



## REITs Symposium 2017

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27 May 2017

# Disclaimer

This presentation shall be read in conjunction with A-HTRUST's Unaudited Financial Results for the Fourth Quarter ended 31 March 2017 ("4Q FY2016/17") 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 and Singapore Dollar are defined herein as "AUD", "RMB", JPY" and "SGD" or "S\$", respectively.**

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

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# 1

## Overview

# Overview of Ascendas Hospitality Trust

**S\$867 million**

Market capitalisation  
as at 22 May 2017

**S\$1,624 million**

Portfolio valuation  
as at 31 March 2017

**11**

Hotels

**4,351**

Rooms

**4**

Countries

**7**

Cities

## Beijing

- Novotel Beijing Sanyuan
- Ibis Beijing Sanyuan

## Tokyo

- Hotel Sunroute Ariake and  
Oakwood Apartments Ariake Tokyo

## Osaka

- Hotel Sunroute Osaka Namba

## Singapore

- Park Hotel Clarke Quay

## Sydney

- Pullman Sydney Hyde Park
- Novotel Sydney Central
- Novotel Sydney Parramatta
- Courtyard by Marriott Sydney-North Ryde

## Melbourne

- Pullman and Mercure Melbourne Albert Park

## Brisbane

- Pullman and Mercure Brisbane King George Square

# Portfolio Summary

Australia  
Management Contract



**Pullman Sydney Hyde Park**  
Sydney, Australia

241 rooms  
AUD 154.0 million  
Freehold



**Courtyard by Marriott Sydney-North Ryde**  
Sydney, Australia

196 rooms  
AUD 48.0 million  
Freehold



**Novotel Sydney Central**  
Sydney, Australia

255 rooms  
AUD 154.5 million  
Freehold



**Pullman & Mercure Melbourne Albert Park**  
Melbourne, Australia

378 rooms  
AUD 130.0 million  
Freehold



**Novotel Sydney Parramatta**  
Sydney, Australia

194 rooms  
AUD 49.0 million  
Freehold



**Pullman & Mercure Brisbane King George Square**  
Brisbane, Australia

438 rooms  
AUD 104.5 million  
Freehold



# Portfolio Summary

China  
Management Contract



**Novotel Beijing Sanyuan**  
Beijing, China  
306 rooms  
RMB 254.0 million  
Leasehold expiring Aug 2044



Japan  
Master Lease



**Hotel Sunroute Ariake and  
Oakwood Apartments Ariake Tokyo**  
Tokyo, Japan  
912 rooms  
JPY 22,300 million  
Freehold



**Ibis Beijing Sanyuan**  
Beijing, China  
397 rooms  
RMB 318.0 million  
Leasehold expiring Aug 2044



**Hotel Sunroute Osaka Namba**  
Osaka, Japan  
698 rooms  
JPY 18,300 million  
Freehold



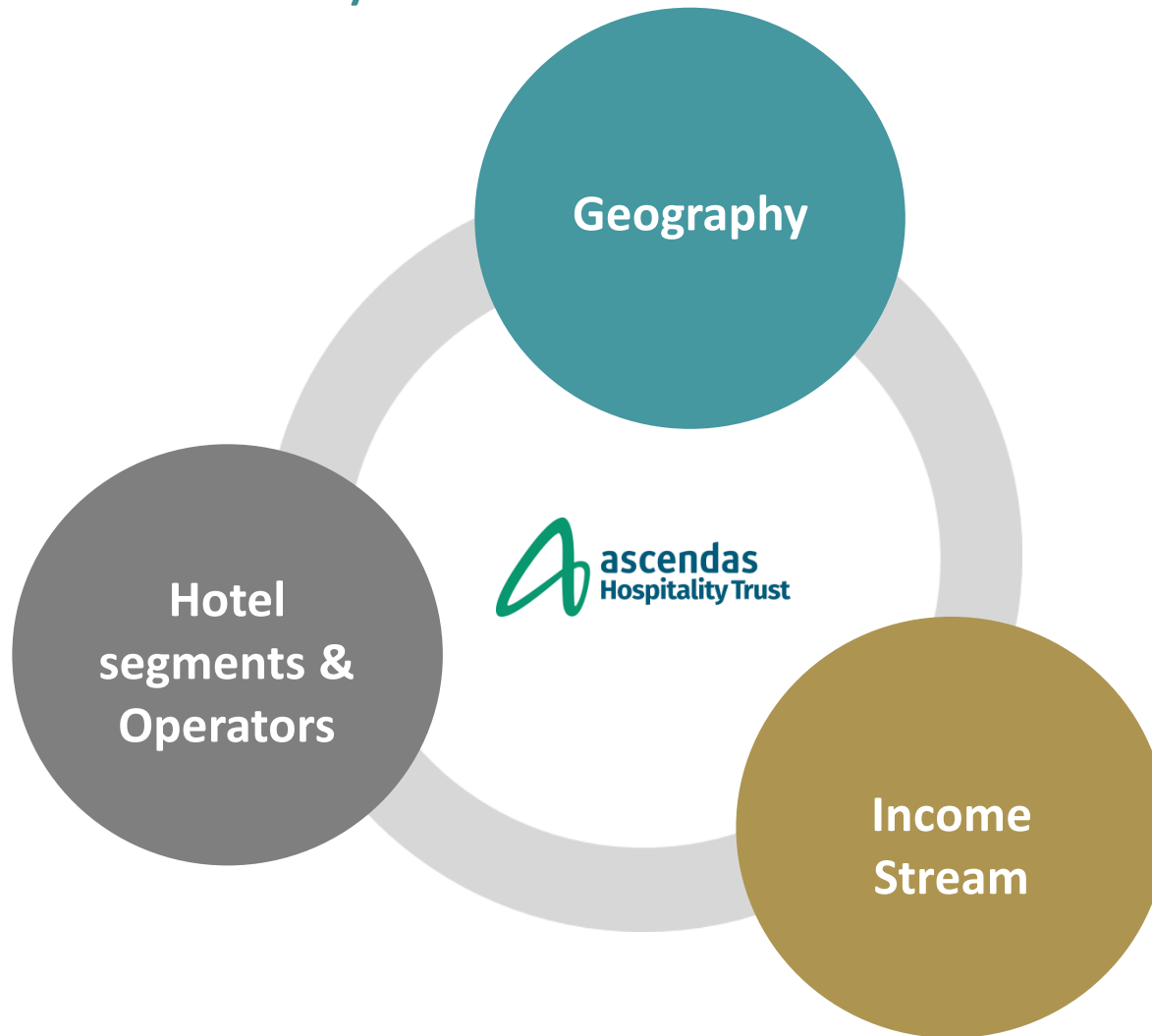
Singapore  
Master Lease



**Park Hotel Clarke Quay**  
Singapore  
336 rooms  
SGD 312.0 million  
Leasehold expiring Nov 2105

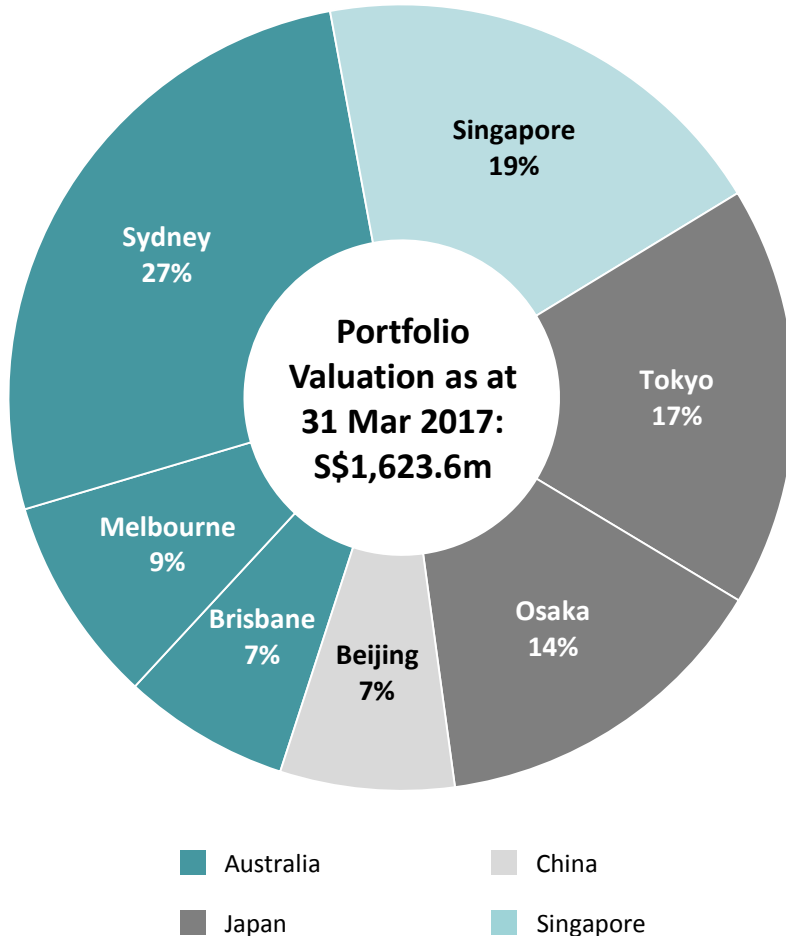


# Strength in diversity



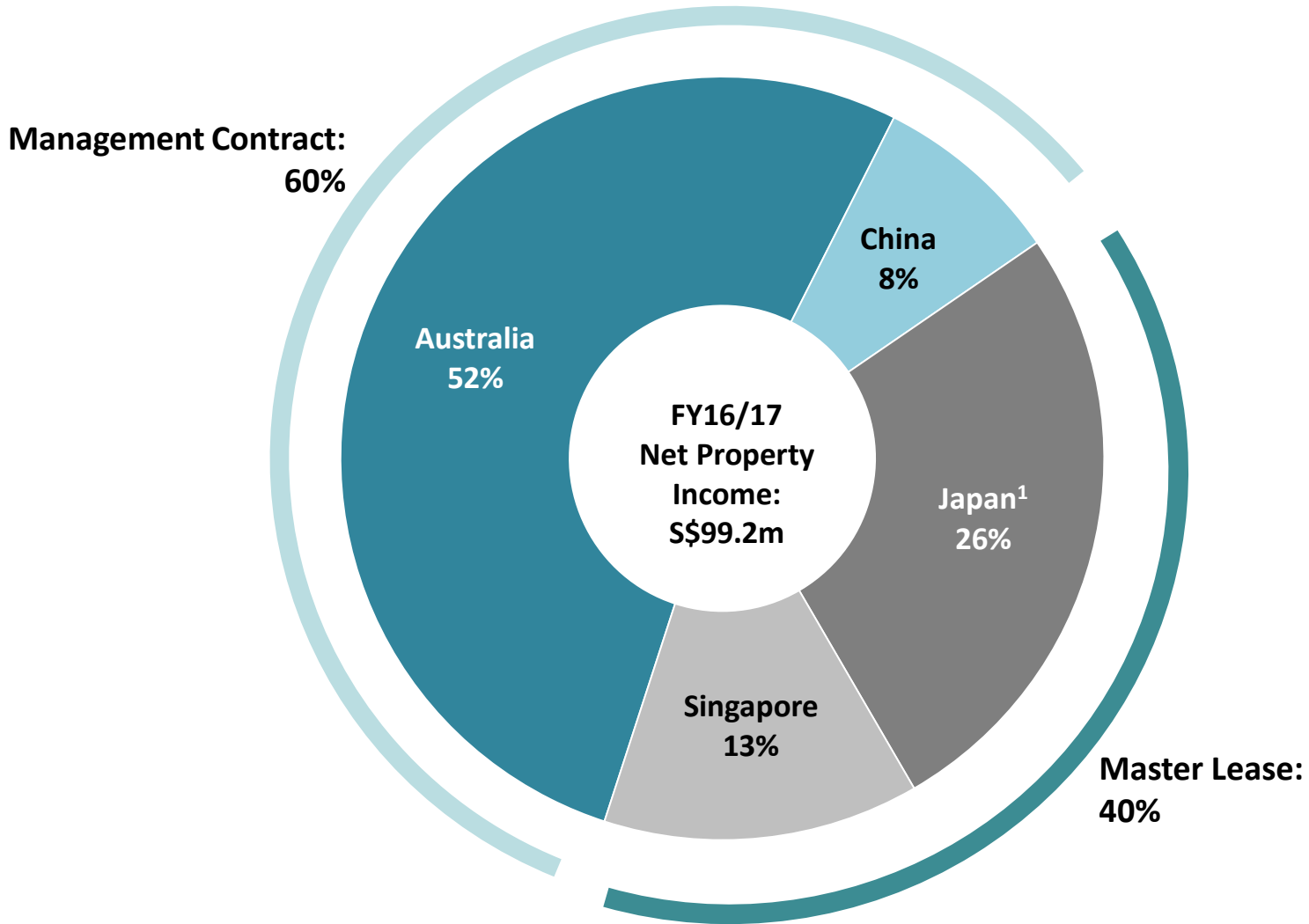


# Well diversified portfolio mitigates concentration risks



<b>AUSTRALIA</b>		<b>42%</b>
Pullman Sydney Hyde Park		10%
Novotel Sydney Central		10%
Novotel Sydney Parramatta		3%
Courtyard by Marriott North Ryde		3%
Pullman and Mercure Melbourne Albert Park		9%
Pullman and Mercure Brisbane King George Square		7%
<b>CHINA</b>		<b>7%</b>
Novotel Beijing Sanyuan		3%
Ibis Beijing Sanyuan		4%
<b>JAPAN</b>		<b>32%</b>
Hotel Sunroute Ariake & Oakwood Apartments Ariake Tokyo		17%
Hotel Sunroute Osaka Namba		14%
<b>SINGAPORE</b>		<b>19%</b>
Park Hotel Clarke Quay		19%

# Stable income with potential for upside



**Notes:**

1. The Japan portfolio is primarily anchored by master leases, with Oakwood Apartments Ariake Tokyo on management contract

# Diversified hotel segments caters to different guests

## Midscale:

**1,724 rooms 40%**

- Courtyard by Marriott
- Mercure
- Novotel
- Park Hotel



## Economy :

**1,885 rooms 43%**

- Ibis
- Sunroute



## Upscale:

**620 rooms 14%**

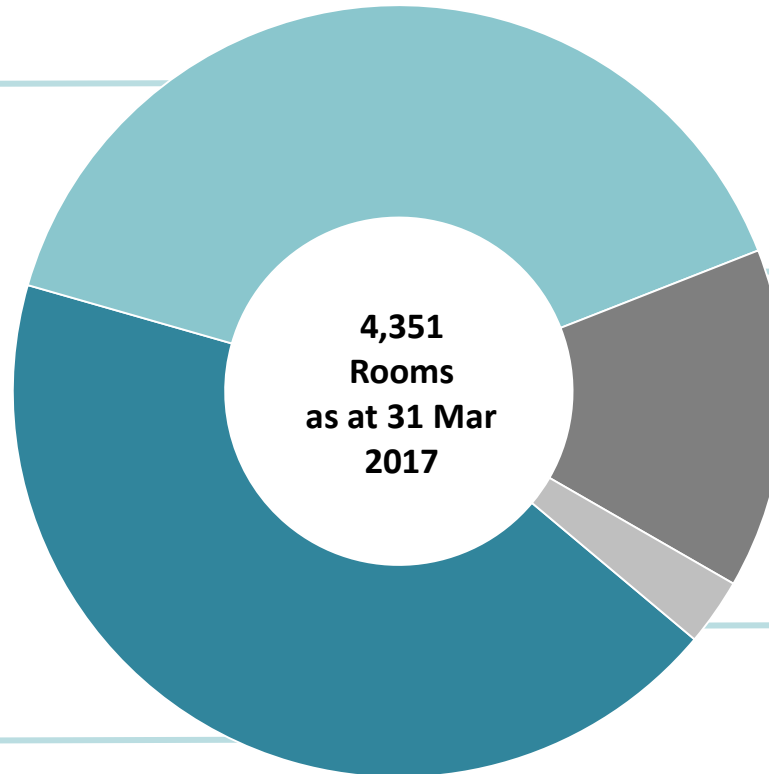
- Pullman



## Extended Stay:

**122 rooms 3%**

- Oakwood Apartments



# Executing strategies effectively to deliver long term value

## Active Asset Management Strategy

*Work towards improving the value of its hotels and enhance growth potential*

## Acquisition Growth Strategy

*Pursue and acquire properties that can improve the overall quality of the portfolio*

## Capital and Risk Management Strategy

*Manage exposures to risks, maintain a prudent level of borrowings and strong balance sheet*

# Effective execution of strategies to achieve growth

## Effective asset management boost value

- ✘ On 1 April 2016, Hotel Sunroute Osaka Namba<sup>1</sup> reopened following its three-month JPY1,135 million makeover



- ✘ Hotel was repositioned to appeal to modern-day spectrum of travellers from business to leisure
- ✘ New 10-year master lease commenced on 1 January 2016 with improved rent structure, based on higher of (i) fixed rent; or (ii) percentage of gross revenue
- ✘ The latest valuation of JPY18.3b more than doubled the acquisition price of JPY8.9b

## Outsourcing of carpark

- ✘ In December 2014, the management of the car park facility in Novotel Sydney Central was outsourced to Wilson Parking
- ✘ Given that Novotel Sydney Central has 600 car park lots, there is critical mass for outsourcing so as to improve the efficiency in operation
- ✘ This also allows the resources of the hotel operator to be focused on the improvement of the hotel performance
- ✘ The profit from the carpark improved by approximately 21% in the year following the outsourcing



**Note:**

1. Previously known as Osaka Namba Washington Hotel Plaza

# Effective execution of strategies to achieve growth

## Efficient use of space



- ✘ Unused and underutilised space in Ibis Beijing Sanyuan was converted to leasable space
- ✘ This was leased to a convenience store and a local eatery
- ✘ This helps to provide a steady stream of income (approximately RMB1.6 million per year) to the hotel with little associated costs
- ✘ This is part of the active asset management strategy where the Managers seek to optimise the use of space to derive income and create value to Ibis Beijing

## Innovative acquisition structure

- ✘ Forward purchase of serviced apartments component of Aurora Melbourne Central (“Property”) for AUD120 million
- ✘ The Property is strategically located in the heart of Melbourne CBD, with direct access to Melbourne Central Railway Station
- ✘ Save for the deposit of AUD5.0 million, there will be no further payment until completion
- ✘ Vendor to top up shortfall of up to AUD3.0 million for the first two years of operation



- ✘ ONYX will operate the service apartments to be named as Shama Luxe Aurora Melbourne Central

# Astute acquisitions to enhance portfolio



**June 2013**

- Acquired Park Hotel Clarke Quay for S\$300m
- Sizeable asset helped stabilised FX



**April 2014**

- Acquired Hotel Sunroute Osaka Namba for JPY8.9b
- Valued at JPY18.3b as at 31 March 2017



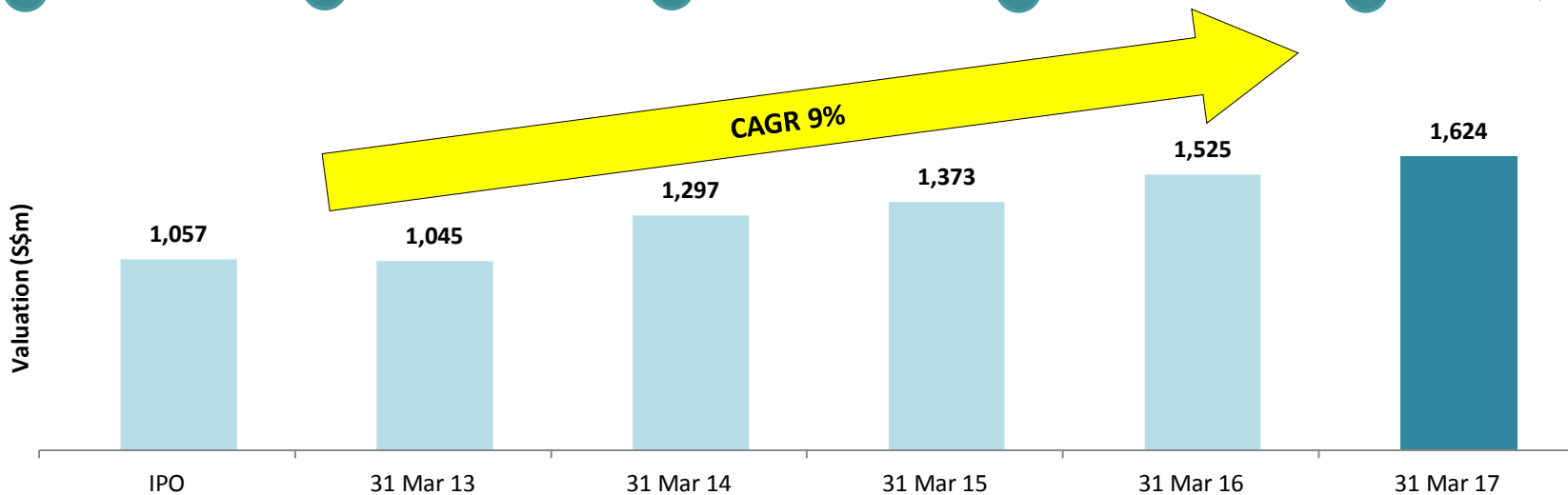
**June 2015**

- Divested Pullman Cairns Int'l for AUD75m
- Sale price was 12% higher than latest valuation



**December 2015**

- Forward acquisition of Shama Luxe Aurora Melbourne Central for AUD120m
- Expected completion in 2019



# Active capital management to optimise returns

## 1 Hedging policy

- ▶ Systematic layering approach using currency forwards up to 15 months (5 quarters) in advance to smoothen volatility
- ▶ To the extent possible, match currencies of borrowings with assets to create natural hedge to protect balance sheet

## 2 Diversification of debt

- ▶ High proportion of debt are in fixed rates to minimise exposure to interest rate volatility
- ▶ Diversified lenders' profile through bond issuance and free up banks' loan capacities for future use

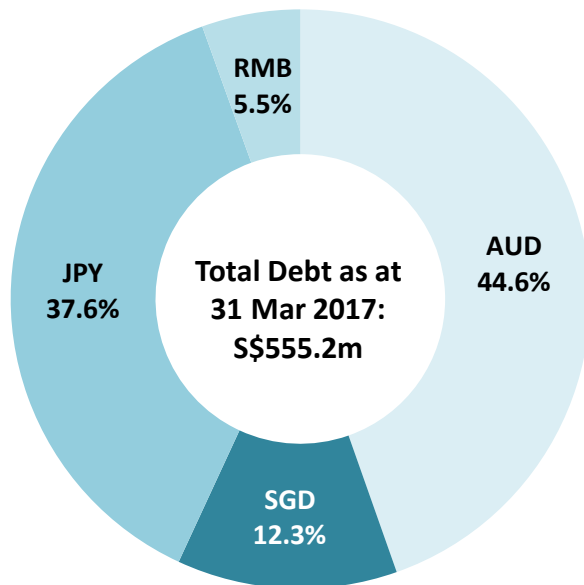
## 3 Updated MTN Program to allow issuance of perpetual securities

- ▶ Uncertainties in financial markets resulted in challenging conditions for fund raising
- ▶ The update provides A-HTRUST with another option to raise fund and the ability to tap a different pool of investors

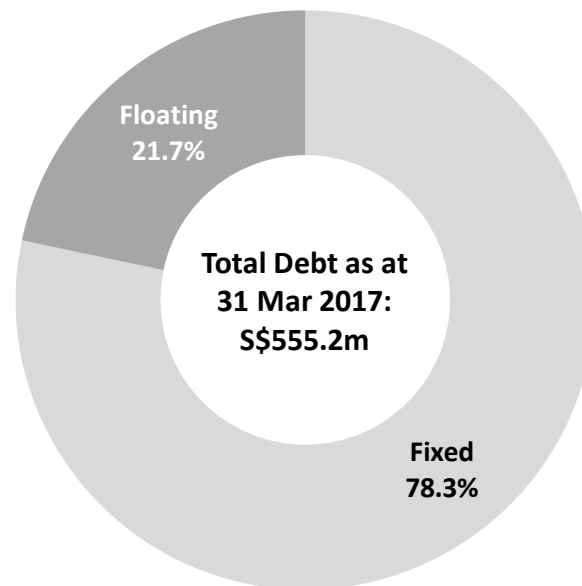


# Natural hedge to protect balance sheet

## Debt Currency Profile



## Interest Rate Profile

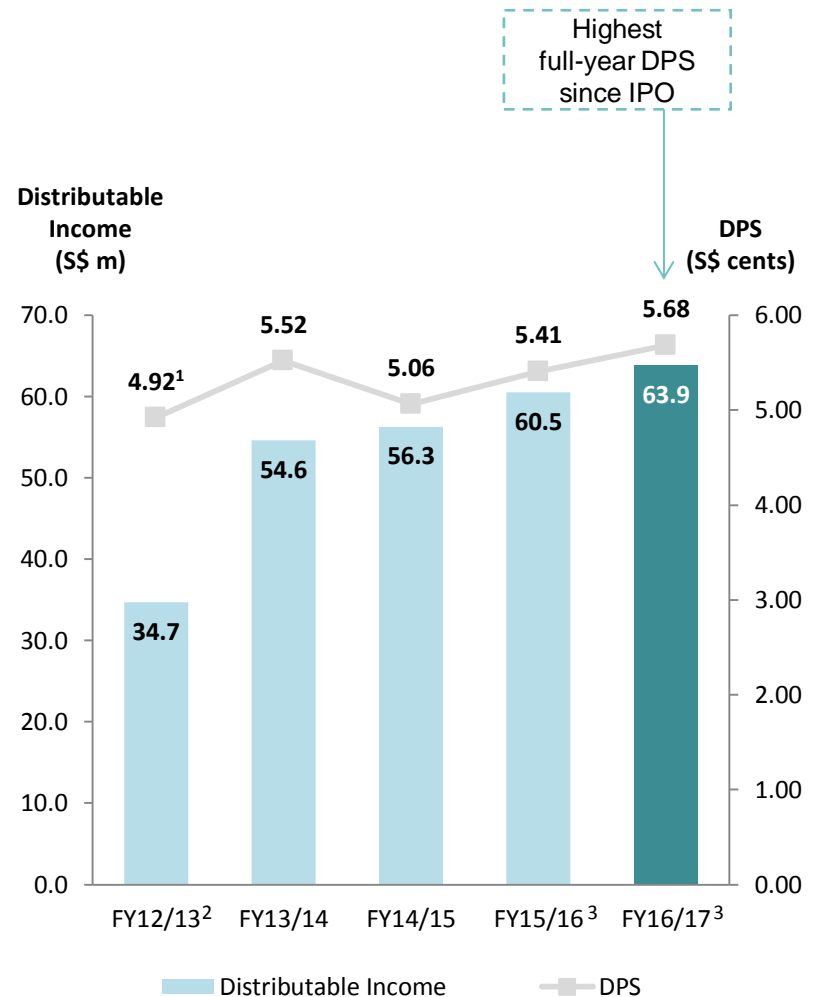
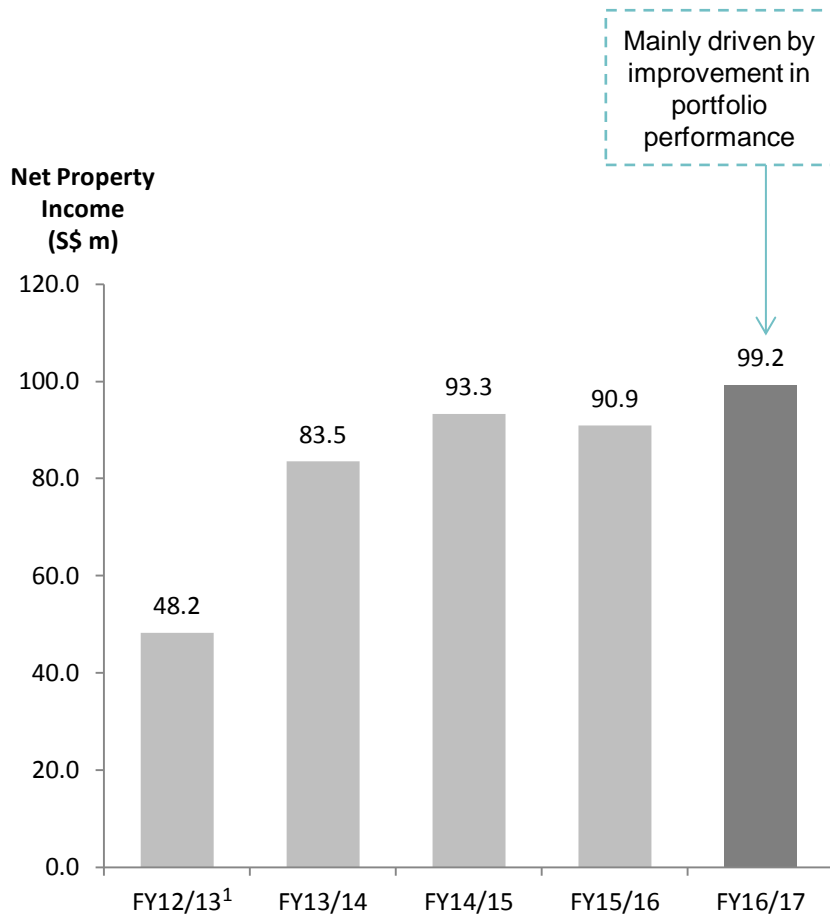




# 2

## Financial Performance

# Improving Financials



## Notes:

1. Taking into account waiver by Sponsor
2. A-HTRUST was listed in July 2012
3. Net of retention of income for working capital purposes

# Strong balance sheet with healthy gearing

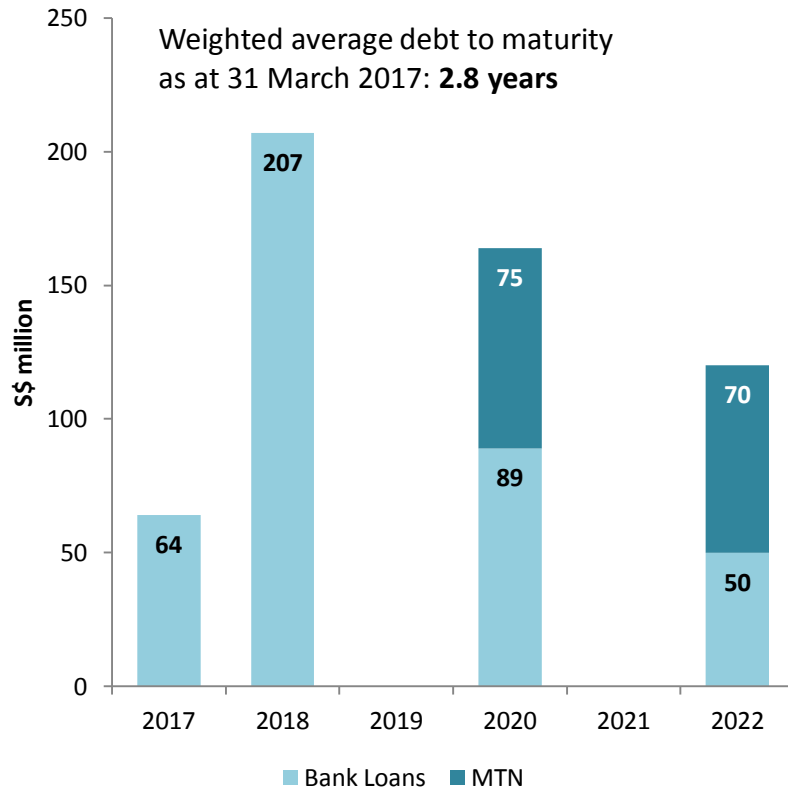
	As at 31 March 2017
Borrowings	S\$555.2m
Total Assets	S\$1,725.9m
A-HTRUST Gearing <sup>1</sup>	32.2%
- A-HREIT Gearing	25.6%
- A-HBT Gearing	35.7%
Weighted average interest rate	2.9%
Weighted average debt to maturity	2.8 years
Net asset value per stapled security	S\$0.92

**Note:**

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

# Proactive management to extend debt maturity

## Debt Maturity Profile

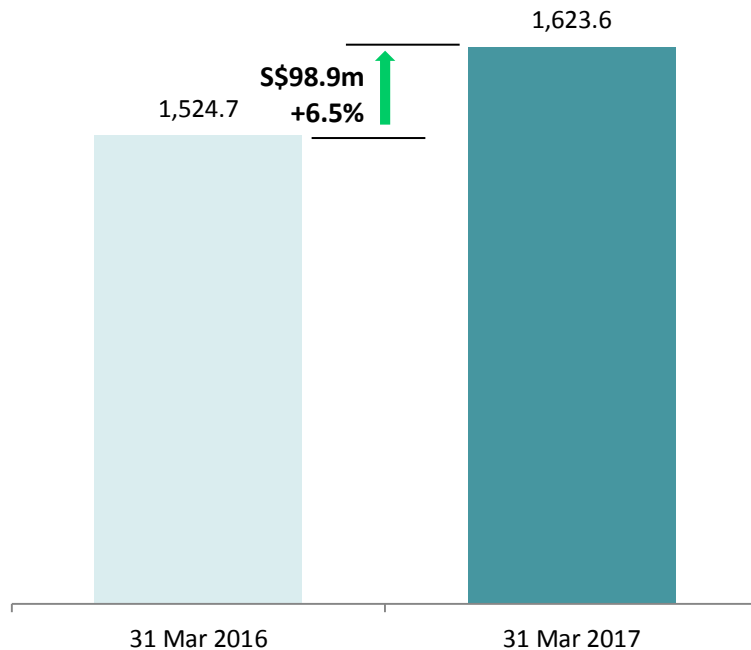


## Debt Facilities

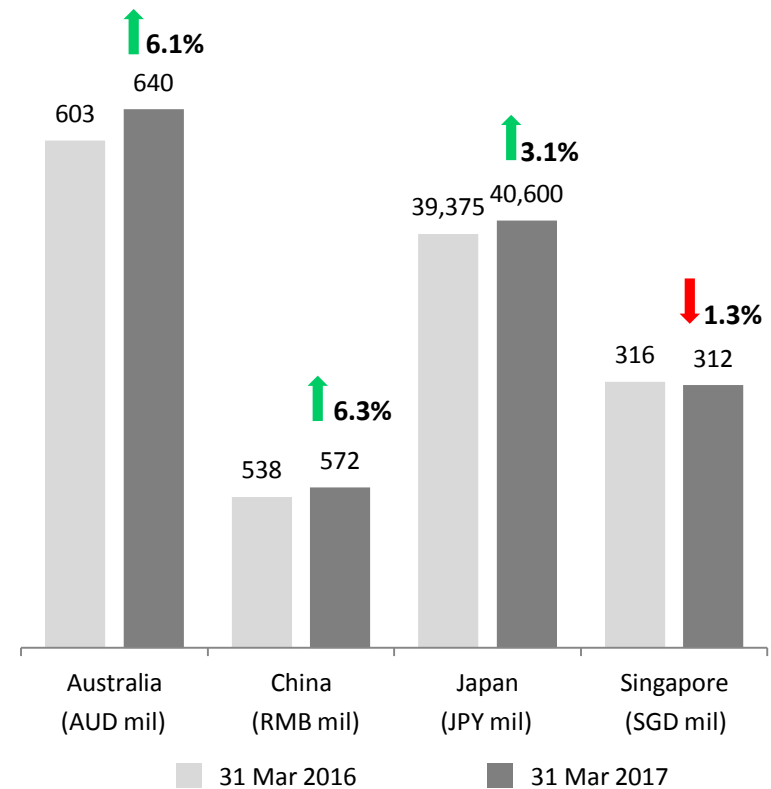
- **Term loan facilities:**  
*3 to 5-year term loan facilities*
- **Revolving credit facility (“RCF”):**  
*3-year S\$30 million RCF*
- **S\$1 billion Debt Issuance Programme (“Programme”):**  
*Programme established in October 2014, and updated in November 2015*

# Quality of portfolio drives valuation

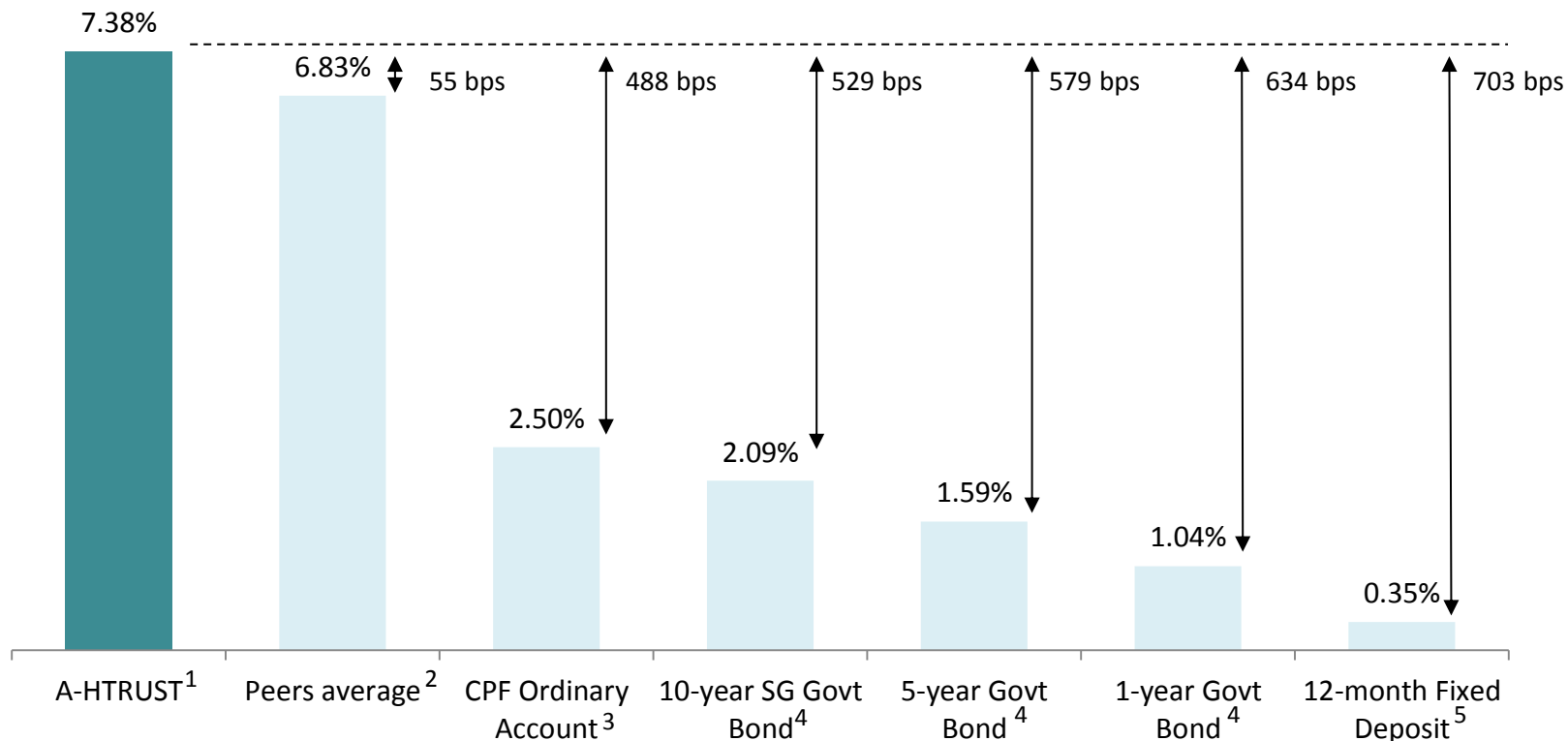
## Portfolio Valuation (S\$m)



## Valuation by Country (Local Currency)



# Competitive Yield Spread



## Notes:

1. Based on DPS of 5.68 cents for FY2016/17 and closing price of stapled security as at 22 May 2017
2. Based on past 12 months yields as at 22 May 2017. Source: Bloomberg
3. Based on interest paid for ordinary account of 2.5% per annum from 1 April 2017 to 30 June 2017 as stipulated in CPF website. Source: website of CPF ([www.cpf.gov.sg](http://www.cpf.gov.sg))
4. Based on prices as at 22 May 2017. Source: website of Singapore Government Securities ([www.sgs.gov.sg](http://www.sgs.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. Source: website of the respective banks



# 3

Looking Ahead



# Australia – General landscape healthy



- Inbound arrivals grew by 11% y-o-y in 2016, while domestic travel posted 4% y-o-y growth in overnight trips during the same period<sup>1</sup>.
- As the AUD remained relatively weak, it is expected to continue driving both international arrivals and domestic travelling in Australia, benefitting the hotel market in general.
- Recently added air routes between certain cities in China and Australia<sup>2</sup> can also help to boost further inbound traffic from one of Australia's key growth markets.
- In general, while the hotel markets in Sydney CBD and Melbourne are expected to remain healthy in the near term, the market conditions in Brisbane and Sydney suburban markets are likely to remain challenging as new supply enters the market.

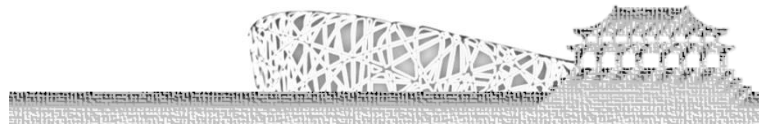
**Note:**

1. Source: Tourism Research Australia
2. Source: Tourism Australia

# China – Domestic travelling benefits sector



- Domestic travelling in Beijing grew by 4.7% to 281 million in 2016<sup>1</sup>.
- Growth in domestic travelling has supported the hospitality sector in Beijing, and will continue to be fundamental to the Beijing hotel market.
- Looking ahead, improved intercity transportation and tourism development in the city is expected to further boost domestic travelling, which will benefit the Beijing hotel market.



**Note:**

1. Source: Beijing Tourism Bureau

# Japan – Outlook stable



- Number of international arrivals to Japan grew by 21.8% y-o-y in 2016 and the growth trend continued in the first three months of 2017 with growth of 13.6% y-o-y<sup>1</sup>.
- Having welcomed a record number of foreign visitors into Japan in 2016, the growth trend is expected to continue in near term, although at a slower pace.
- In general, the hotel markets in Tokyo and Osaka are expected to remain healthy in the near term, although upcoming supply may moderate hotel market performance.

**Note:**

1. Source: Japan National Tourism Organisation

# Singapore – Pressure from increase in room supply



- A modest growth of between 0 to 2% is forecasted for the number of international arrivals into Singapore in 2017<sup>1</sup>, and the year started well with a growth of 3.4% y-o-y in number of inbound for the first two months of 2017 to 2.8 million<sup>1</sup>.
- However in the near term, further increase in the supply of hotel rooms is expected to continue exerting downwards pressure on hotel market performance.



**Note:**

1. Source: Singapore Tourism Board



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