

CapitaLand Ascott Trust



# 3Q 2022 Business Updates

28 October 2022

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# Overview of CapitaLand Ascott Trust

Ascott Orchard Singapore

CapitaLand  
Ascott Trust

# Largest Lodging Trust in Asia Pacific

Constituent of FTSE EPRA Nareit Global Developed Index

**\$7.6b**

Total Assets  
as at 30 Jun 2022

**>17,000<sup>1</sup>**

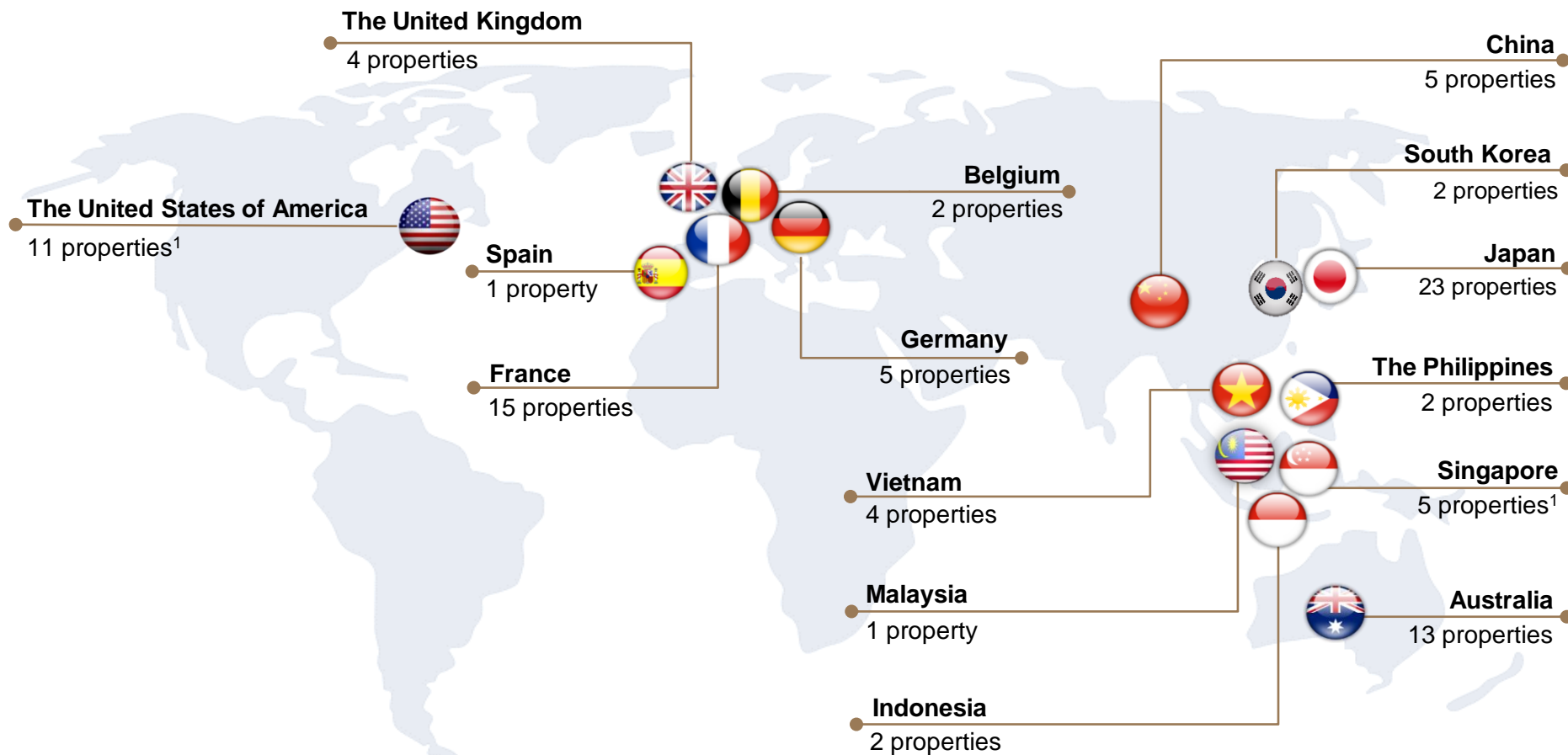
Units

**95<sup>1</sup>**

Properties

**44**

Cities in 15 countries



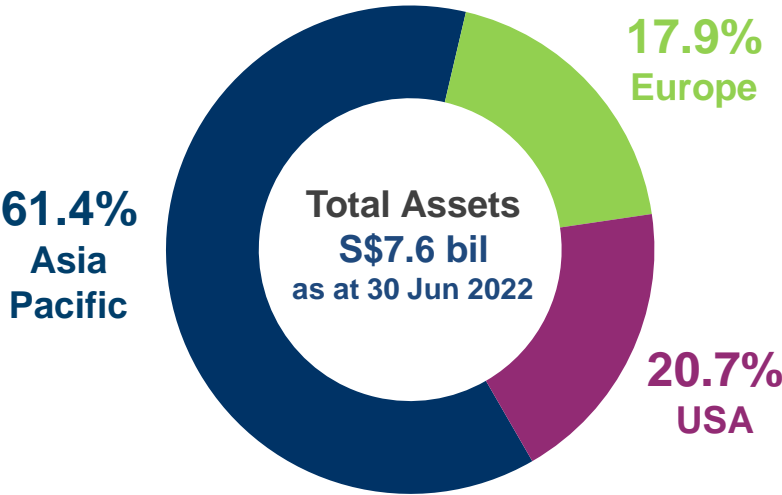
Notes: Above as at/for period ended 30 Sep 2022 unless otherwise stated

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

# Diversified Portfolio With Mix of Stable and Growth Income Streams

Proxy to recovery of hospitality sector while remaining resilient against downside risks

Global presence across 15 countries,  
anchored in Asia Pacific



Predominantly long-stay lodging portfolio	Total Assets S\$7.6 bil as at 30 Jun 2022				Mix of stable and growth income sources			
	54	18	14	9		31	7	55
	Serviced Residences	Hotels/ Business Hotels	Rental Housing	Student Accommodation		Master Leases	MCMGI <sup>1</sup>	Management Contracts

Notes: Above are as at 30 Sep 2022 unless otherwise stated  
1. Management contracts with minimum guaranteed income

Note: Excludes 2 properties which are currently under development



# Commitment to Sustainability & Corporate Governance

Aligned with CapitaLand's 2030 Sustainability Master Plan



G R E S B  
REAL ESTATE  
sector leader 2022



G R E S B  
★★★★★ 2022

## Accolades & Awards

**Global Sector Leader (Listed – Hotel)**  
in 2021 and 2022  
**Global Real Estate Sustainability Benchmark (GRESB)**

**Ranked 1<sup>st</sup>**  
in 2021 and 2022  
**Singapore Governance and Transparency Index**  
REITs and Business Trusts category

**Best Investor Relations – Gold**  
**Singapore Corporate Awards 2022**  
REITs and Business Trusts category

## CapitaLand's 2030 targets (using 2008 as a base year)



### Reduce:

- Carbon emissions intensity by **78%**
- Energy consumption intensity by **35%**
- Water consumption intensity by **45%**



**Increase** proportion of  
total electricity consumed  
from **renewable**  
**sources** to **35%**



**35% green-certified properties**  
as at May 2022

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

### Sustainable finance

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

## Strategic Sustainability Management Structure

### CapitaLand

CapitaLand's Board of Directors

CapitaLand Sustainability Council

CapitaLand Management Council

Various sustainability work teams  
involving business units and  
corporate departments

All Staff

### CLAS

CLAS' Boards of Directors

CLAS Sustainability Committee

CLAS Sustainability  
Working Committee



# 3Q 2022 Highlights



# 3Q 2022 Gross Profit at c.90% of pre-Covid levels

Boosted by contributions from new properties and 88% y-o-y increase in portfolio RevPAU<sup>1</sup>



3Q 2022 gross profit rose to c.90% of 3Q 2019 *pro forma* levels<sup>2</sup>

- Revenue and gross profit for 3Q 2022 were higher y-o-y due to contributions from 7 new properties and full quarter contribution from Wildwood Lubbock, as well as stronger operating performance of the existing portfolio
- Excluding the contributions from the 8 properties, **same-store gross profit rose 70% y-o-y**

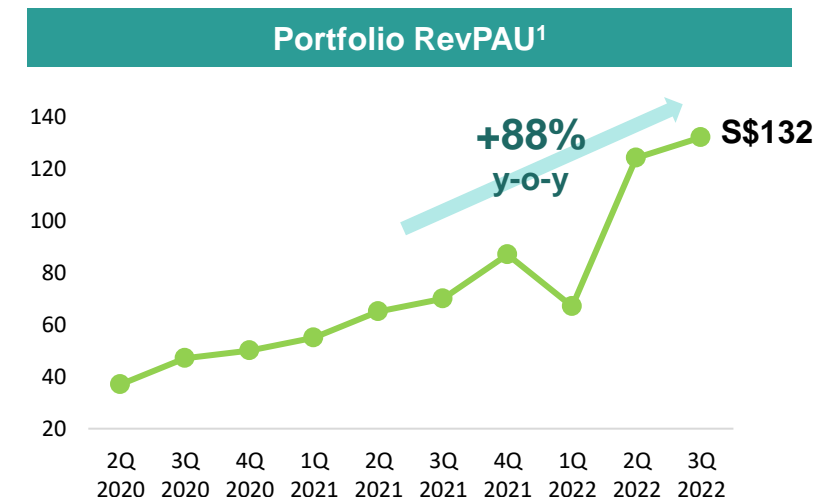
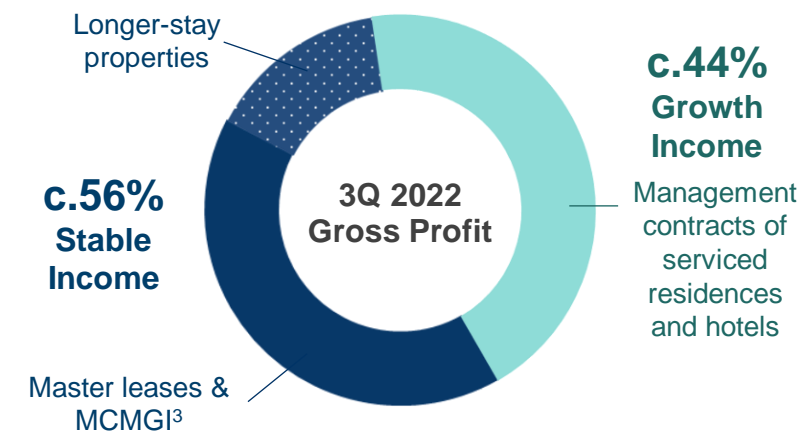


Growth income sources contributed 44% of 3Q 2022 gross profit (2Q 2022: 41%)

- Higher contribution from growth income sources (management contracts of serviced residences and hotels) due to **stronger performance across most markets**
- Portfolio RevPAU<sup>1</sup> rose 88% y-o-y to S\$132, which is c.87% of 3Q 2019 *pro forma* RevPAU<sup>2</sup>**, due to higher occupancy (>70% in 3Q 2022) and average daily rates (ADR)
- China and Singapore recorded the strongest q-o-q growth of 28% and 27% respectively
- Australia and USA continued to perform at close to pre-Covid levels

Notes:

- Revenue per available unit of properties under management contracts and MCMGI, excludes master leases, rental housing and student accommodation
- The combination with Ascendas Hospitality Trust (A-HTRUST) was completed on 31 Dec 2019 and the 2019 *pro forma* figures include the performance of the A-HTRUST portfolio
- Management contracts with minimum guaranteed income



# Resilience from Stable Income Sources

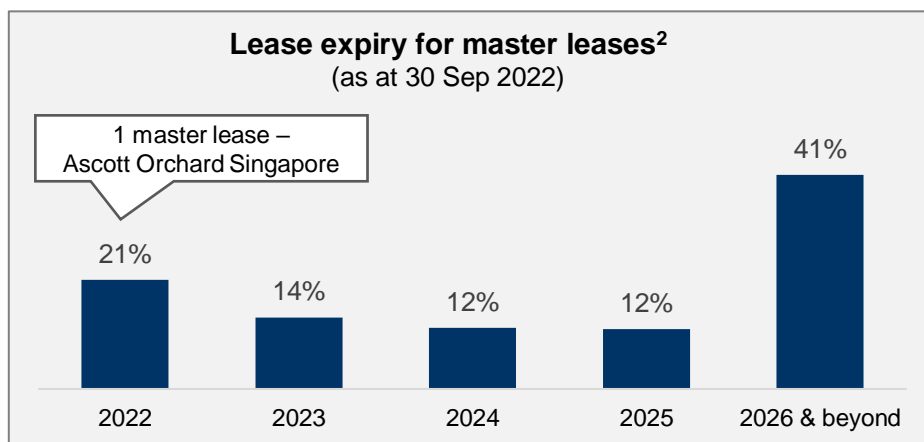
Minimum rents and guaranteed income provide downside protection while variable components offer upside in a recovery



**Stable income sources<sup>1</sup> contributed 56% of 3Q 2022 gross profit (2Q 2022: 59%)**

## Master leases

- **Master lease gross profit grew y-o-y due to higher variable rent;** of CLAS' 31 master leases, 22 have fixed and variable rent components, and 19 have received variable rent in 3Q 2022
- Master lease for Ascott Orchard Singapore was extended from 10 Oct 2022 to 30 Nov 2022 (on the same terms and conditions) to facilitate on-going negotiations



Notes:

1. Stable income sources include master leases, MCMGI, rental housing and student accommodation

2. Percentage of gross rental income for master leases expiring at respective years over the total gross rental income for all master leases

## Longer-stay properties (rental housing and student accommodation)

- Longer-stay properties contributed 15% of 3Q 2022 gross profit
- **Occupancy of the properties remained stable at >95%**
- **Student accommodation 99% leased** for the academic year (AY) 2022-2023, compared to >95% for the last AY; with **above-market rent growth of c.6% y-o-y**
- Turnkey acquisition of 2 Japan rental housing properties (Bentencho 5chome and Nakatsu 4chome) on track to complete in 4Q 2022; both are fully pre-leased

## Management contracts with minimum guaranteed income (MCMGI)

- **Operating performance of MCMGI properties close to pre-Covid 3Q 2019 levels due to strong recovery in Europe**
- CLAS entered into a new hotel management agreement with Sponsor for Riverside Hotel Robertson Quay; Sponsor will bear key money for the rebranding and renovation of the property and has undertaken to pay a minimum guaranteed income post-renovation



# Advanced Distribution Details

For the period from 1 July to 23 August 2022



## Advanced distribution in relation to private placement

- Further to the announcement dated 15 August 2022 titled “Notice of Record Date and Advanced Distribution Payment Date”, the actual advanced distribution per Stapled Security (DPS) was 1.078 cents
- For the avoidance of doubt, the holders of the new Stapled Securities issued pursuant to the private placement were not entitled to the advanced distribution
- The next distribution will comprise CLAS’ distribution income for the period from 24 Aug 2022 to 31 Dec 2022; semi-annual distributions will resume thereafter



**Advanced DPS**  
**1.078 cents**

## Distribution Details

Books Closure Date	23 Aug 2022
Distribution Payment	18 Oct 2022



# Key Market Updates



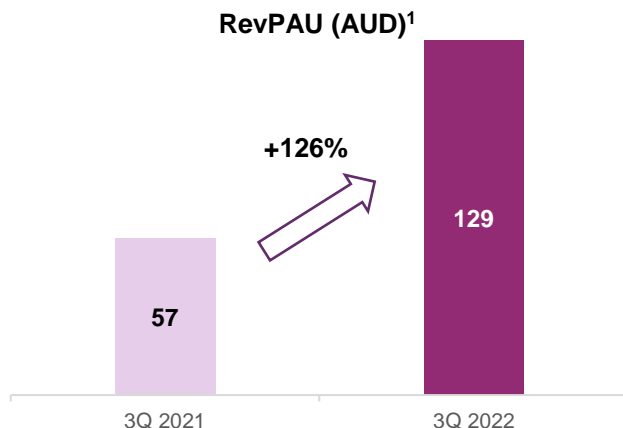
La Clef Louvre Paris

CapitaLand  
Ascott Trust



# Australia

Robust demand from all segments, events provide additional uplift



No new restrictions introduced after a few rounds of easing in early-2022



International travel to and from Australia is permitted regardless of vaccination status and without any testing requirements



Domestic travel permitted

Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Pertains to the hotels and serviced residences under management contracts only

2. The combination with A-HTRUST was completed on 31 Dec 2019 and the 2019 *pro forma* RevPAU includes the performance of the A-HTRUST properties

**13%** of total assets: **4** serviced residences (SRs) under master leases;  
**6** hotels and **3** SRs under management contracts

## Management Contracts – SRs & Hotels

- 3Q 2022 RevPAU was **126% higher y-o-y and 3% higher q-o-q at AUD 129**, which is **96% of 3Q 2019 *pro forma* RevPAU<sup>2</sup>**, mainly due to strong ADR which exceeded pre-Covid levels
- Robust performance was driven primarily by the **domestic leisure segment**, with **corporate and international demand steadily increasing**; additional uplift came from **large-scale sporting and entertainment events**
- Hotels saw a **strong pick-up in performance in 3Q 2022**, with RevPAU reaching 3Q 2019 levels

- Outlook for 4Q 2022 remains positive** as overall travel confidence has returned; more **entertainment and sporting events** are expected to be held which will **boost demand further**

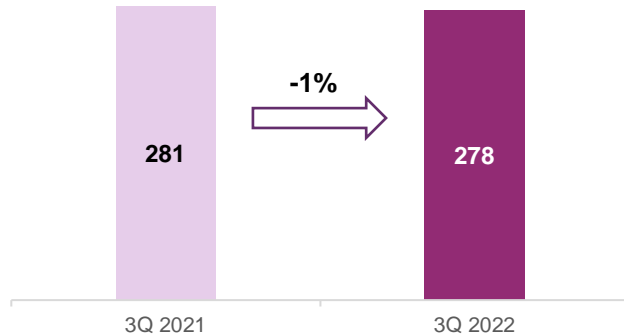
## Master Leases – SRs

- Properties continue to collect **fixed rent (with annual indexation)**, providing stable income to the portfolio
- Operating performance in 3Q 2022 **surpassed pre-Covid levels** and is expected to sustain moving forward

# China

Outlook on travel demand improves, long stays and project groups continue to provide resilience

RevPAU (RMB)



Localised short lockdowns and tightened measures during outbreaks for periods in 3Q 2022



Quarantine duration for international travellers shortened to 10 days (7 days centralised quarantine + 3 days home monitoring)



Domestic travellers required to quarantine for 7 days; location (hotel / home) varies depending on risk level of areas they arrive from

4% of total assets: 5 SRs under management contracts

- 3Q 2022 RevPAU increased **28% q-o-q to RMB 278**, which is **73% of 3Q 2019 same-store RevPAU<sup>1</sup>**; it remained stable y-o-y
- **Occupancy recovered to c.70% in 3Q 2022** from above 50% the previous quarter, and corporate long stays and project groups continued to provide a strong base with an **average length of stay of 6.5 months**
- Following the **shortening of quarantine duration** for medium and high-risk areas in China, **domestic corporate transient demand** picked up further in the quarter
- More **international corporate bookings, both short and long stays**, continued to return in 3Q 2022, following the **easing of quarantine policy for inbound travellers**
- Apart from the corporate segment, properties received **domestic leisure bookings** during the **summer holidays** as well
- **Long stays** will continue to be the **primary source of business** moving forward, **providing resilience** to the properties, even as outlook improves

Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Excluding Somerset Xu Hui Shanghai which was divested in May 2021 and Ascott Guangzhou which was divested in Dec 2020

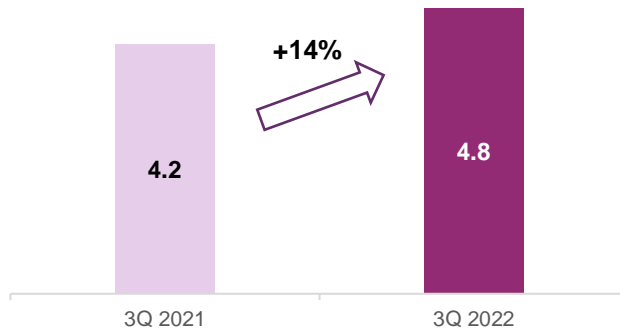


# France

Strong leisure demand boosts performance, with international visitors continuing to return

6% of total assets: 15 SRs under master leases

Revenue (EUR 'mil)



No new restrictions introduced after easing took place in early-2022



International borders open to all travellers, regardless of country of origin or vaccination status



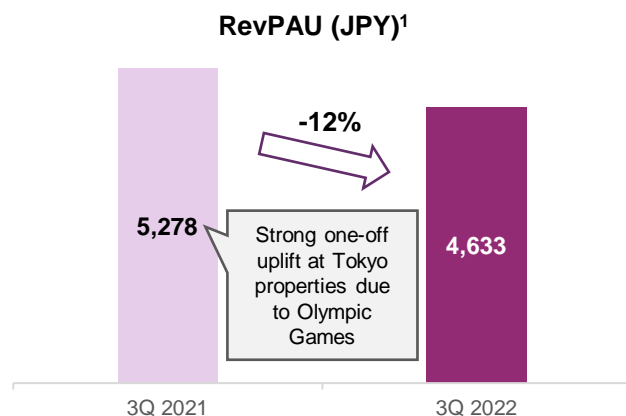
Domestic travel permitted

- 10 properties registered **higher variable rent y-o-y**; the higher revenue was partially offset by the change in rent structure for 5 properties in Oct 2021
- 3Q 2022 revenue **increased 14% y-o-y**; average occupancy of the France portfolio was **strong at c.85% in 3Q 2022**, with **higher ADR y-o-y** that **surpassed pre-Covid levels in 3Q 2019**
- The properties benefitted from **robust leisure demand during the summer holiday season**; recovery was led by the **continued return of international visitors**
- Portfolio remains well-supported by demand from other segments such as **cultural group bookings in Paris** and **corporate long stays in the regional properties**
- **Strong positive trend expected to continue in 4Q 2022**, with the remainder of the year seeing **healthy flow of bookings** despite the low travel season in France

Note: Updates on travel and movement restrictions above as at Oct 2022

# Japan

Gradual recovery in 3Q 2022, outlook positive following reopening to independent travellers



No quasi-emergency restrictions or lockdowns after these were lifted in Mar 2022



Daily cap on arrivals and all testing or monitoring requirements lifted from 11 Oct 2022 onwards; independent fully-vaccinated travellers allowed visa-free entry



Domestic travel permitted

Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Pertains to the serviced residences under management contracts only

2. Excluding Somerset Azabu East which was divested in Dec 2020

**18%** of total assets: **3** hotels and **1** student accommodation under master lease;  
**3** SRs, **2** hotels and **14** rental housing under management contracts

## Management Contracts

### SRs & Hotels

- 3Q 2022 RevPAU for SRs was **8% higher q-o-q at JPY 4,633**, which is **39% of 3Q 2019 same-store RevPAU<sup>2</sup>**
- Domestic leisure and long stays** remained the key sources of business in 3Q 2022 as travel in Japan **gradually recovered with the phased reopening**
- 3Q 2022 RevPAU for SRs was 12% lower y-o-y, compared to a strong base as the Tokyo properties benefitted from the Olympic Games in 3Q 2021
- Forward bookings for 4Q 2022 reflect a **strong rebound in demand** from **international travellers**, as more restrictions on inbound travel were eased from 11 Oct 2022 and airlines continue to increase flight frequencies; **higher ADR expected to be achieved**

- Nation-wide and prefectural travel campaigns** restarted in Sep and Oct 2022, which are expected to **positively impact domestic leisure demand** further in 4Q 2022
- Potential plans for the reopening of Hotel WBF Kitasemba East and Hotel WBF Kitasemba West in Osaka are currently being reviewed

## Rental Housing

- Properties continued to provide resilience to the portfolio** with occupancies of >95%
- Turnkey acquisition of **2 Japan rental housing properties** in Osaka **on track to complete in 4Q 2022**; both properties are **fully pre-leased**

## Master Leases

### Hotels & Student Accommodation

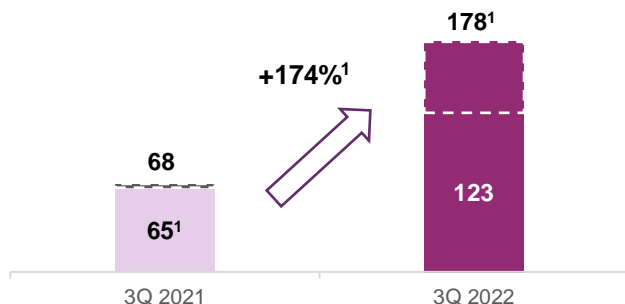
- Received fixed and variable rent** at the hotels; and **fixed rent from student accommodation in Osaka** acquired in Mar 2022



# Singapore

Strong demand and performance across all properties, driven by international travel and events

RevPAU (SGD)



All community safe management measures have been lifted, including vaccination-differentiated measures on 10 Oct 2022



All border restrictions have been eased, except pre-departure testing requirement for non-fully vaccinated travellers



Hotels approved by Singapore Tourism Board can accept staycation bookings

Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Pertains to CMSS only, excludes RHRQ which was reclassified from master lease to management contract in 3Q 2021, and LONS which commenced operations in phases from Nov 2021

2. Excluding Somerset Liang Court Singapore which was divested in Jul 2020

17% of total assets: 1 SR under master lease;  
2 SRs and 1 hotel under management contracts; 1 SR under development

## Management Contracts – SRs & Hotel

- In 3Q 2022, the properties reflected **strong demand as international visitors returned**
- The **F1 Singapore Grand Prix** held in Sep-Oct 2022 boosted demand further; the Singapore hospitality sector registered **average occupancy of above 90%** and ADR during this period for Citadines Mount Sophia Singapore (CMSS) was **c.30% higher than pre-Covid levels**
- On a same-store basis<sup>1</sup>, 3Q 2022 RevPAU for CMSS was **174% higher y-o-y and 28% higher q-o-q at S\$178** which **surpassed 3Q 2019 same-store RevPAU<sup>2</sup>**
- Riverside Hotel Robertson Quay (RHRQ) saw robust demand from the **international leisure segment**, with an **increase in short stays**

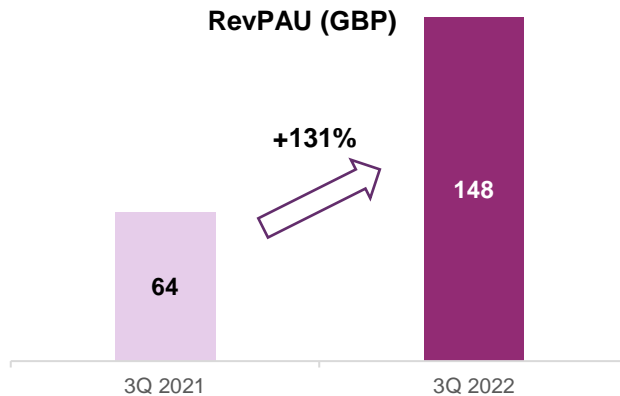
- lyf one-north Singapore (LONS) had a **strong occupancy of above 90% in 3Q 2022**, supported primarily by **long-stay bookings** from **companies and educational institutions**, with some **international leisure demand**; compared to 2Q 2022, business mix included more **short stays at higher ADR**
- Outlook remains positive and **strong leisure demand is anticipated for 4Q 2022** particularly during the year-end holiday peak, which is expected to drive ADR up

## Master Lease – SR

- Ascott Orchard Singapore showed **stronger performance q-o-q** and received **higher variable rent** (in addition to fixed rent); **corporate and relocation business remained strong**, enabling the property to achieve **record-high ADR exceeding pre-Covid levels**

# United Kingdom

International travellers continue to return, furthering recovery momentum



No Covid-19 measures within the country



All Covid-19 travel restrictions have been lifted, including tests for unvaccinated travellers



Domestic travel permitted

**7%** of total assets: **4** SRs under management contracts with minimum guaranteed income (MCMGI)

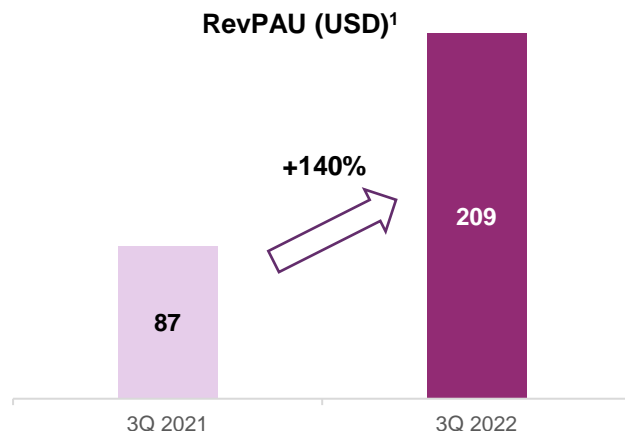
- 3Q 2022 RevPAU was **131% higher y-o-y and 3% higher q-o-q** at **GBP 148**, in line with pre-Covid levels in 3Q 2019, boosted by the continued return in foreign travellers
- **Strong international leisure demand** during the summer holiday season drove the recovery and **ADR surpassed pre-Covid levels**; **corporate bookings increased** at a steady pace
- Outlook is positive as the properties continue to see **healthy volume of forward bookings**, well-supported by **corporate and long stay demand**, and boosted by **several city events** in 4Q 2022
- All CLAS UK properties are under MCMGI; variable income will allow CLAS to enjoy the **upside of the strong recovery** while the guaranteed income continues to **offer downside protection**

Note: Updates on travel and movement restrictions above as at Oct 2022



# United States

Strong recovery trajectory at hotels, student accommodation continue to provide stable income



All states have fully reopened



International borders remain open to fully vaccinated travellers



Domestic travel permitted

**21%** of total assets: **3** hotels and **7** student accommodation under management contracts;  
**1** student accommodation under development

## Management Contracts – Hotels

- 3Q 2022 RevPAU **increased 140% y-o-y and remained stable q-o-q at USD 209, in line with 3Q 2019 RevPAU levels**
- The strong performance was driven by **continued increase in domestic leisure demand**, and bookings from **corporate groups and transient travellers**
- **Several events** provided **additional uplift to demand** in 3Q 2022, enabling the hotels to achieve an **average occupancy of c.90%** and **ADR exceeding pre-Covid levels**
- Outlook remains robust as **New York City hosts more events** in 4Q 2022 which will give properties a **boost in demand**; the last quarter of the year is also a **seasonally stronger one for leisure travel**

## Management Contracts – Student Accommodation

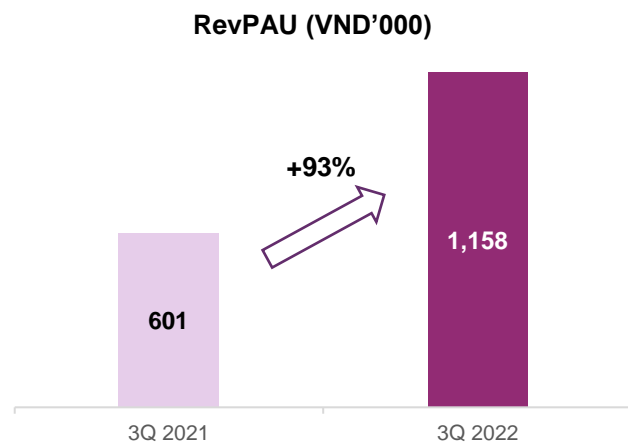
- Properties registered an average **occupancy of >95% in 3Q 2022**
- **Properties are 99% leased** for the academic year (AY) 2022-2023, compared to >95% for the last AY; with **above-market rent growth of c.6% y-o-y**

Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Pertains to the 3 hotels and excludes the student accommodation properties

# Vietnam

Recovery gains momentum and outlook remains positive



**No movement restrictions within the country**



**Borders fully reopened to international travellers with no testing and quarantine requirements, all immigration policies reinstated to pre-pandemic status**



**Domestic travel permitted with no restrictions**

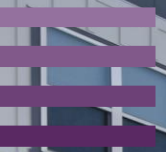
Notes: Updates on travel and movement restrictions above as at Oct 2022

1. Excluding Somerset West Lake Hanoi which was divested in Oct 2019

**3%** of total assets: **4** SRs under management contracts

- 3Q 2022 RevPAU **increased 93% y-o-y and 16% q-o-q to VND 1,158,000**, which is **69% of 3Q 2019 same-store RevPAU<sup>1</sup>**
- Improvement was driven largely by **Ho Chi Minh City properties** that registered an **average occupancy of c.90%** in 3Q 2022, with greater demand coming from **corporate and international relocation segments**; Hanoi properties registered softer performance
- **Long stays** remained the primary source of business, and **average length of stay in 3Q 2022 was c.5.5 months**
- **Enquiries have shown an encouraging increase**, particularly from companies with an interest to expand their business footprint in Vietnam
- Outlook remains positive, with **continued resumption of international flights** and **reopening of source markets** such as Japan and Taiwan; forward bookings reflect pick-up of **corporate short stays** and more **international leisure demand** in the year-end festive season
- **Retail and commercial spaces** in CLAS' Vietnam properties continue to be **well-leased**, offering diversification and a resilient income stream





# Portfolio Updates

CapitaLand  
Ascott Trust

Paloma Raleigh  
(formerly known as Latitude on Hillsborough)



# CapitaLand Ascott Trust's Positioning

Committed to delivering sustainable returns to Stapled Securityholders

## Geographical Allocation

Global in Presence,  
Anchored in Asia Pacific



**Predominantly in Asia Pacific**

**Remainder in Europe/USA**

- Largest lodging trust in Asia Pacific
- Diversified across 15 countries, Asia Pacific remains core
- Presence in large domestic markets and key gateway cities

## Target Asset Allocation

**Stable Income Base from Longer-stay Lodging**

**25-30% in longer-stay accommodation**

Resilient and counter-cyclical assets

**Capturing Growth as Travel Restarts**

**70-75% in serviced residences and hotels**

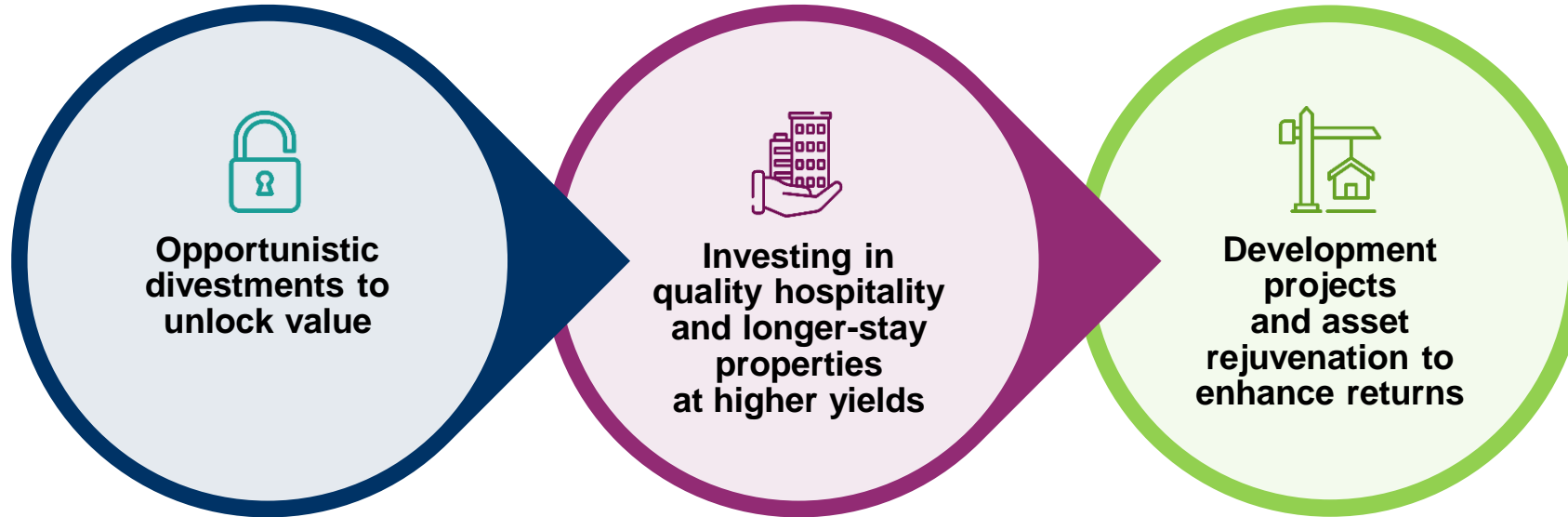
Beneficiaries of travel recovery



- Backed by strong sponsor, The Ascott Limited, one of the leading international lodging owner-operators

# Investment & Portfolio Reconstitution Strategy

With its healthy financial position, CLAS has the flexibility to reconstitute and enhance its portfolio to drive sustainable returns



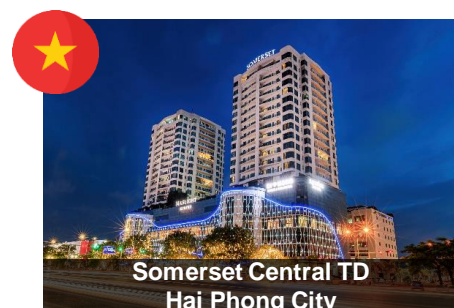
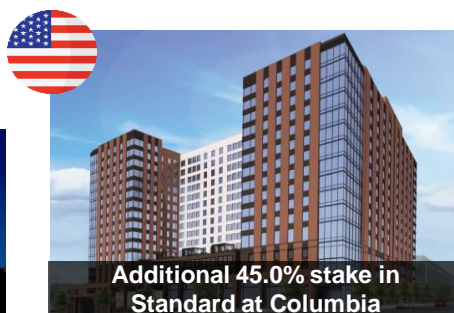
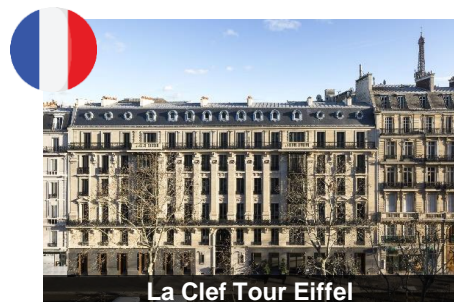
- **Stable income base:** Target to increase asset allocation in longer-stay accommodation to **25-30%** in the medium term
  - Including the acquisitions announced year-to-date, **c.19%** of CLAS' portfolio value<sup>1</sup> is currently in longer-stay accommodation
- **Capturing growth:** Pursuing suitable acquisition, asset enhancement and development opportunities

Note:

1. Portfolio value is based on property valuations as at 31 Dec 2021, value of acquisitions announced or completed up to 28 Oct 2022 and properties under development

# Acquisition of S\$318.3 mil<sup>1</sup> in Assets to Strengthen Presence in Key Markets

Successful private placement to partially fund acquisition, 2.7x oversubscribed and upsized



▲ **3.0% DPS accretion**  
based on 54% debt funding and placement price of S\$1.12

Private placement  
**2.7x**  
oversubscribed and upsized  
to S\$170 mil

Placement price at **tight discount**  
of **c.3.7%** to the adjusted VWAP<sup>2</sup>

**c.73%**  
of placement proceeds  
to partially fund the acquisition and  
related fees and expenses

**c.27% (S\$45.1 mil) to partially fund  
future potential acquisitions<sup>3</sup>**

Growing total assets  
from S\$7.7 bil  
as at 31 Dec 2021 to

**S\$8.3 bil<sup>4</sup>**

Increasing proportion of  
stable income  
from 69% in FY 2021 to

**71%<sup>4</sup>**

**Stapled Securityholder approval obtained, expected completion in 4Q 2022**

Notes:

1. Total capitalised costs excluding the outstanding development cost and interest expense to be incurred for Standard at Columbia
2. The adjusted volume weighted average price (VWAP) is computed based on the VWAP of all trades in the Stapled Securities on the SGX-ST for the preceding market day on 12 Aug 2022 up to the time the placement agreement was signed on 15 Aug 2022 and excluding the advanced distribution
3. The balance of the proceeds, if any, shall be used for general corporate and/or working capital purposes
4. Including the Acquisitions and the acquisitions announced and/or completed up to 31 Mar 2022, on a *pro forma* basis



# Rejuvenating the Portfolio with New Developments

New product offerings to cater to the new normal

## Redevelopment of Somerset Liang Court Singapore



- 192-unit Somerset serviced residence with hotel licence in the popular riverfront lifestyle and entertainment Clarke Quay precinct
- Development update:
  - Site works commenced in mid-Jul 2021
  - Site piling works c.78% completed as at Oct 2022
- Development expected to **complete in 2H 2025**

Note: Expected opening dates and property details are subject to change

## Development of student accommodation in South Carolina, USA



- **679-bed freehold student accommodation** in South Carolina, USA
- Joint development with Sponsor, The Ascott Limited, and third-party partner
- Development update:
  - Construction commenced in 3Q 2021
  - Building topped out in 2Q 2022
- Development expected to **complete in 2Q 2023**
- Acquisition of additional 45% stake from Sponsor expected to complete in 4Q 2022



# Capital & Risk Management

Somerset Millennium Makati

CapitaLand  
Ascott Trust

# Capital Management

Strong financial capacity and healthy liquidity position



## Strong capital management

**S\$1.13<sup>1</sup>**

NAV per Stapled Security

**50%**

Total assets in foreign  
currency hedged

**2.1% (loss)**

Impact of foreign exchange after hedges on  
gross profit for 9M 2022



## Robust financing flexibility

**35.8%**

Gearing  
(c. S\$2.0 bil debt  
headroom<sup>2</sup>)

Interest cover

**4.3X<sup>3</sup>**

**1.7%**

per annum

Low effective  
borrowing cost

**61%**

of property value  
unencumbered

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



## Fortifying liquidity reserves

**c.S\$1.20 bil**

Total available funds

=

**c.S\$375 mil**

Cash on-hand

+

**c.S\$820 mil**

Available credit facilities<sup>4</sup>

Notes: Above as at/for period ended 30 Sep 2022

1. The adjusted NAV per Stapled Security excluding distribution is S\$1.12

2. Refers to the amount of additional debt before reaching aggregate leverage of 50%; based on an aggregate leverage limit of 45%, the debt headroom is c.S\$1.2 bil

3. Computed based on trailing 12 months from Oct 2021 to Sep 2022

4. Balances as at 30 Sep 2022; includes committed credit facilities amounting to approximately S\$286 mil



# Capital Management

Majority of debt due in 2022 has been repaid or refinanced

70% : 30%

Bank loans : Medium Term Notes

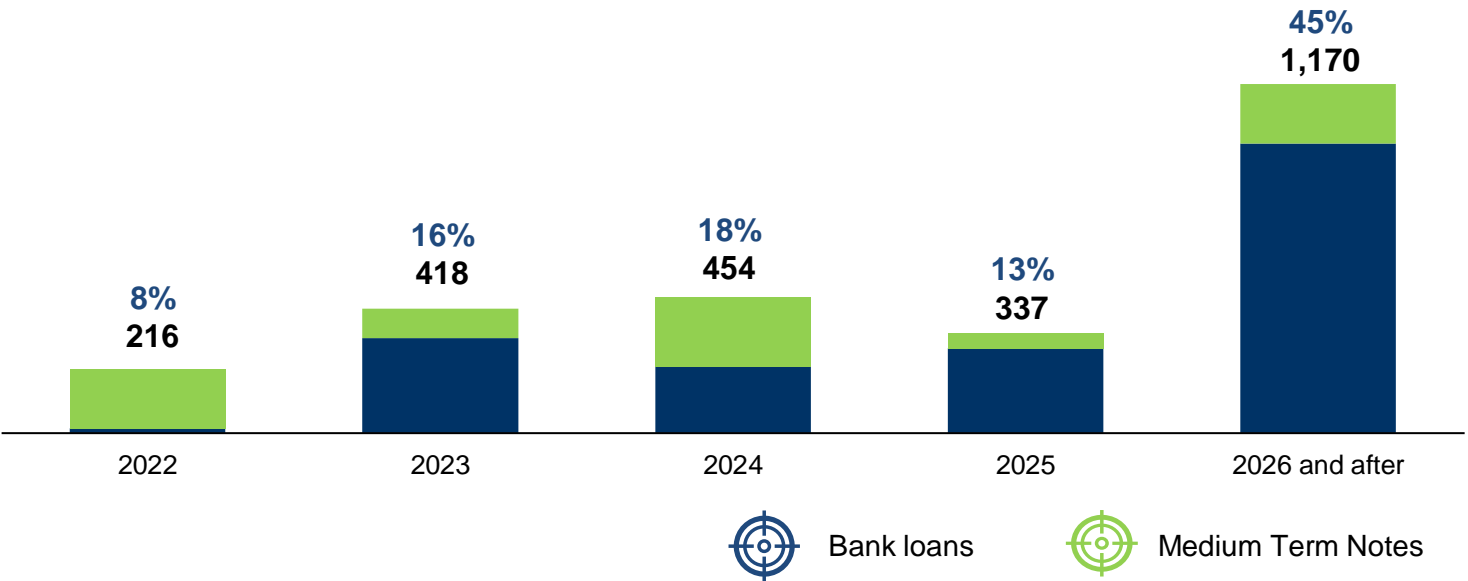
c.76%

Total debt on fixed rates

3.5 years

Weighted average debt to maturity

S\$' mil      Managing liquidity risks through diversified funding sources



Note: Above as at 30 Sep 2022

## Key Highlights

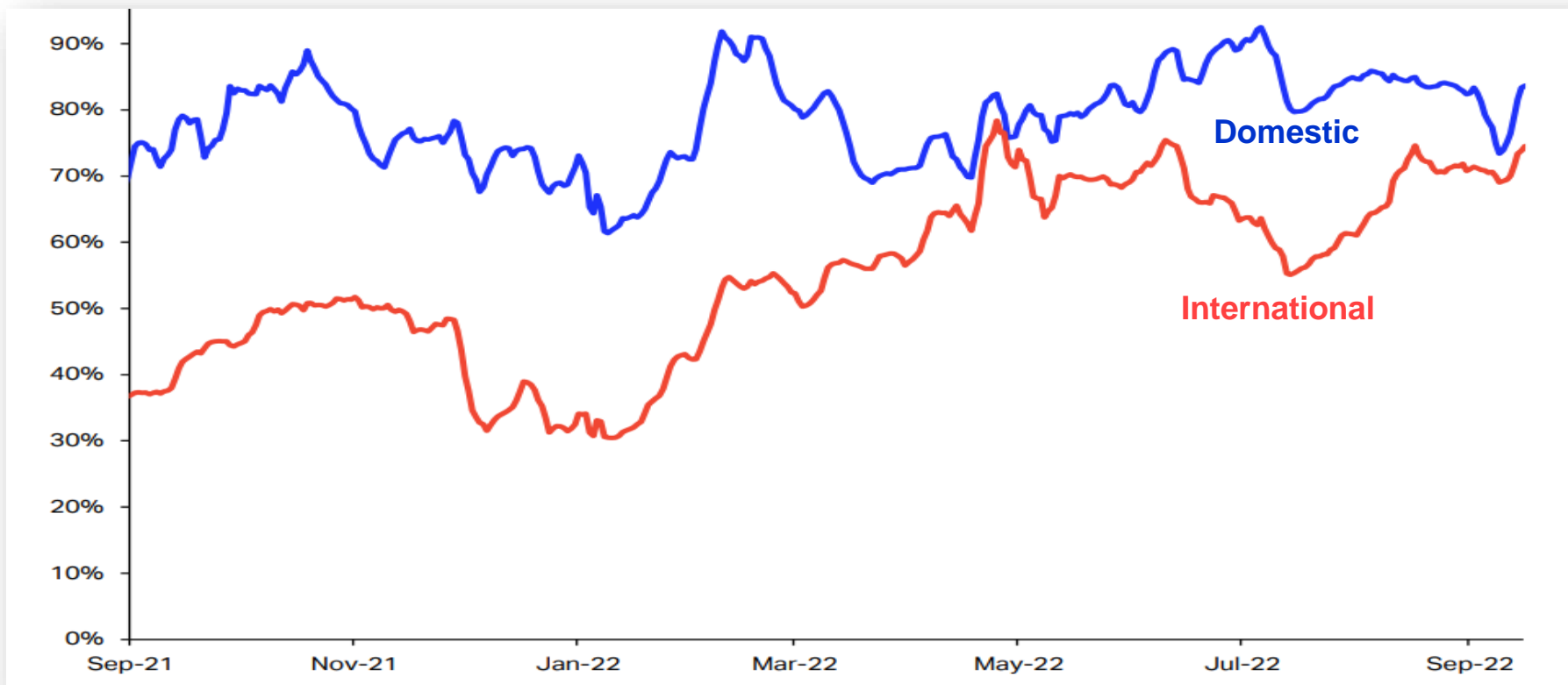
- **Effective borrowing cost remained low at c.1.7%** after repaying and refinancing majority of debt due in 2022
- **Gearing lowered** from 37.5% as at 30 Jun 2022 to 35.8% as at 30 Sep 2022, **weighted average debt to maturity extended** from 3.1 years to 3.5 years
- **Interest cover improved** from 3.9X as at 30 Jun 2022 to 4.3X as at 30 Sep 2022
- **Higher proportion of CLAS' foreign-currency distribution income hedged**

# Looking Ahead

# Air Travel Has Shown Robust Recovery in 2022...

Domestic air travel steadies as international air travel accelerates

Bookings by purchase date, year-on-year vs 2019, 7-day average



Revenue passenger kilometres (RPKs)

▲ **68%**

Y-o-Y in Aug 2022

International air traffic

▲ **116%**

Y-o-Y in Aug 2022, led by APAC

Full recovery expected by

**2024**

Note:  
Source: International Air Transport Association, Oct 2022

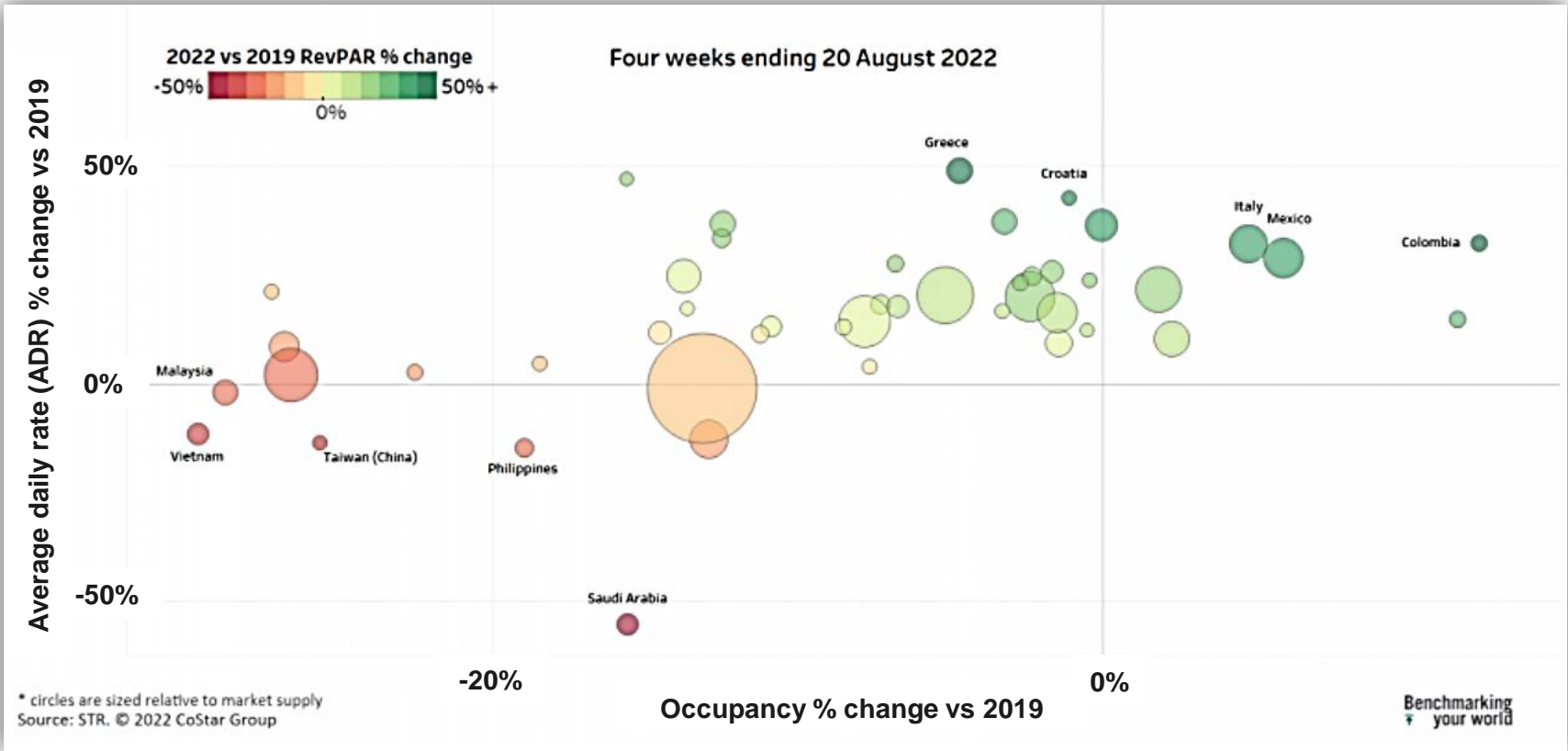
...A Leading Indicator for the Lodging Sector



# Demand for Accommodation Continues to Rise

Growing number of markets above pre-pandemic performance levels

Country-level RevPAR performance (% change against 2019)



Notes:  
Source: STR, Sep 2022  
Running 28-day performance, countries with more than 50k rooms

International visitor arrivals  
in Jul 2022

72%

of Jul 2019 levels

Source: UNWTO, Sep 2022

Nearly

One-third

of global markets had higher  
occupancy and ADR vs 2019

Source: STR, Sep 2022

Global inbound  
tourism spend expected to

▲ 88%

in 2022

Source: Euromonitor,  
Travel 2023 Research, Aug 2022

# Managing Macroeconomic and Operational Challenges

Impact from headwinds cushioned by mitigation strategies



## **Recession Concerns**

- CLAS has built a strong stable income base and invested in counter-cyclical lodging types which have proven their resilience through Covid-19
- Strong pent-up demand driven by reopening of more borders for international travel enables CLAS to raise rates to abate rising operating costs



## **Rising Interest Rates**

- CLAS has a high proportion of debt effectively on fixed rates, which are locked in for a weighted average of c.3.5 years
- CLAS' debt is denominated in various foreign currencies – not all countries' interest rates are rising by the same degree



## **Volatility in Foreign Exchange**

- CLAS has a geographically diversified portfolio with 12 foreign currencies, and the strengthening of some currencies balances out the weakening of others
- CLAS adopts a natural hedge wherever possible by borrowing in the currency of the underlying assets
- Hedging reduces the impact of foreign exchange on CLAS' gross profit



## **Rising Electricity Costs**

- Electricity costs have increased but remain <10% of CLAS' operating expenses
- Some properties, such as in Australia, France and Singapore, have locked in fixed-rate contracts
- Long-stay guests have utility caps; rental housing and student accommodation tenants pay for utilities
- Go-green initiatives to reduce consumption



## **Labour Shortages**

- CLAS' predominantly long-stay properties have lower manning requirements and leaner cost structures than the typical full-service hospitality property
- Guests are offered the choice to opt out of daily housekeeping, and technology-enabled features such as self check-in kiosks have been introduced, to reduce labour requirement

# Marrying Growth with Resilience

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



## Riding the hospitality upswing...

- According to STR, **demand for accommodation continues to rise**, with nearly one-third of global markets registering higher occupancy and ADR vs 2019<sup>1</sup>
- While 4Q 2022 is a seasonally-softer quarter for corporate travel, **forward bookings for leisure travel remain robust**
- **More key destinations have eased travel restrictions** in the past few months; notably, Japan, one of CLAS' key markets has fully reopened to foreign travellers, prompting a surge in travel bookings
- **Stable income sources** offer resilience against macroeconomic and recessionary headwinds



## Exercising prudence, delivering sustainable returns...

- Amid the macroeconomic uncertainties, CLAS will continue to **exercise financial discipline** in its investment and portfolio reconstitution plans
- CLAS sees opportunities to recycle assets which have reached the optimum stage of their life cycle and undertake asset enhancement initiatives to uplift the value and profitability of its properties
- **Healthy financial position** and **prudent capital management** enable CLAS to manage rising interest rates and foreign exchange volatility

Note:

1. Source: STR, Sep 2022





# Thank You

Citadines Connect Sydney Airport

CapitaLand  
Ascott Trust