SGX as at 26 June 2018. Source: Bloomberg.
3. Based on prices as at 26 June 2018. Source: website of Singapore Government Securities ([www.sgs.gov.sg](http://www.sgs.gov.sg)).
4. Based on interest paid for ordinary account of 2.5% per annum from 1 April 2018 to 30 June 2018 as stipulated in CPF website. Source: website of CPF ([www.cpf.gov.sg](http://www.cpf.gov.sg)).
5. Highest of the fixed deposit per annum rates offered by the three local banks for 12-month deposit of less than S\$1.0 million as at 26 June 2018. Source: website of the respective banks.

# Awards and accolades



**April 2018**



**SGX Fast Track Programme**  
Recognised for good corporate governance standing and placed on the list of companies under the Fast Track Programme

**September 2017**

**2017 Securities Investors Association of Singapore (SIAS) Investors' Choice Awards**  
Winner of Shareholder Communications Excellence Award for the Mid Cap category



**August 2017**

**Best of Breeds REITs Awards™**  
Awarded Gold for the Hospitality REIT (Singapore)



Asia Pacific  
Best of the Breeds  
REITs AWARDS™

\* Source of images from the websites of the respective organisations / events.

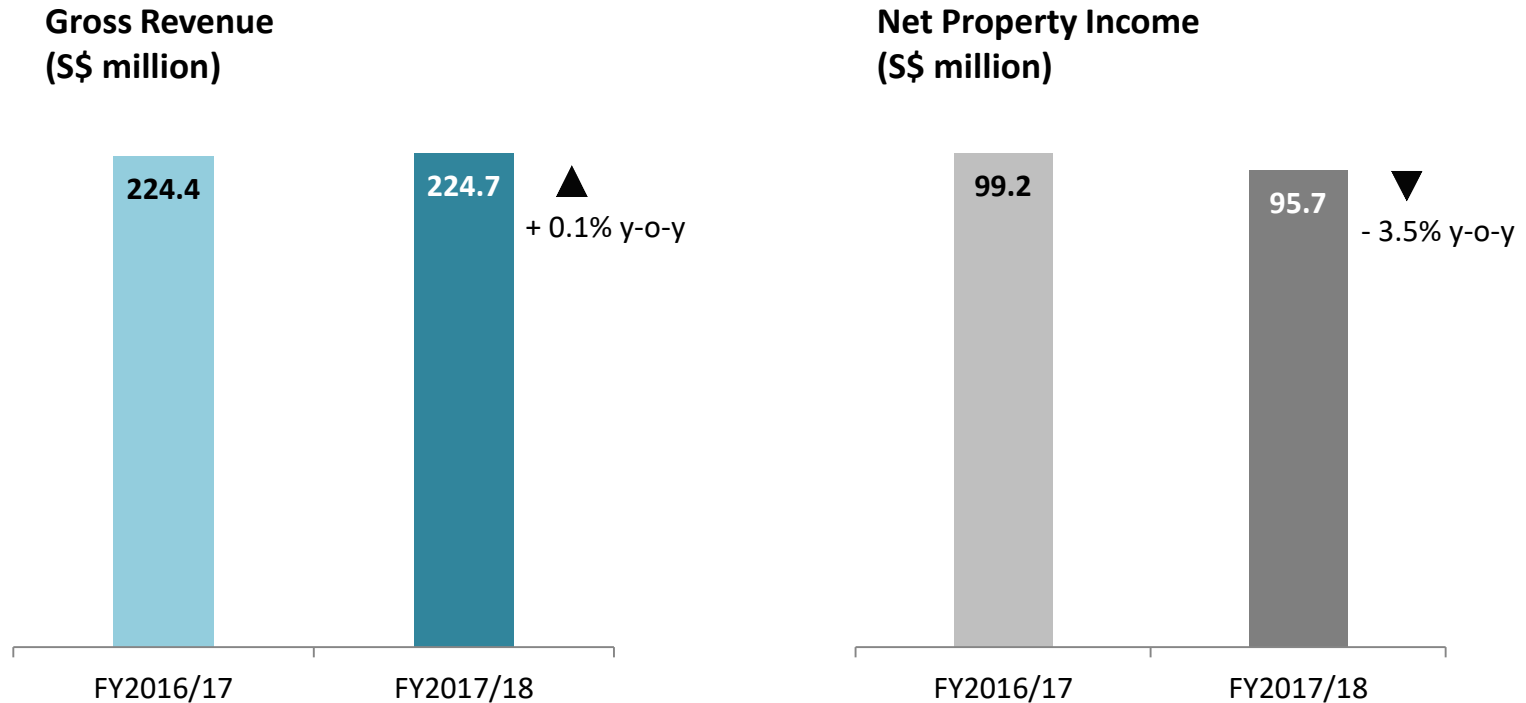


# 2

## Year in Review



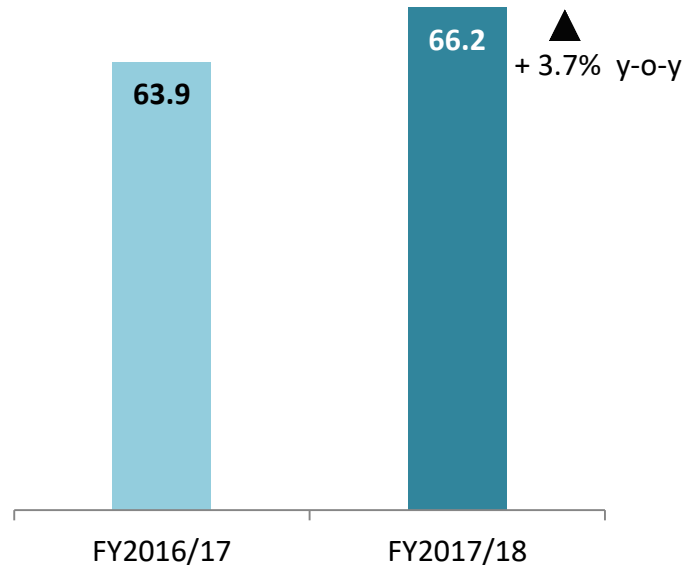
# FY2017/18 financial highlights



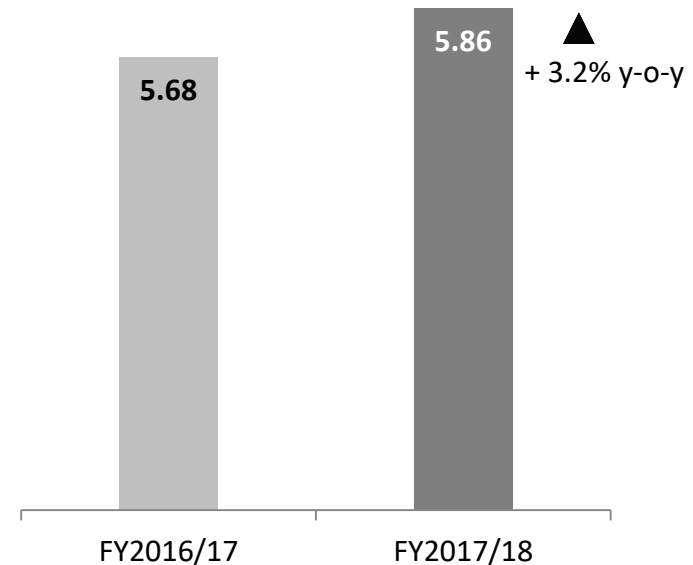
- Overall revenue posted marginal increase in SGD term.
- Net property income (“NPI”) was lower mainly due to lower contribution from Australia portfolio.

# FY2017/18 financial highlights

**Distributable Income<sup>1</sup>**  
**(\$ million)**



**Distribution per Stapled Security<sup>1</sup>**  
**(cents)**

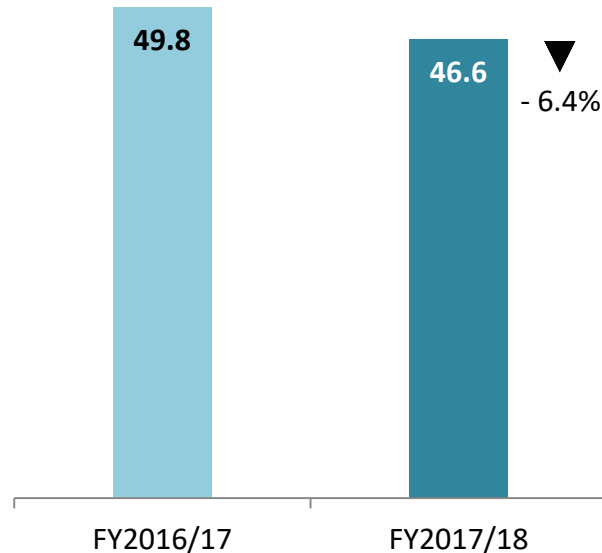


- Distributable income improved mainly due to savings in finance costs and look fee received in connection to the divestment of Beijing hotels.
- As a result, Distribution per Stapled Security (“DPS”) grew by 3.2% to 5.86 cents for FY2017/18 despite higher proportion of income retained.

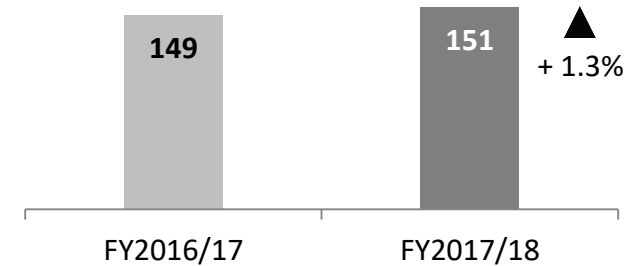
1. Distributable income and DPS net of retention of income for working capital purposes.

# Australia

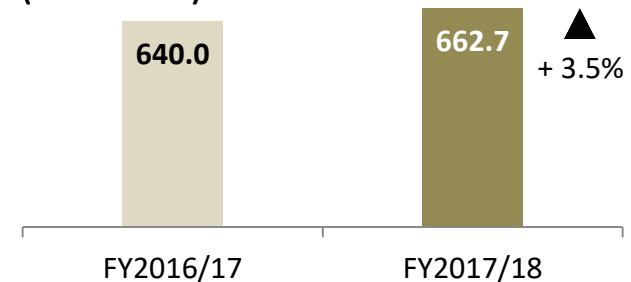
**Net Property Income  
(AUD million)**



**RevPAR  
(AUD)**



**Valuation  
(AUD million)**

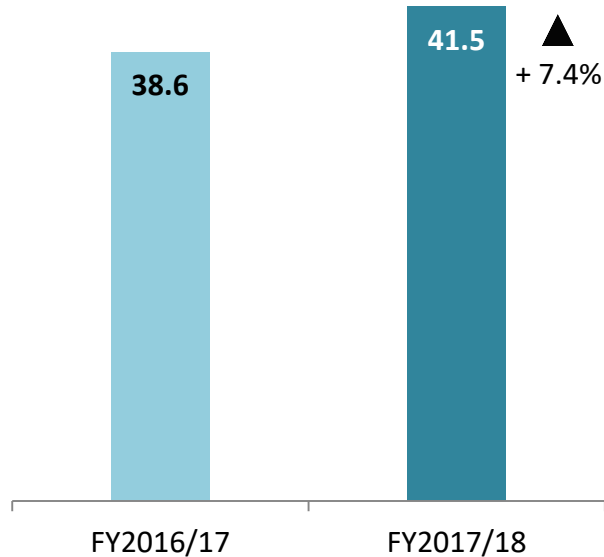


- NPI was mainly affected by more competitive landscape for conferences and events business in Melbourne and oversupply situation in Brisbane, affecting the hotels in these cities.
- Novotel Sydney Central and Courtyard by Marriott Sydney-North Ryde posted strong performance.

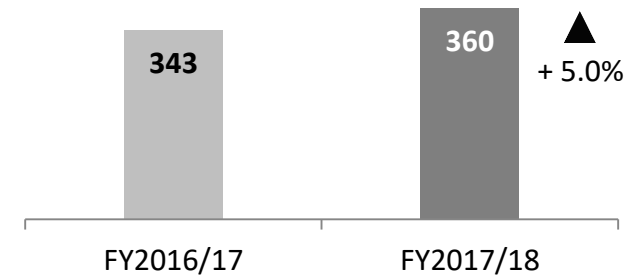


# China

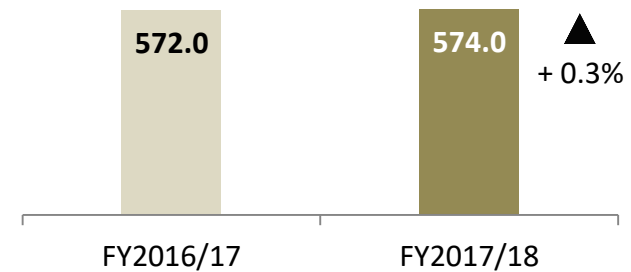
**Net Property Income  
(RMB million)**



**RevPAR  
(RMB)**



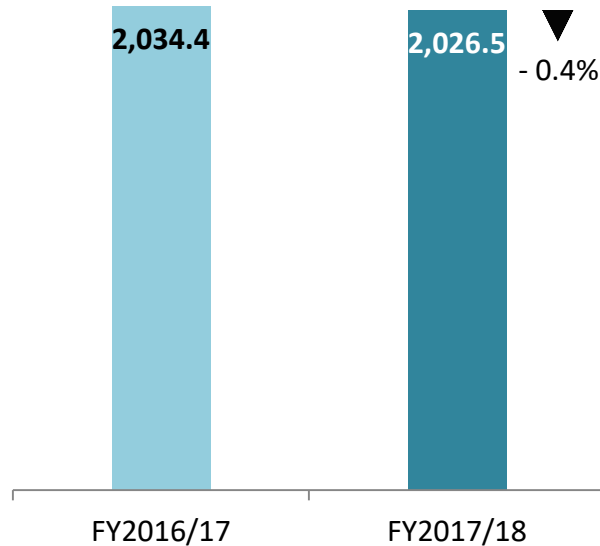
**Valuation  
(RMB million)**



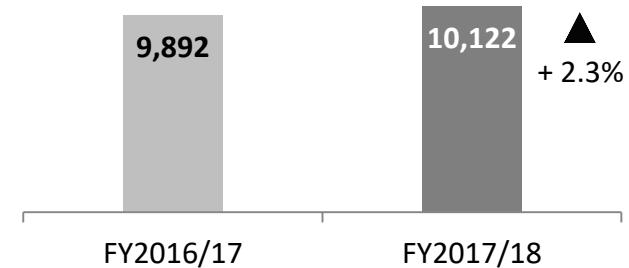
- Healthy public and corporate demand benefitted the two hotels in Beijing.
- The two hotels were divested on 18 May 2018.

# Japan

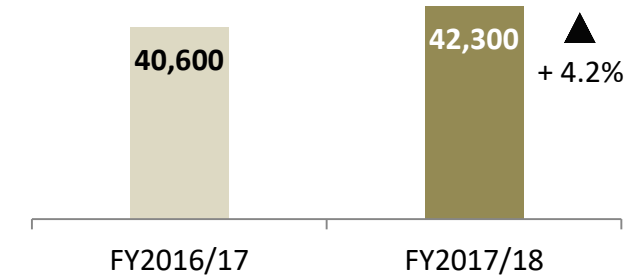
## Net Property Income (JPY million)



## RevPAR<sup>1</sup> (JPY)



## Valuation (JPY million)

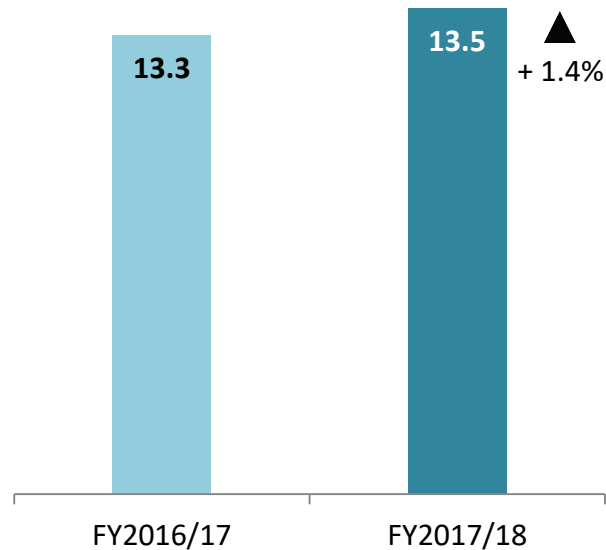


- Performance was relatively stable despite ongoing renovation at Hotel Sunroute Ariake which commenced in December 2017.
- Hotel Sunroute Osaka Namba posted second consecutive year of growth following the rebranding of the hotel in 2016, with NPI growth of 2.7% y-o-y.

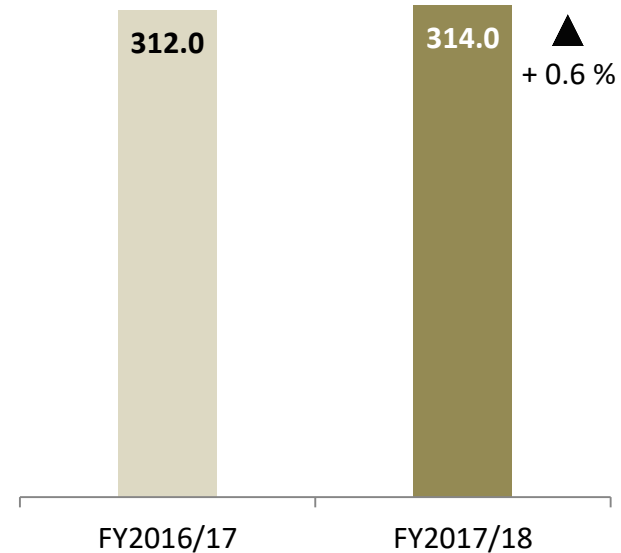
1. RevPAR applies to Oakwood Apartments Ariake Tokyo only.

# Singapore

**Net Property Income  
(SGD million)**



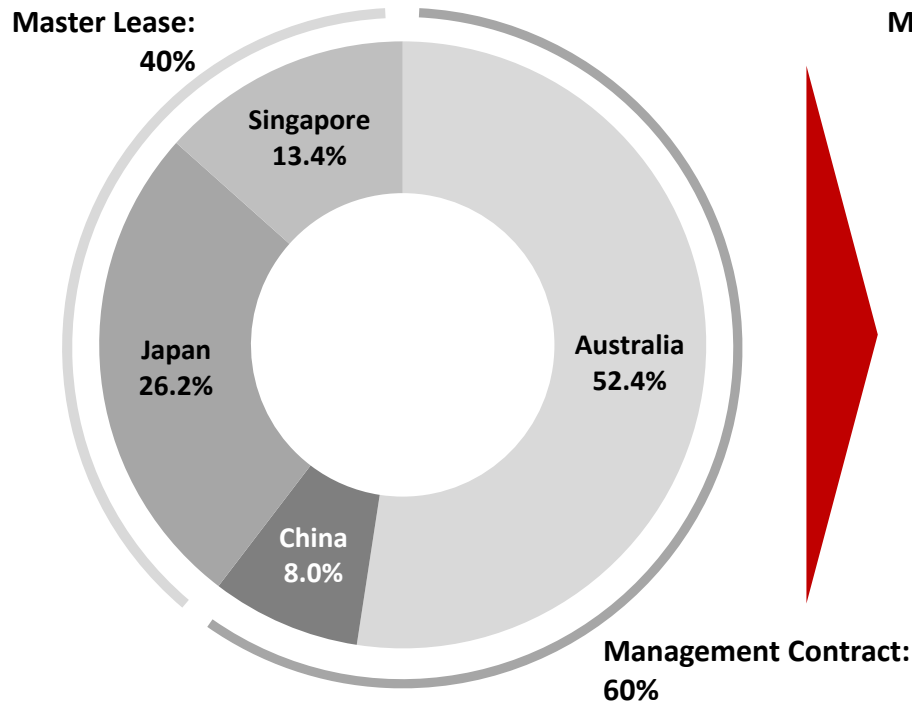
**Valuation  
(SGD million)**



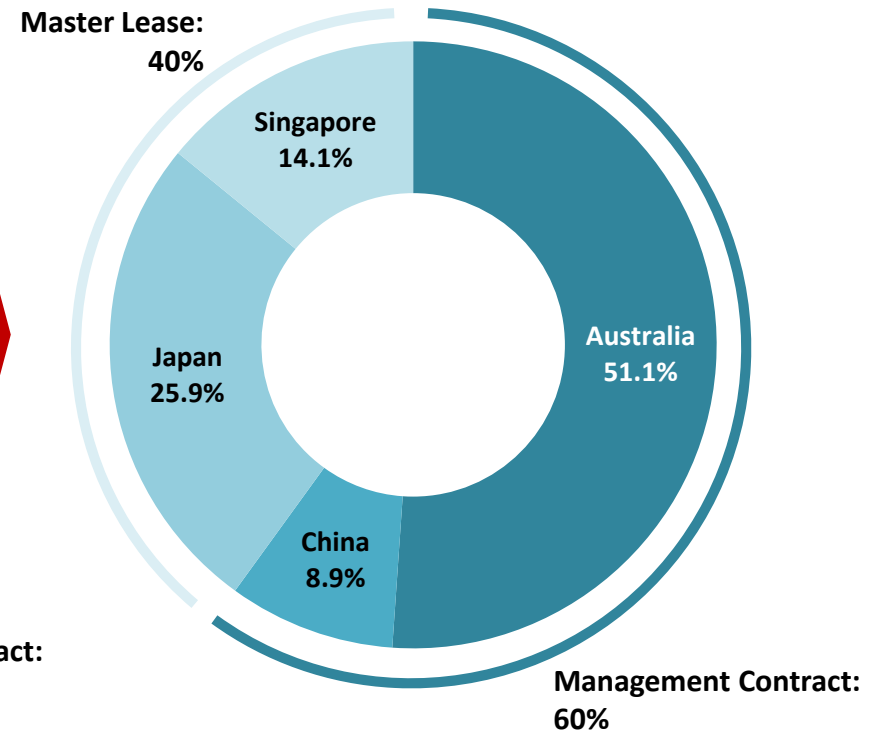
- Despite headwinds in the Singapore hotel markets, Park Hotel Clarke Quay recorded improvement in FY2017/18.
- The hotel received variable rent in FY2017/18 compared to receiving only fixed rent in FY2016/17.

# Good mix of income from different rent structures

**FY2016/17 Net Property Income**



**FY2017/18 Net Property Income**



- Mix of income from hotels under master leases remained stable in FY2017/18, maintaining the 40% proportion.



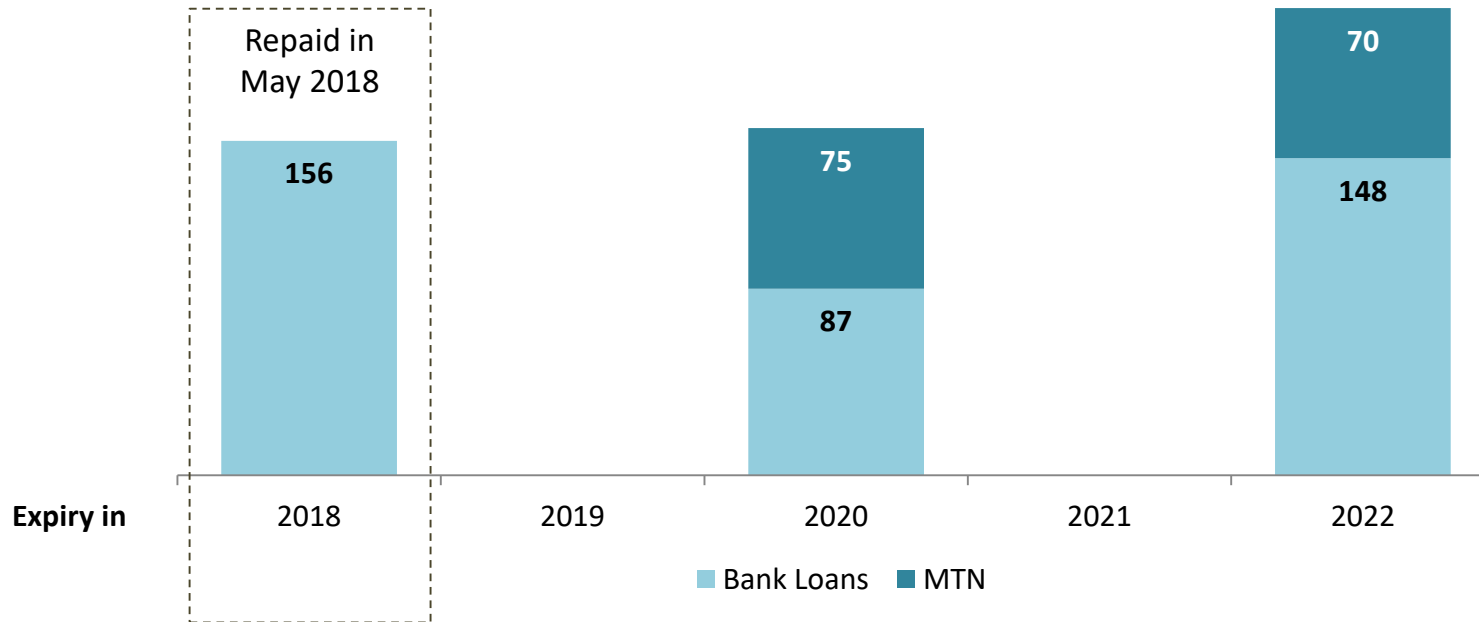
# Healthy balance sheet to support growth

	As at 31 March 2017	As at 31 March 2018
Borrowings	S\$555.2 million	S\$535.2 million
Total Assets	S\$1,725.9 million	S\$1,739.3 million
A-HTRUST Gearing <sup>1</sup>	32.2%	30.8%
- A-HREIT Gearing	25.6%	24.1%
- A-HBT Gearing	35.7%	34.4%
Weighted average interest rate	3.1%	2.7%
Weighted average debt to maturity	2.8 years	2.7 years
Net asset value per stapled security	S\$0.92	S\$0.92

1. Gearing is computed based on total debt over total assets.

# Well spread out debt maturity

**Debt Profile as at 31 March 2018**  
**(\$ million)**



- The bank borrowings due in 2018 were fully repaid in May 2018, further extending the average maturity of the remaining borrowings.
- Assuming the amount due in 2018 was repaid on 31 March 2018, the average maturity of the remaining borrowings as at 31 March 2018 would be approximately 3.4 years

# Mitigating currency and interest rate risks

1

## Foreign currency hedging policy for distribution

- ▶ Systematic hedging approach using currency forwards up to 15 months (5 quarters) in advance to smoothen volatility.

2

## Foreign currency hedging policy for balance sheet

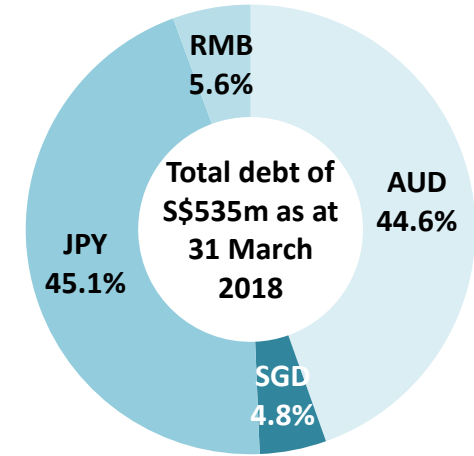
- ▶ To protect the capital values of foreign assets against foreign currencies movements, borrowings are matched in the same currencies of these assets to achieve a natural hedge.
- ▶ The balance equity in these foreign assets are not hedged due to the high costs involved to take on long-term hedging on equity position.

3

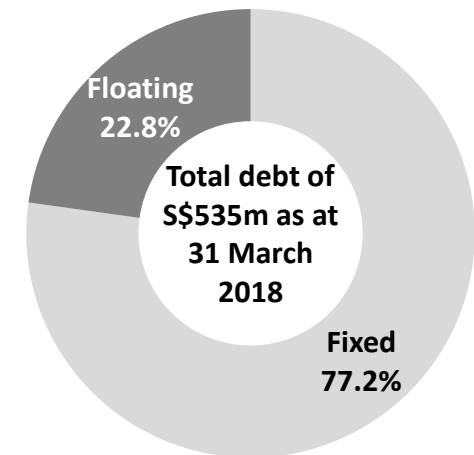
## Interest rate hedging policy

- ▶ More than 50% of borrowings are on fixed rate so as to mitigate interest rate volatility.

### Debt Currency Profile



### Debt Interest Rate Profile



# 3

## Executing Strategies





# Pullman Sydney Hyde Park



- 66 rooms in Pullman Hyde Park were renovated as the hotel seeks to capture higher yielding segments.
- Involved laying of new carpets, installation of new joinery, lighting, bedheads, curtains and tapware.



# Hotel Sunroute Ariake



- Previously a dual-branded accommodation which included Oakwood Apartments Ariake Tokyo under management contract, the master lease for Hotel Sunroute Ariake has been extended to cover the entire hotel.
- The fixed rent under the master lease has been revised higher by approximately 19% and the rent structure amended to be the higher of the fixed rent or agreed percentage of room revenue.
- Management by a single operator will be synergistic as it is able to offer more room types under a single platform and more cost efficient.
- The extension of the master lease will improve stability of the cashflow for A-HTRUST.
- The tenure of the lease has also been extended from June 2024 to March 2033.

# Hotel Sunroute Ariake



- Refurbishment of all 790 rooms in Hotel Sunroute Ariake are ongoing and the costs are borne by the operator.
- This will refresh the rooms and improve the competitiveness of the hotel.
- The refurbishment is expected to complete by June 2018.



# Shama Luxe Aurora Melbourne Central

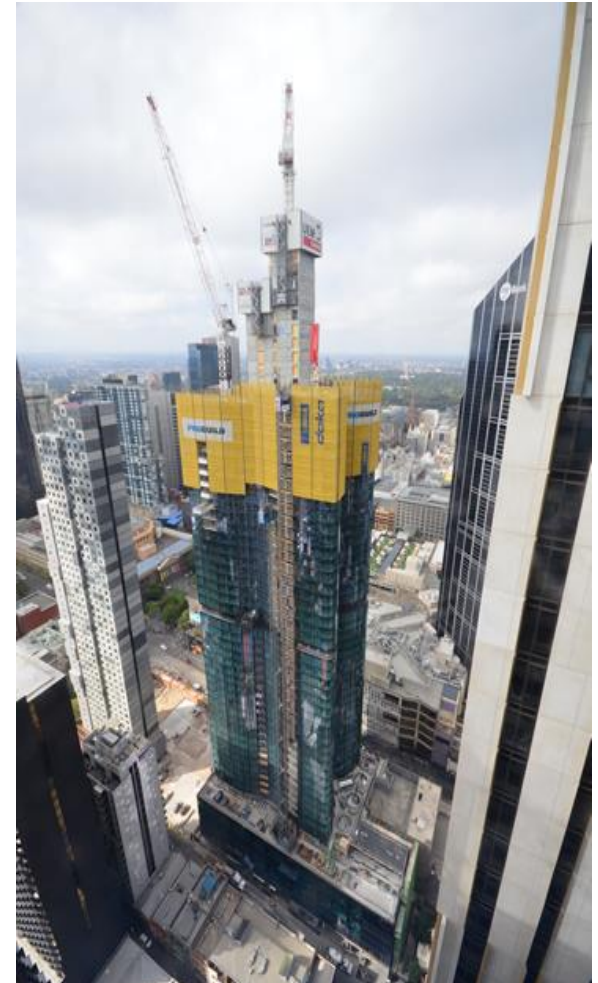
- In December 2015, A-HTRUST entered into a forward purchase to acquire serviced apartments component of Aurora Melbourne Central for AUD120 million.
- Based on information available, the entire development is approximately 69% completed and is on schedule to be completed by end 2019.
- The serviced apartments will be named as Shama Luxe Aurora Melbourne Central and fitting out of the serviced apartments is targeted by August 2019.



Preliminary design for studio apartment



Preliminary design for living area of a one-bedroom apartment



# Expansion of investment markets



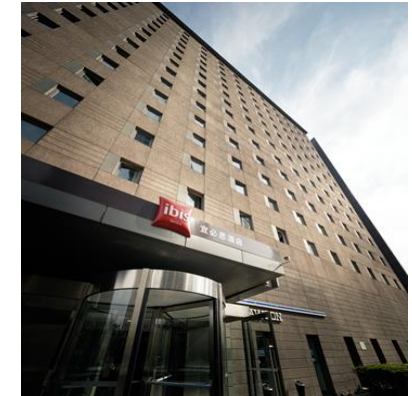
- In November 2017, A-HTRUST expanded the investment markets from Asia Pacific region to global markets.
- This will allow A-HTRUST to access a larger pool of acquisition opportunities that can enhance the portfolio.
- Outside Asia, countries with developed hospitality markets and pro-business laws and regulations are preferred.
- The Managers will continue to maintain a disciplined and holistic approach to potential investments.

# Realisation of substantial value

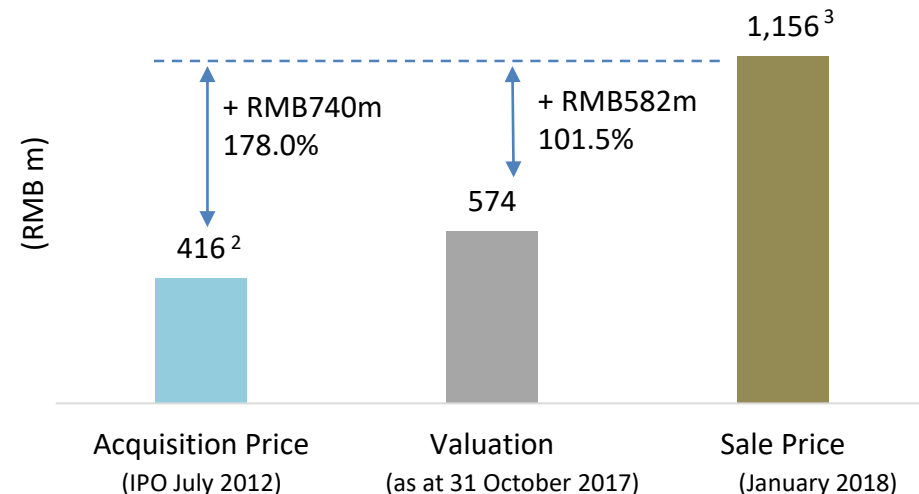
- On 29 January 2018, A-HTRUST announced the divestment of the two Beijing hotels for a compelling price of RMB1,156.4 million<sup>1</sup>, which was completed on 18 May 2018.
- Substantial value was realised from the divestment as the sale price was more than double of the hotels' latest valuation.
- A substantial portion of the proceeds was used to fund the acquisition of KY-Heritage Hotel Dongdaemun and pare down borrowings and the Managers also intend to distribute part of the proceeds to mitigate the effect of the divestment on distributable income.
- Following the divestment, A-HTRUST no longer has any assets in China but remains open to opportunities in China, especially in gateway cities such as Beijing and Shanghai.



Novotel Beijing Sanyuan



Ibis Beijing Sanyuan



- Please refer to the announcement dated 29 January 2018 for further information on the divestment of the Beijing hotels.
- Based on the property component of the aggregate purchase price for the Beijing hotels.
- Excluding the look fee of RMB23.6 million.



# Maiden entry into another gateway city - Seoul



KY-Heritage Hotel Dongdaemun (to be renamed “The Splaisir Seoul Dongdaemun”)<sup>1</sup>

- Number of rooms: 215
- Land tenure: Freehold
- Hotel type: Midscale
- Year of completion: 2015
- Purchase price: KRW 73.0 billion<sup>2</sup>
- Valuation: KRW 75.4 billion<sup>2,3</sup>

## Excellent Location

- ✓ Hotel strategically located in the prominent Dongdaemun area
- ✓ Improving hotel market

## DPS Accretive Acquisition

- ✓ The acquisition is DPS accretive by 1.7% on pro forma FY2017/18 basis<sup>4</sup>

## Relatively New Freehold Asset

- ✓ Minimal capital expenditure expected in the next few years
- ✓ Adds another freehold asset to the portfolio

## Potential Upside

- ✓ Opportunity to enhance asset value from hotel rebranding and repositioning under Sotetsu, an established hotel operator from Japan

## Improved Income Stability

- ✓ 20-year master lease agreement to be in place with effect from 1 July 2018, mitigates downside risk and provides potential upside

## Broaden Earning Base

- ✓ Diversification of portfolio into another gateway city

1. Please refer to the announcement dated 27 April 2018 for further information on the acquisition of KY-Heritage Hotel Dongdaemun.
2. Based on 100% interest in the hotel. A-HTRUST owns 98.7% interest in the hotel, with the remaining 1.3% owned by a Sponsor-related entity.
3. Valuation as at 30 March 2018.
4. Assuming the acquisition and divestment of Beijing hotels were completed on 1 April 2017 and proceeds from the divestment of Beijing hotels were used to finance part of the acquisition.

# KY-Heritage Hotel Dongdaemun situated in prime location



Source: Google Map.

## Dongdaemun Wholesale and Retail Precinct

- Renowned leisure destination
- 2<sup>nd</sup> most visited destination in Seoul by foreign tourists

## Dongdaemun Design Plaza

- Prominent city landmark
- Comprises museum, conferencing and exhibition space

## Dongdaemun History & Culture Park Subway Station

- Minutes walk from the Hotel
- Provides excellent connectivity to other parts of the city

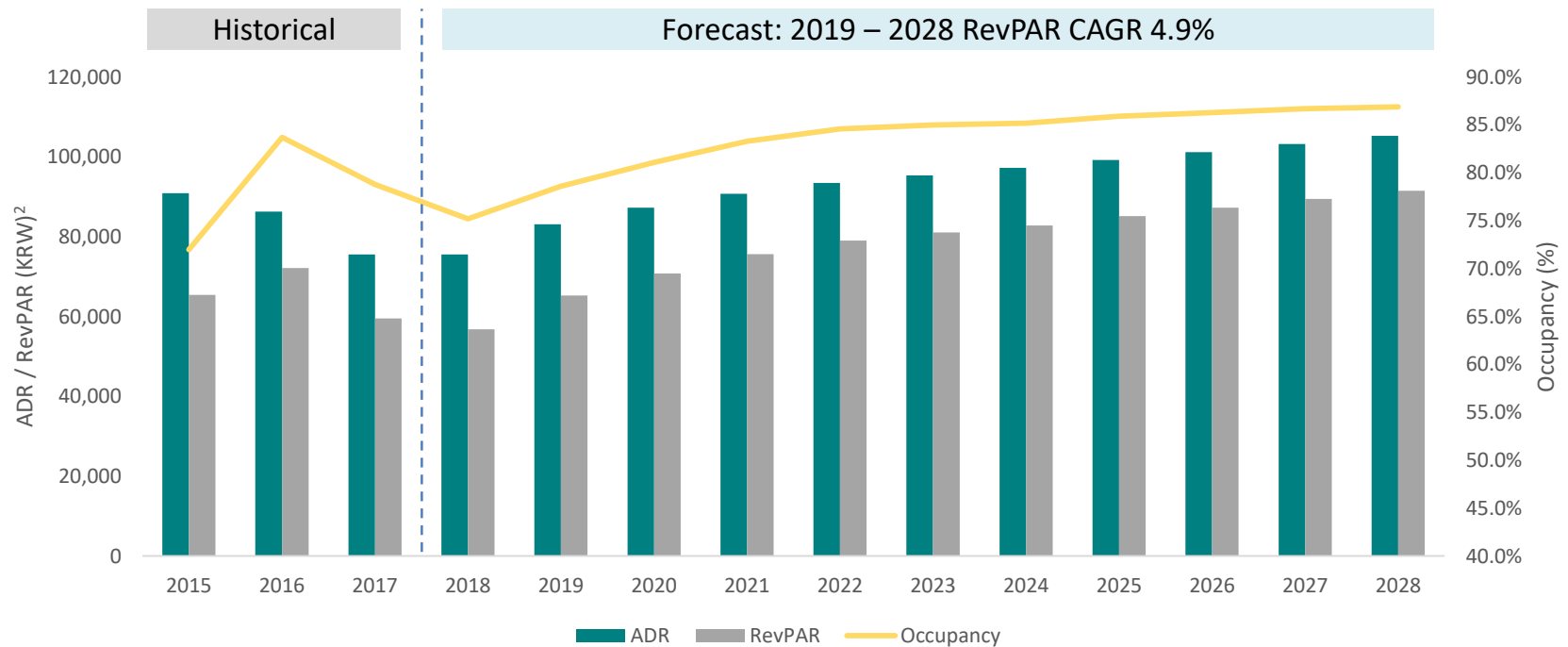
KY-Heritage Hotel Dongdaemun



# Improving market in Seoul

- Going forward, the Seoul hotel market is expected to improve due to factors such as
  - i. easing of political tensions
  - ii. campaigns to drive domestic travelling and attract visitors from markets apart from its key source markets

## Historical and Forecast Statistics for Seoul Hotel Market<sup>1</sup>



1. Source: Based on forecast from CBRE Korea Co., Ltd. for the competitive set of hotels within the vicinity of KY-Heritage Hotel DONGdaemun.
2. ADR: Average Daily Rate, RevPAR: Revenue per Available Room.

# Deepens presence in Osaka with acquisition of portfolio

## DPS Accretive Acquisition

- ✓ The acquisition is DPS accretive by 4.3% on pro forma FY2017/18 basis<sup>1</sup>

## Strategic Location of Hotels

- ✓ Osaka is a gateway city
- ✓ The hotels are strategically located

## New Freehold Hotels

- ✓ The hotels were only completed between March and April 2018, meaning minimal capital expenditure is expected in the next few years

## Improved Income Stability

- ✓ The master leases, with 20-year tenor each, will further improve the income stability

## Diversity pool of operators

- ✓ The hotels will be managed by White Bear Family, Co., Ltd., an established hotel operator, operating about 30 hotels in Japan

## Broadens Earning Base

- ✓ The Acquisition broadens A-HTRUST's earning base and further reducing its reliance on any single property

Hotel WBF Kitasemba West . Hotel WBF Kitasemba East . Hotel WBF Honmachi<sup>1</sup>

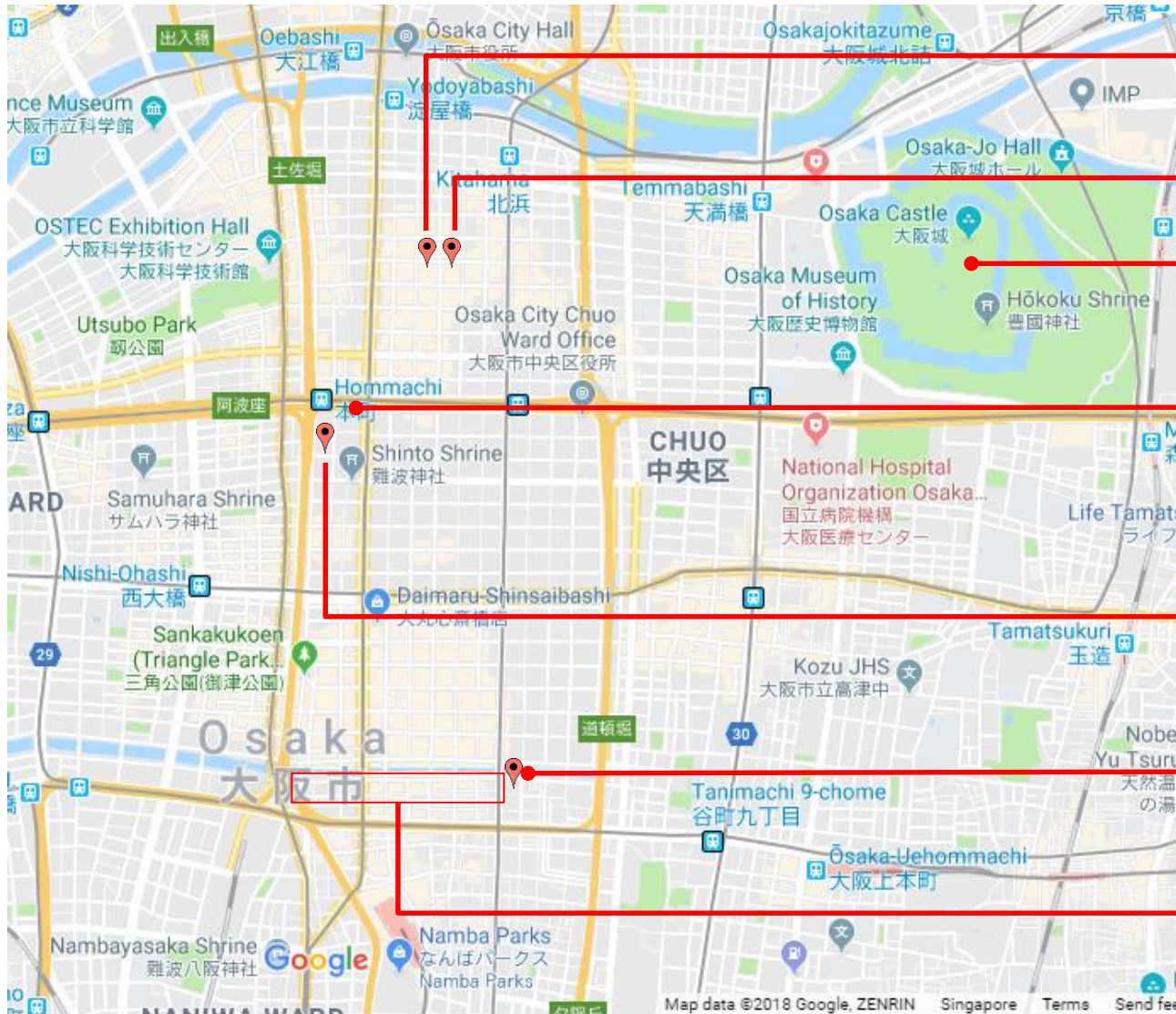
- Total number of rooms: 518
- Land tenure: Freehold
- Hotel type: Select service
- Year of completion: 2018
- Aggregate purchase price: JPY10,290 million
- Aggregate valuation: JPY10,600 million<sup>2</sup>



1. Please refer to the announcement dated 18 June 2018 for further information on the acquisition of the portfolio of hotels in Osaka.
2. Valuation as at 25 May 2018.



# Portfolio of hotels well positioned



**Hotel WBF  
Kitasemba West**

**Hotel WBF  
Kitasemba East**

*Osaka Castle  
Iconic landmark of Osaka*

*Honmachi Metro Station  
Running 3 lines of the Osaka  
Municipal Subway*

**Hotel WBF  
Honmachi**

**Hotel Sunroute Osaka Namba**  
*Existing hotel of A-HTRUST*

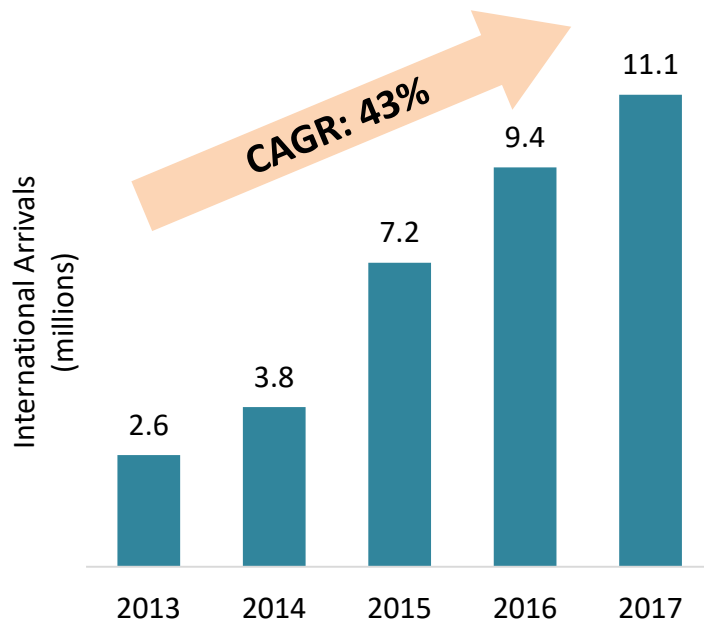
*Dotonbori  
Prominent entertainment  
precinct*

Source: Google Map.

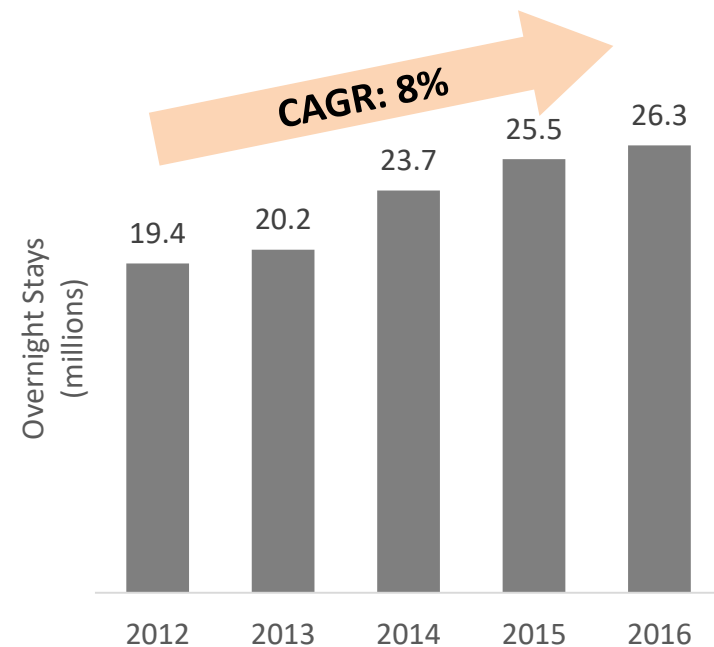
# Osaka is a market with strong fundamentals

- Osaka is a key financial centre both in Japan and globally, and also a popular leisure destination
- Strong international arrivals drive demand for hotel accommodation

International Arrivals in Osaka Prefecture<sup>1</sup>



Overnight Stays in Osaka City<sup>1</sup>



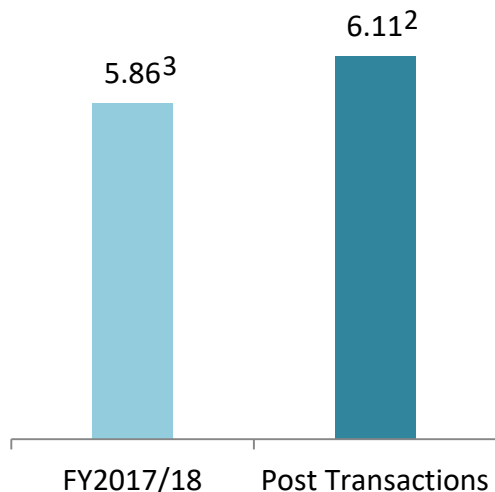
1. Source: Osaka Prefectural Government



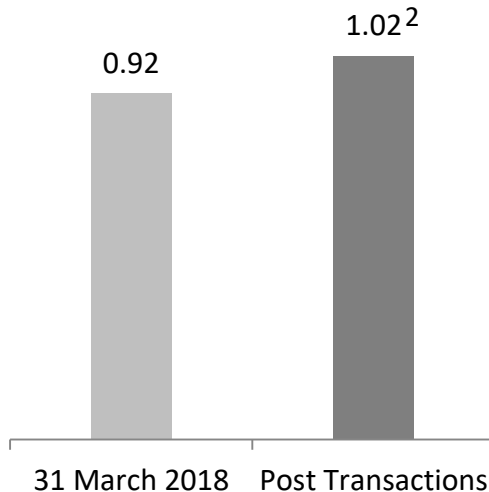
# Transactions benefit A-HTRUST

- Assuming the divestment of the Beijing hotels, acquisition of KY-Heritage Hotel Dongdaemun and acquisition of the portfolio of hotels in Osaka (collectively the “Transactions”)<sup>1</sup> were completed in FY2017/18, it will result in improved financials on a pro forma basis<sup>2</sup>.
- Gearing remains low<sup>1</sup> and able to support further growth via acquisitions.

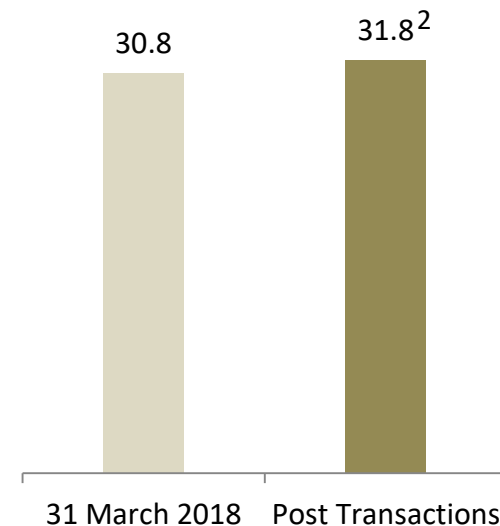
**Distribution per Stapled Security (\$ cents)**



**Net Asset Value per Stapled Security (\$)**



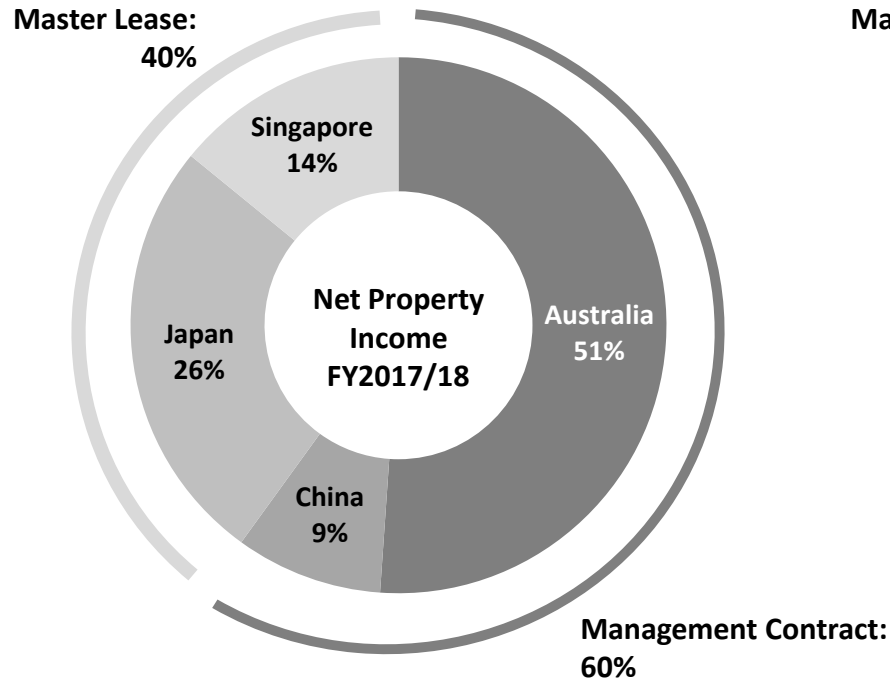
**Gearing (%)**



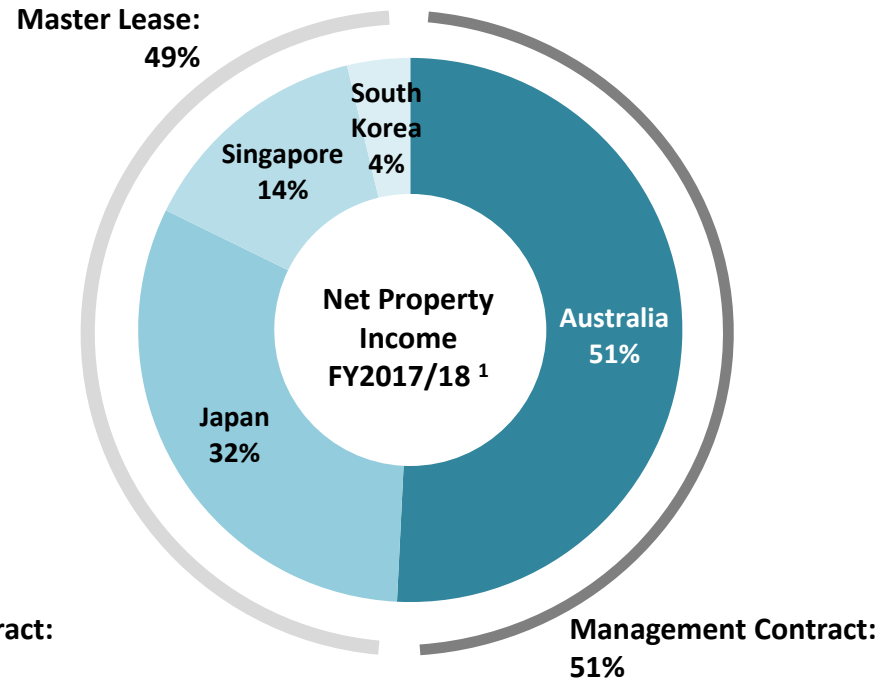
- Please refer to the announcements on the divestment of the Beijing hotels (“Divestment”), acquisition of KY-Heritage Hotel Dongdaemun (Korea Acquisition”) and acquisition of the portfolio of hotels in Osaka (“Japan Acquisition”) dated 29 January 2018, 27 April 2018 and 18 June 2018, respectively for further information on the Transactions.
- Please refer to announcement for Japan Acquisition for further information on the financial effects of the Transactions.
- Actual DPS for FY2017/18 based on 11 hotels.

# Transactions improve income stability...

## Before the Transactions



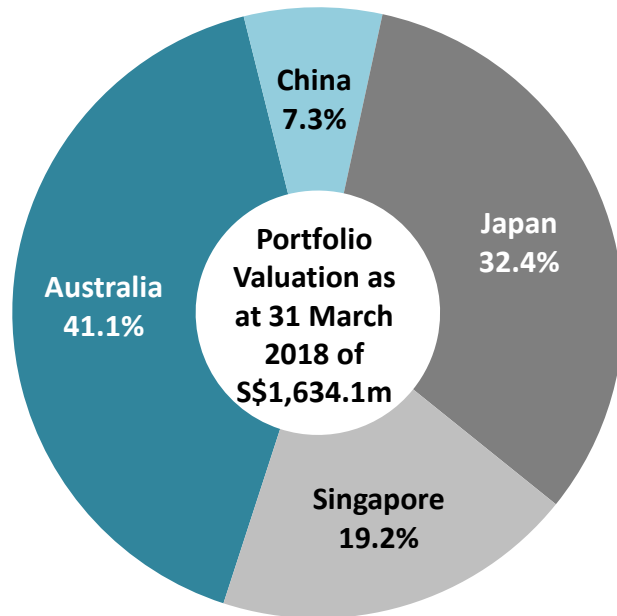
## After the Transactions



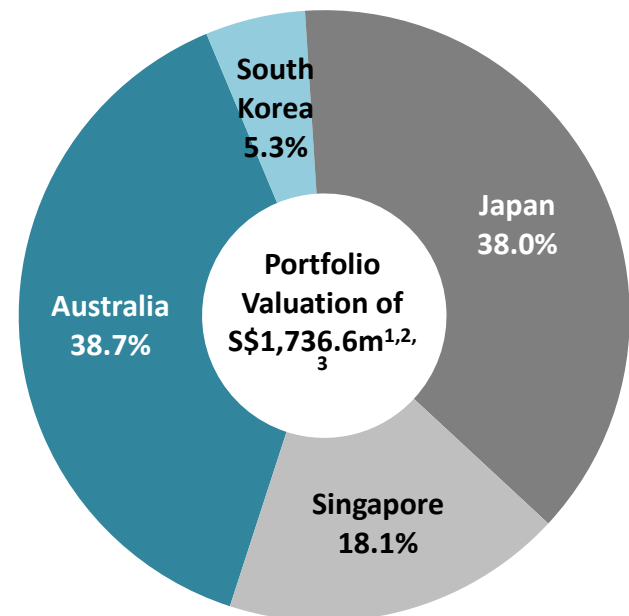
1. On a pro forma basis, assuming the Transactions were completed on 1 April 2017.

# ...and further diversifies portfolio

## Before the Transactions



## After the Transactions



- The objective of A-HTRUST is to invest in a well-diversified portfolio as it strives to deliver stable and sustainable returns to its Stapled Securityholders.
- With a diversified nature of the portfolio, A-HTRUST is likely to be less affected by both the macroeconomic and microeconomic conditions of any single markets.

1. On a pro forma basis, assuming the Transactions were completed on 31 March 2018.
2. Based on the valuation of KY-Heritage Hotel Dongdaemun of KRW75.4 billion as at 30 March 2018 and A-HTRUST's 98.7% interest.
3. Based on the valuation of the portfolio of hotels in Osaka of JPY10.6 billion as at 25 May 2018.

# Recycling of capital to more productive uses



**Novotel Beijing Sanyuan**



**Ibis Beijing Sanyuan**

**Divestment of two  
Beijing hotels**

**Divested for  
3.6% NPI Yield<sup>1</sup>**

**Acquisition of KY-  
Heritage Hotel  
Dongdaemun and Osaka  
Portfolio**

**Blended NPI Yield  
in excess of 4.0%**

**Leasehold expiry  
2044**

**Freehold  
Properties**

**Management  
Contracts**

**Master Lease  
Arrangements**

**10 years old  
hotels**

**Average age of 1  
year old**



**KY-Heritage Hotel Dongdaemun  
(to be renamed “The Splaisir  
Seoul Dongdaemun”)**

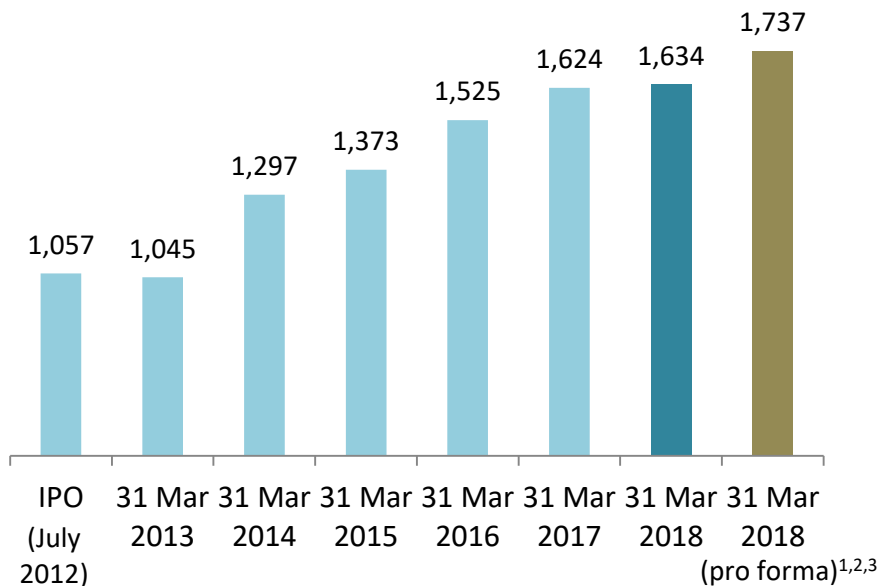


**Hotel WBF Kitasemba West**

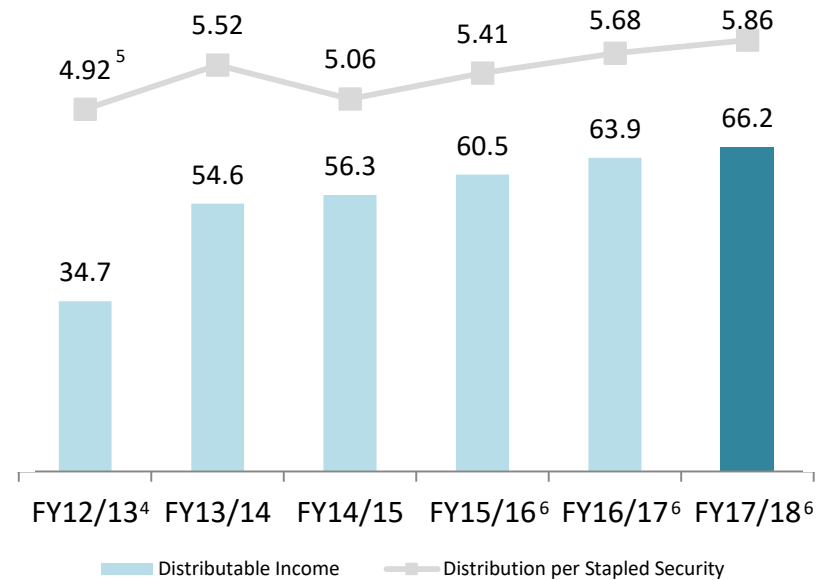
1. Based on the NPI of the two Beijing hotels for FY2017/18 and the sale price of RMB1,156.4 million.

# A-HTRUST continues to grow and develop

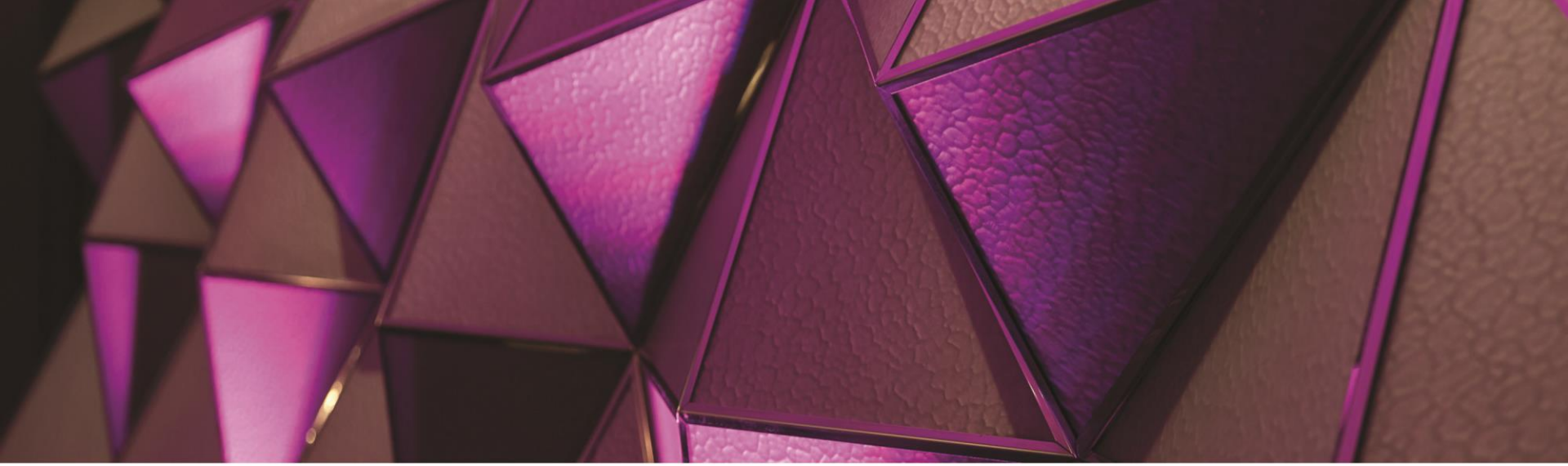
**Portfolio valuation (\$ million)**



**Distributable Income (\$ million) /  
Distribution per Stapled Security (\$ cents)**



1. On a pro forma basis, assuming the Transactions were completed on 31 March 2018.
2. Based on the valuation of KY-Heritage Hotel Dongdaemun of KRW75.4 billion as at 30 March 2018 and A-HTRUST's 98.7% interest.
3. Based on the valuation of the portfolio of hotels in Osaka of JPY10.6 billion as at 25 May 2018.
4. A-HTRUST was listed in July 2012.
5. Taking into account the waiver of sponsor distribution of \$3.5 million. Excluding the waiver, DPS would be 4.31 cents.
6. Distributable income and DPS net of retention of income for working capital purposes.



**Ascendas Hospitality Fund Management Pte. Ltd.  
Ascendas Hospitality Trust Management Pte. Ltd.**

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