



Ascott Residence Trust

DBS Vickers - CapitaLand Group Virtual Corporate Day 2020

17 August 2020

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Content

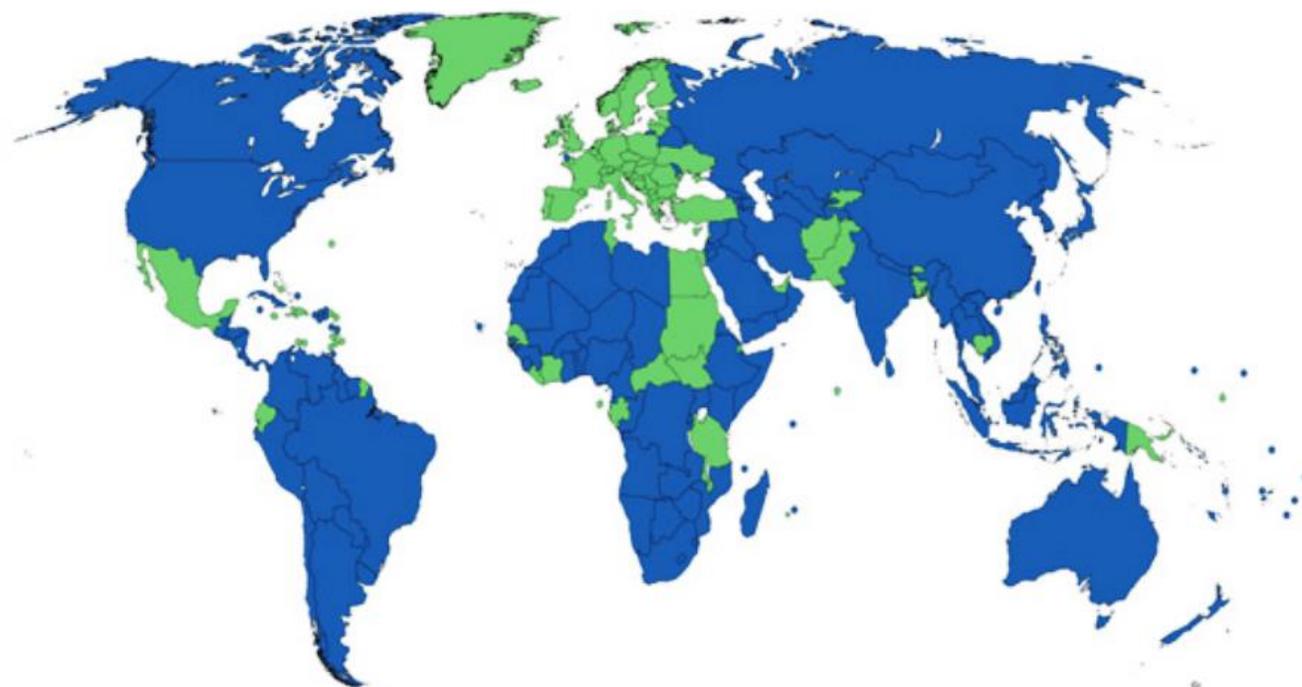
- Post-COVID-19: Travel Trends & Implications
- Gearing Up for the New Norm
- Weathering the Downturn
- Building a Stronger Portfolio
- The View Ahead
- Appendix - Other Information

Post-COVID-19: Travel Trends & Implications



Restarting Tourism

While many countries have eased internal restrictions, international borders remain largely closed



■ COVID-19 Travel restrictions eased
■ COVID-19 Travel restrictions not eased

53%

Destinations with borders completely closed for tourism

44%

Destinations have eased restrictions on international tourism

- Mainly Europe
- Up from 22% in June 2020

4

Destinations have completely lifted all restrictions

Pent-up Demand for Travel

The 5 stages to recovery



(Tripadvisor)



Increase in travel search activity reflects increasing confidence in travel

41%

Americans are optimistic that they will take the same or more trips than last year
(Tripadvisor survey)

2 out of 3

Respondents plan to travel domestically within the next 6 months
(Tripadvisor survey)

85%

Respondents are planning or likely to go on a road trip this summer
(Expedia survey)

Asians

most confident to resume travel
(Blackbox Research, Dynata, Language Connect survey)

Sources:

Tripadvisor, "Beyond COVID-19: The Road to Recovery for the Travel Industry"

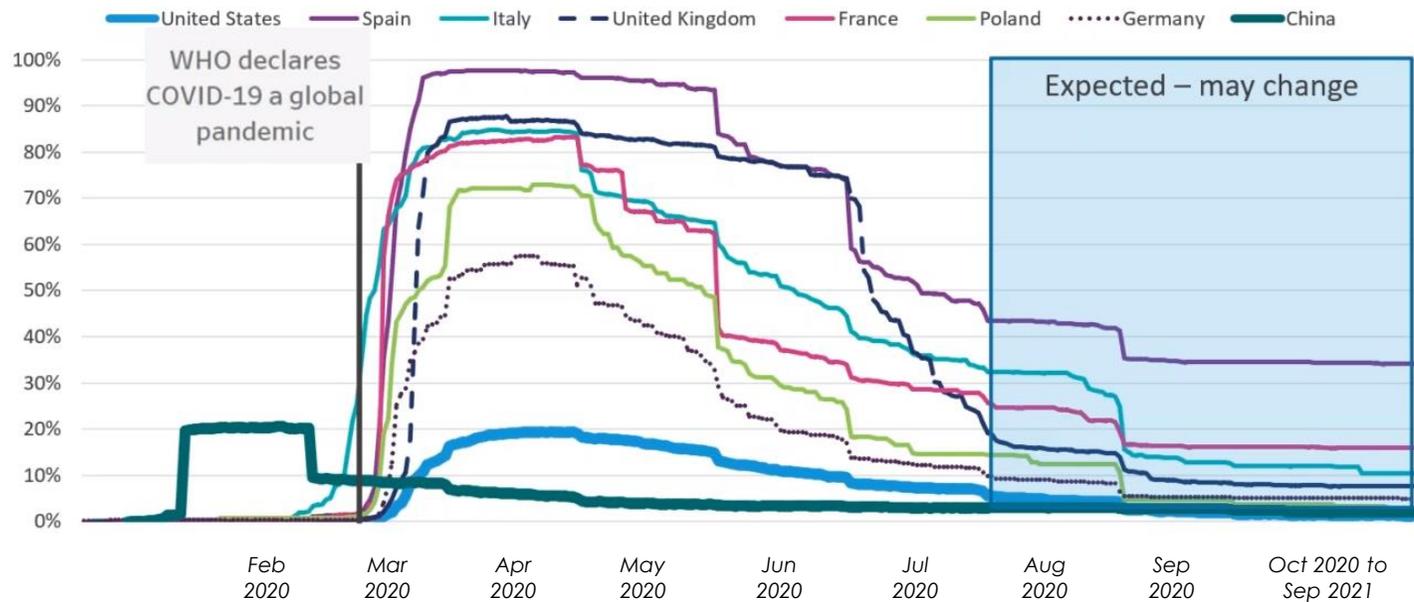
Expedia, "2020 Summer Travel Report"

Blackbox Research, Dynata, Language Connect, "Unravel Travel: Fear & Possibilities in a Post Coronavirus (Covid-19) World"

Recovery Across Regions

Hotels reopen as lockdowns are lifted

Percentage of Hotels Closed



Source: STR, August 2020

As at 6 August 2020,

- **More properties plan to reopen** in the next few months
- In **China**, almost all hotels are fully reopened; **US not far behind**

Within Europe,

- Only 9% of Germany hotels are closed
- France, UK and Italy are heading towards 20-30% closure rate

- 21 ART properties temporarily closed¹ in 1H 2020
- 13 have reopened
- 6 more scheduled to reopen in 3Q

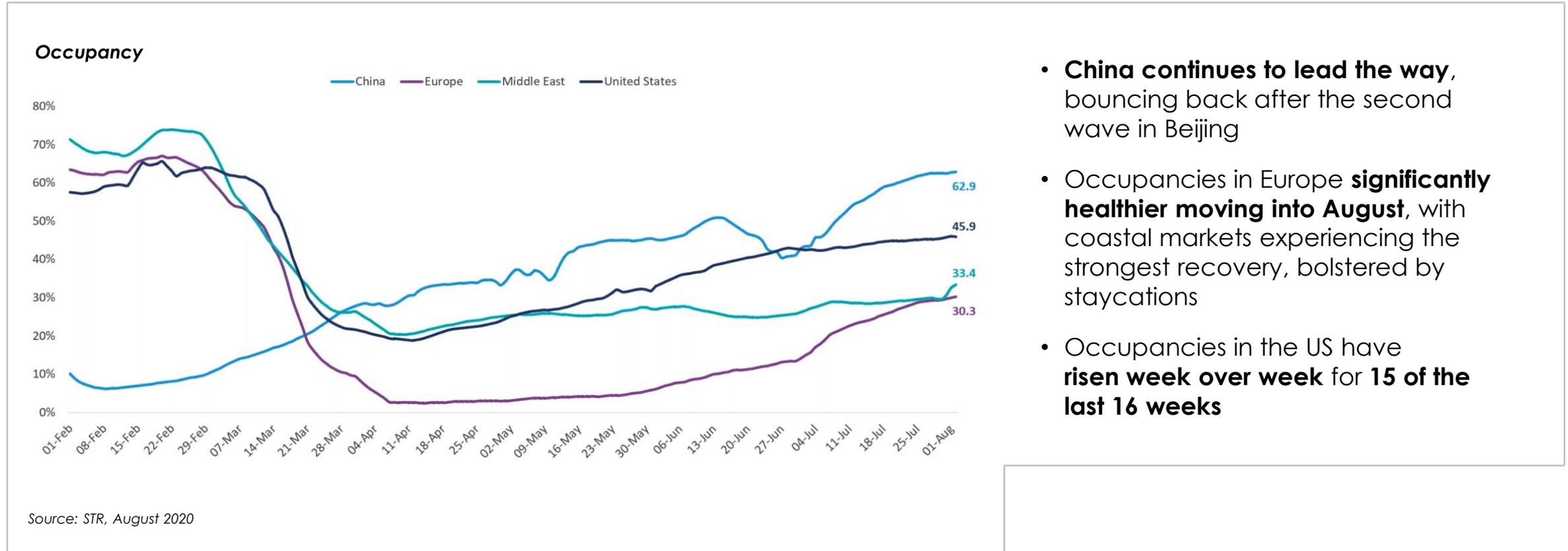
Notes:

Source: STR, August 2020

1. As at 28 July 2020. Comprising 12 properties in France, 6 in Japan, 1 each in Belgium, Spain and South Korea

Recovery Across Regions

Steady increase in occupancies



- **China continues to lead the way**, bouncing back after the second wave in Beijing
- Occupancies in Europe **significantly healthier moving into August**, with coastal markets experiencing the strongest recovery, bolstered by staycations
- Occupancies in the US have **risen week over week for 15 of the last 16 weeks**

Evolving Hospitality Landscape

Meeting consumer demands and navigating the new normal



Shift in consumer needs

**Prioritising
cleanliness &
hygiene**

**Flexible
bookings**

**Fewer groups,
more self-
guided trips**

**Road trips
and staycations**



Hospitality 2.0 in a post-COVID-19 era

**New uses
of space**

**Digital
acceleration**

**Agility in revenue
management**

**Leaner cost and
operating structures**

Gearing Up for the New Norm

ART - Seizing Opportunities in a Crisis

Reinventing to capture the upturn



Leveraging Operational Excellence of Sponsor & Operators

- Actively pursued alternative sources of business
- Enhanced product offerings to meet new needs
- Reviewed operating cost structure
- Adopting digital technology



Underpinned by Portfolio Strengths

- Diversified presence with no concentration risk
- Predominantly Asia Pacific-centric, extended-stay portfolio
- Quality, well-located properties in key gateway cities
- Strong balance sheet and healthy liquidity position with >S\$800 mil¹ in available funds



Building a Stronger Portfolio

- Opportunistic divestments above book value
- c.S\$2.0 bil² debt headroom to recycle capital into yield-accretive investments
- Ongoing development and asset enhancement projects to continually enhance portfolio

With its **scale, diversification**, predominantly **extended-stay** portfolio and **strong financial capacity & flexibility**, ART is well-placed to ride the recovery

Notes:

1. Refers to the amount of cash and credit facilities as at July 2020 and proceeds from the divestment of partial gross floor area in Somerset Liang Court Singapore
2. Refers to the amount of additional debt before reaching aggregate leverage of 50% as at 30 June 2020

Strong Sponsor – The Ascott Limited (Ascott)

One of the leading international lodging owner-operators



c.117,000

**Serviced residence
& hotel units**

Includes units under development

>700

Properties



>180

Cities

>30

Countries

>30 year track record

**Award-winning brands
with worldwide recognition**

**Strong alignment of interests
c.40% sponsor stake¹ in ART**



Notes: Figures updated as at July 2020
1. Held through CapitaLand Group

Rethinking Hospitality

From rebuilding confidence to reinventing product offerings

Rooms / Guests

Common Facilities

Reception & Community



Hygiene &
cleanliness



Space,
design &
configuration



Technology &
apps



Staff &
processes

Commitment to Hygiene & Cleanliness

Self-contained apartment units make serviced residences a safer choice



In partnership with Bureau Veritas' Health, Safety and Hygiene experts will certify and audit the implementation of Ascott Cares' 9 commitments, delivering a consistent and uniformed solution to Ascott's properties globally

Green Serviced Residences – a Safer Choice



Ascott Makati – First IFC EDGE Certified green serviced residence in the world

- Self-contained apartment units with fully-equipped kitchens
- Openable windows & balconies for fresh air and ventilation
- Individual, energy-efficient air-conditioning
- Safe cleaning and maintenance
- Less staff and crowding



Our Staff



Guest Safety



Physical Distancing



Housekeeping



Apartments & Rooms



Food & Beverage



Shared Facilities



Contactless & Paperless



Our Vendors

Our Commitment to Hygiene and Cleanliness

Riding the 'Work-from-home' Trend

Ascott's 'Work in Residence' initiative

Deep design capabilities to create conducive and productive workspaces

- **Guests, corporates and students** seeking **alternative locations to work-from-home or study**
- Larger apartments ideal for **project groups**
- **Daily, weekly or monthly packages** available
- Comes with **dedicated workstations, regular housekeeping,** complimentary coffee and tea or parking at selected serviced residences
- **Telecommuting essentials** available on demand – e.g. high-speed Wi-Fi, wide-screen monitor, webcam, Bluetooth speakers with microphones, wireless charging stands
- **Other services** include food delivery, grocery shopping, printing, concierge or book-a-chef for in-room dining



WHEN in DOUBT, ZOOM it OUT at our Properties in Australia



Ascott Malaysia - Home Office Package

Alternative Uses of Space

Ascott's 'Space-as-a-Service' initiative

Optimising use of space and capitalising properties' adaptability and central locations



Cloud kitchen and parcel collection hub

- Exploring with MNCs, entrepreneurs and SMEs to use the space at our properties to host cloud kitchens or as parcel collection hubs



Live streaming and fitness studios

- Conversion of apartments into fitness and yoga studios
- Selected properties in China have been used for live streaming events and photoshoots for long-stay guests including internet celebrities and corporates from new media and ecommerce companies



Starbucks kiosks with coffee at special rates

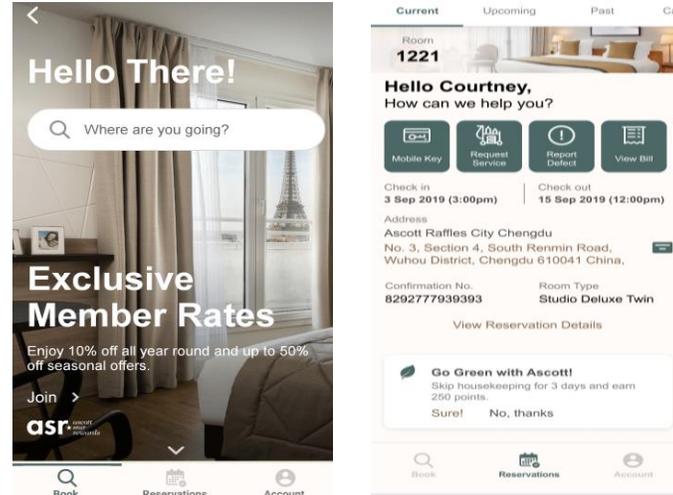
- Partnering with Nestlé to set up Starbucks self-service kiosks in the lobby of Citadines-branded properties around the world – a first in the serviced residence industry
- Currently in Singapore, and to be introduced in China, Malaysia and Japan

Leveraging Digital Touchpoints

Minimising contact and forming digital communities



- Contactless touchpoints
- Less crowding and safer for guests
- Reduces manpower requirements
- Digitises operational processes, automates workflow, and allows for data analysis
- Scalable and adaptive



Ascott Star Rewards (ASR) app

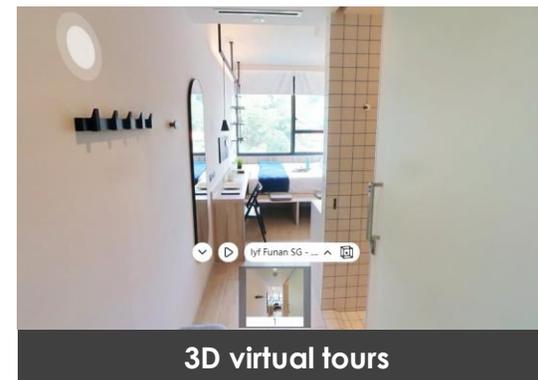
Single integrated platform to engage and provide services to guests

- Book your stay and check in
- Mobile key
- Message board
- Make service delivery requests
- Pay and check out

Note: App features to be made available progressively



Service robots



3D virtual tours



CSR social campaign

Pivoting to Meet New Needs

Tapping non-traditional sources of demand

SINGAPORE POLITICS ASIA WORLD VIDEOS MULTIMEDIA LIFESTYLE FOOD FORUM OPINION BUSINESS SPORT MORE

BUSINESS > Companies & Markets Economy Banking Property Invest

Ascott houses healthcare staff in Singapore, China, France amid coronavirus pandemic



© PUBLISHED APR 20, 2020, 9:46 AM SGT

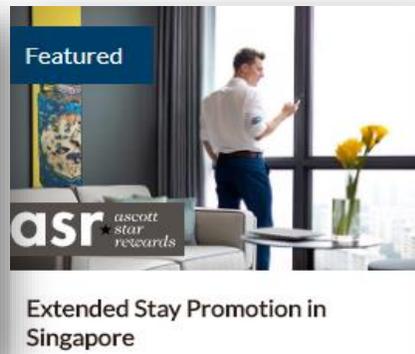
Source: The Straits Times

The Ascott provides homes for key workers internationally



Source: Serviced Apartment News

- COVID-19 responders
- Healthcare personnel
- Returning residents / those on self-isolation
- Essential service companies
- Companies seeking alternative work-from-home locations
- Those affected by border closures
- Staycations / domestic demand
- Long stays / corporate leases



Weathering the Downturn

Citadines

A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index



\$\$7.6b

Total Assets

>16,000¹

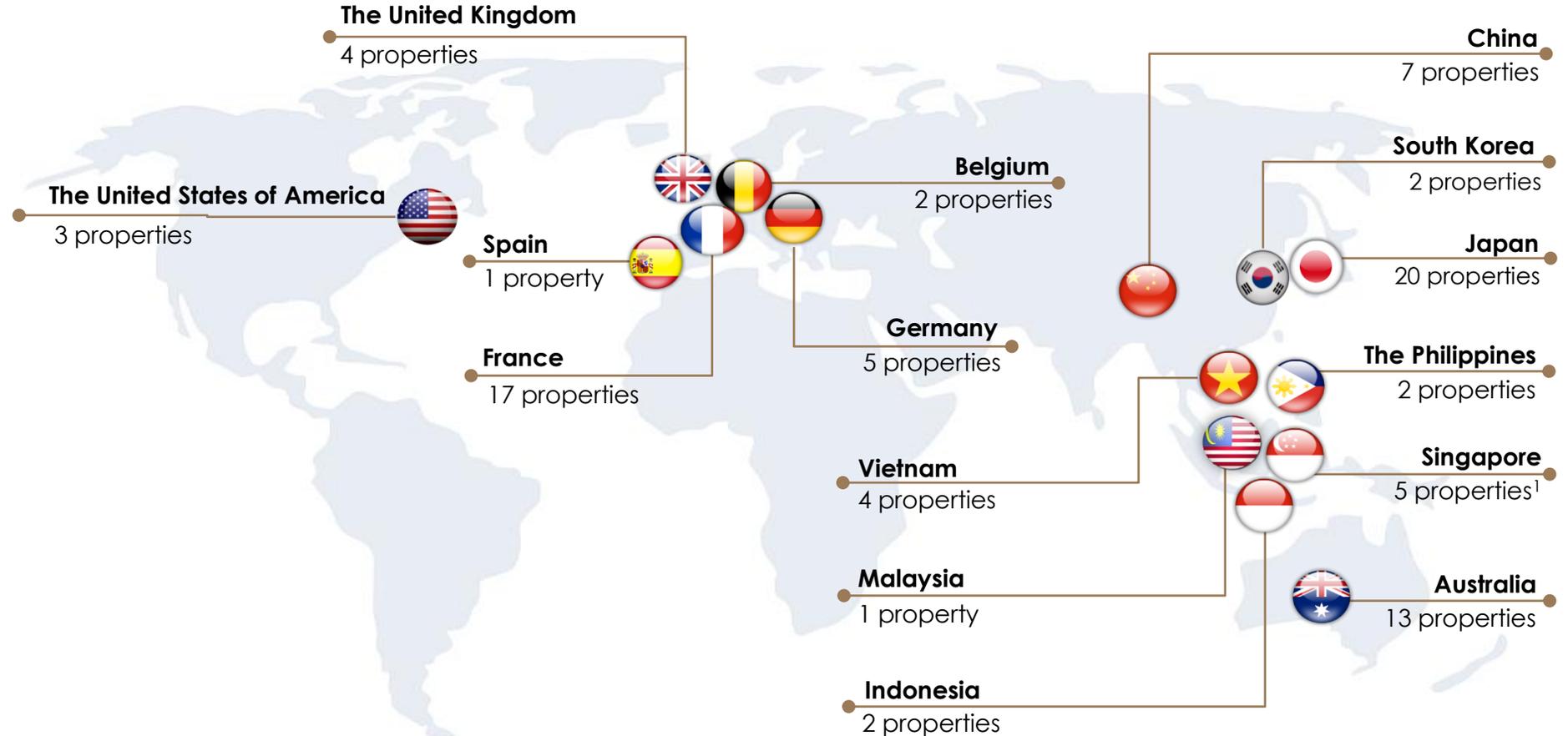
Units

88¹

Properties

39

Cities in 15 Countries



Notes:

Figures above as at 30 June 2020

1. Including lyf one-north Singapore (currently under development)

Resilience from Diversification

Leveraging portfolio strengths in challenging times



Notes: Above as at 30 June 2020

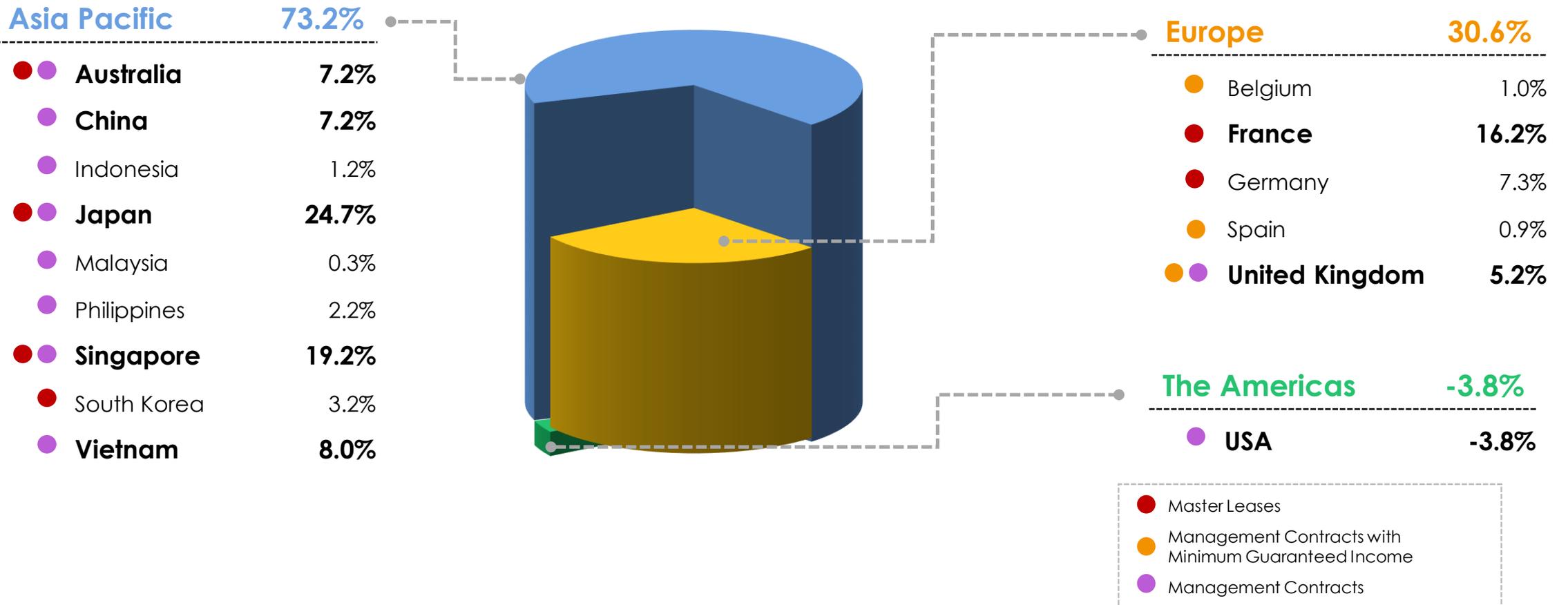
1. MCMGI refers to Management Contracts with Minimum Guaranteed Income. 3 of the 4 MCMGI expired and were converted to Management Contracts for one year, with effect from 1 May 2020.

Asia Pacific Makes Up >70% of Total Gross Profit

Long stays, primarily in Asia Pacific, mitigated the absence of transient travel in other markets

1H 2020 Gross Profit Contribution

8 key markets contributed 84% of total gross profit



War Chest to Weather Uncertainty

Sufficient liquidity to cover c.2 years' fixed costs under worst-case scenario



Strong capital management

S\$1.23
NAV Per Unit

51%
Total Assets in Foreign
Currency Hedged

1.7% (gain)
Impact of foreign exchange after hedges
on gross profit for 1H 2020



Robust financing flexibility

36.1%
Gearing
(c. S\$2.0 billion debt
headroom¹)

1.8%
per annum
Low effective
borrowing cost

BBB (Stable Outlook)
Fitch Ratings

Interest cover
3.6X²

69%
of property value
unencumbered



Fortifying liquidity reserves

S\$620 mil
Available cash
& credit facilities³

+

S\$163 mil
Additional cash proceeds from
divestment received in July 2020⁴

+

S\$60 mil
Additional credit facility secured
in July 2020⁵

Notes: Above as at/for period ended 30 June 2020.

1. Refers to the amount of additional debt before reaching aggregate leverage of 50%
2. Refers to the 12-month trailing interest cover
3. Balances as at 30 June 2020 and includes committed credit facilities amounting to approximately S\$175 million
4. Refers to the divestment of partial gross floor area in Somerset Liang Court Singapore as announced on 15 July 2020
5. Uncommitted credit facilities from OCBC as announced on 17 July 2020

Well Spread-out Debt Maturity Profile

No foreseen issues in refinancing debt due in 2020, lenders remain supportive

67% : 33%

Bank Loans : Medium term notes

12%

Total debt due in 2020

c.80%

Total debt on fixed rates

3.1 years

Weighted average debt to maturity

Managing liquidity risks through diversified funding sources



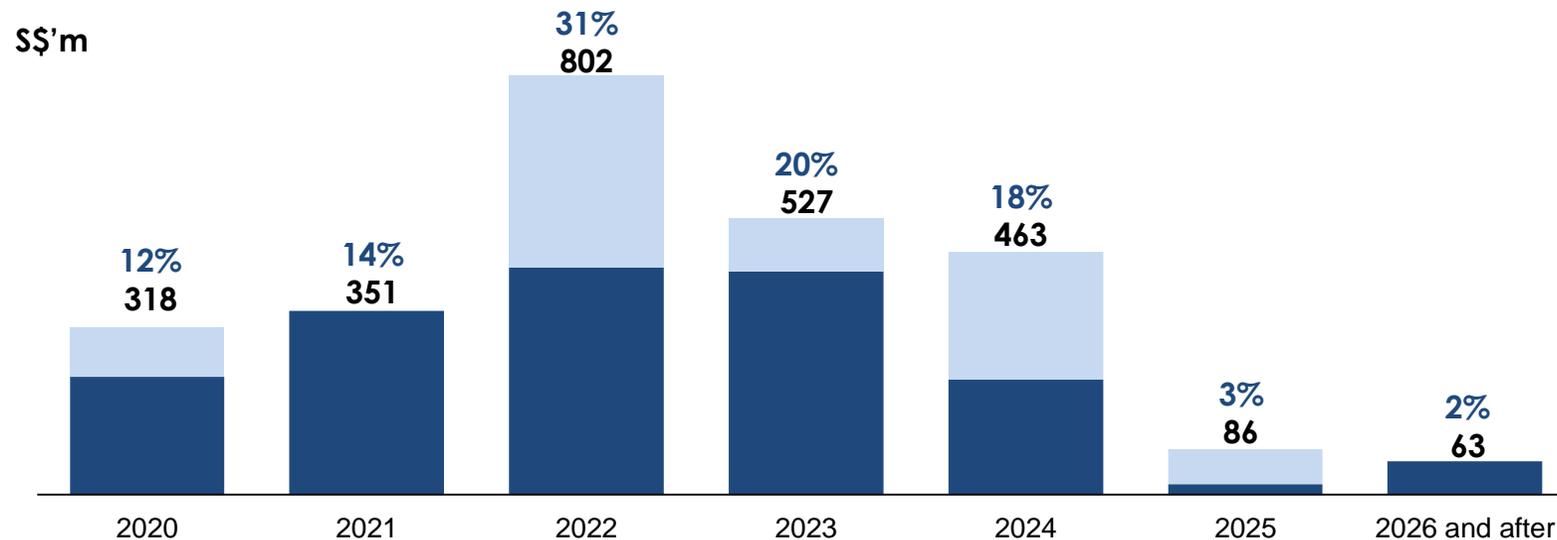
Bank loans



Medium Term Notes



Perpetual Securities



**Savings of
S\$4.0 mil p.a.**

from reset of S\$250 mil perpetual securities on 30 June 2020 (from 4.68% p.a. to 3.07% p.a.)

Building a Stronger Portfolio



Continuous Efforts to Enhance Portfolio and Create Value

Ongoing portfolio reconstitution amidst crisis, divesting above book value

Divestment of Citadines Didot Montparnasse Paris



Divest at
EUR 23.6 million
(c.S\$36.4 million)

**69% above property
book value**

- Expected **net gains of c.S\$3.8 million**
- Estimated **net cash proceeds of EUR 17.7 million**. Initial deposit, representing 5% of sales consideration, has been paid
- Completion of divestment expected in 4Q 2020

Divestment of Ascott Guangzhou



Divest at
RMB 780 million
(c.S\$155 million)

**52% above property
book value**

- Expected **net gains of c.S\$19.4 million**
- **5% of property value has been paid** upon signing of the sale and purchase agreement, another 10% to be paid 3 days after, and the balance to be paid upon completion
- Completion expected in 1Q 2021

Continuous Efforts to Enhance Portfolio and Create Value

Development works temporarily disrupted, but have since resumed

Redevelopment of Somerset Liang Court Singapore



The redeveloped serviced residence with hotel licence will incorporate 192 units with efficient layout to cater to wider spectrum of guest profiles

- Sale of partial gross floor area was pushed back and **completed on 15 July 2020** as the property was block booked as a government quarantine facility from early April to early July 2020
- **S\$163.3 million of cash proceeds collected**
- Redevelopment works scheduled to commence soon; **brand new Somerset serviced residence with refreshed lease expected to open in 1H 2025**

Development of lyf one-north Singapore



The purpose-built 324-unit coliving property seeks to appeal to the future traveller tribe

- Situated in the **vibrant research and business hub** of one-north, Singapore
- **Social spaces are designed for flexible use** with movable furniture which allows for quick reconfiguration when social distancing is required
- Each unit comes with an **ensuite bathroom** for comfort and privacy and a **productive workspace** for guests to 'work-from-home'
- Expected to **open in 2021**

Commitment to Sustainability



Environment



lyf one-north
Singapore
obtained
**BCA Green
Mark Gold^{PLUS}**

Somerset Grand
Hanoi
awarded
**EDGE Green
Certification**



Social



NO
POVERTY



ZERO
HUNGER



GOOD HEALTH
AND WELL-BEING



- Delivering meals as part of CapitaLand's #MealOnMe initiative to vulnerable groups impacted by COVID-19
- 3-month programme to provide children of Burmese refugees with education, meals and shelter
- Participation in CapitaLand International Volunteer Expedition to Long An, Vietnam
- Blood donation drive in Vietnam and the Philippines



Governance



Runner-up for
Singapore Corporate
Governance Award

Runner-up for
Most Transparent
Company Award

Singapore Governance
and Transparency Index
2018, 2019 and 2020

Ranked **3rd** out of 43 Trusts
for **3 consecutive years**

The View Ahead



The View Ahead



While near-term headwinds remain...

COVID-19 situation delicate

- **Most international borders remain closed**
- **Asia Pacific and Europe** expected to recover ahead of the Americas¹
- **Domestic, free independent leisure travel** and **midscale accommodation** expected to lead recovery²
- Recovery trajectory uncertain despite green shoots due to **risk of resurgence of the virus**

RevPAU under pressure

- Capturing **demand from first travellers** and **alternative market segments**; **6 more ART properties to reopen** in 3Q³
- Stiff competition for limited domestic business expected to cause **room rates to fall**
- **Prioritising safety and cleanliness**, adapting to future travel trends
- Lessees and operators continue to face challenges; **further support may need to be rendered**

Strong portfolio fundamentals

- Resilience of the **midscale, long-stay lodging segment**
- Continue to **strengthen and reconstitute portfolio**
- **Strong financial and cashflow positions** to weather the downturn
- Continue to **exercise prudence** and **review distribution payout level**, taking into consideration market outlook and gains from past divestments

...ART is well-placed to ride the recovery

Notes:

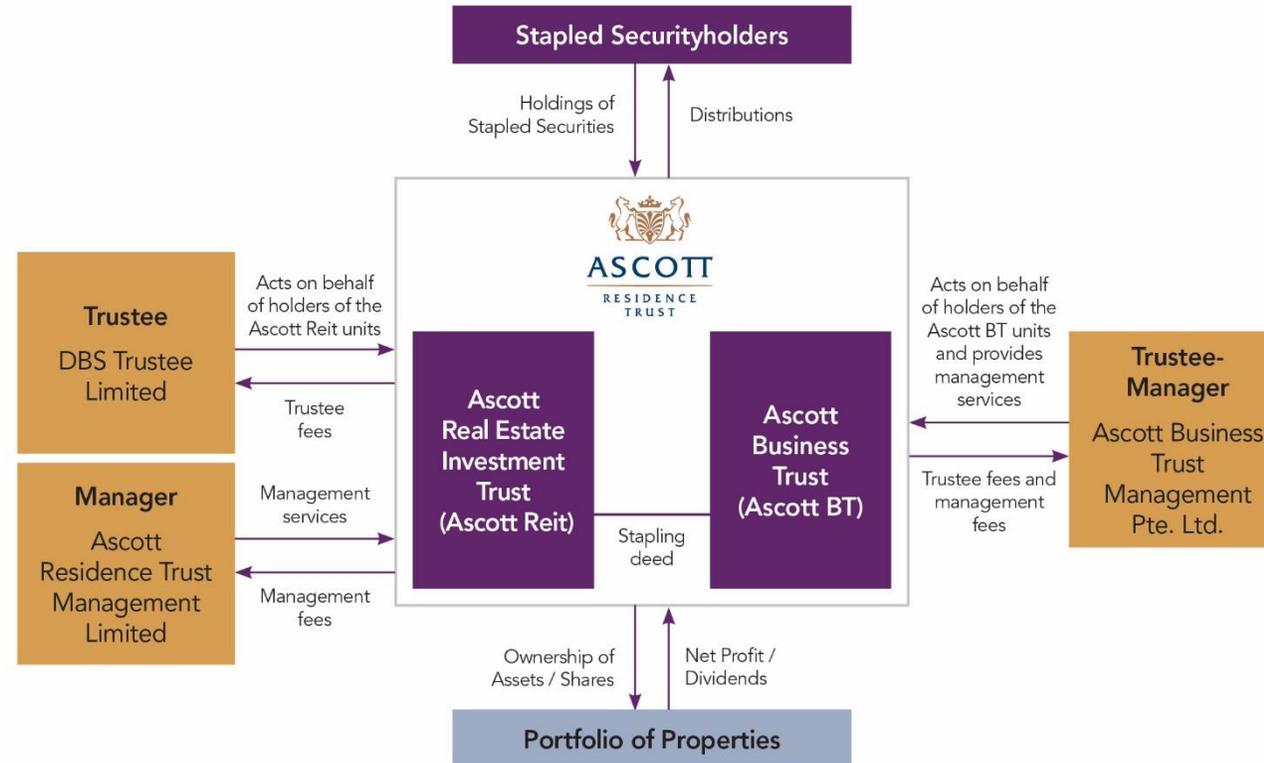
1. Source: UNWTO
2. Source: McKinsey & Company
3. As at 14 August 2020

Appendix – Other Information

Citadines

Structure of ART

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit), a real estate investment trust and Ascott Business Trust (Ascott BT), a business trust



Post-combination with Ascendas Hospitality Trust (**A-HTRUST**), ART now has a real estate investment trust (REIT) and an active business trust component where certain of its income is derived from non-passive income sources. Pursuant to the Monetary Authority of Singapore's Property Funds Appendix (PFA), a REIT should not derive more than 10% of its revenue from sources other than passive income sources. Accordingly, Ascott BT was established to hold such assets so as to facilitate compliance by ART with the PFA.

Key Features of ART

Structure	<ul style="list-style-type: none"> Stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT)
Investment Mandate	<ul style="list-style-type: none"> 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
Leverage	<ul style="list-style-type: none"> Based on regulatory requirements for S-REITs, Ascott Reit's aggregate leverage cannot exceed 50%¹ As a stapled group, ART intends to comply with the aggregate leverage limit applicable to S-REITs Historically, ART's aggregate leverage has been at approximately 34%-41%²
Distribution Policy	<ul style="list-style-type: none"> To distribute at least 90.0% of taxable income (other than gains from the sale of real estate properties by ART which are determined to be trading gains) and net overseas income Since listing, 100% of distributable income has been paid
Sponsor-aligned Interest	<ul style="list-style-type: none"> CapitaLand Limited, Asia's largest diversified real estate group, is the parent company of The Ascott Limited, the Sponsor of ART CapitaLand Group owns c.40% interest in ART
Corporate Governance	<ul style="list-style-type: none"> Externally managed by Ascott Residence Trust Management Limited³ (manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd.³ (trustee-manager of Ascott Business Trust) <ul style="list-style-type: none"> – Majority of the boards are Independent Non-Executive Directors
Reporting	<ul style="list-style-type: none"> Adopt announcement of half-yearly financial statements wef FY 2020 Property valuation conducted on an annual basis w.e.f FY 2020

Notes:

1. Ascott Reit is governed by the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore.
2. Based on ART's gearing for financial years 2011 – 2019.
3. Wholly-owned subsidiaries of CapitaLand Limited.



Thank you



ASCOTT
RESIDENCE
TRUST

A Member of CapitalLand