



# Ascott Residence Trust

REITs Symposium 2020 Online Edition

19 September 2020

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- Overview of Ascott Residence Trust
- Post-COVID-19: Travel Trends & Implications
- Seizing Opportunities in a Crisis
- The View Ahead
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- 1H 2020 Financial Highlights
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# Overview of Ascott Residence Trust



lyf one-north, Singapore (Artist's Impression)  
Concept Design by WOHA

# A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index



**\$\$7.6b**

Total Assets

**>16,000<sup>1</sup>**

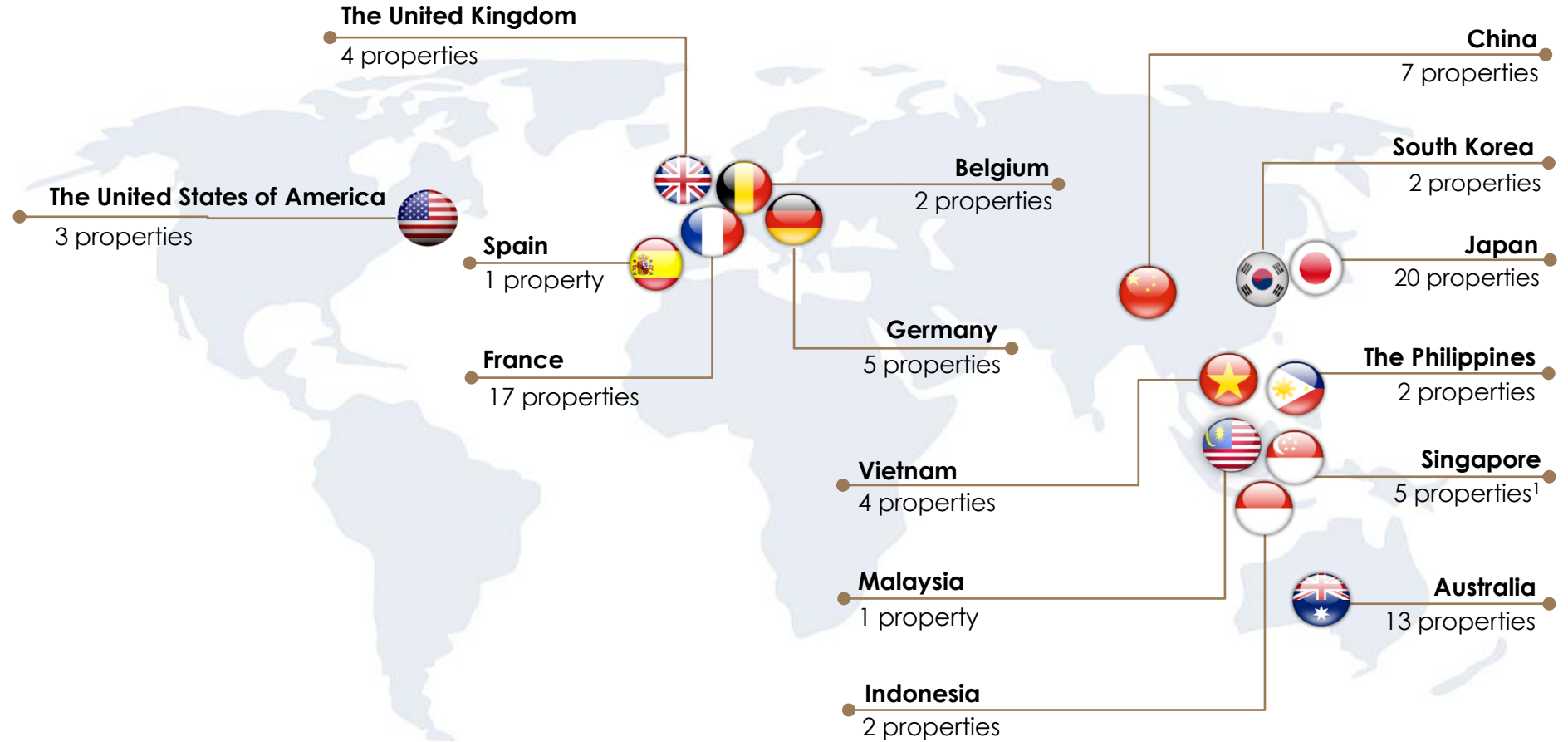
Units

**88<sup>1</sup>**

Properties

**39**

Cities in 15 countries



Notes:

Figures above as at 30 June 2020

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

# Strong Sponsor – The Ascott Limited

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**

**Strong alignment of interests**  
c.40% sponsor stake<sup>1</sup> in ART

**Award-winning brands with worldwide recognition**



citadines  
APART HOTEL

citadines  
CONNECT



QUEST  
APARTMENT HOTELS

The Crest Collection

lyf



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

# Post-COVID-19: Travel Trends & Implications

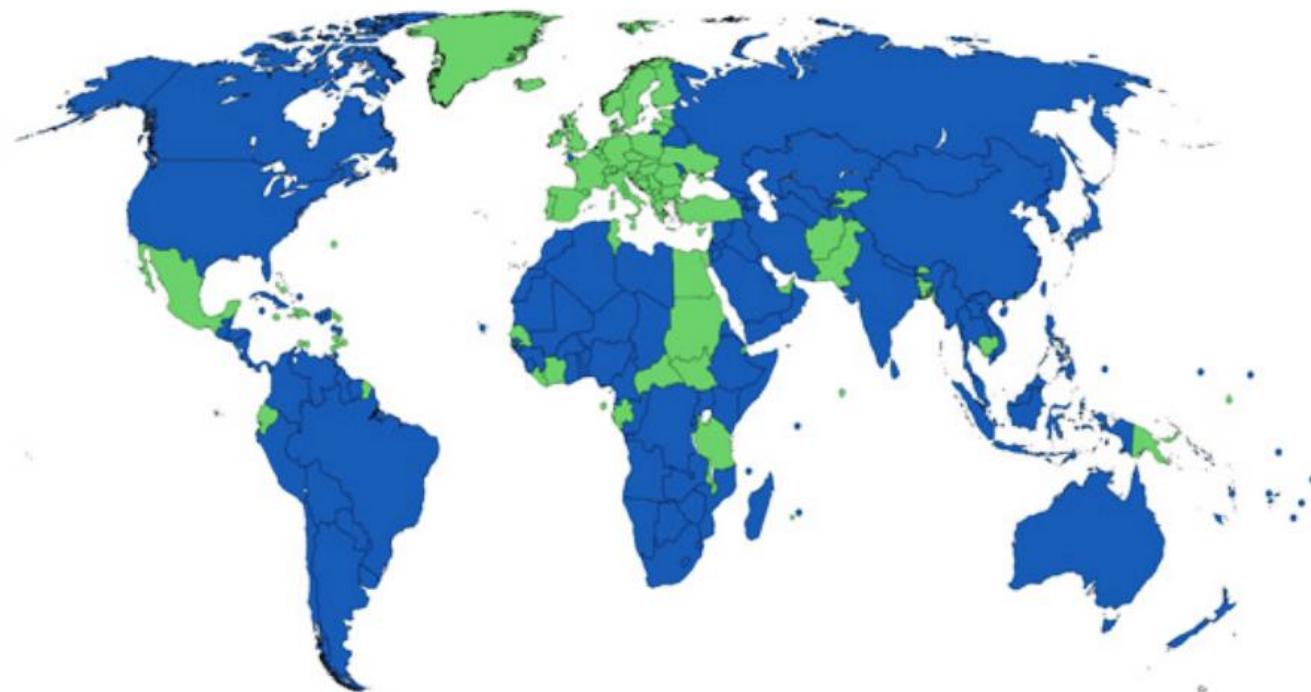
SOMERSET

盛捷服务公寓

SOMERSET

# 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

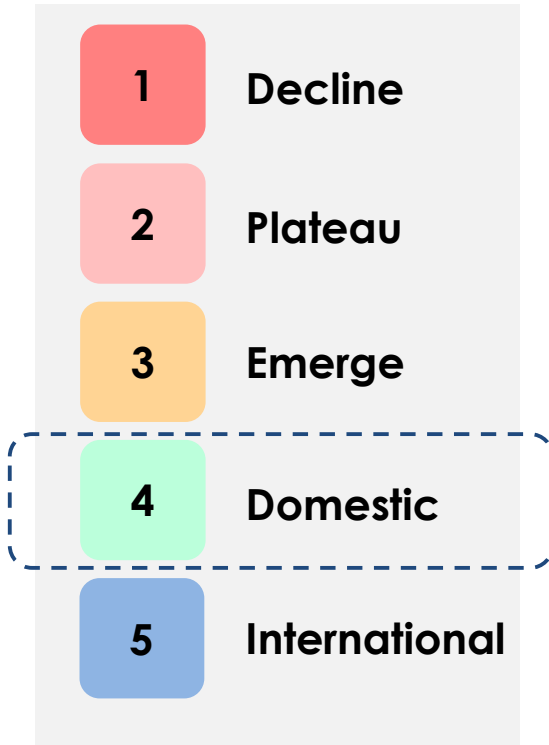
**4**

**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"

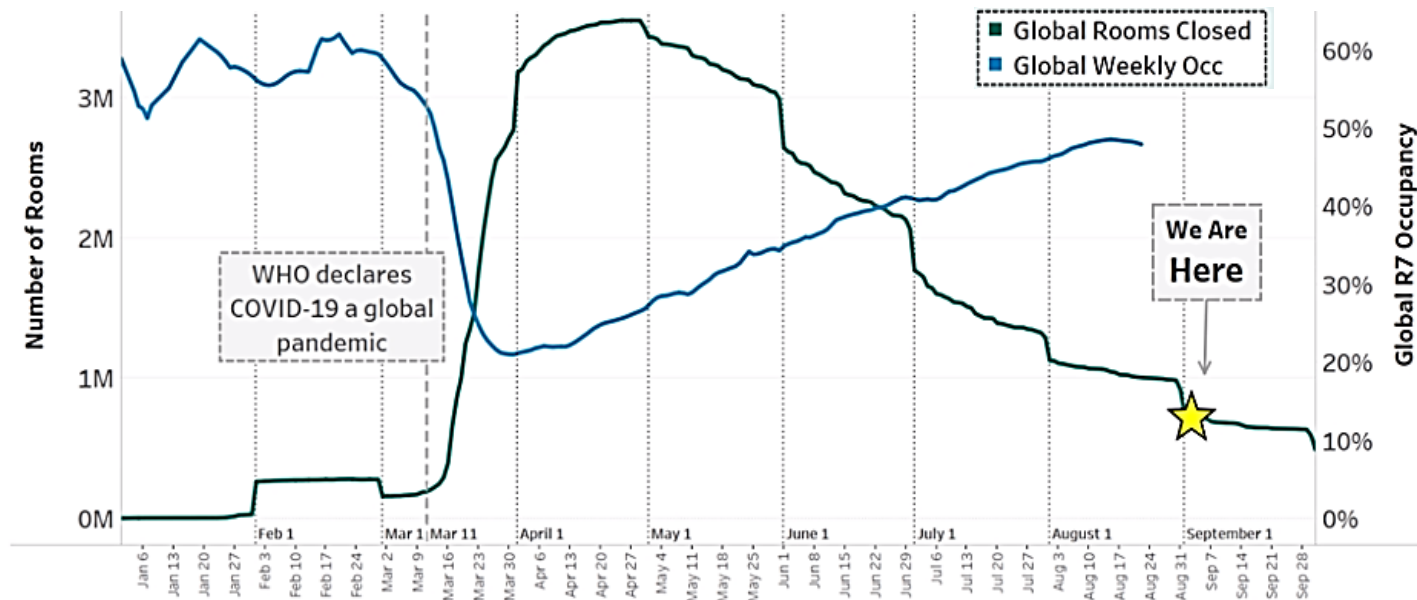
Expedia, "2020 Summer Travel Report"

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

Number of rooms closed and global occupancy



Source: STR, September 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 closed<sup>1</sup> in 1H 2020
- 15 have reopened

Notes:

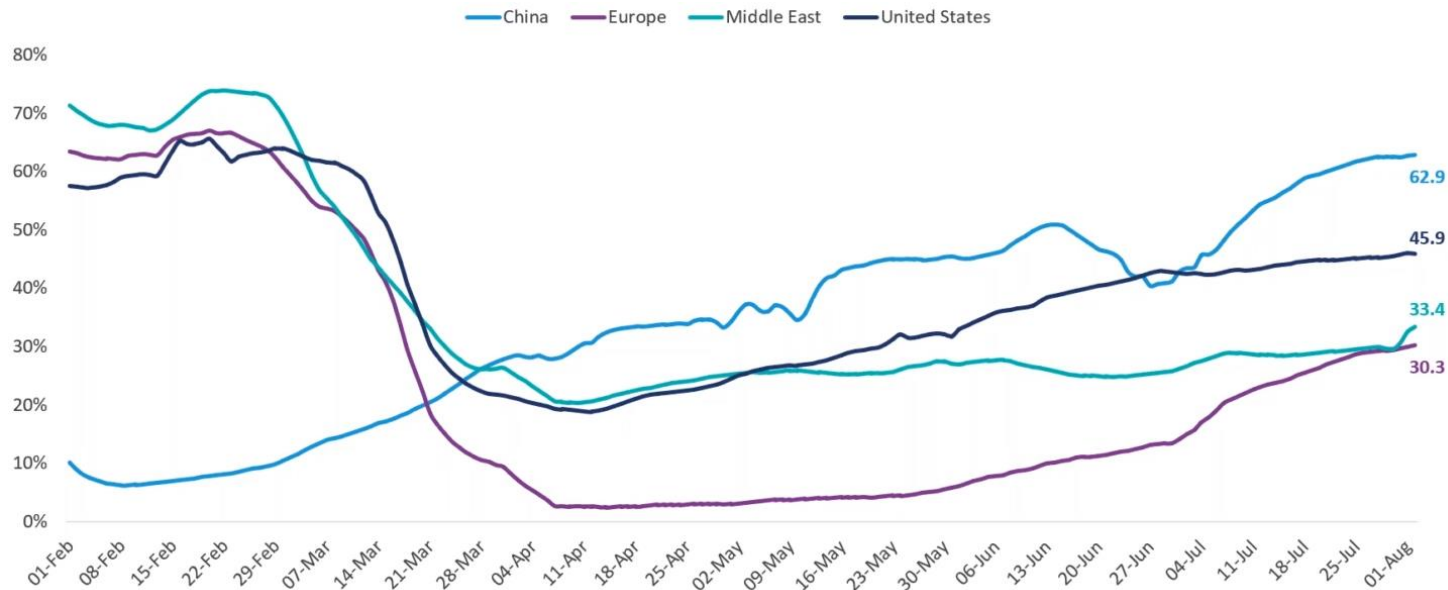
Source: STR, September 2020

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

## Occupancy



Source: STR, August 2020

- **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**

Source: STR, August 2020

# 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**

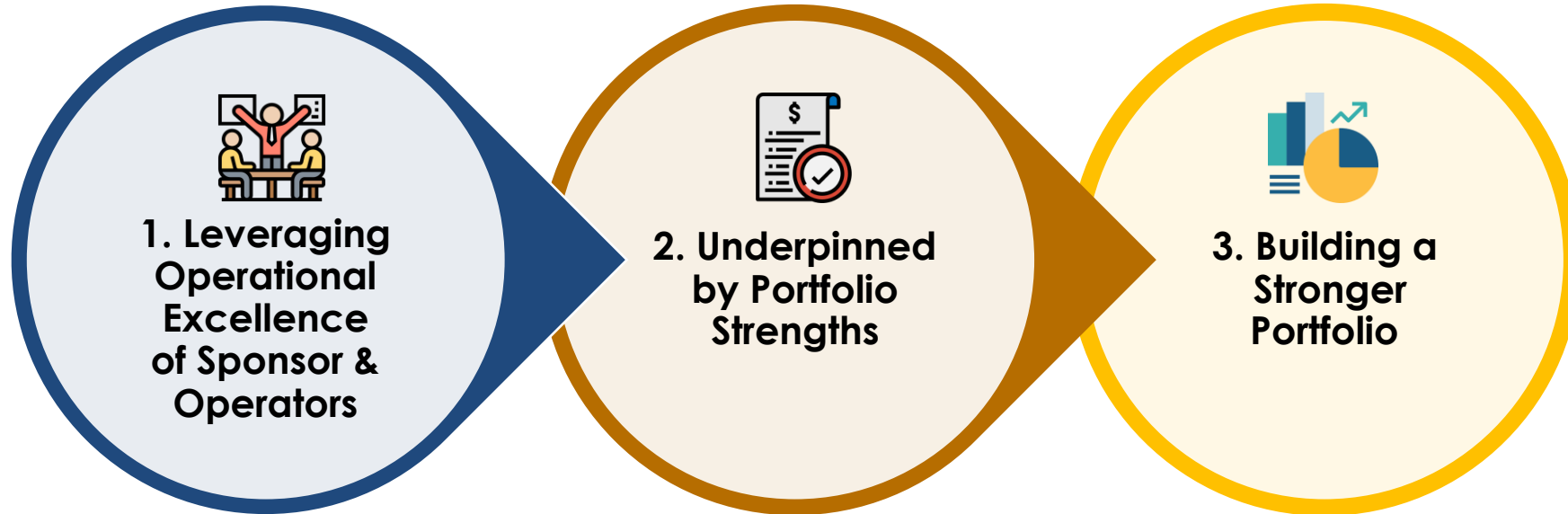
**Agility in revenue  
management**

**Leaner cost and  
operating structures**

# Seizing Opportunities in a Crisis

# Seizing Opportunities in a Crisis

Reinventing to capture the upturn



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

# 1 Leveraging Operational Excellence

Working with Sponsor and operators to pivot and adapt

## Actively pursued alternative sources of business



- Providing accommodation to those on self-isolation, healthcare personnel, workers looking for alternate work-from-home arrangements as well as those affected by border shutdowns

## Enhanced product offerings to meet new needs



- Optimising use of space and capitalising properties' adaptability and central locations
- E.g. Ascott's Work-in-Residence and Space-as-a-Service initiatives

## Reviewed operating cost structure & adopted digital technology



- Leveraging digital technology such as service robots, mobile apps and 3D virtual tours to reduce contact
- Comprehensive cost-containment measures and deferment of discretionary capital expenditure

## 2 Underpinned by Portfolio Strengths

Diversified, predominantly extended-stay portfolio & strong financial capacity

Diversified presence,  
predominantly Asia-centric portfolio



Mix of stable and growth income  
streams, extended-stay properties

**35**  
Master  
Leases

**4**  
MCMGI<sup>2</sup>

**48**  
Management  
Contracts

*Note: Excludes 1yf one-north Singapore which is currently under development*



**59**  
Serviced  
residences

**18**  
Hotels /  
Business hotels

**11**  
Rental  
housing

Strong balance sheet and  
healthy liquidity position

**36.1%**  
Gearing  
(c.\$2.0 billion debt  
headroom<sup>3</sup>)



**>\$800 mil**

Available cash  
& credit facilities<sup>4</sup>  
to cover c.2 years' fixed costs  
under worst-case scenario



Interest cover  
**3.6X<sup>5</sup>**

**BBB**  
Fitch Ratings

Notes: Above as at/for period ended 30 June 2020 unless otherwise stated

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

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

3. Refers to the amount of additional debt before reaching aggregate leverage of 50%

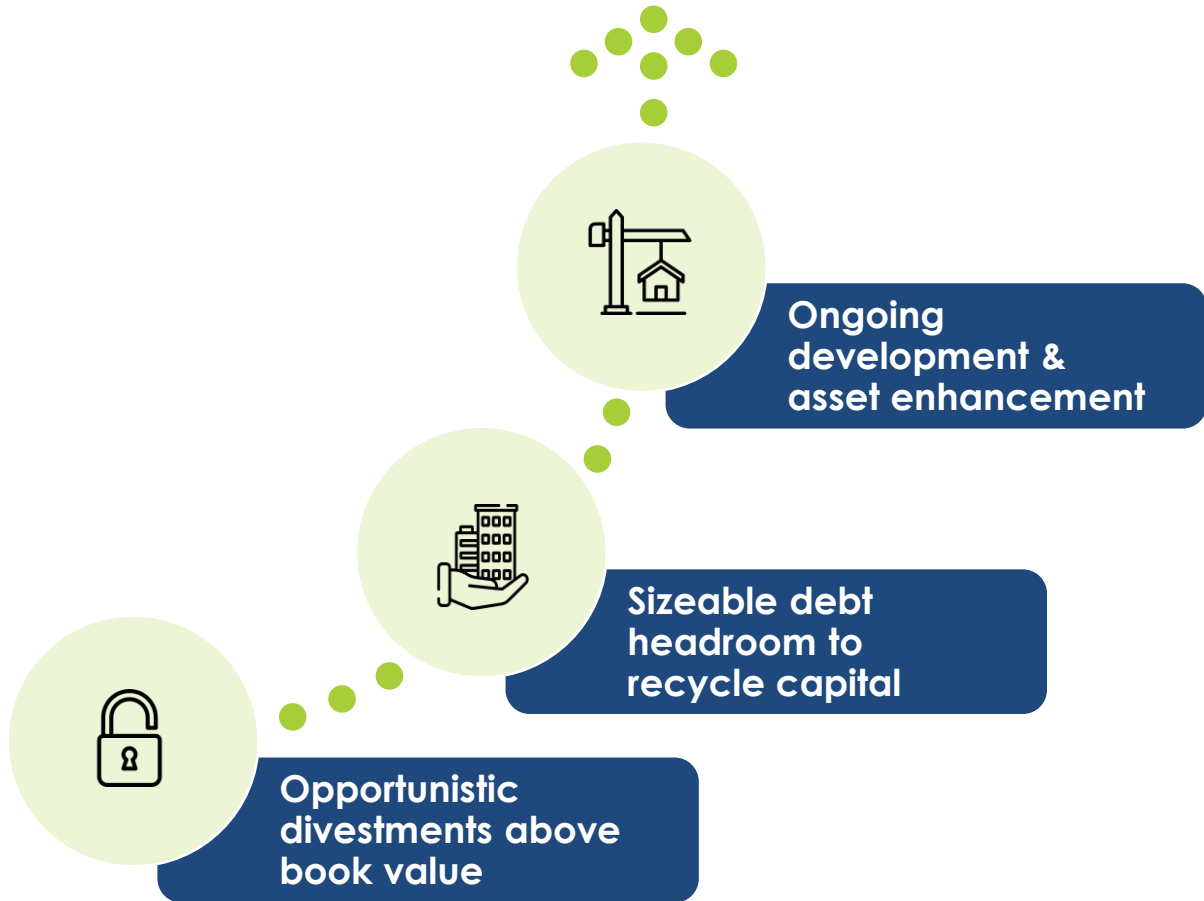
4. Includes proceeds from the divestment of partial gross floor area in Somerset Liang Court Singapore received in July 2020 and uncommitted credit facilities from OCBC as announced on 17 July 2020

5. Refers to the 12-month trailing interest cover



# 3 Building a Stronger Portfolio

Continuous efforts to enhance portfolio and create value



## Development projects



Somerset Liang Court Singapore



lyf one-north Singapore

## Recent divestments



Citadines Didot Montparnasse Paris  
at 69% above property book value



Ascott Guangzhou  
at 52% above property book value

# 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 Americas<sup>1</sup>
- **Domestic, free independent leisure travel** and **midscale accommodation** expected to lead recovery<sup>2</sup>
- 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**
- 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

# Appendix – 1H 2020 Financial Highlights

**Citadines**



# 1H 2020 Financial Highlights

Challenged by global pandemic but generating profits and positive cashflow

Revenue  
**\$208.5m**  
▼ 16% y-o-y

Gross Profit  
**\$88.6m**  
▼ 28% y-o-y

Portfolio RevPAU  
**\$70<sup>1</sup>**  
▼ 52% y-o-y

Distributable Income  
**\$32.6m**  
▼ 56% y-o-y



## Travel brought to a standstill with global lockdowns and travel restrictions imposed in 2Q

- 1H 2020 portfolio occupancy of c.50%, down from c.80% in 1H 2019, but above breakeven levels
- Average daily rates weakened to a lesser extent

### Mitigants & measures taken



- **Master leases and income top-up** for management contracts with minimum guaranteed income (MCMGI)
- Management contracts generating **positive gross profit** as a whole, supported by **long stays and alternative sources of business**
- **Temporary closure of some properties and scaling down of operations**  
21 properties temporarily closed<sup>2</sup> in 1H 2020; 13 already reopened and 6 scheduled to reopen in 3Q 2020
- **Cost-containment measures and government support**

### Support rendered to lessees under strain



- Rental relief granted to some lessees and mandated rent abatement extended to qualifying lessees of properties
- 4 expired French master leases extended on variable rent terms for 1 year w.e.f. 25 March 2020
- 3 expired UK MCMGI converted to management contracts for 1 year w.e.f. 1 May 2020

#### Notes:

1. Portfolio RevPAU refers to the revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income
2. As at 28 July 2020. Comprising 12 properties in France, 6 in Japan, 1 each in Belgium, Spain and South Korea

# 1H 2020 Distribution Details

Top-up of distribution to mitigate impact of COVID-19



**Retention of c.15% (\$\$5 million) of income available for distribution** as rent negotiations are still on-going and ART may potentially grant further rent deferment and/or waivers

**Top up of \$\$5 million to mitigate the impact** of COVID-19 on distributions and to share past divestment gains with Stapled Securityholders

- **Eventual distribution of retained amount** depends on the final amount of income available for distribution for the full year ending 31 December 2020
- **Review level of distribution payout holistically**, taking into consideration the market outlook and past divestment gains unlocked
- Maintain policy of distributing **at least 90% of taxable income and net overseas income** for the full year ending 31 December 2020
- ART's **financial standing remains robust**
  - Healthy credit metrics
  - Adequate liquidity to cover c.2 years' fixed costs under worst-case, zero income scenario



**Distribution per Stapled Security (DPS)**

**1.05 cents**

▼ **69% y-o-y**

## Distribution Details

Last Day of Trading on "cum" basis	4 August 2020
Ex-Date	5 August 2020
Books Closure Date	6 August 2020
Distribution Payment	28 August 2020

# Financial Performance by Contract Types

Increase in master lease contributions due to acquisitions but performance weaker as a whole due to COVID-19

	Revenue (S\$'mil)			Gross Profit (GP) (S\$'mil)			RevPAU (S\$)		
	1H 2020	1H 2019	% Change	1H 2020	1H 2019	% Change	1H 2020	1H 2019	% Change
<b>Master Leases</b>	58.1	38.5	51%	52.2	34.5	51%	n.a.	n.a.	n.a.
<b>Management Contracts with Minimum Guaranteed Income<sup>1</sup></b>	18.4	30.1	-39%	6.5	11.6	-44%	78	173	-55%
<b>Management Contracts<sup>1</sup></b>	132.0	179.8	-27%	29.9	76.2	-61%	69	142	-51%
<b>Total 87 Properties<sup>2</sup></b>	<b>208.5</b>	<b>248.4</b>	<b>-16%</b>	<b>88.6</b>	<b>122.3</b>	<b>-28%</b>	<b>70</b>	<b>146</b>	<b>-52%</b>

- **Master Leases (59% of total GP)** : Higher revenue & gross profit due to the additional contributions from 8 Ascendas Hospitality Trust (A-HTRUST) properties in Japan, South Korea and Singapore from 1 January 2020, and the acquisition of Quest Macquarie Park Sydney in February 2020
- **Management Contracts with Minimum Guaranteed Income (7% of total GP)**: Lower revenue & gross profit due to weak demand for accommodation and temporary property closures in Europe, partially offset by income top-up from the operator
- **Management Contracts (34% of total GP)**: Lower revenue & gross profit due to weaker demand for accommodation, offset by additional contributions from 6 A-HTRUST properties in Australia from 1 January 2020

Notes:

1. Management contracts with minimum guaranteed income for 3 properties in the United Kingdom, Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London, have expired on 30 April 2020 and have been converted to Management Contracts from May 2020. For comparison purposes, revenue, gross profit and RevPAU amounts from May 2019 to June 2019 have been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.
2. Relates to operating properties only and excludes lyf one-north Singapore (under development)

# 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

### Asia Pacific

73.2%

<b>Australia</b>	<b>7.2%</b>
<b>China</b>	<b>7.2%</b>
Indonesia	1.2%
<b>Japan</b>	<b>24.7%</b>
Malaysia	0.3%
Philippines	2.2%
<b>Singapore</b>	<b>19.2%</b>
South Korea	3.2%
<b>Vietnam</b>	<b>8.0%</b>

### Europe

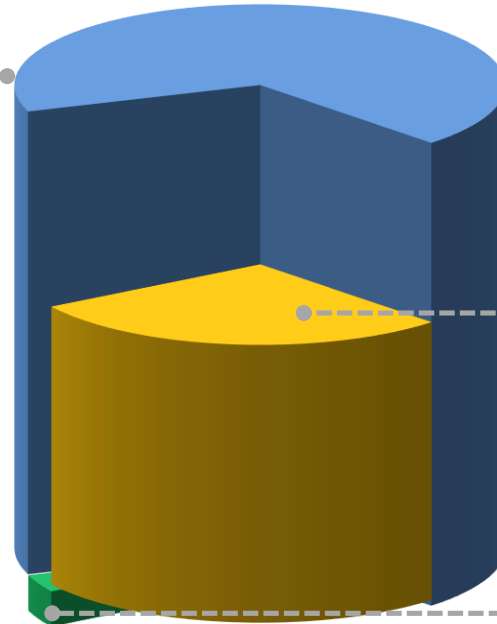
30.6%

Belgium	1.0%
<b>France</b>	<b>16.2%</b>
Germany	7.3%
Spain	0.9%
<b>United Kingdom</b>	<b>5.2%</b>

### The Americas

-3.8%

<b>USA</b>	<b>-3.8%</b>
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- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts



# 8 Key Markets Performance


		Revenue (LC 'mil)			Gross Profit (LC 'mil)			RevPAU (LC)		
		1H 2020	1H 2019	% Change	1H 2020	1H 2019	% Change	1H 2020	1H 2019	% Change
<b>Master Leases</b>										
Australia	AUD	4.2	3.8	11%	4.0	3.6	11%	n.a.	n.a.	n.a.
France	EUR	10.4	10.7	-3%	9.4	9.7	-3%	n.a.	n.a.	n.a.
Japan	JPY	1,206.1	-	n.m.	1,084.3	-	n.m.	n.a.	n.a.	n.a.
Singapore	S\$	12.3	10.5	17	10.9	9.1	20	n.a.	n.a.	n.a.
<b>Management Contracts with Minimum Guaranteed Income (MCMGI)</b>										
United Kingdom <sup>1</sup>	GBP	7.0	10.3	-32%	2.7	4.0	-33%	68	148	-45%
<b>Management Contracts (MC)</b>										
Australia	AUD	40.0	14.1	184%	3.0	5.5	-45%	61	138	-56%
China	RMB	87.0	128.4	-32%	31.9	54.6	-42%	296	452	-34%
Japan <sup>2</sup>	JPY	1,347.4	2,315.7	-42%	625.0	1,241.8	-50%	3,903	12,216	-68%
Singapore	S\$	10.2	12.6	-19%	6.1	5.2	17%	147	197	-25%
United Kingdom <sup>1</sup>	GBP	0.5	4.9	-90%	-0.1	2.1	-105%	12	148	-92%
USA	USD	14.5	35.5	-59%	-2.4	12.7	-119%	77	190	-59%
Vietnam <sup>3</sup>	VND	228.7	349.8	-35%	118.3	191.0	-38%	989	1,587	-38%

Notes:

1. Management contracts with minimum guaranteed income for 3 properties in the United Kingdom, Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London, have expired on 30 April 2020 and have been converted to Management Contracts from May 2020. For comparison purposes, revenue, gross profit and RevPAU amounts from May 2019 to June 2019 have been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.
2. RevPAU for Japan relates to serviced residences and excludes rental housing.
3. Revenue and gross profit figures for Vietnam are stated in billions and RevPAU is stated in thousands.

# War Chest to Weather Uncertainty

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




**Strong capital management**

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**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**

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**36.1%**  
Gearing  
(c. S\$2.0 billion debt  
headroom<sup>1</sup>)

**1.8%**  
per annum  
Low effective  
borrowing cost

**BBB (Stable Outlook)**  
Fitch Ratings

**3.6X<sup>2</sup>**  
Interest cover

**69%**  
of property value  
unencumbered



**Fortifying liquidity reserves**

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**S\$620 mil**  
Available cash  
& credit facilities<sup>3</sup>

**+**

**S\$163 mil**  
Additional cash proceeds from  
divestment received in July 2020<sup>4</sup>

**+**

**S\$60 mil**  
Additional credit facility secured  
in July 2020<sup>5</sup>

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



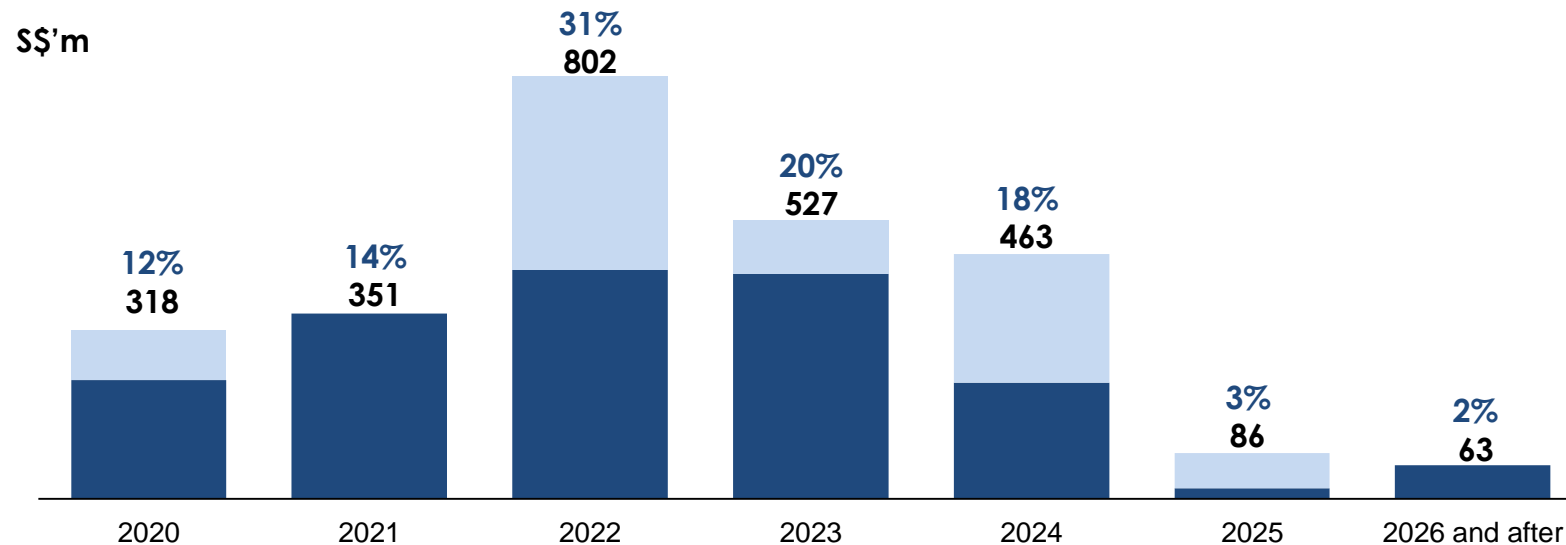
Bank loans



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.)

# 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**
- Estimated **net proceeds of RMB 637.1 million**
- **c.15% of property value has been paid**, 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<sup>PLUS</sup>**

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

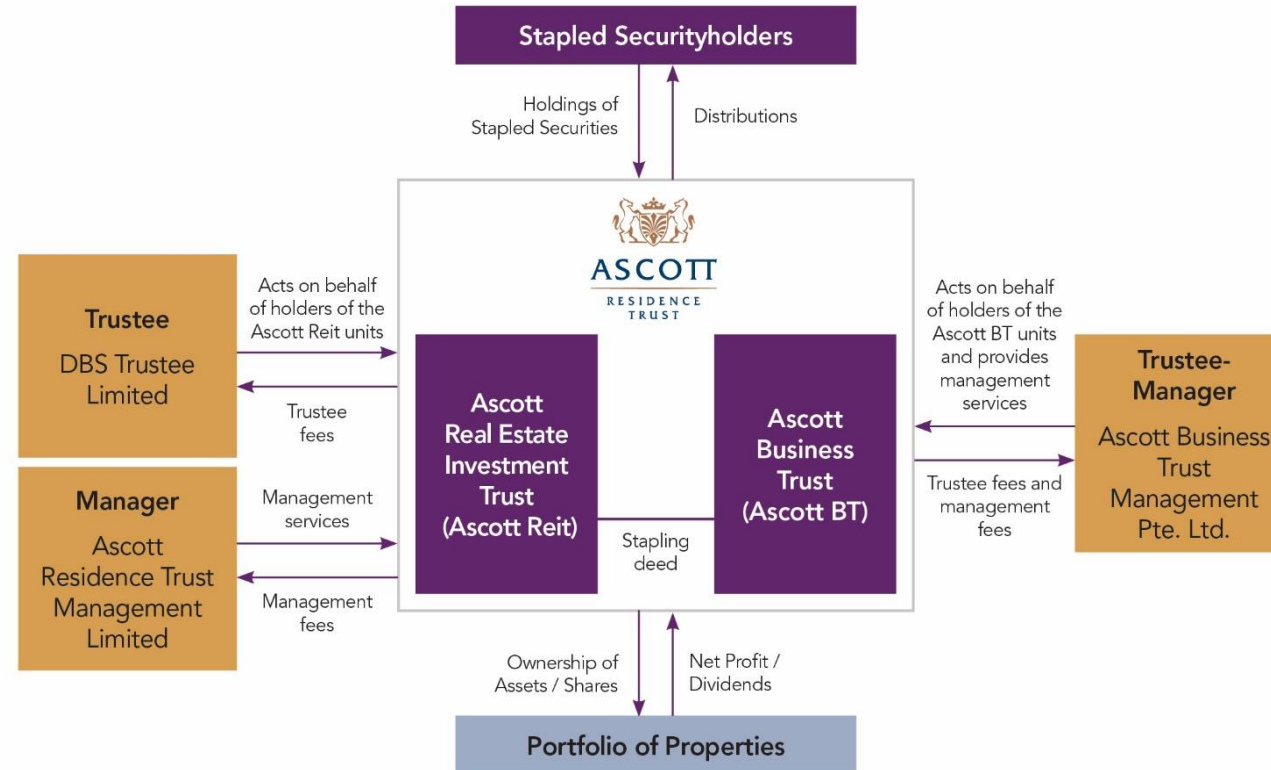
Ranked **3<sup>rd</sup>** out of 43 Trusts  
for **3 consecutive years**

# Appendix – Other Information



# 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

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

**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



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