

**ASCOTT**  
RESIDENCE  
TRUST

A Member of CapitaLand

# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

Singapore Investment Week 2017 –  
Investment Symposium

26 August 2017



# Important Notice

The value of units in Ascott Residence Trust (“**Ascott REIT**”) (the “**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, the Manager of Ascott REIT (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott REIT is not necessarily indicative of its future performance.

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, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, 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. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.

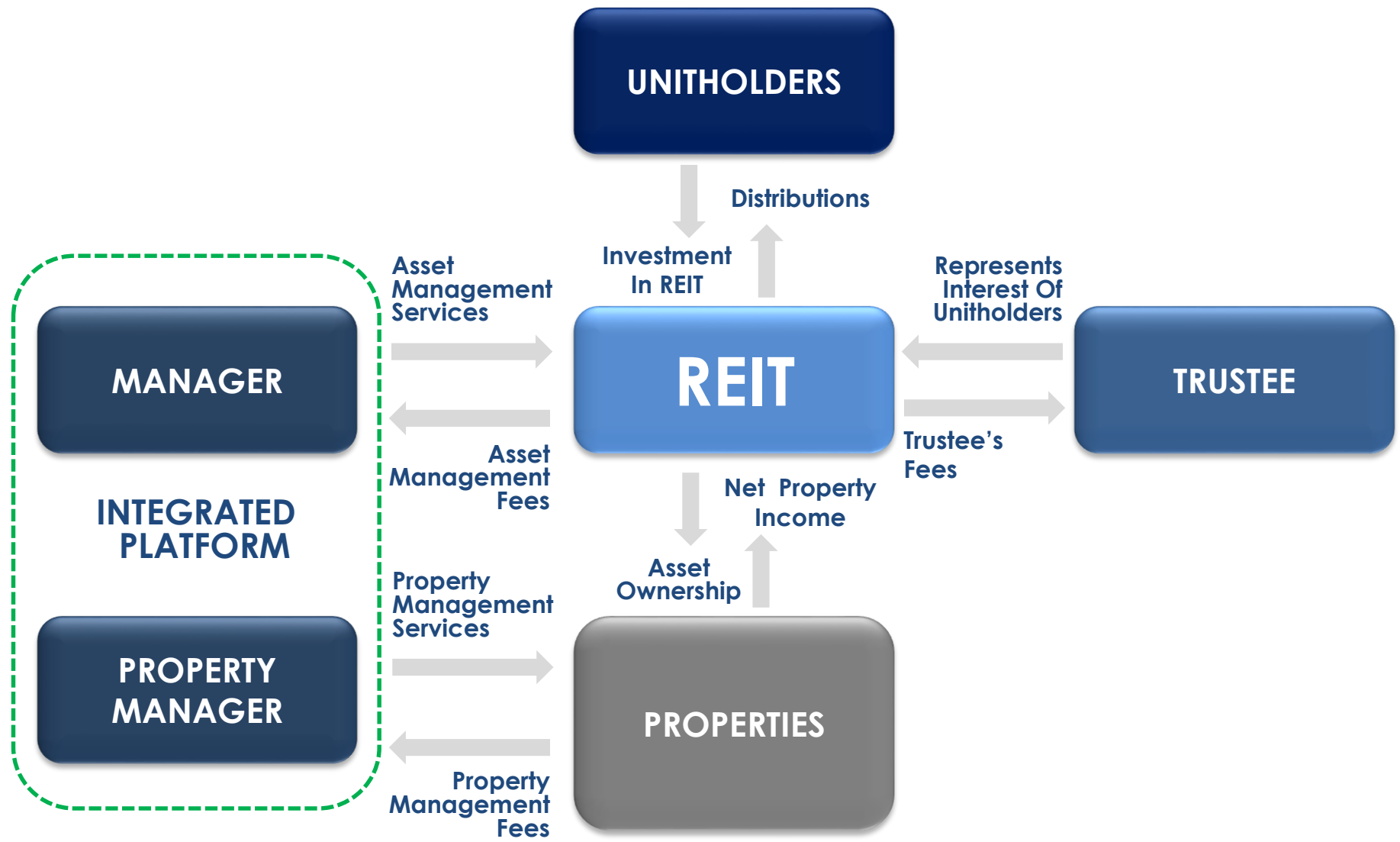
Unitholders of Ascott REIT (the “**Unitholders**”) have no right to request the Manager to redeem their units in Ascott REIT while the units in Ascott REIT are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

- Overview Of S-REITs
- Overview Of Ascott REIT
- Ascott REIT's Strategies
- Strong Sponsor – The Ascott Limited
- Conclusion

# Overview Of S-REITs

Ascott Raffles Place Singapore

# S-REIT Structure



# Key Features Of S-REITs

<b>Regulatory Regime</b>	<ul style="list-style-type: none"> <li>Monetary Authority of Singapore (MAS) and Singapore Exchange Securities Trading Limited (SGX-ST)<sup>1</sup></li> </ul>
<b>Assets /Authorised Business</b>	<ul style="list-style-type: none"> <li>At least 75% invested in income-producing real estate</li> </ul>
<b>Development Limits</b>	<ul style="list-style-type: none"> <li>25% of deposited property<sup>2</sup></li> </ul>
<b>Gearing</b>	<ul style="list-style-type: none"> <li>Up to 45%</li> </ul>
<b>Tax Transparency</b>	<ul style="list-style-type: none"> <li>Minimum 90% payout of taxable income as distribution</li> </ul>
<b>Regular Distribution</b>	<ul style="list-style-type: none"> <li>Quarterly or semi-annual basis</li> </ul>

Notes:

1. The framework of relevant legislation and guidelines covering S-REITs, include: (i) the Securities and Futures Act (SFA); (ii) the Code on Collective Investment Schemes (Code on CIS); (iii) the Listing Manual of the SGX-ST (Listing Manual); (iv) the Code of Corporate Governance 2005 (Code); and (v) the Singapore Code on Take-overs and Mergers (the "Take-over Code")

2. The total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 10% of the property fund's deposited property. The value may be increased up to a maximum of 25% of the property fund's deposited property) only if:

(i) the additional allowance of up to 15% of the property fund's deposited property is utilised solely for the redevelopment of an existing property that has been held by the property fund for at least three years and which the property fund will continue to hold for at least three years after the completion of the redevelopment; and

(ii) the property fund obtains the specific approval of participants' at a general meeting for the redevelopment of the property.



# Appeal Of Investing In S-REITs

## Return

- Stable Returns + Attractive Dividends

## Tax Transparency

- Qualifying investors receive gross distributions free of tax

## Regular Cash Distribution

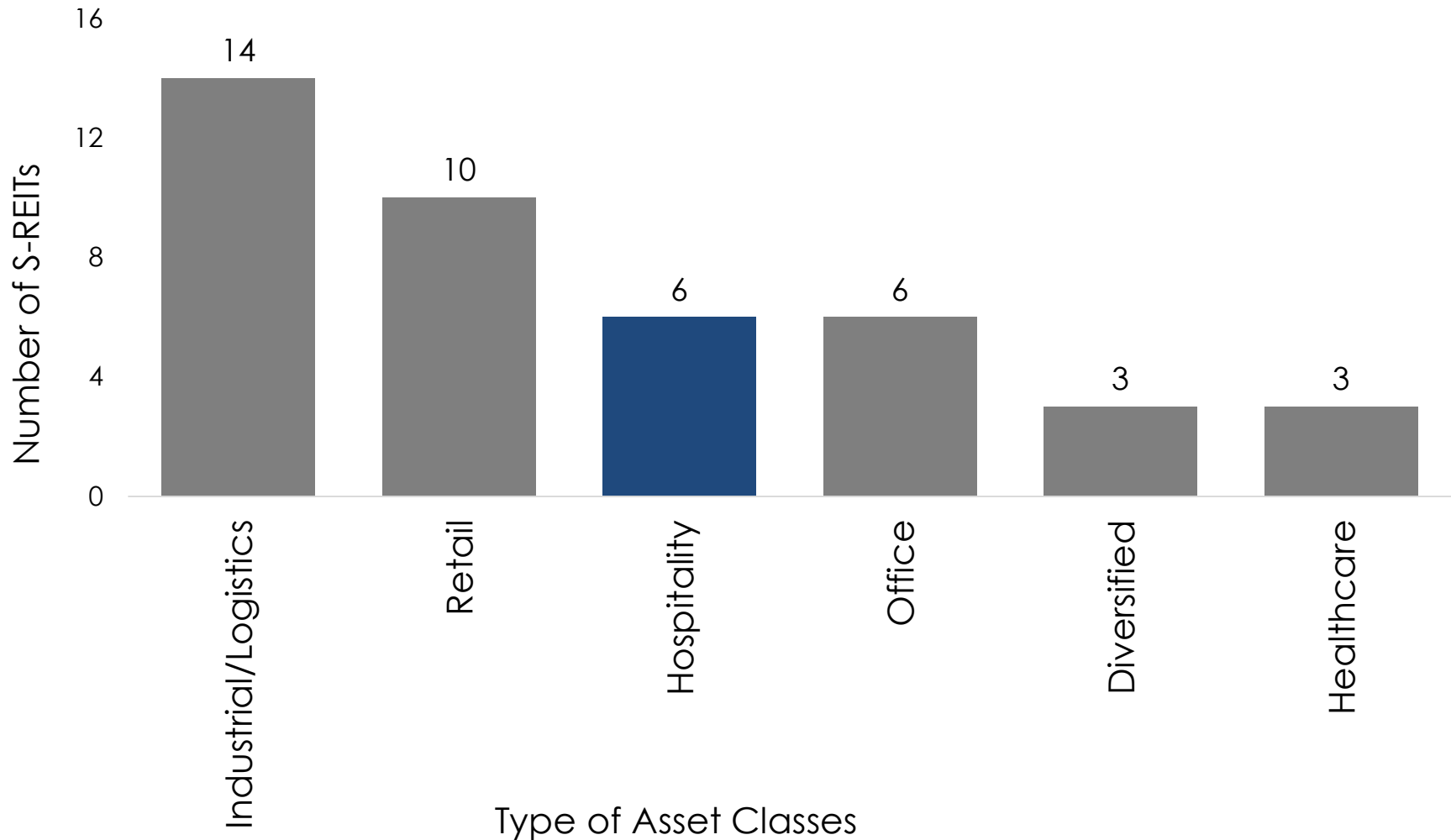
- REITs required to distribute at least 90% of its taxable income to Unitholders on a quarterly or semi-annual basis

## Natural Hedge

- Natural hedge against inflation as rents are generally geared to inflation adjustments

# S-REITs Landscape

A Total Of 42 REITs And Business Trusts In Singapore<sup>1</sup>



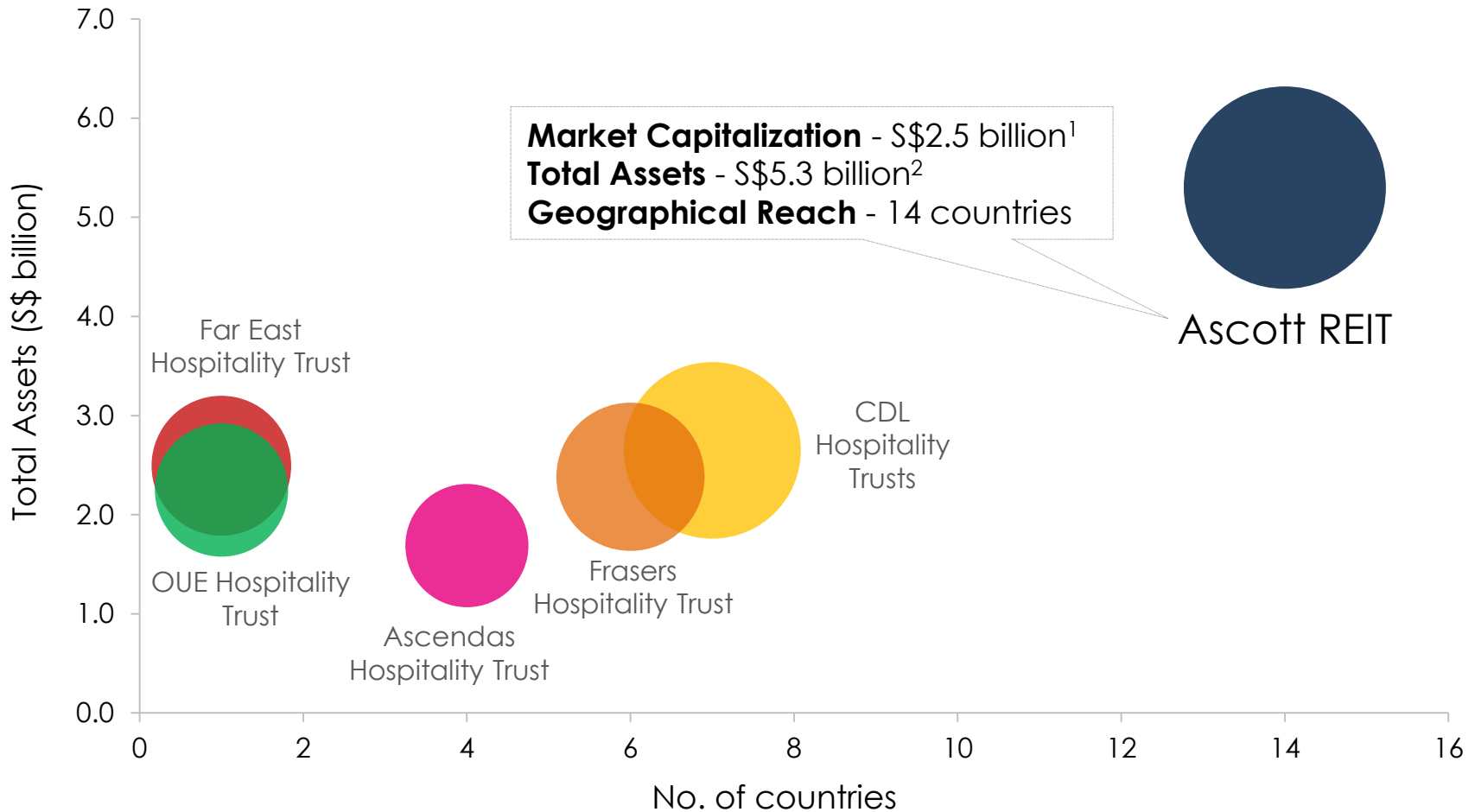
Notes:

1. Based on UBS Singapore Property SREIT valuation guide as at 3 July 2017



# Hospitality S-REITs Landscape

Ascott REIT Is The Most Geographically Diversified REIT And Largest Hospitality REIT Listed On The SGX-ST By Asset Size And Market Capitalisation<sup>1</sup>



Notes:

1. Size of bubbles denotes market capitalization extracted from Bloomberg as at 21 August 2017
2. As at 30 June 2017, including the acquisition of Ascott Orchard Singapore, which is targeted to be completed in 4Q 2017, and DoubleTree by Hilton Hotel New York – Times Square South to be completed in 3Q 2017

Above figures based on latest company filings

# Overview Of Ascott REIT

Citadines Mount Sophia



# Overview of Ascott REIT

A Leading Global Serviced Residence REIT With 75 Properties Located In Key Gateway Cities Across The World

<b>S\$2.5b<sup>1</sup></b> Market Capitalisation	<b>S\$5.3b</b> Total Assets	<b>11,861</b> Apartment Units	<b>75</b> Properties	<b>38</b> Cities in 14 Countries
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Notes:  
 Figures above as at 30 June 2017, including the acquisition of Ascott Orchard Singapore, which is targeted to be completed in 4Q 2017, and DoubleTree by Hilton Hotel New York – Times Square South to be completed in 3Q 2017

1. Market capitalisation as at 21 August 2017

# Awards and Accolades



- **The Asia Pacific Best of the Breeds REITs Awards™ 2017**
  - Best Hospitality REIT, Platinum Award (the highest in the category)



- **Singapore Governance and Transparency Index 2017 – REIT and Business Trust Category**
  - Ranked 6<sup>th</sup> out of a total of 42 REITs and Business Trusts

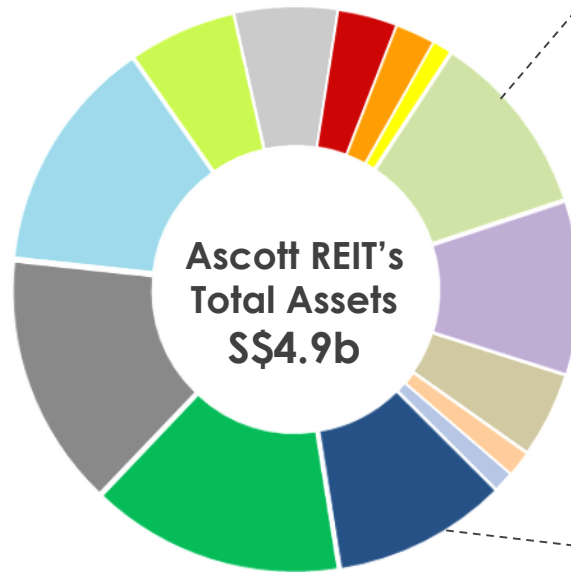


# Portfolio diversified across property and economic cycles

## Breakdown Of Total Assets By Geography As At 30 June 2017

### Asia Pacific 61.6%

● Japan	14.6%
● Singapore	14.5%
● China	13.6%
● Vietnam	6.2%
● Australia	5.9%
● Philippines	3.4%
● Indonesia	2.3%
● Malaysia	1.1%



### Europe 28.4%

● France	10.7%
● UK	10.1%
● Germany	4.9%
● Spain	1.5%
● Belgium	1.2%

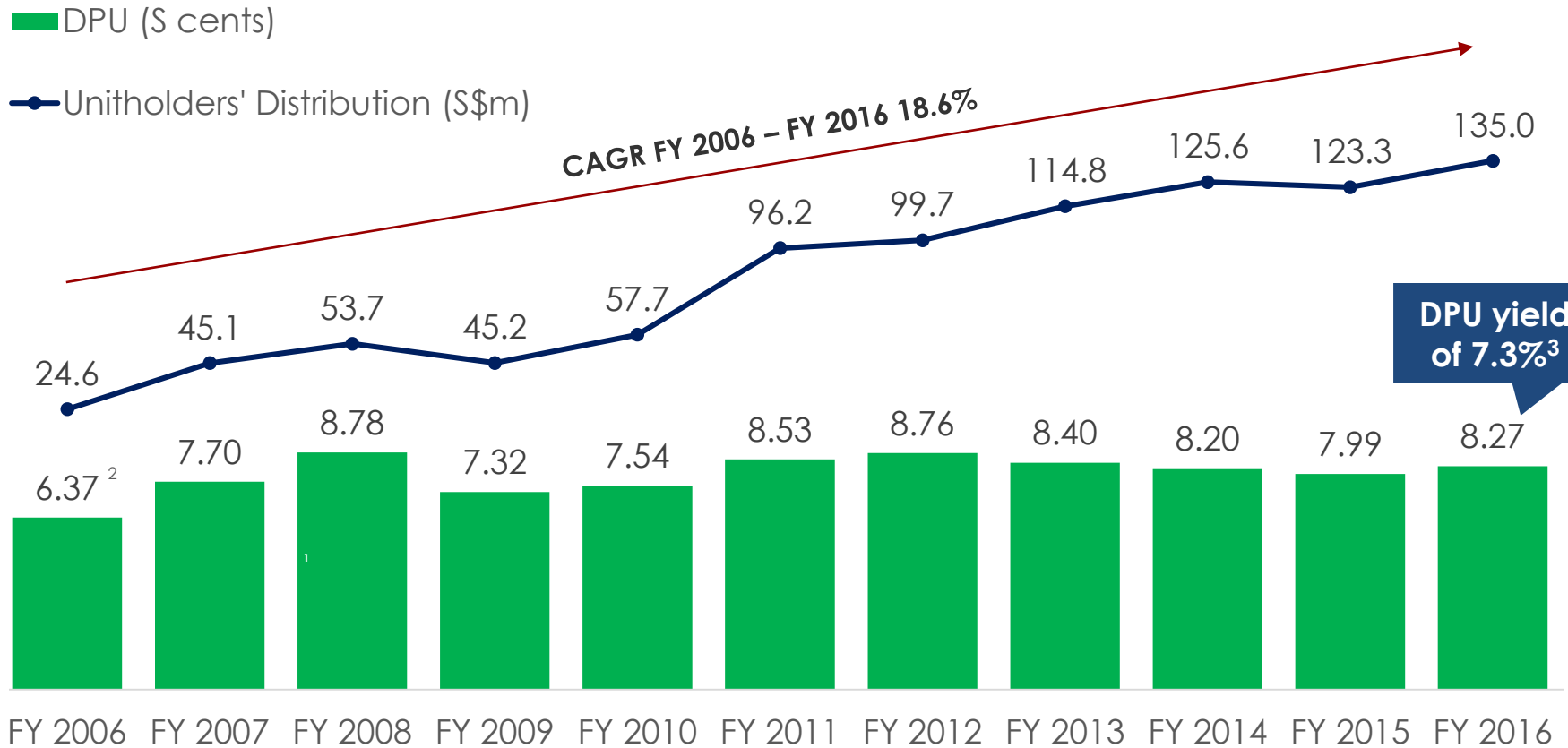
### The Americas 10.0%

● USA	10.0%
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# Healthy Total Shareholder Return Of 132%<sup>1</sup> Since IPO

## Strong Growth In Unitholders' Distribution



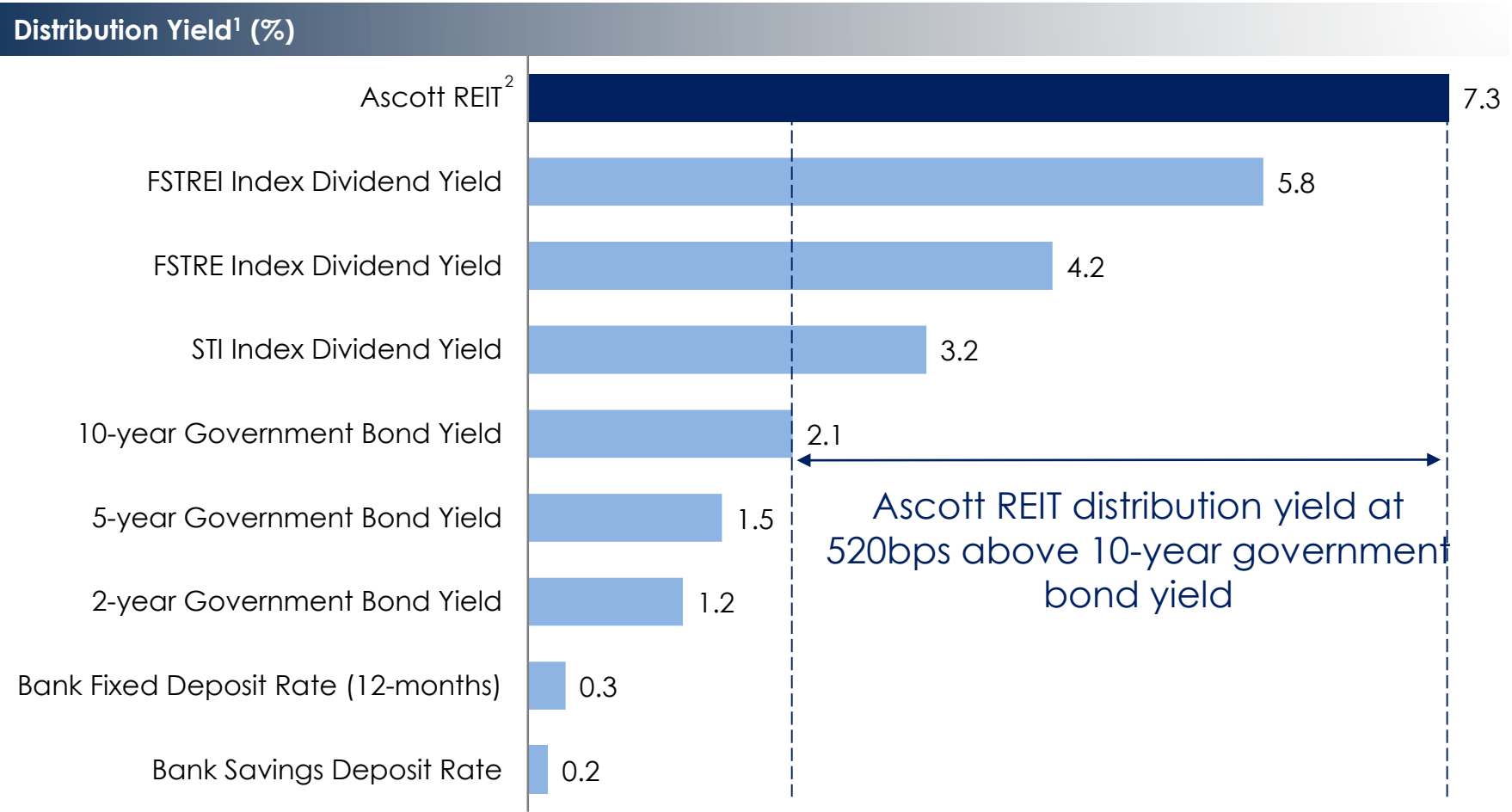
Note:

1. Total Shareholder Return refers to the total amount of returns to the shareholder, or the dividend plus capital gains. As at 30 June 2017,
2. Annualised DPU
3. Based on Ascott REIT's closing unit price of \$1.13 on 31 December 2016



# Higher Yield vs Other Comparable Instruments

Ascott REIT Distribution Yield At 520 bps above 10-year government bond



Notes:

1. All information as at 31 July 2017. Sources include Bloomberg, Monetary Authority of Singapore, Singapore Government Securities
2. Ascott REIT Distribution Per Unit Yield for FY 2016, based on Ascott REIT's closing unit price of S\$1.13 on 31 December 2016

# Overview of Ascott REIT

## Key Features Of Ascott REIT

### Investment Mandate

- Invests primarily in real estate and real estate-related assets which are income-producing and which are used or predominantly used, as serviced residences, rental housing properties and other hospitality assets in any country in the world

### Gearing

- Historically, Ascott REIT's gearing has been at c.34%-41%<sup>1</sup>

### Distribution

- Since its listing, Ascott REIT has distributed 100% of Unitholders' distribution
- Semi-annual distributions

### Sponsor-aligned Interest

- CapitaLand Limited, through Ascott, is a substantial Unitholder of Ascott REIT (c.44% interest in Ascott REIT)

### Access to Provident Fund – CPFIS

- Allowed to invest using CPF funds

Notes:

1. Based on Ascott REIT's gearing for financial years 2011 – 2016; The past performance of Ascott REIT is not necessarily indicative of its future performance.
2. Wholly-owned subsidiary of The Ascott Limited, which in turn is wholly-owned by CapitaLand Limited.





# What Are Serviced Residences?

*“Home away from home”*

- Fully furnished apartments catered for both short and long term stay
- Kitchen facilities with separate living and dining area





# What Are Serviced Residences?

	Hotels	Serviced Residences
Lease Structure & Terms	<ul style="list-style-type: none"><li>▪ Short-term accommodation</li></ul>	<ul style="list-style-type: none"><li>▪ Variable lease terms</li></ul>
Cost Structure	<ul style="list-style-type: none"><li>▪ Higher staff-to-room ratio</li><li>▪ Full range of hospitality services</li></ul>	<ul style="list-style-type: none"><li>▪ Lower staff-to-room ratio</li><li>▪ Limited services provided</li></ul>
Seasonality	<ul style="list-style-type: none"><li>▪ Seasonal nature of tourism industry</li></ul>	<ul style="list-style-type: none"><li>▪ Driven by long-term macroeconomic factors such as GDP and FDI</li></ul>

# Types Of Contracts<sup>1</sup>

	Stable Income		Growth Income
	Properties under Master Lease	Properties under Management Contracts with Minimum Income Guarantee	Properties on Management Contracts
Description	Master Lessees pay fixed rental per annum <sup>2</sup> to Ascott REIT	Properties on management contracts that enjoy minimum guaranteed income	No fixed or guaranteed rental but Ascott / third party operator manages Ascott REIT's properties for a fee
Location	28 properties	7 properties	40 properties

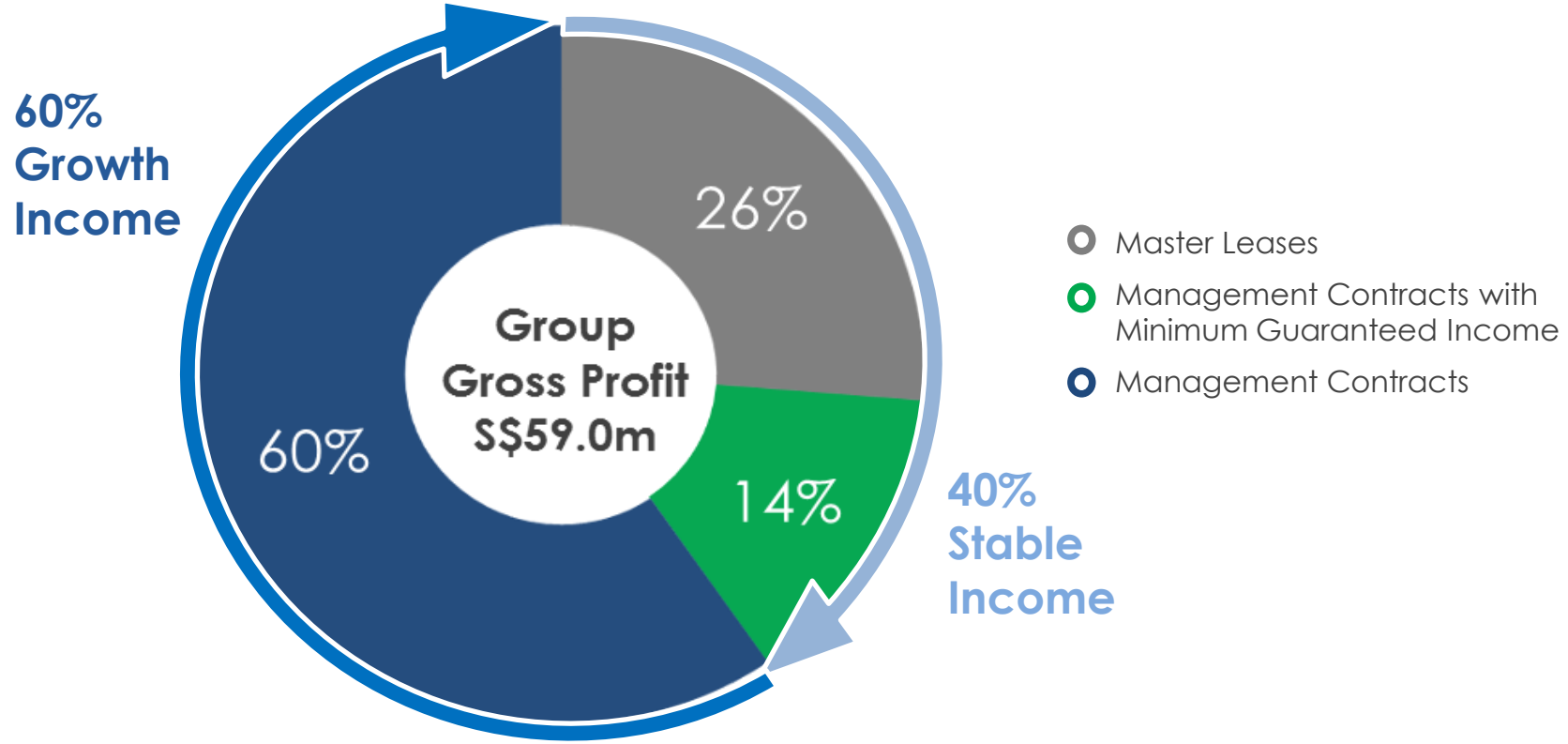
Notes:

1. Figures above as at 30 June 2017, including the acquisition of Ascott Orchard Singapore, which is targeted to be completed in 4Q 2017 and DoubleTree by Hilton Hotel New York – Times Square South to be completed in 3Q 2017.
2. The rental payments under the master leases are generally fixed for a period of time. However, the master leases provide for annual rental revisions and/or pegged to indices representing construction costs, inflation or commercial rental prices according to market practice. Accordingly, the rental revisions may be adjusted upwards or downwards depending on the above factors.



# Portfolio underpinned by growth and stable income

Gross Profit Contribution By Contract Type For 2Q 2017

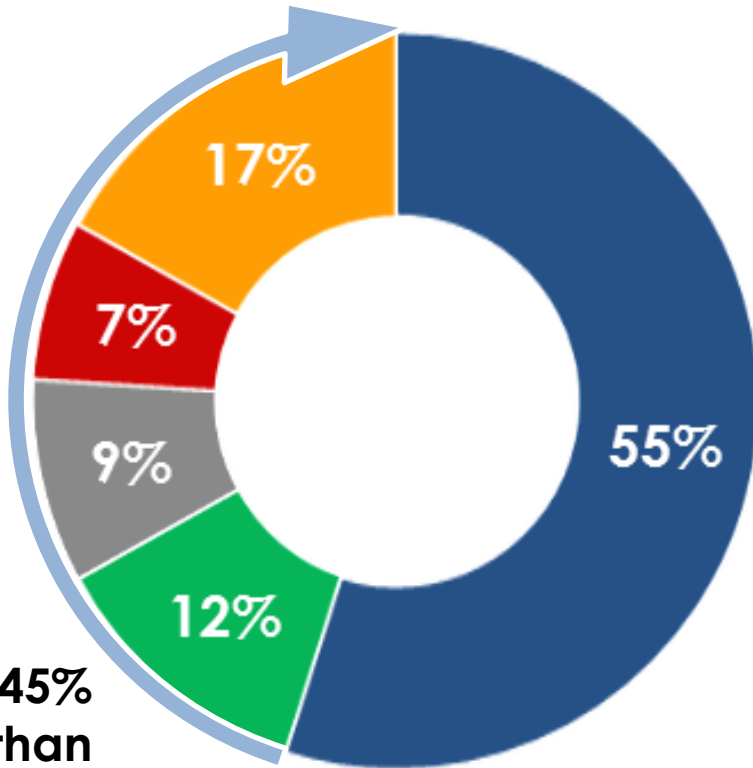




# Continue to focus on long stay segments

## Breakdown Of Apartment Rental Income<sup>1</sup> By Length Of Stay

YTD June 2017



**45%**  
**More than  
a week**

**Average length of stay was  
about 3.2 months, which  
provides income stability**

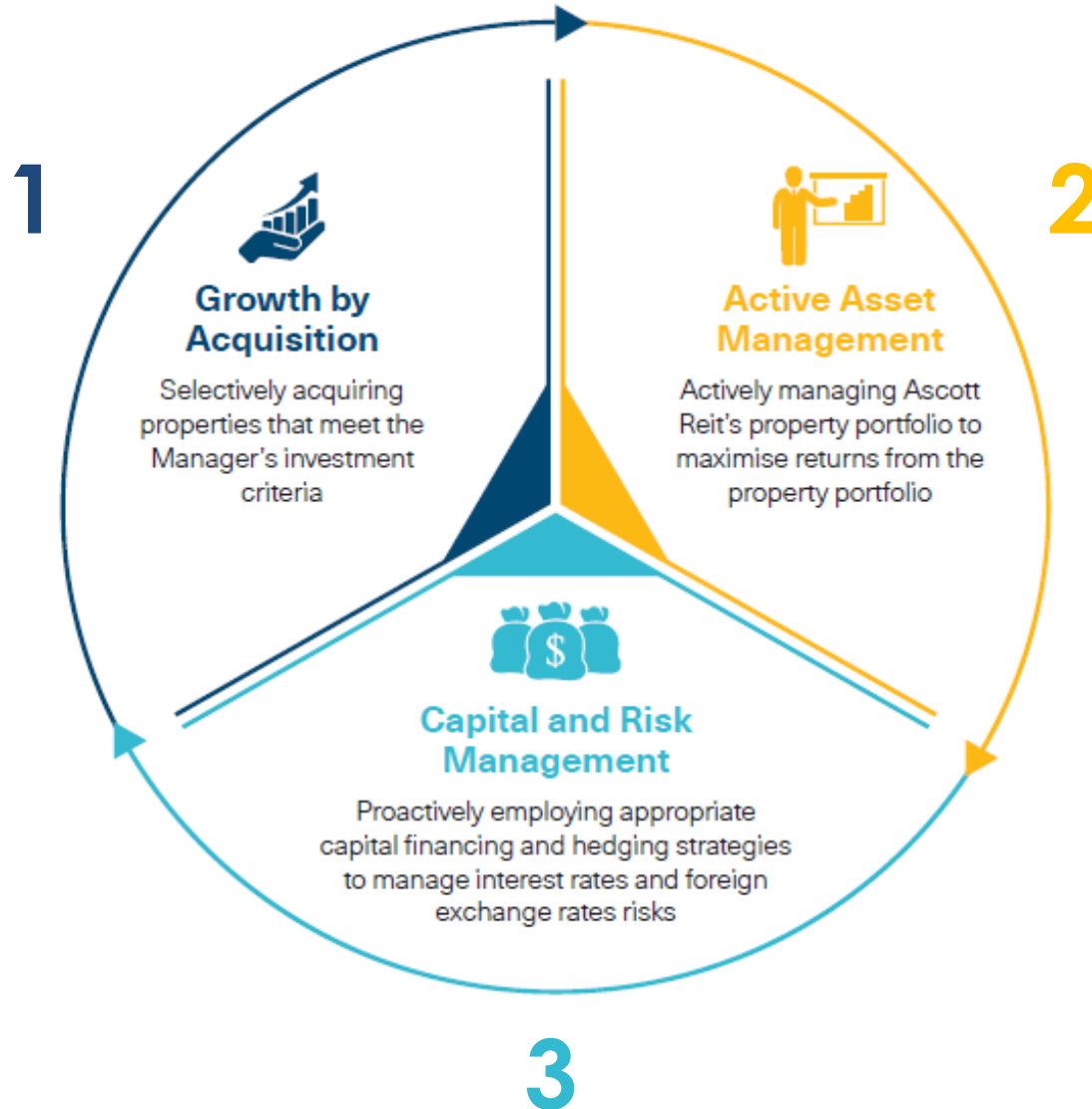
- 1 week or less
- Less than 1 month
- 1 to 6 months
- 6 to 12 months
- More than 12 months

Notes:  
1. Information for properties on master leases are not included

# Ascott REIT's Strategies

Somerset Liang Court Singapore

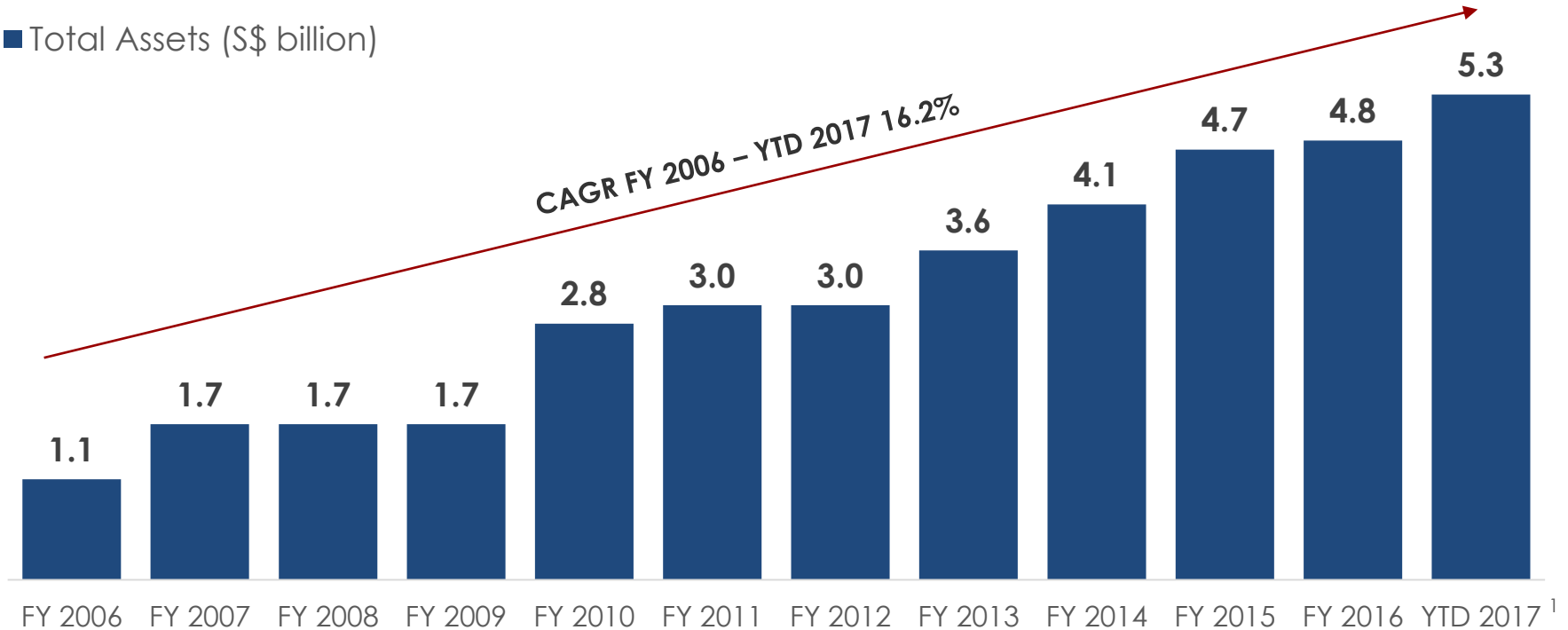
# Ascott REIT's Strategies



# 1. Growth By Acquisition

Ascott REIT Has More Than Quadrupled Its Total Assets Since Its Listing In 2006

■ Total Assets (\$\$ billion)



**Total Asset Value Acquired Since Listing: S\$4.6 billion<sup>2</sup>**

Note:

1. As at 30 June 2017, including the acquisition of Ascott Orchard Singapore, which is targeted to be completed in 4Q 2017 and DoubleTree by Hilton Hotel New York – Times Square South to be completed in 3Q 2017.
2. As at 30 June 2017

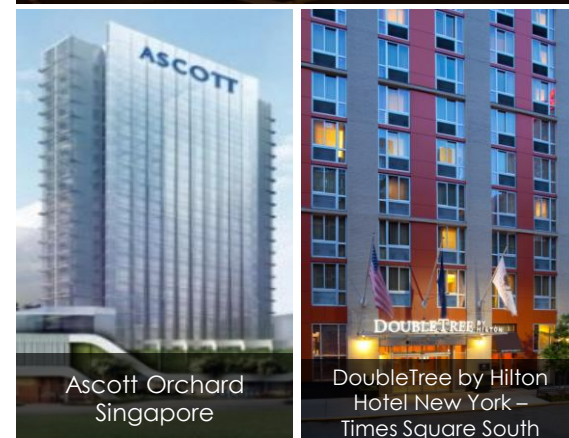


# 1. Growth By Acquisition

## Continue To Seek Yield Accretive Acquisitions In 2017

Ascott REIT has acquired a total of 4 properties in 1H 2017:

- **Germany**  
**Citadines City Centre Frankfurt and Citadines Michel Hamburg**  
— Accretive at an EBITDA yield of 5.4%<sup>1</sup>
- **The United States of America**  
**DoubleTree by Hilton Hotel New York – Times Square South**  
— Accretive at an EBITDA yield of 6.0%<sup>1</sup>
- **Singapore**  
**Ascott Orchard Singapore**  
— On track for delivery in 4Q 2017



Note:

1. Based on FY2016 pro forma

# 2. Active Asset Management

Ascott REIT Enhances The Value Of Its Portfolio Through Continuous Asset Enhancement Initiatives (AEI)

## Somerset Ho Chi Minh City (Final Phase)



Pre-refurbishment



Post-refurbishment

ADR  
uplift of  
~23%<sup>1</sup>

## Somerset Millennium Makati



Pre-refurbishment



Post-refurbishment

ADR  
uplift of  
~14%<sup>1</sup>

Notes:  
1. Figures refer to the year-on-year ADR improvement of refurbished apartments in 2Q 2017

# 2. Active Asset Management

Properties With A Total Divestment Value Of S\$1.3 billion Have Been Recycled And Re-deployed Into Higher Yielding Assets Since 2010

## 2010 (S\$335.7m)

- Ascott Beijing S\$301.8m
- Country Woods Jakarta S\$33.9m



The proceeds from the 2012 divestments were deployed to fund the yield accretive acquisitions of

- Ascott Raffles Place Singapore
- Ascott Guangzhou

## 2014 (S\$140.0m)

- Fortune Garden Apartments<sup>1</sup>



## 2015 (S\$60.3m)

- 6 Rental Housing Properties in Japan S\$53.1m
- Salcedo Residence S\$7.2m



Ascott REIT Divested

- 18 Rental Housing Properties in Japan
- Citadines Biyun Shanghai
- Citadines Gaoxin Xi'an

The proceeds from the 2010 divestments were used to partly fund the yield accretive acquisitions of

- Citadines Mount Sophia Property Singapore,
- Somerset Hoa Binh Hanoi
- 26 European properties in France, UK, Germany, Belgium and Spain

## 2012 (S\$374.6m)

- Somerset Gordon Heights Melbourne S\$15.6m
- Somerset Grand Cairnhill Singapore S\$359.0m



Ascott REIT has completed the strata sale of 81 apartment units as at July 2017.

Ascott REIT Divested

- Six Rental Housing Properties In Japan
- Salcedo Residences in Philippines

## 2017 (S\$351.6m)

- 18 Rental Housing Properties in Japan S\$153.6m
- Citadines Biyun Shanghai & Citadines Gaoxin Xi'an S\$198.0m



Aggregate net divestment gain of S\$297.5m during the period FY 2010 – YTD 2017

Note: Figures above are based on agreed sale price.

1. Formerly known as Somerset Grand Fortune Garden Property Beijing

# 2. Active Portfolio Reconstitution

## Divestments In 2017 To Reconstitute And Improve The Quality Of Portfolio

### Divested a portfolio of 18 rental housing properties in Tokyo, Japan in April 2017

- Sale price of JPY12.0 billion (S\$153.6m) is 16.1% above the latest valuation
- Net gain of S\$17.2m

### Announced the divestment of 2 serviced residences in China, Citadines Biyun Shanghai and Citadines Gaoxin Xi'an, in July 2017

- Sale price of RMB980 million (S\$198.0m) is 69% above the latest valuation
- Net gain of RMB239 million (S\$48.3m)



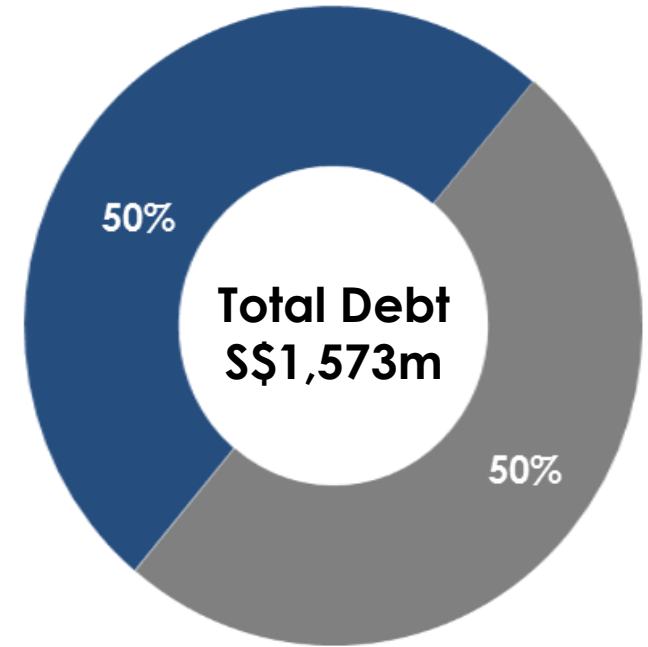
**Total Sales Proceeds: S\$351.6m**  
**Total Divestment Gain: S\$65.5m**

# 3. Capital and Risk Management

## Healthy Balance Sheet And Credit Metrics<sup>1</sup>

Gearing	<b>32.4%</b>
Interest Cover	<b>4.4X</b>
Effective Borrowing Rate	<b>2.4%</b>
Total Debts on Fixed Rates	<b>85%</b>
Weighted Avg Debt to Maturity (Years)	<b>4.8</b>
NAV/Unit	<b>S\$1.23</b>
Ascott REIT's Issuer Rating by Moody's	<b>Baa3</b>

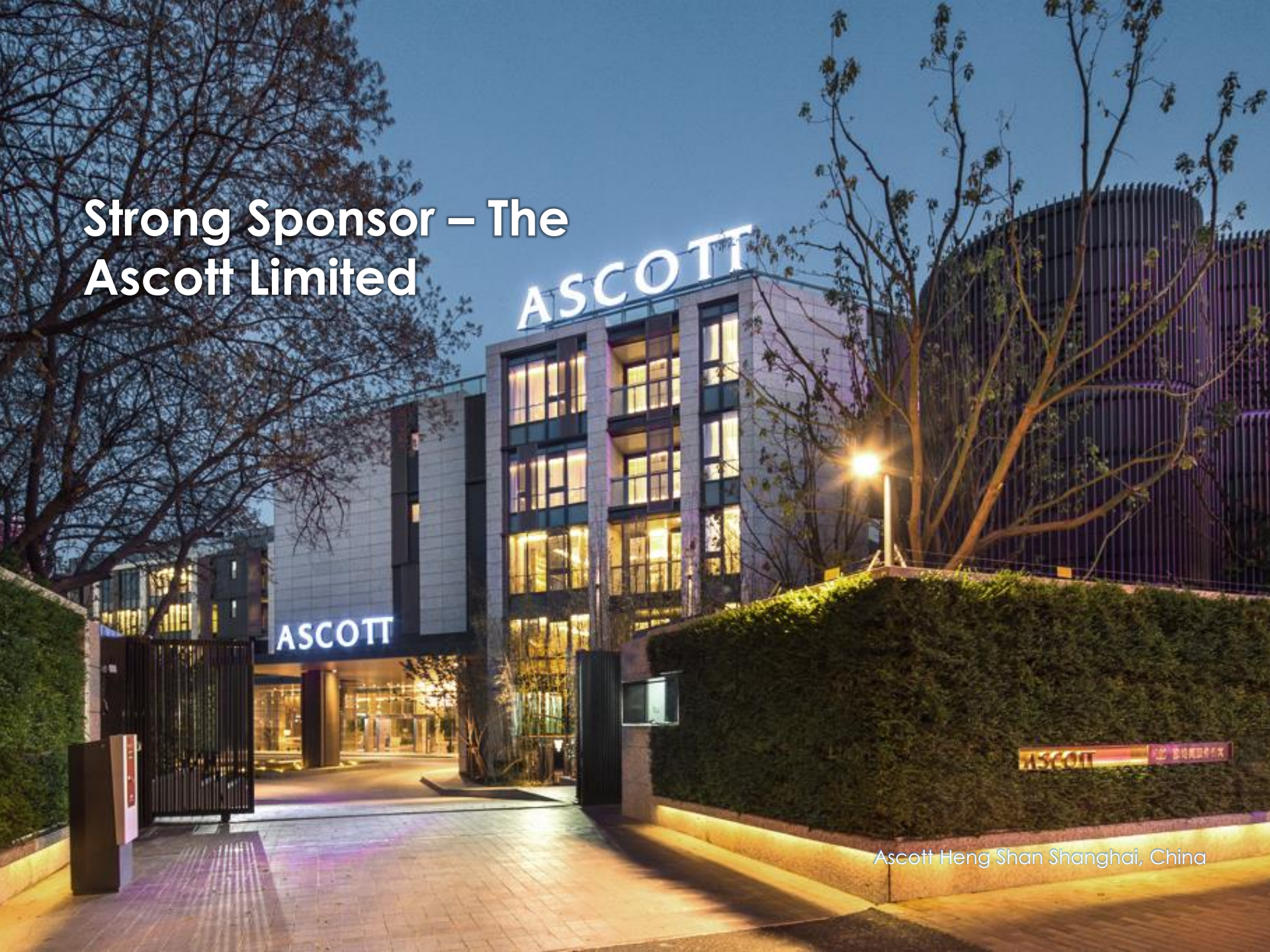
## Diversified Funding Sources<sup>1</sup>



- Bank Loans
- Medium Term Notes ("MTN")

Notes:  
1. As at 30 June 2017

# Strong Sponsor – The Ascott Limited



Ascott Heng Shan Shanghai, China

# Strong Sponsor

The Ascott Limited, A Wholly-owned Subsidiary Of CapitaLand Limited



## The largest international serviced residence owner-operators

- Close to 70,000 units in over 500 properties across 124 cities in 31 countries<sup>1</sup>

## Over 30 year track record

- Pioneered Pan-Asia's first international-class serviced residence property in 1984

## Award-winning brands

- Worldwide recognition



## Granted a right of first refusal

- In respect of, inter alia, the future sale by any Ascott entity of properties that are used as serviced residences or rental housing properties in the Asian Pacific region and Europe

Note:

1. Including the Quest's portfolio of serviced residences in Australia, New Zealand and Fiji.



# Ascott's Global Portfolio



A Member of CapitalLand

The Acquisitions Will Give An Instant Boost Of Over 13,000 Units To Ascott's Global Portfolio, Bringing It To Close To 70,000 Units Globally

<b>Approx. 70,000</b> Apartment Units	<b>502<sup>1</sup></b> Properties	<b>&gt;120</b> Cities in 31 Countries
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Figures above as at 21 July 2017; include units under development

Note:

1. Exclude the number of properties under the Synergy corporate housing portfolio
2. Exclude Quest NewQuay Docklands, Quest Cannon Hill, Quest at Sydney Olympic Park, Quest Mascot and Quest Campbelltown which are owned by Ascott and/or its affiliates





## Award Winning Properties Under 6 Distinct Serviced Residence Brands



**citadines**  
APART' HOTEL



**QUEST**  
APARTMENT HOTELS

*The Crest Collection*  
by The Ascott Limited

**lyf**



Ascott Raffles  
Place Singapore



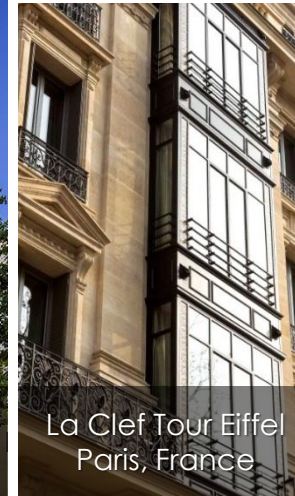
Citadines Saint-  
Germain-des-Prés  
Paris, France



Somerset Wusheng  
Wuhan, China



Quest West Perth  
Australia



La Clef Tour Eiffel  
Paris, France



lyf Show Suite

**Ascott**  
Exclusive city  
living homes  
with discreet  
services for  
business  
travellers

**Citadines**  
Ideal home in  
the city with  
flexible services  
for individuals  
on the go

**Somerset**  
Stylish  
apartments  
offering the  
comforts and  
familiarity of  
home for  
executives

**Quest**  
Spacious  
serviced  
apartment style  
hotel rooms  
perfect for short  
and long stays,  
located across  
Australia, New  
Zealand and Fiji

**The Crest  
Collection**  
Luxurious city  
living with  
discreet services  
for business and  
leisure travellers

**lyf**  
A new way of  
living and  
collaborating as  
a community,  
connecting  
guests with  
fellow travellers  
and change-  
makers



# Conclusion

Ascott Raffles Place Singapore



# Conclusion

1

## Strong Sponsor – The Ascott Limited

- Ascott is one of the leading international serviced residence owner-operators with more than 70,000 units in over 500 properties across 120 cities in 31 countries
- Global network of serviced residences under award-winning brands with worldwide recognition

2

## Strong Track Record of Delivering Stable and Sustainable Returns

- Ascott REIT delivered a healthy total shareholder return of 132%<sup>1</sup> since IPO and achieved strong growth in Unitholders' distribution
- Ascott REIT has more than quadrupled its total assets since its listing in 2006

3

## Growth Through Yield Accretive Acquisitions

- Ascott REIT has acquired a total asset value of S\$4.6 billion since its listing in 2006
- Remains on the lookout for opportunities for accretive acquisition in key gateway cities in Australia, Japan, Europe and the United States of America

Notes:

1. As at 30 June 2016. Extracted from Bloomberg on 25 July 2017.



# Conclusion

4

## Proactive Asset Management

- Ascott REIT continues to review the quality of its portfolio and identify assets for enhancement to improve the guest experiences of the increasingly sophisticated modern travellers and optimise returns for Unitholders.
- Ascott REIT divests properties that have reached their maximum growth potential or whose growth prospects are limited by changes in the operating environment

5

## Disciplined and Prudent Capital Management

- Ascott REIT proactively employs appropriate capital financing and hedging strategies to manage interest rates and foreign exchange rates risks
- Continues to remain vigilant to changes in macro and credit environment that may impact Ascott REIT's financing plans

**Going forward, Ascott REIT will continue to focus on creating stable income and returns to Unitholders through its diversified portfolio and extended-stay business model, together with the master leases and management contracts with minimum guaranteed income.**

# Discover Your “Home Away From Home” Through Ascott Online Advantage



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A Member of CapitaLand

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The Ascott Limited is a member of CapitaLand. It is the largest international serviced residence owners-operator with more than 200 properties in over 60 cities spanning more than 20 countries across Asia Pacific, Europe and the Gulf region. It operates three award-winning brands Ascott, Citadines and Somerset.

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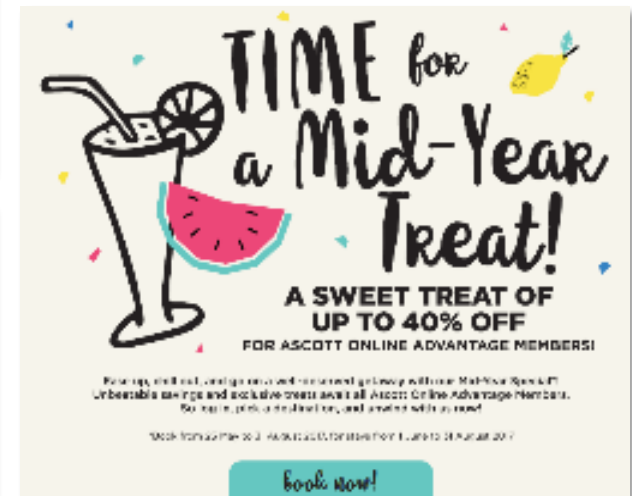


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SOMERSET SERVICED RESIDENCE  
citadines APART-HOTEL  
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\*Valid from 1st June to 31st August 2017. Excludes Somerset serviced residences. Offer ends on 31 August 2017.

[Book now!](#)

Mid-Year Special Offer ends on 31 August 2017

## ASCOTT ONLINE ADVANTAGE

### Online Member Benefits<sup>1</sup> includes:

- 10% off Best Flexible Rates All Year Round
- Seasonal Offers of up to 50% off Best Flexible Rates
- 25% Birthday Discount e-Voucher

Notes:

1. Available at selected serviced residences.