



# CapitaLand Analysts/Media Trip 2017

## The Ascott Limited

Mr. Tan Tze Shang, Managing Director, China

2 July 2017



# Important Notice

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

- Overview of The Ascott Limited
- Outlook of China Market
- Overview of Ascott China
- Ascott Business Strategy
- Strong & Healthy Pipeline
- Property Openings
- Conclusion

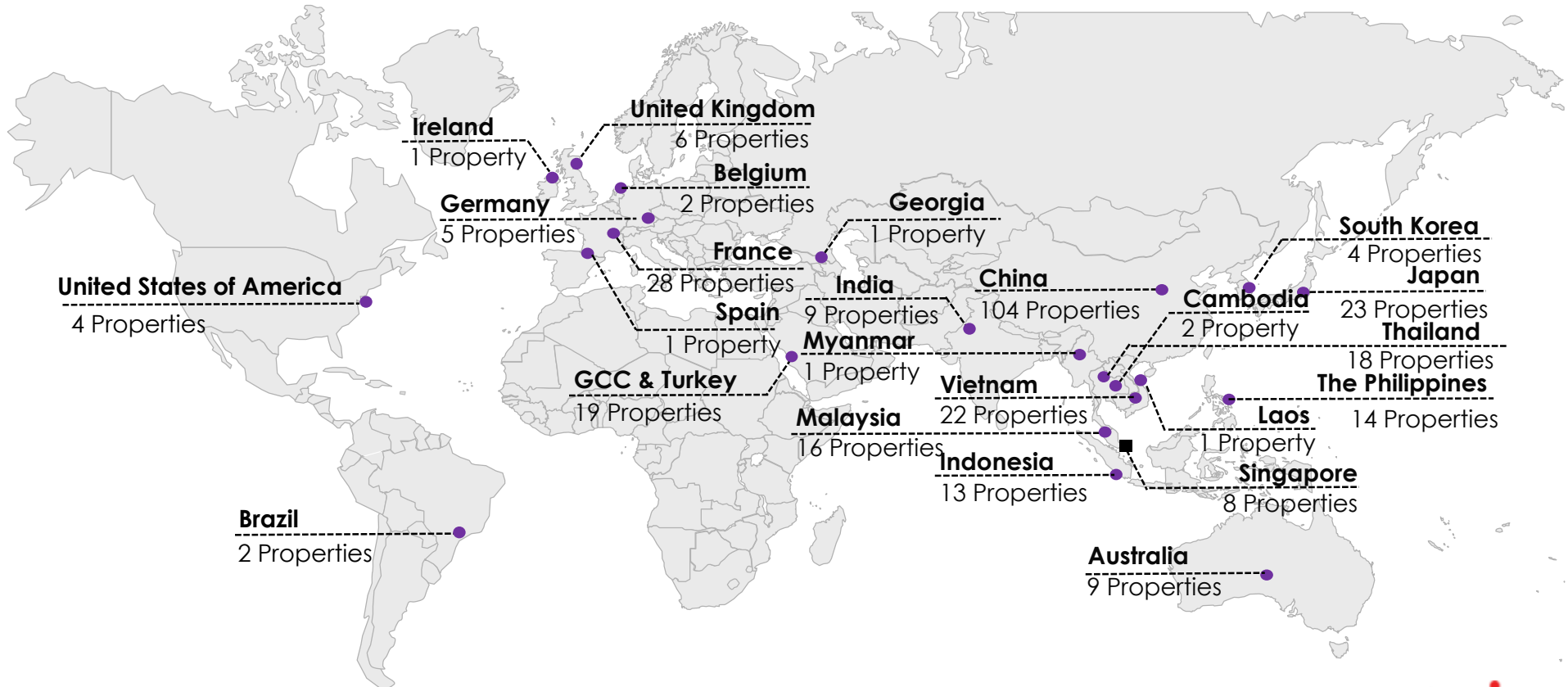
# Ascott's Global Presence

World's Largest International Serviced Residence Owner-operator

**> 54,000**  
Apartment units

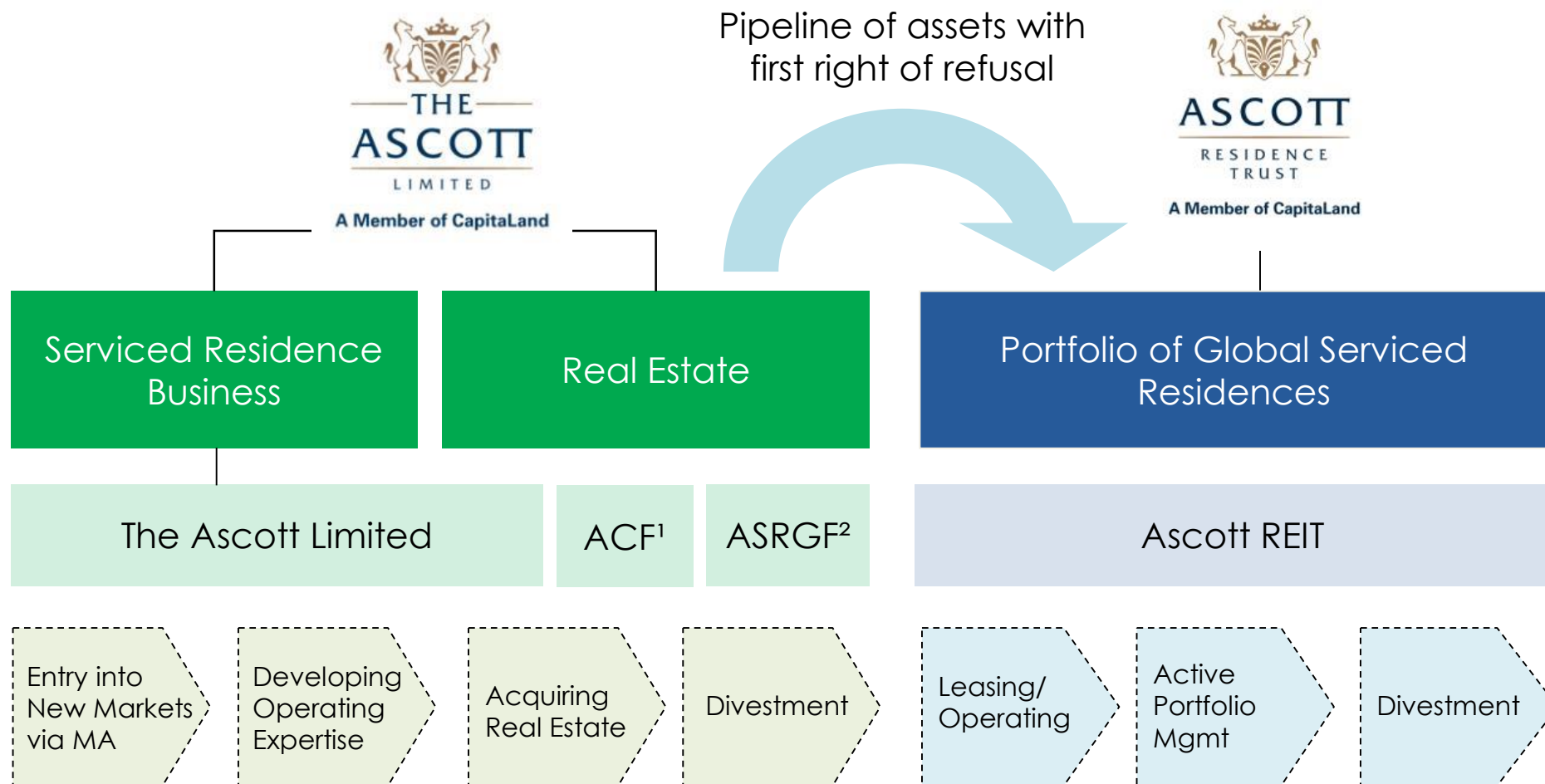
**> 300**  
Properties

**> 100**  
Cities in 29 Countries



Note:  
Figures above as at 28 June 2017; Includes units under development.

# Ascott's Business Model

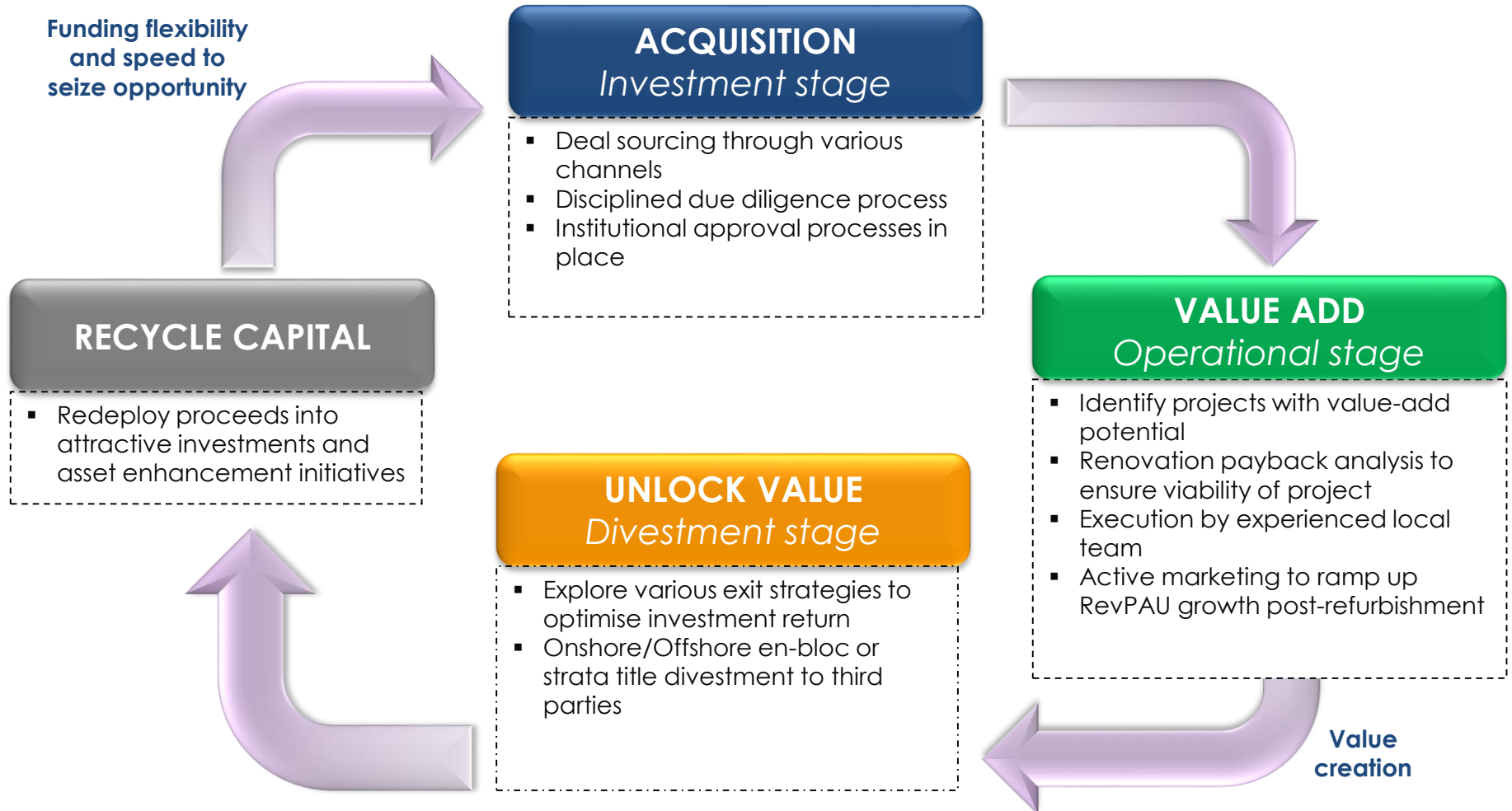


Notes:

1. Ascott Serviced Residence (China) Fund
2. Ascott Serviced Residence (Global) Fund which is a joint venture between Ascott and QIA

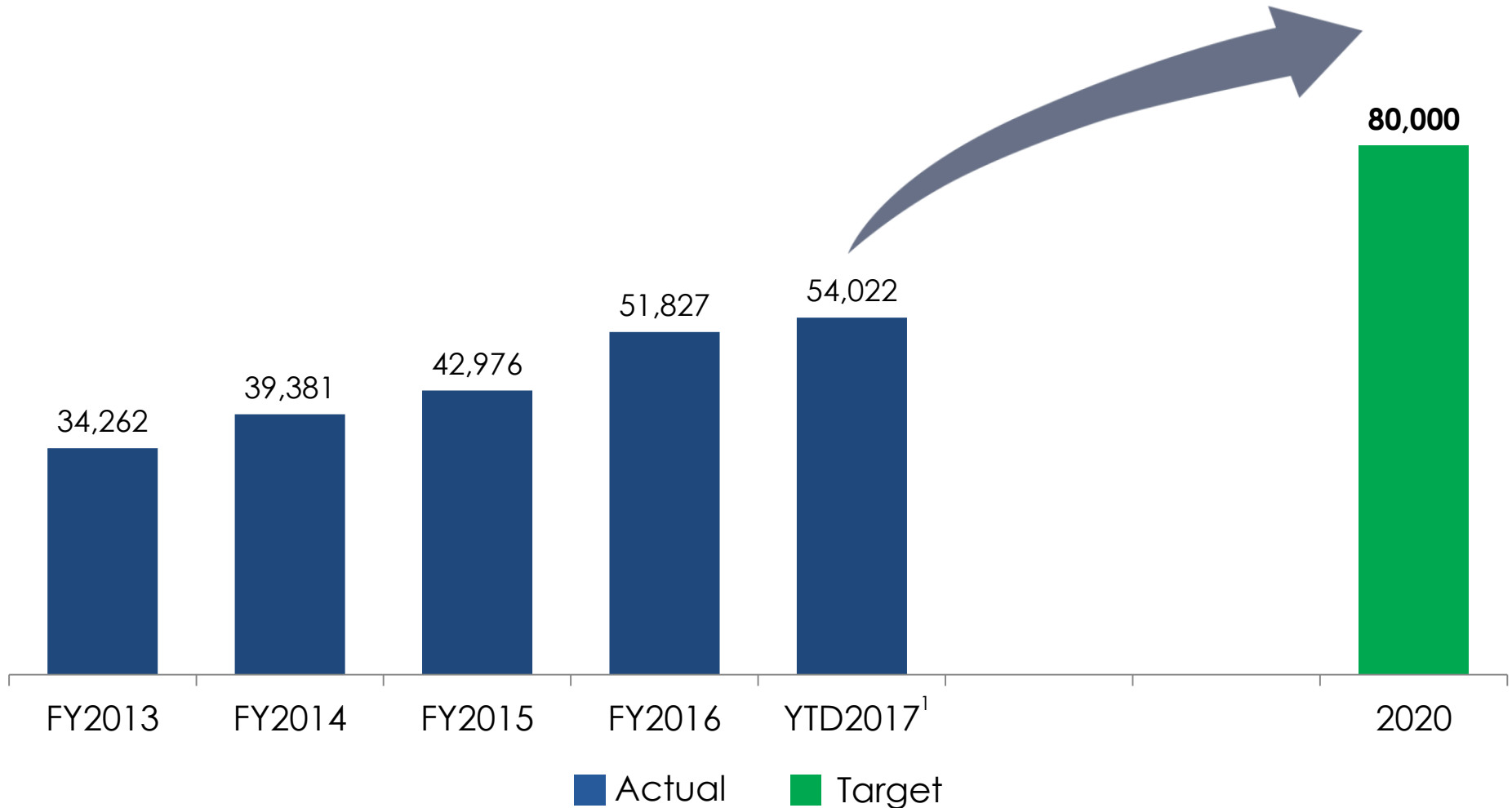


# Our Business Model



# Ascott's Global Growth Target

On Track To Achieve 80,000 Units By 2020

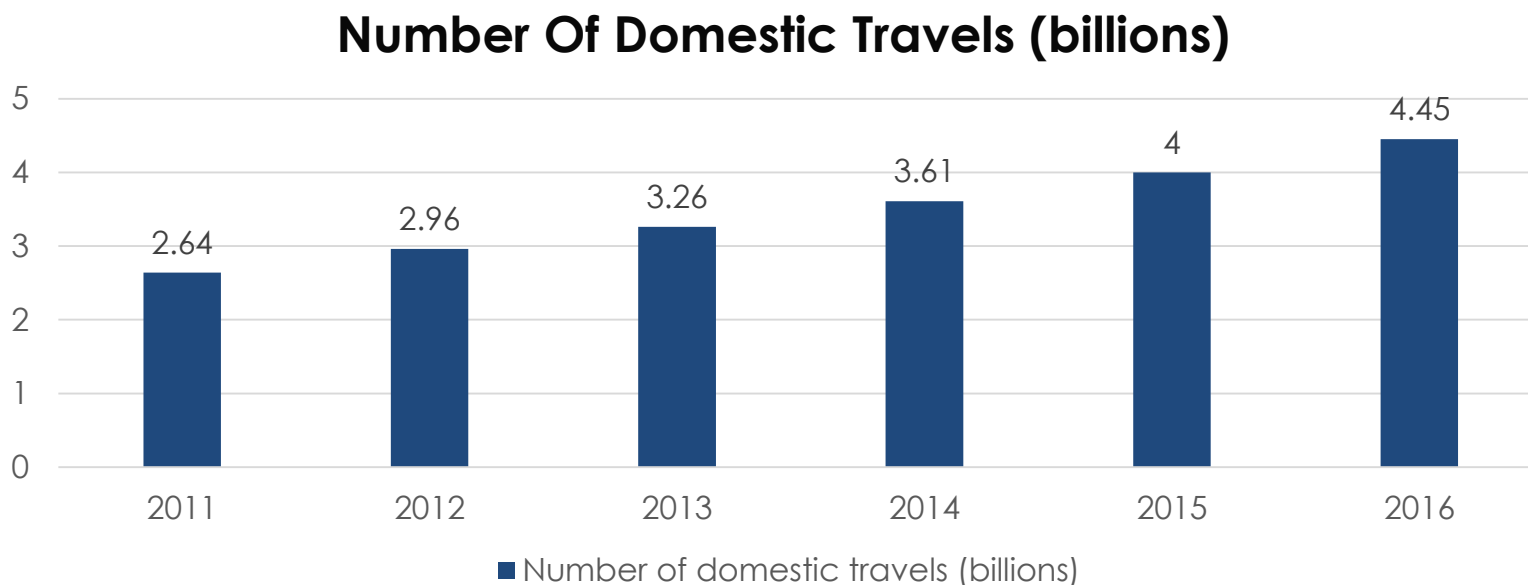


Note:

1. As at 28 June 2017

## Domestic Market Remains A Key Pillar In Tourism

- Domestic travel accounts for majority of tourists in China, with dominance of urban travellers at 70%
- In 2016, domestic travels reached 4.45 billion, up 11.2% compared with 2015<sup>1</sup>
- CAGR of about 11%



Note:  
1. National Bureau of Statistics of China press release



## China Continues To Be A World Leading Source Market

- In 2016, China maintains top spot as world's leading source market
- Expenditure grew by 12% to US\$261B <sup>1</sup>
- APAC countries benefit the most, especially Japan, Korea and Thailand

## The Rise Of Chinese Millennials

- Millennials make up about 25% of China's population
- They are well-travelled and have a global outlook
- Technology-savvy and social media is integral in their lives

Note:  
1. UN World Tourism Organisation 2017 release

# Overview of Ascott China

## Ascott Is The Leading Serviced Residence Owner-operator In China

- Ascott entered China more than 18 years ago
- Ascott China currently owns and manages 104 properties with more than 18,900 serviced residence units across 29 cities
- On track to achieve target of 20,000 units by 2020



Note:  
Above figures as at 28 June 2017



# Overview of Ascott China

Ascott Is The Leading Serviced Residence Owner-operator In China

Over 18,900 units

104 Properties

29 Cities



Notes:

Figures above as at 28 June 2017

1. Refers to Ascott, Citadines and Somerset



# Overview of Ascott China

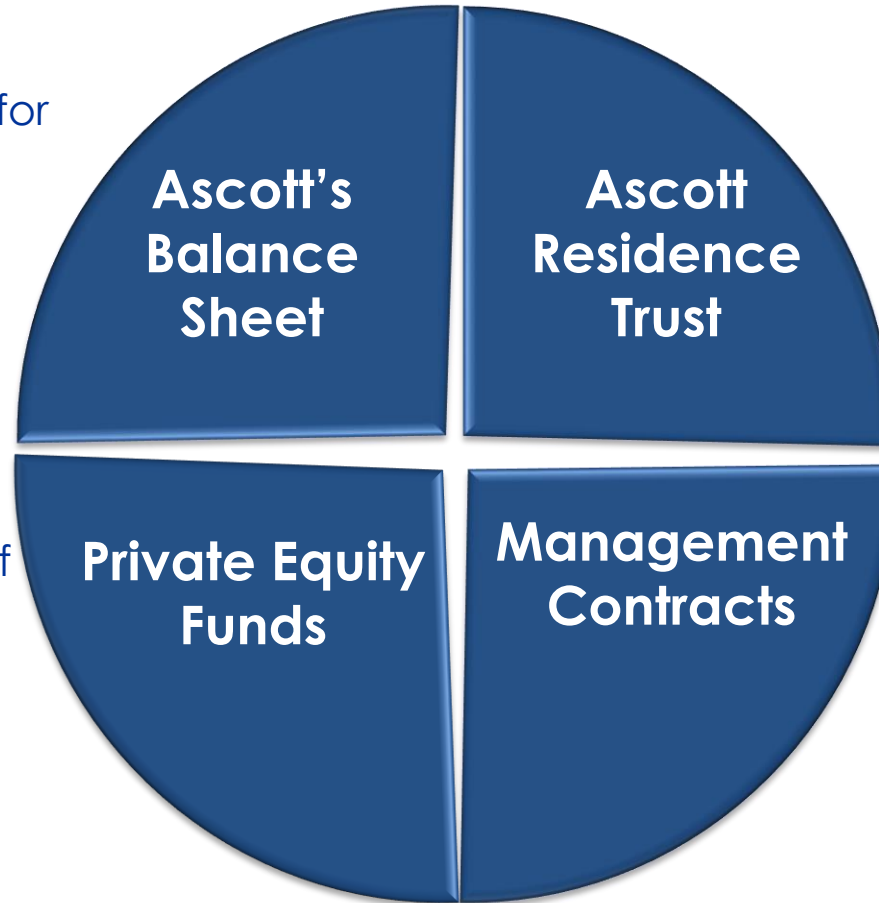
## Growth Is Underpinned By Four Main Pillars

### Ascott's Balance Sheet

- Ready capital base for investment and development

### Private Equity Funds

- Ascott China Fund of US\$500m
- Ascott established a US\$600m global serviced residence JV with QIA



### Ascott Residence Trust<sup>1</sup>

- Total assets stand at S\$4.8 billion
- China contributes 14.3% of Ascott REIT's total assets

### Management Contracts

- Expand business footprint through management contracts with third parties

Note:

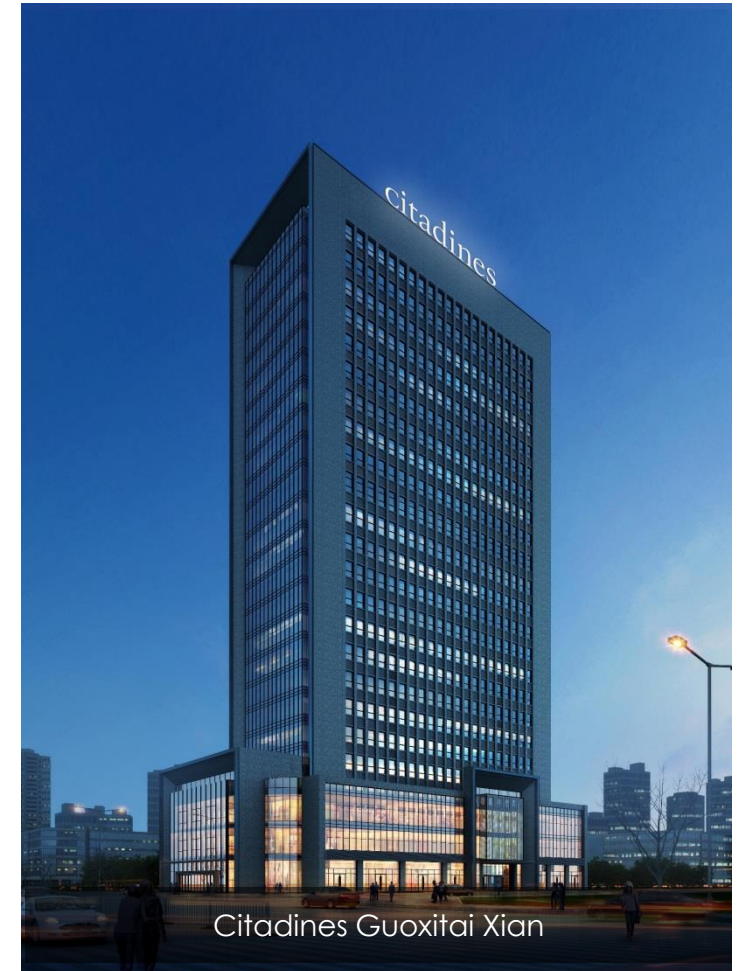
1. As at 31 March 2017

## 1 Deepening Presence And Building Scale

- Build strong operational platform in key cities to support growth
- Fee income from new management contracts to improve bottom line
- Seeing improved management contract terms and pipeline due to better brand recognition

In YTD 2017,

- Ascott China secured 13 management contracts for over 2,000 units in Chongqing, Tianjin, Xuzhou, Dalian, Shenzhen, Wuhan and Kunming



## 2 Forging Strategic Alliances To Accelerate Growth

### ***Strategic Investment In Tujia.com International (\$\$67.7m) & Set Up Of A Joint Venture (\$\$54.2m)***

- Led consortium to invest over S\$120 million in China's largest and fastest growing online apartment sharing platform
- Capitalise on Tujia's unique business model and technological capabilities
  - Ascott's serviced residences in China are now available on Tujia's website for booking, expanding reach to more customers online
  - To tap on Tujia's business network to access more projects, including penetrating into mass market segment which opens up for a bigger pie for growth

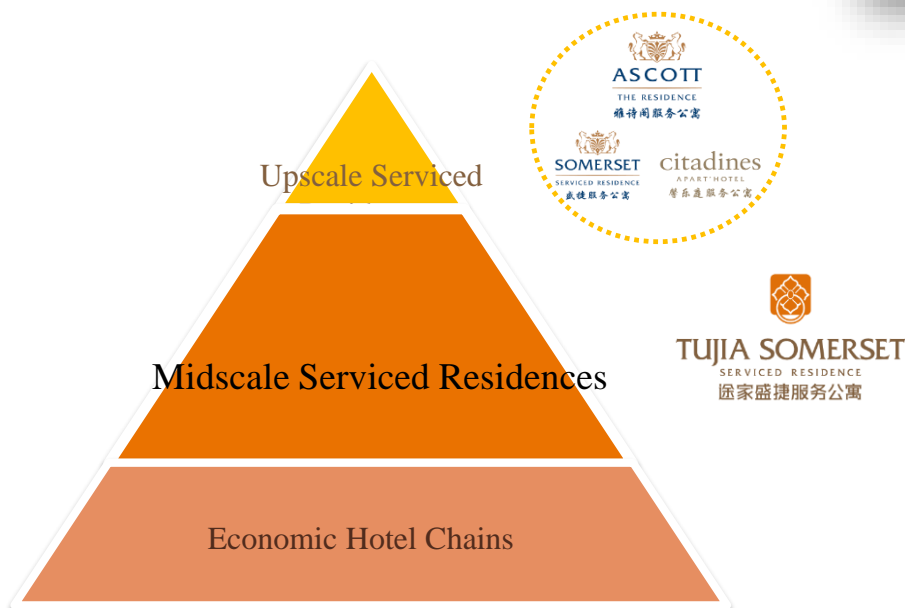




## 2 Forging Strategic Alliances To Accelerate Growth (cont'd)

### **New Tujia Somerset Brand Catered For The Booming Segment Of Middle Class Travellers in China**

- Newly unveiled brand will spur growth of Ascott management and franchise business in China, along with its established Ascott, Citadines and Somerset brands.
- Strong support received for the new brand with more than 2,300 units across twelve properties in China already signed up.



## 2 Forging Strategic Alliances To Accelerate Growth (cont'd)

### ***Partnerships with property developers***

- Forming strategic alliances with good partners such as China Construction Dongfu, Yuexiu, China Merchant, Vanke and Intime, will continue to drive expansion plans in China



## 3 Continue To Look Out For Real Estate Investments Opportunities In Key Gateway Cities

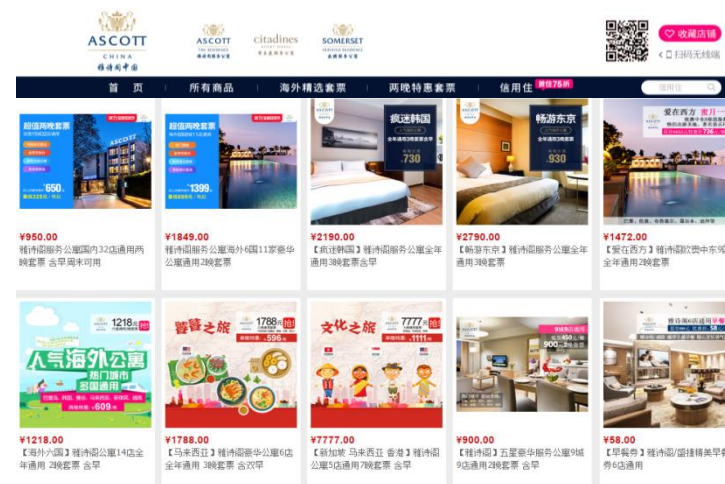
### ***Continue to accelerate expansion to ride on growth***

- First tier cities like Shanghai, Beijing, Shenzhen and Guangzhou, and provincial capitals like Wuhan and Hangzhou to ride on growth

## 4 Leverage Technology Platforms To Reach Customers

### Partner Fliggy<sup>1</sup> To Deepen Access To Growing Outbound and Inbound Chinese Travellers

- Ascott has made available its serviced residences in the Greater China region on Fliggy, Alibaba's travel services platform since December 2015, targeting the booming domestic travel market of 4.4 billion trips<sup>2</sup>
- Ascott has listed 60 overseas serviced residences in popular travel destinations like Tokyo and Bangkok, targeting the world's biggest outbound travel market of over 135 million Chinese travellers<sup>2</sup>



Notes:

- Alitrip officially changed its name to Fliggy with effect from 27 October 2016
- According to the National Bureau of Statistics of China, in 2016, China had 135 million outbound visitors and made 4.4 billion trips on domestic travel

## 4 Leverage Technology Platforms To Reach Customers (cont'd)

### Embracing Technology & Social Media

- Social media engagement with bookers through Ascott's mobile site, Wechat, Weibo etc
- Continual efforts to develop low-cost online sales channel to boost occupancy



**Ascott continues to seek innovative ways to strengthen capabilities so as to ensure it remains the top choice accommodation for guests when they travel**



## 5 Introducing New Products In Response To Changing Demands

### Creation of lyf branding to cater to millennials

- A new co-living concept that connects guests with like-minded travellers
- lyf introduced in Dalian and Shenzhen, to open in 2018



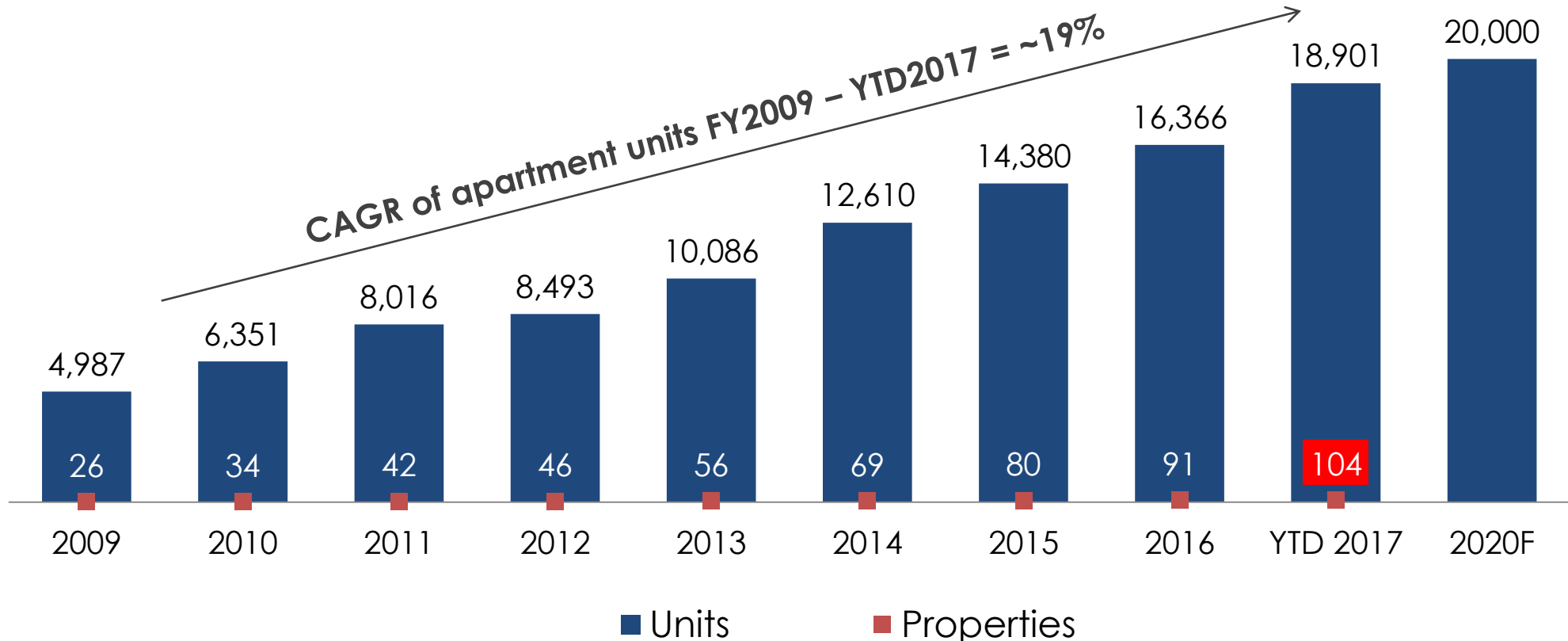
lyf brand launch event in Shenzhen



# Continue To Build Scale & Accelerate Growth

Ascott China Added More Than 2,000 Units YTD2017

On track to achieve 2020 target of 20,000 units



Note:  
Figures above as at 28 June 2017

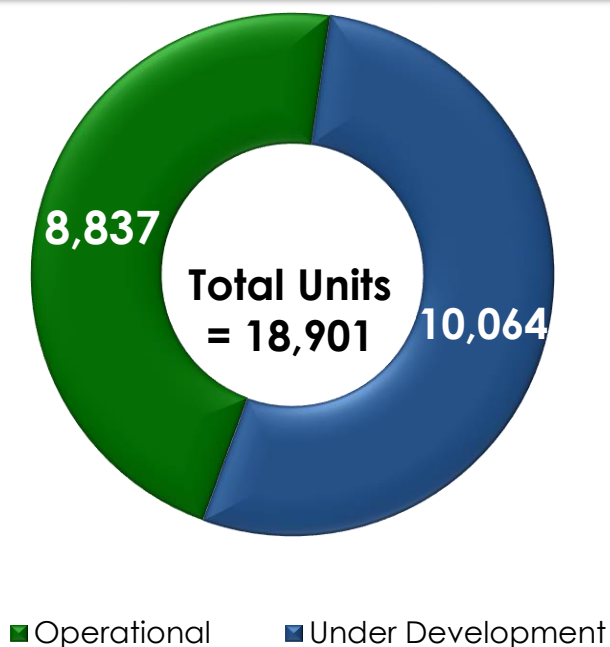




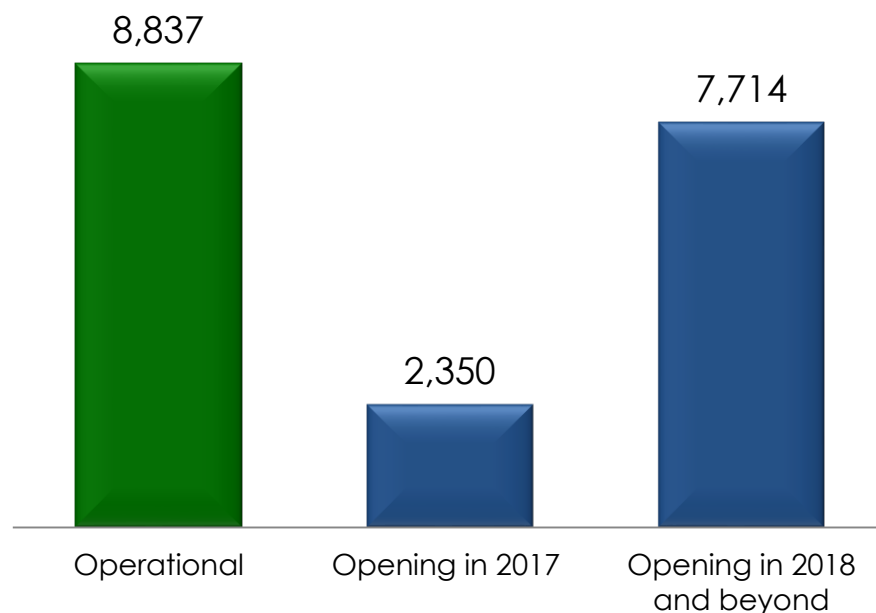
# Strong & Healthy Pipeline

Expect Another 10,000 Pipeline Units To Be Opened Over Next Few Years

**Breakdown Of Total Units  
By Operational and Under Development**



**Breakdown Of Total Units  
By Year Of Opening**

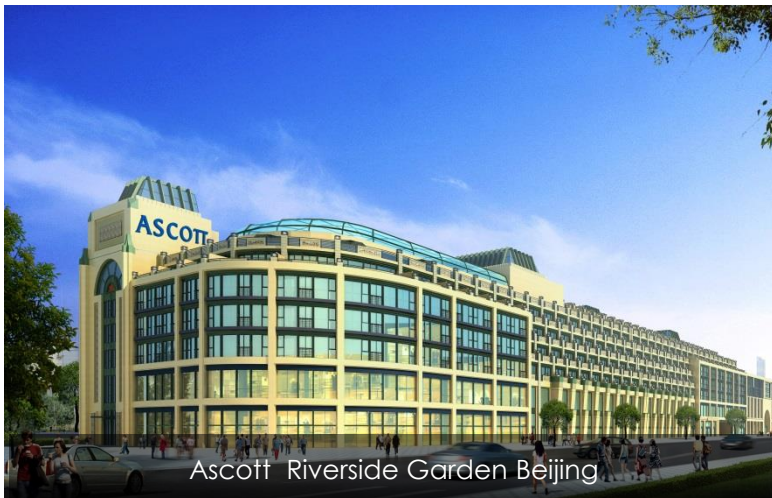
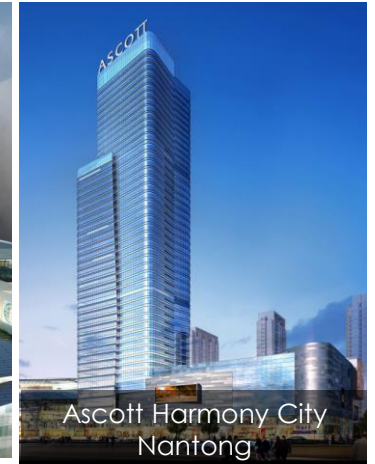


**The 10,064 units are expected to contribute RMB125 million to RMB150 million of fee income annually as they progressively open and stabilise**



# Property Openings in 2017

Expect Another 2,350 Pipeline Units To Be Opened Over Next Few Months

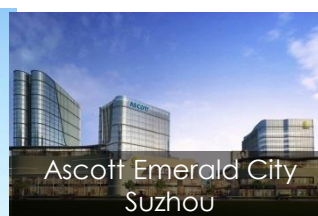






# Property Openings (2018 and beyond)

Expect Another 7,700 Pipeline Units To Be Opened Over Next Few Years







# Awards and Accolades

Starlight



**"2017 Best Serviced Residence Operator of China" for 10 consecutive years by China Hotel Starlight Awards**

WTA



**Ascott Won "12 Awards" at World Travel Awards 2017**

TTG China



**2017's "Best Serviced Residence Operator" for 10 consecutive years at Annual TTG China Travel Awards**

Golden Pillow



**"2016 China's Most Popular Serviced Residence Brand" for the 8th year by 21st Century Business Herald & Hospitality Industrial Business Travel**

Travel+



**"Best International Serviced Apartments Operator" by Travel+ for 4 consecutive years at the 2016 China Travel Awards**

Mag Travel



**"2016/17 The Serviced Apartment Brand Of Year 2016" by China Mag Travel Awards**



# Conclusion

## Ascott China

1

**Ascott is the largest international serviced residence owner-operator in China with over 18,900 units in 104 properties across 29 cities**

2

**Ascott China's inventory has grown at a CAGR of ~19% (FY2009 – YTD2017) and is on track to achieve 20,000 by 2020**

3

**China continues to expand its footprint through investments, management contracts and forming strategic alliances to accelerate growth**

4

**Ascott China constantly seeks innovative ways to engage customers through the use of technology and social media, and reinvents itself to stay relevant to the changing environment**

Note:  
Figures above as at 28 June 2017





  
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ASCOTT**  
LIMITED  
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Thank You