



# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

Annual General Meeting

19 April 2017

## IMPORTANT NOTICE

The value of units in Ascott Residence Trust (“**Ascott REIT**”) (the “**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Ascott Residence Trust Management Limited, the manager of Ascott REIT (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Ascott REIT is not necessarily indicative of its future performance.

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, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.

Unitholders of Ascott REIT (the “**Unitholders**”) have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.



# Content

- Celebrating a Defining Decade of Global Growth
- Overview of Ascott REIT
- Financial Highlights for FY 2016
- Year in Review for FY 2016
- Capital and Risk Management
- Portfolio Information
- Appendix



# Celebrating a Defining Decade of Global Growth

Ascott Raffles Place Singapore



# Celebrating a Defining Decade of Global Growth



Ascott Reit has transformed into a leading global serviced residence REIT with a global portfolio of 90 properties spanning 38 cities in 14 countries

## Asia Pacific

### Australia

Greater Sydney  
Melbourne  
Perth

### China

Beijing  
Dalian  
Guangzhou  
Shanghai  
Shenyang  
Suzhou  
Tianjin  
Wuhan  
Xi'an

### Indonesia

Jakarta

### Japan

Fukuoka  
Hiroshima  
Kyoto  
Osaka  
Sapporo  
Tokyo

### Malaysia

Kuala Lumpur

### Singapore

The Philippines  
Manila

### Vietnam

Hanoi  
Ho Chi Minh City

## Europe

### Belgium

Brussels

### France

Cannes  
Grenoble  
Lille  
Lyon  
Marseille  
Montpellier  
Paris

### Germany

Berlin  
Hamburg  
Munich

### Spain

Barcelona

### The United Kingdom

London

## The Americas

### The United States of America

New York



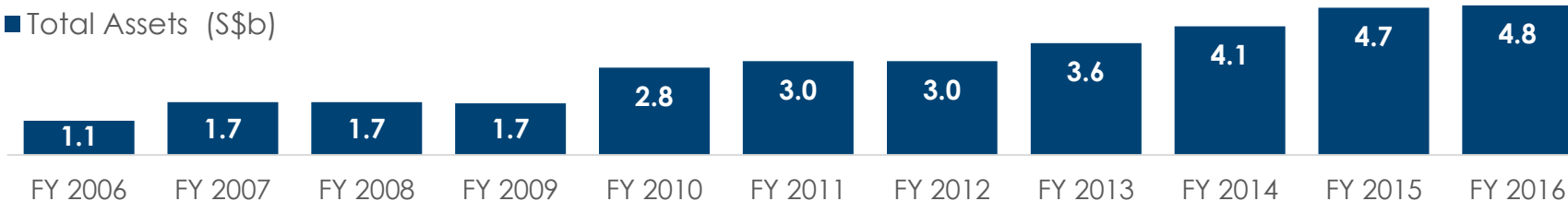


# Celebrating a Defining Decade of Global Growth



Ascott REIT has more than quadrupled its total assets since its listing in 2006 and achieved strong growth in Unitholders' distribution

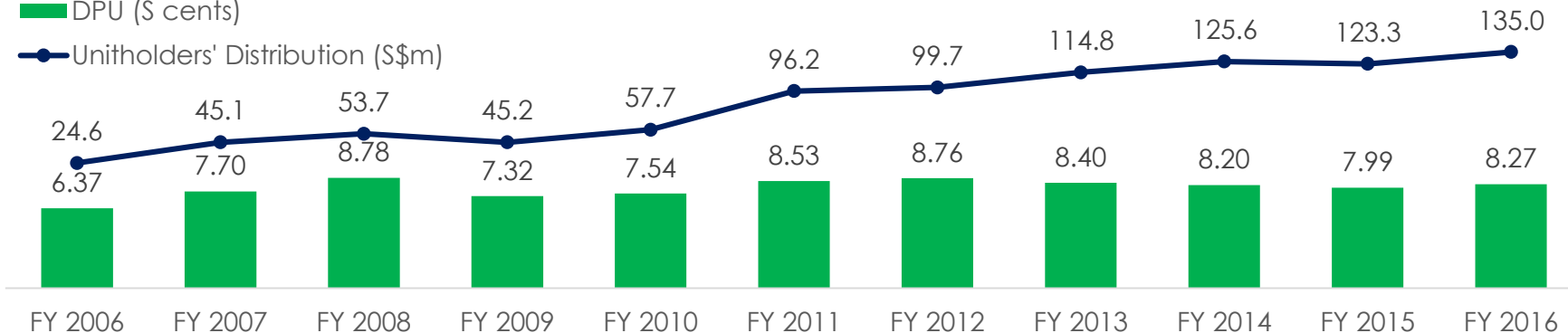
■ Total Assets (\$b)



Ascott REIT delivered a healthy total shareholder return of 110%<sup>1</sup> since IPO

■ DPU (\$ cents)

● Unitholders' Distribution (\$m)



Note:

1. As at 31 December 2016. Extracted from Bloomberg on 17 April 2017.





# Celebrating a Defining Decade of Global Growth



## Proactive portfolio reconstitution over the years

### 2010 (S\$335.7m)

- Ascott Beijing S\$301.8m (Net gain: S\$98.1m)
- Country Woods Jakarta S\$33.9m (Net gain: 5.6m)

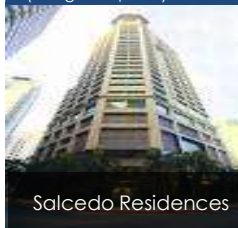


The proceeds from the 2012 divestments were deployed to fund the yield-accretive acquisitions of:

- Ascott Raffles Place Singapore
- Ascott Guangzhou

### 2015 (S\$60.3m)

- 6 Rental Housing Properties in Japan S\$53.1m (Net gain: S\$3.6m)
- Salcedo Residence S\$7.2m (Net gain: S\$6.3m)



### 2016 (S\$140m)

- Fortune Garden Apartments S\$140m (Net gain: S\$40m)



Total net gain (FY2010 – FY 2016): S\$232m

The proceeds from the 2010 divestments were used to partly fund the yield-accretive acquisitions of:

- Citadines Mount Sophia Property Singapore
- Somerset Hoa Binh Hanoi
- 26 European properties in France, UK, Germany, Belgium and Spain

### 2012 (S\$374.6m)

- Somerset Gordon Heights Melbourne S\$15.6m (Net gain S\$0.6m)
- Somerset Grand Cairnhill Singapore S\$359.0m (Net gain: S\$77.8m)



### Ascott REIT Divested

- Six Rental Housing Properties in Japan
- Salcedo Residences in Philippines

Ascott REIT has commenced strata sale of 81 apartment units as announced in October 2013.

To date, all the units have been sold.

Note: Figures above are based on agreed sale price.





# Overview of Ascott REIT

Ascott Raffles Place Singapore



# Overview of Ascott REIT

A Leading Global Serviced Residence REIT

**S\$1.9b<sup>1</sup>**

Market Capitalisation

**S\$4.8b<sup>2</sup>**

Total Assets

**11,627**

Apartment Units

**90**

Properties

**38**

Cities in 14 Countries



Notes:

Figures above as at 31 December 2016

1. Market capitalisation as at 18 April 2017
2. Excludes Ascott Orchard Singapore, which acquisition is targeted to be completed in 2017. Including Ascott Orchard Singapore, the portfolio of Ascott REIT would be approximately S\$5.2 billion.



# Financial Highlights for FY 2016

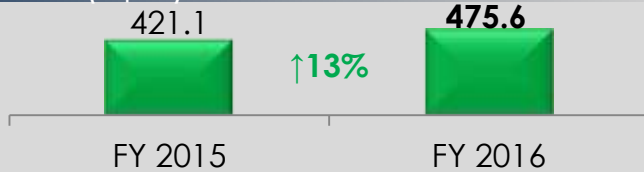
Ascott Raffles Place Singapore



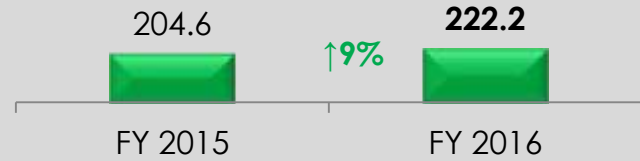
# Financial Highlights for FY 2016

## FY 2016 vs FY 2015 Financial Performance

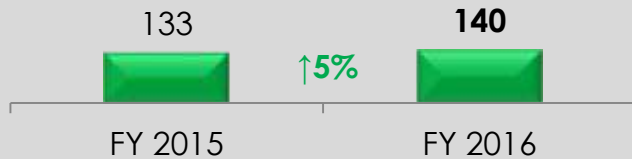
### Revenue (S\$m)



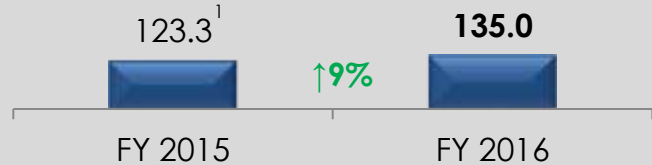
### Gross Profit (S\$m)



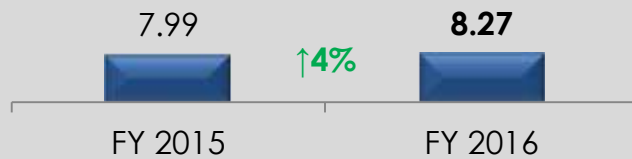
### Revenue Per Available Unit (S\$)



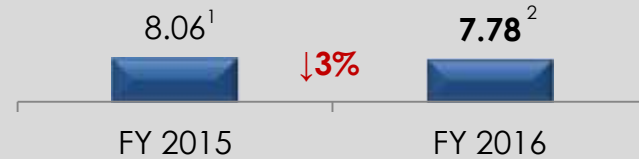
### Unitholders' Distribution (S\$m)



### Distribution Per Unit (S cents)



### Adjusted Distribution Per Unit (S cents)

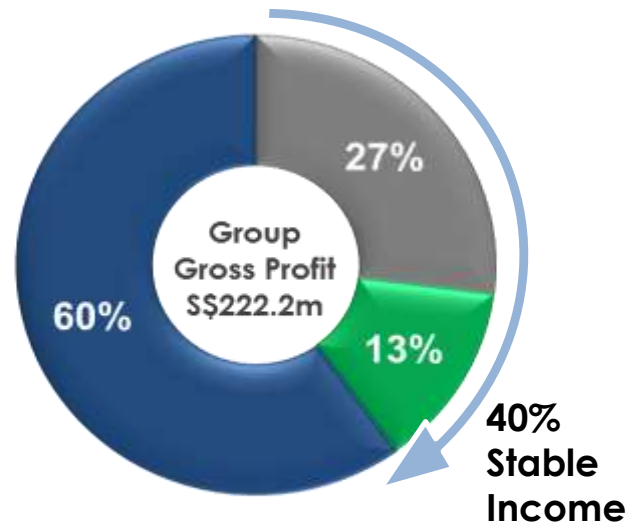
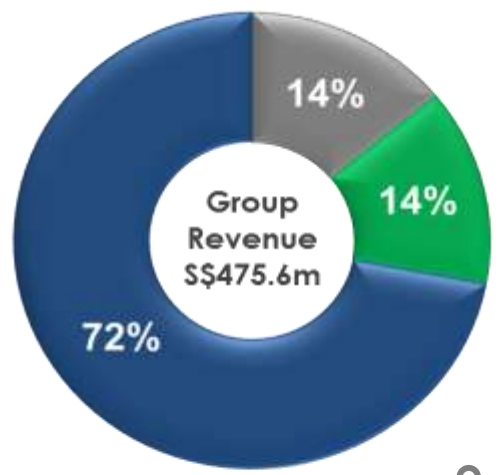


#### Notes:

- Adjusted for one-off item of approximately \$1.2 million relating to the interest expense incurred on the S\$250.0 million perpetual securities issued in June 2015 prior to utilisation of the proceeds in July 2015 and August 2015 to fund the acquisitions in Australia and the United States of America respectively.
- Adjusted for the effects of the equity placement exercise in March 2016 and one-off items relating to net realised exchange gain of S\$8.8 million arising from repayment of foreign currency bank loans with the divestment proceeds from Fortune Garden Apartments and repayment of shareholders' loan from the Group's subsidiaries.

Enhanced income visibility from master leases and minimum guaranteed income

Revenue FY 2016      Gross Profit FY 2016



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts



# Income Stability

Enhanced income visibility from master leases and minimum guaranteed income



**16 Cities**  
in 8 countries

**32 Properties**  
out of 90 properties

**3.6 Years**  
weighted average remaining tenure

**40% of the Group's gross profit for FY 2016 is contributed by master leases and management contracts with minimum guaranteed income**

Notes:

1. Properties under master leases
2. Properties under management contracts with minimum guaranteed income

# Portfolio Valuation

As at 31 December 2016, Ascott Reit's investment properties were valued by independent valuers at S\$4,511.0 million resulting in a surplus of S\$30.0 million which was recognised in FY 2016

- Portfolio value increased mainly due to higher valuation from properties in Japan and Spain arising from better operating performance, partially offset by lower valuation from properties in United Kingdom and the United States of America arising from higher property tax





# FY 2016 Distribution Details

<b>Distribution</b>	<b>1 Jan 2016 to 22 Mar 2016</b>	<b>23 Mar 2016 to 30 Jun 2016<sup>1</sup></b>	<b>1 Jul 2016 to 31 Dec 2016</b>
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<b>Distribution rate</b>	1.585 cents per unit	2.290 cents per unit	4.392 cents per unit
<b>Payment date</b>	27 Apr 2016	24 Aug 2016	28 Feb 2017

**Continued to pay out 100% of distributable income**

Note:  
 1. In March 2016, the Manager announced an equity placement exercise. In order to ensure fairness to holders of Ascott Reit units prior to the issuance of the placement units, the Manager declared, in lieu of the scheduled distribution, an advanced distribution of the distributable income



# Year in Review for FY 2016

Ascott Raffles Place Singapore



# Year in Review for FY 2016

## Revenue and gross profit for FY 2016 surged 13% and 9% YoY respectively

- Revenue and gross profit grew 13% and 9% respectively year-on-year mainly due to properties<sup>1</sup> acquired in 2015 and 2016.
- RevPAU increased 5% year-on-year mainly due to the properties<sup>2</sup> acquired in 2015 and 2016.
- DPU for FY 2016 increased 4% YoY from 7.99 cents to 8.27 cents.

## Ascott REIT acquired its second property in New York, USA, Sheraton Tribeca New York Hotel, for S\$218.0 million

### Acquisition of Sheraton Tribeca New York Hotel

- In April 2016, Ascott Reit acquired its second property in the high demand and highly contested hospitality market of New York.
- The Property is located in the heart of Tribeca, one of the priciest residential neighbourhoods in Manhattan, and adjacent to SoHo, a premier retail district close to the financial district.



#### Notes:

1. Citadines on Bourke Melbourne and a portfolio of four rental housing properties in Osaka, Japan as acquired on 31 July 2015, Element New York Times Square West as acquired on 19 August 2015 and Sheraton Tribeca New York Hotel as acquired on 29 April 2016.
2. Citadines on Bourke Melbourne, Element New York Times Square West and Sheraton Tribeca New York Hotel.

# Year in Review for FY 2016

Approximately 90% of Ascott Reit's serviced residence properties have undergone, or are undergoing, AEI as at FY2016

- The final phase of refurbishment at Somerset Xu Hui Shanghai and the phased refurbishments at Somerset Ho Chi Minh City and Ascott Makati have been completed in 2016.
- We expect to complete the refurbishments at Citadines Barbican London, Somerset Millennium Makati and Somerset Ho Chi Minh City in 2017.





# Year in Review for FY 2016

## Diversified funding sources by tapping debt capital market in FY 2016

### **Issuance of eight-year fixed rate notes under its S\$1b MTN Programme**

- Successfully raised S\$120m fixed rate notes due 2024 which was subsequently swapped into Euros at an overall effective fixed rate of 2.15% p.a

### **Successfully raised gross proceeds of S\$100m through a private equity placement**

- Proceeds were deployed to finance yield-accretive acquisition in United States of America

### **Entered into a cross currency swap to swap USD into JPY**

- Successfully swapped a USD50.9 million bank loan into JPY at an overall effective interest rate of 0.082%

**Ascott REIT's effective interest rate remained stable at 2.4% p.a. and 82% of its total borrowings on fixed interest rates to hedge against the rising interest rate.**

# Capital and Risk Management



Ascott Raffles Place Singapore



# Capital and Risk Management

## Key Financial Indicators

	As at 31 December 2016	As at 31 December 2015
Gearing	39.8%	39.3%
Interest Cover	4.3X	4.1X
Effective Borrowing Rate	2.4%	2.8%
Total Debts on Fixed Rates	82%	79%
Weighted Avg Debt to Maturity (Years)	4.7	4.6
NAV/Unit	S\$1.33 <sup>1</sup>	S\$1.41
Ascott REIT's Issuer Rating by Moody's	Baa3	Baa3

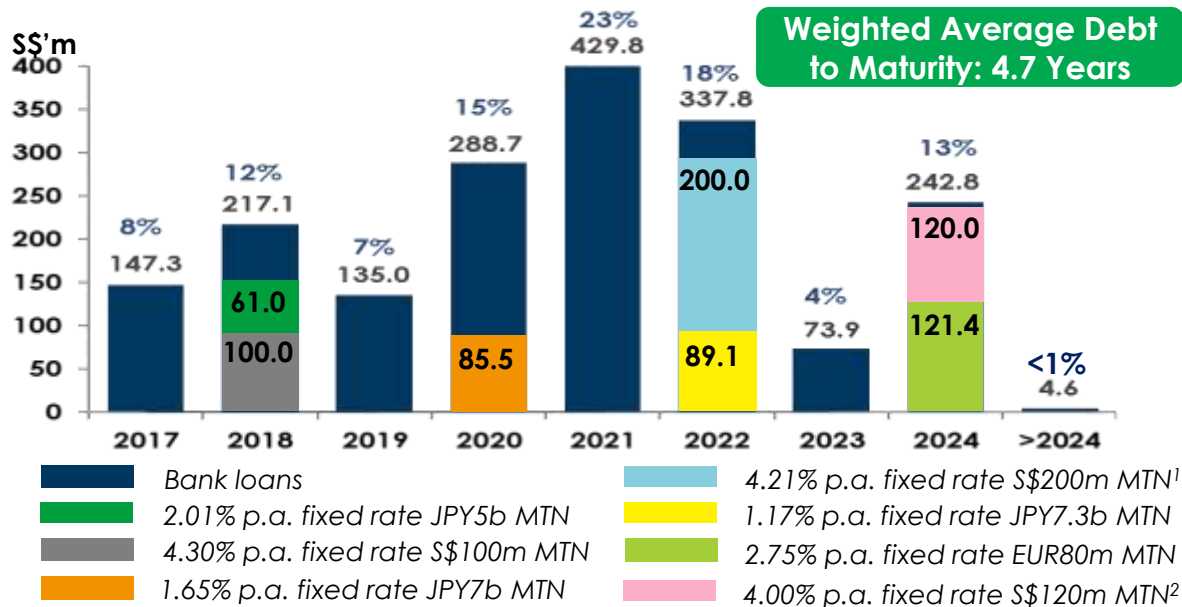
Note:

1. NAV Per Unit adjusted for 2H 2016 distribution payment would be S\$1.29

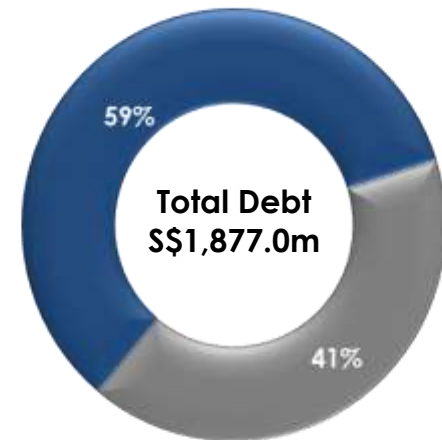
# Capital and Risk Management

## Debt Profile as at 31 December 2016

### Debt Maturity Profile



### By Debt Type



- Bank Loans
- Medium Term Notes ("MTN")

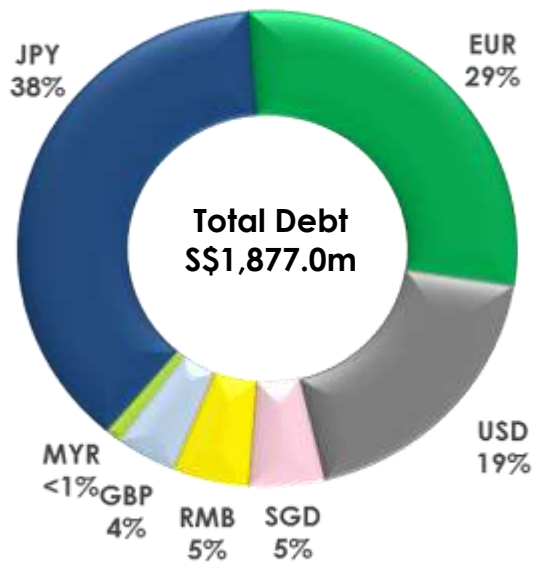
**Ascott REIT seeks to diversify funding sources and secure long-term financing at an optimal cost.**

Notes:

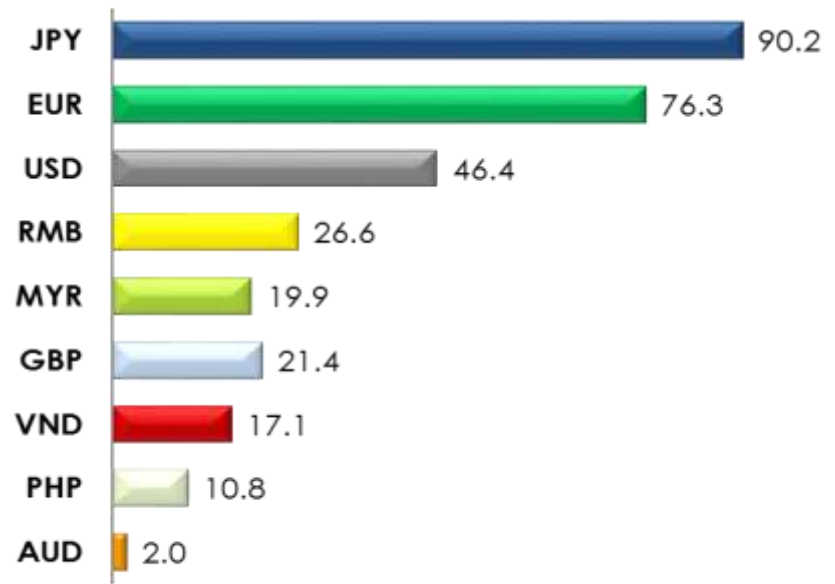
- S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 1.82% p.a. over the same tenure
- S\$ proceeds from the notes have been swapped into Euros at a fixed interest rate of 2.15% p.a. over the same tenure

# Capital and Risk Management

**Debt By Currency (%)**  
As at 31 December 2016



**Balance Sheet Hedging (%)**  
As at 31 December 2016



Ascott REIT adopts a natural hedging strategy to the extent possible.

## Foreign Currency Risk Management

Currency	Gross Profit YTD Dec 2016 (%)	Exchange Rate Movement From 31 Dec 2015 to 31 Dec 2016 (%)
EUR	20.7	3.3
JPY	17.5	2.4
USD	12.7	-2.3
GBP	10.7	-11.2
VND	9.9	-1.6
RMB	8.5	-5.6
AUD	8.4	0.9
SGD	8.0	-
PHP	2.7	-2.8
MYR	0.9	0.6
<b>Total</b>	<b>100.0</b>	<b>-1.0</b>

We have entered into foreign currency forward contracts to hedge distribution income derived in EUR and JPY. On a portfolio basis, approximately 30% of FY 2016 foreign currency distribution income had been hedged.



# Portfolio Information



Ascott Raffles Place Singapore



# Geographical Diversification

Ascott REIT is the most geographically diversified Singapore-listed REIT

## Breakdown of Total Assets by Geography As at 31 December 2016

Key Markets<sup>1</sup> contributed 87.1% of the Group's Gross Profit in FY 2016

Key Markets	87.7%
Japan	16.9%
China	14.4%
Singapore	12.3%
France	10.8%
USA	10.5%
UK	10.0%
Vietnam	6.5%
Australia	6.3%



Rest of the World	12.3%
Philippines	3.6%
Germany	2.6%
Indonesia	2.4%
Spain	1.4%
Belgium	1.2%
Malaysia	1.1%

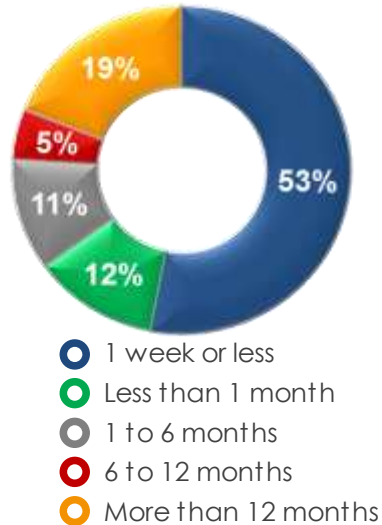
Portfolio diversified across property and economic cycles

Note:

1. Key markets relate to countries that contribute to more than 5% of Ascott REIT's total assets

## Focus on Long Stay Segments

### Breakdown of Apartment Rental Income<sup>1</sup> By Length of Stay



**Average length of stay is about 3.3 months**

Note:

1. For FY 2016; Excluding properties on master leases

# Awards and Accolades

## Clinched highly coveted accolades

### Singapore Corporate Awards 2016

- 'Best Annual Report (Bronze)' for REITs and Business Trust category

### Business Traveller Asia-Pacific Awards 2016

- 'Best Serviced Residence in Asia-Pacific'  
Ascott Raffles Place Singapore

### World Travel Awards 2016

- 'Leading Serviced Apartments'
  - Somerset Grand Hanoi
  - La Clef Louvre Paris
  - Citadines Sainte-Catherine Brussels

SINGAPORE  
CORPORATE  
AWARDS



CELEBRATING THE BEST IN  
CORPORATE GOVERNANCE





# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

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19 April 2017

# Appendix





# Master Leases (FY 2016 vs FY 2015)



La Clef  
Louvre Paris



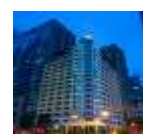
Citadines  
Les Halles Paris



Citadines  
Croisette  
Cannes



Citadines  
Arnulfpark  
Munich



Ascott  
Raffles Place  
Singapore



Quest Sydney  
Olympic Park

	Revenue ('mil)			Gross Profit ('mil)		
	FY 2016	FY 2015		FY 2016	FY 2015	
<b>Australia (AUD)</b> 3 Properties	7.2	6.8	↑	6.8	6.4	↑
<b>France (EUR)</b> 17 Properties	22.9	23.0	↓	21.1	21.2	↓
<b>Germany (EUR)</b> 3 Properties	6.0	5.8	↑	5.5	5.0	↑
<b>Japan (JPY)</b> 1 Property <sup>1</sup>	533.2	695.6	↓	412.9	550.3	↓
<b>Singapore (SGD)</b> Ascott Raffles Place Singapore	8.0	9.3	↓	7.3	7.9	↓

Note:

1. Five rental housing properties in Japan were divested on 30 September 2015



# Management Contracts with Minimum Guaranteed Income (FY 2016 vs FY 2015)

	Revenue ('mil)			Gross Profit ('mil)		
	FY 2016	FY 2015		FY 2016	FY 2015	
<b>Belgium (EUR)</b> 2 Properties	6.5	8.4	↓	1.4	2.2	↓
<b>Spain (EUR)</b> 1 Property	4.9	4.8	↑	2.3	2.2	↑
<b>United Kingdom (GBP)</b> 4 Properties	26.7	27.4	↓	12.6	12.7	↓

In FY 2016, all properties traded above minimum guaranteed income.



# Management Contracts (FY 2016 vs FY 2015)

	Revenue ('mil)			Gross Profit ('mil)			RevPAU		
	FY 2016	FY 2015		FY 2016	FY 2015		FY 2016	FY 2015	
<b>Australia (AUD)</b>	27.5	14.6	↑	11.4	6.2	↑	149	151	↓
<b>China (RMB)</b>	302.1	319.0	↓	90.7	85.5	↑	402	423	↓
<b>Indonesia (USD)</b>	12.4	12.8	↓	4.9	4.7	↑	81	85	↓
<b>Japan (JPY)<sup>1</sup></b>	4,764.6	4,462.1	↑	2,665.4	2,471.1	↑	12,466	12,035	↑
<b>Malaysia (MYR)</b>	18.7	19.3	↓	6.1	4.8	↑	247	254	↓
<b>Philippines (PHP)</b>	733.4	931.6	↓	207.3	314.1	↓	3,632	3,959	↓
<b>Singapore (SGD)</b>	25.2	25.9	↓	10.4	10.2	↑	195	201	↓
<b>United States of America (USD)</b>	57.9	15.7	↑	15.5	5.9	↑	236	279	↓
<b>Vietnam (VND)<sup>2</sup></b>	642.1	633.0	↑	353.8	339.4	↑	1,489	1,539	↓

Notes:

1. RevPAU for Japan refers to serviced residences and excludes rental housing.
2. Revenue and gross profit figures for VND are stated in billions. RevPAU figures are stated in thousands.



Somerset  
Grand Central  
Dalian



Citadines  
Zhuankou  
Wuhan



Citadines  
Gaoxin Xi'an



Somerset  
Heping  
Shenyang



Ascott  
Guangzhou



Somerset Olympic  
Tower Property  
Tianjin



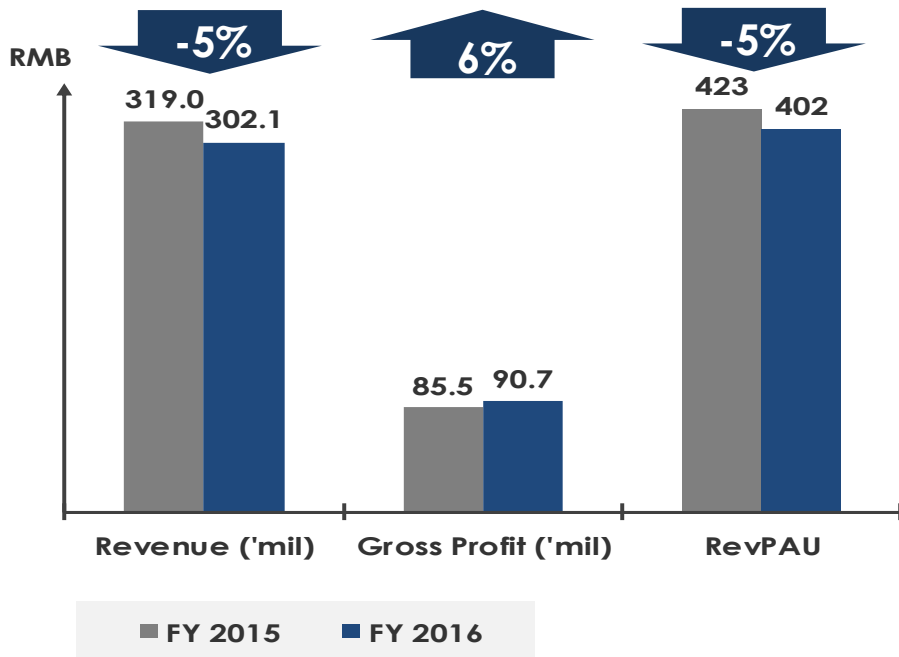
Citadines  
Xinghai  
Suzhou



Citadines  
Biyun  
Shanghai



Somerset Xu  
Hui Shanghai



## Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to weaker demand from project groups and intense competition in the regional cities.
- Gross profit increased due to lower business tax and operating expenses.



Somerset  
Azabu East  
Tokyo



Citadines  
Shinjuku  
Tokyo



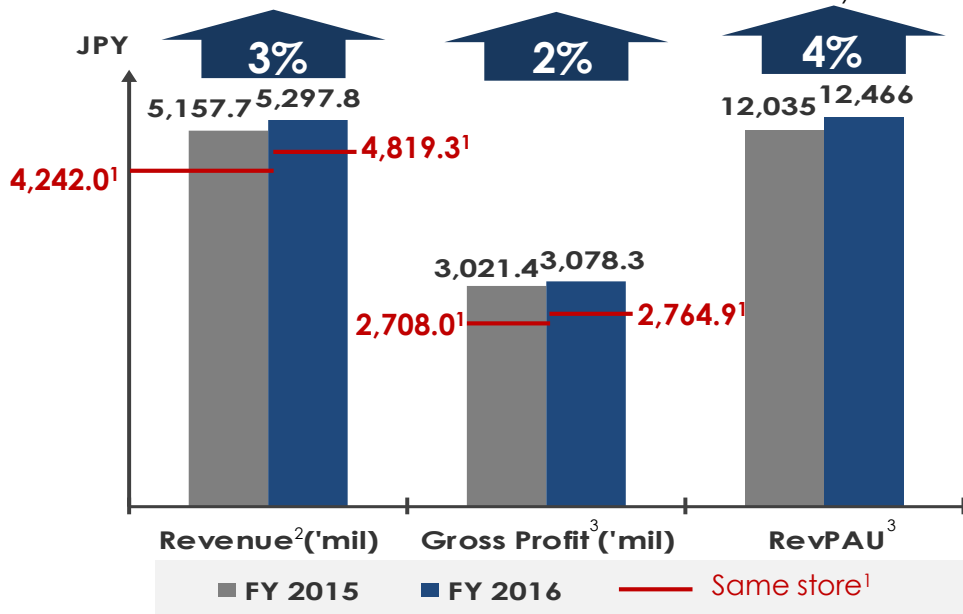
Citadines  
Karasuma-Gojo  
Kyoto



Citadines Central  
Shinjuku Tokyo



29 rental housing  
properties  
in Japan



## Key Market Performance Highlights

- Revenue, gross profit and RevPAU increased due to stronger demand from the leisure sectors.
- Gross profit increased due to higher revenue.
- Occupancy for rental housing properties remained stable at 98% in 4Q 2016.

### Notes:

- Excluding six rental housing properties which were divested on 30 September 2015 and four rental housing properties which were acquired on 31 July 2015.
- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to serviced residences and excludes rental housing properties



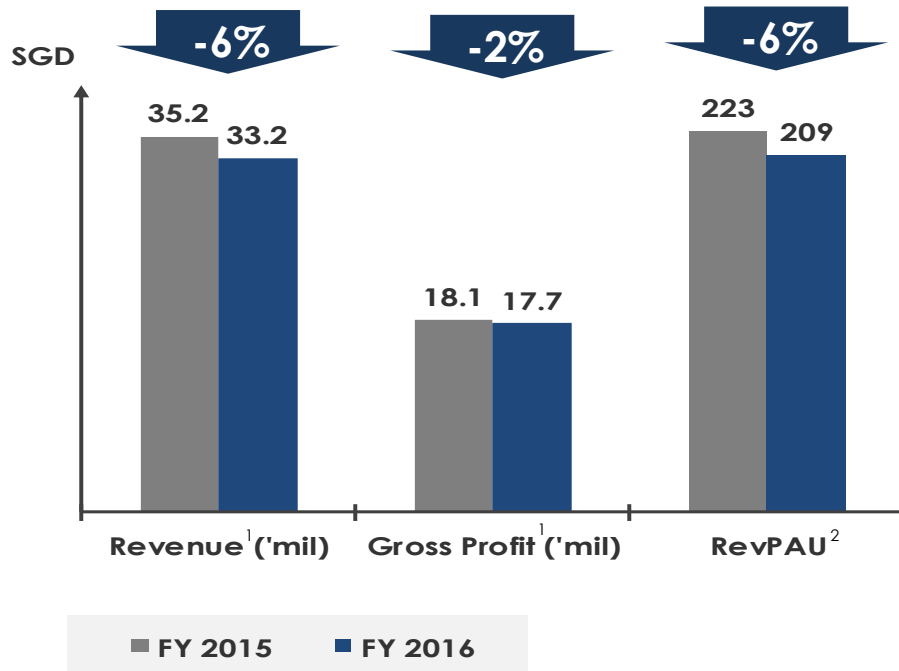
Somerset Liang  
Court Property  
Singapore



Citadines Mount  
Sophia Property  
Singapore



Ascott  
Raffles Place  
Singapore



## Key Market Performance Highlights

- Revenue and RevPAU decreased mainly due to weaker corporate demand.
- Gross profit decreased due to lower revenue, partially offset by non-refundable GST and depreciation expense.

Notes:

- Revenue and gross profit figures above relate to properties under master leases and management contracts
- Includes RevPAU of Ascott Raffles Place Singapore



# United Kingdom



Citadines Barbican London



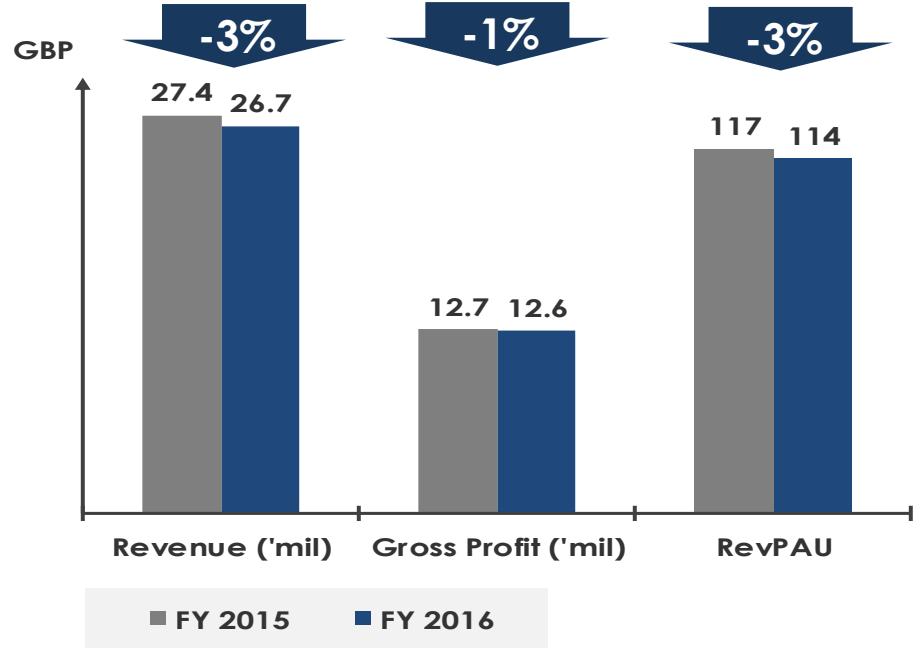
Citadines Holborn-Covent Garden London



Citadines Trafalgar Square London



Citadines South Kensington London



## Key Market Performance Highlights

- Revenue, gross profit and RevPAU decreased mainly due to weaker corporate demand coupled with phased refurbishment at Citadines Barbican London.
- The refurbishment at Citadines Barbican London is expected to be completed in 2Q 2017.



La Clef  
Louvre Paris



Citadines  
Les Halles  
Paris



Citadines  
Croisette  
Cannes



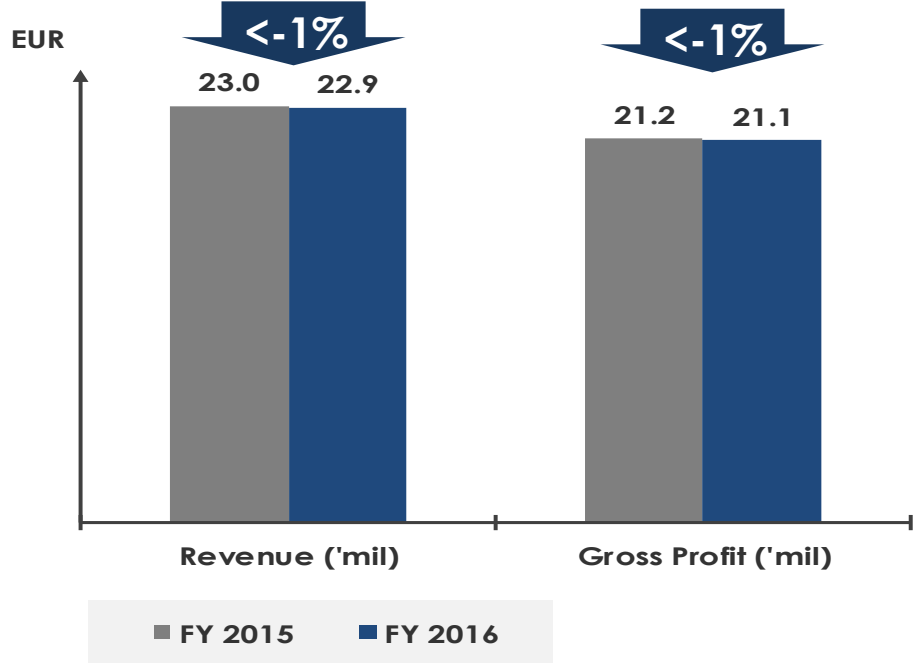
Citadines  
Place d'Italie  
Paris



Citadines  
Tour Eiffel  
Paris



Citadines  
Austerlitz  
Paris



## Key Market Performance Highlights

- All the properties in France are underpinned by master leases hence operational risks are mitigated.
- Revenue and gross profit decreased due to negative indexation.



Somerset Grand Hanoi



Somerset Hoa Binh Hanoi



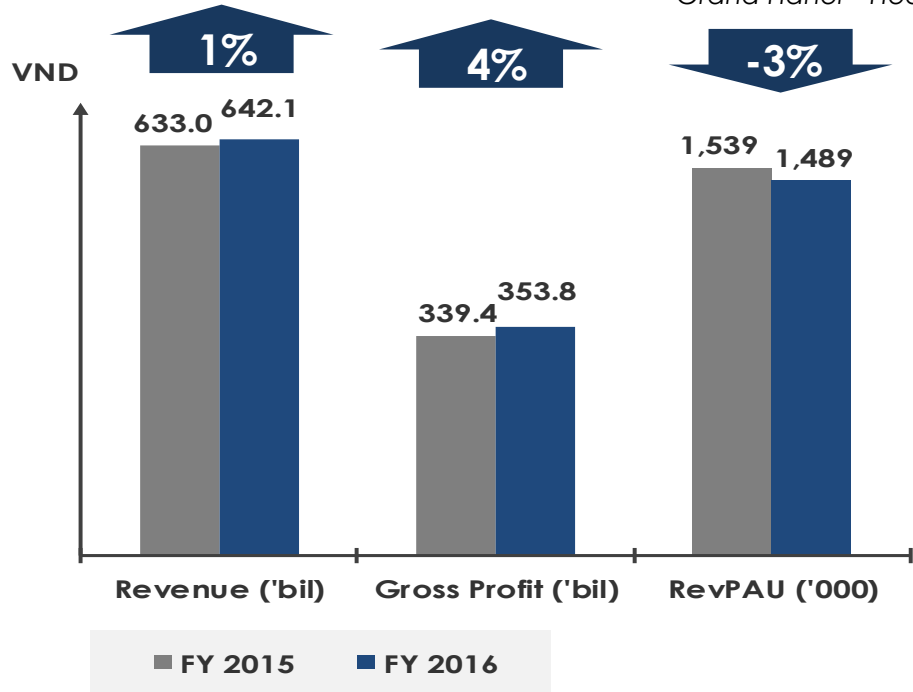
Somerset West Lake Hanoi



Somerset Ho Chi Minh City



Somerset Chancellor Court Ho Chi Minh City



### Key Market Performance Highlights

- Revenue increased mainly due to higher commercial rent. Commercial component achieved almost full occupancy in 4Q 2016. Gross profit increased due to higher revenue and lower depreciation expense.
- RevPAU decreased mainly due to ongoing refurbishment at Somerset Ho Chi Minh City.
- ADR of the refurbished apartment units at Somerset Ho Chi Minh City was uplifted by approximately 26% following the completion of the phased refurbishment in 3Q 2016.



Citadines on Bourke Melbourne



Citadines St Georges Terrace Perth



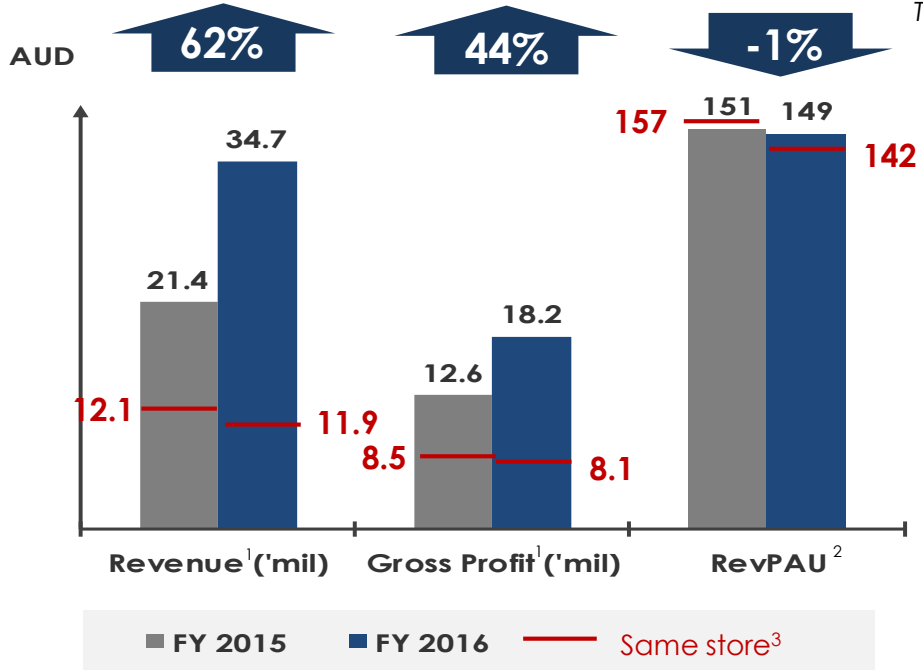
Quest Sydney Olympic Park



Quest Campbelltown



Quest Mascot



## Key Market Performance Highlights

- Revenue and gross profit increased due to contribution from Citadines on Bourke Melbourne and annual rent increment from the Quest properties.
- RevPAU decreased due to weaker market demand in Perth.

Notes:

- Revenue and gross profit figures above relate to properties under master leases and management contracts
- RevPAU relates to Citadines on Bourke Melbourne and Citadines St Georges Terrace Perth only.
- Excluding Citadines on Bourke Melbourne which was acquired in July 2015.



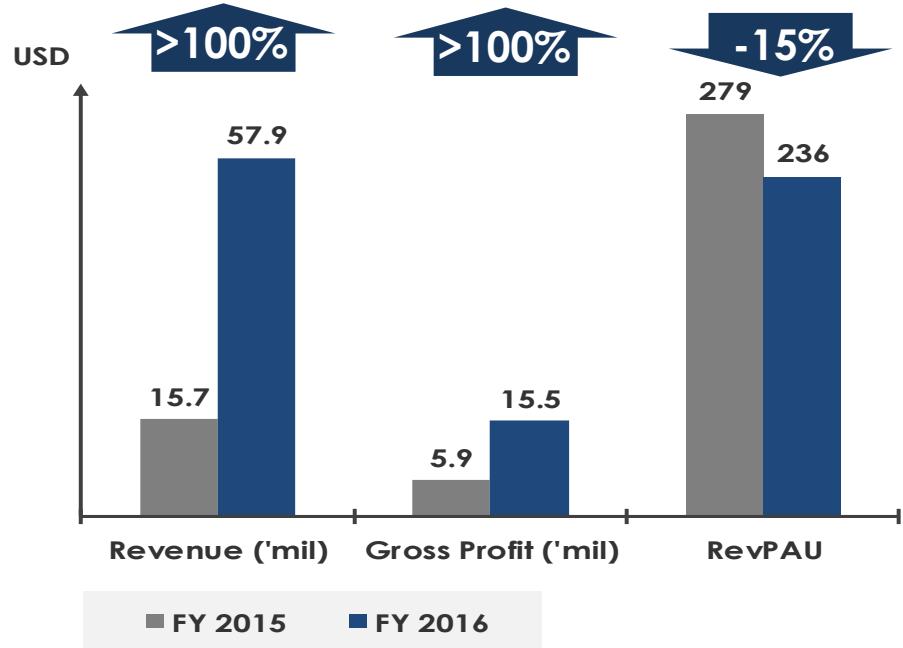
# The United States of America



Sheraton Tribeca  
New York Hotel



Element New York  
Times Square West



## Key Market Performance Highlights

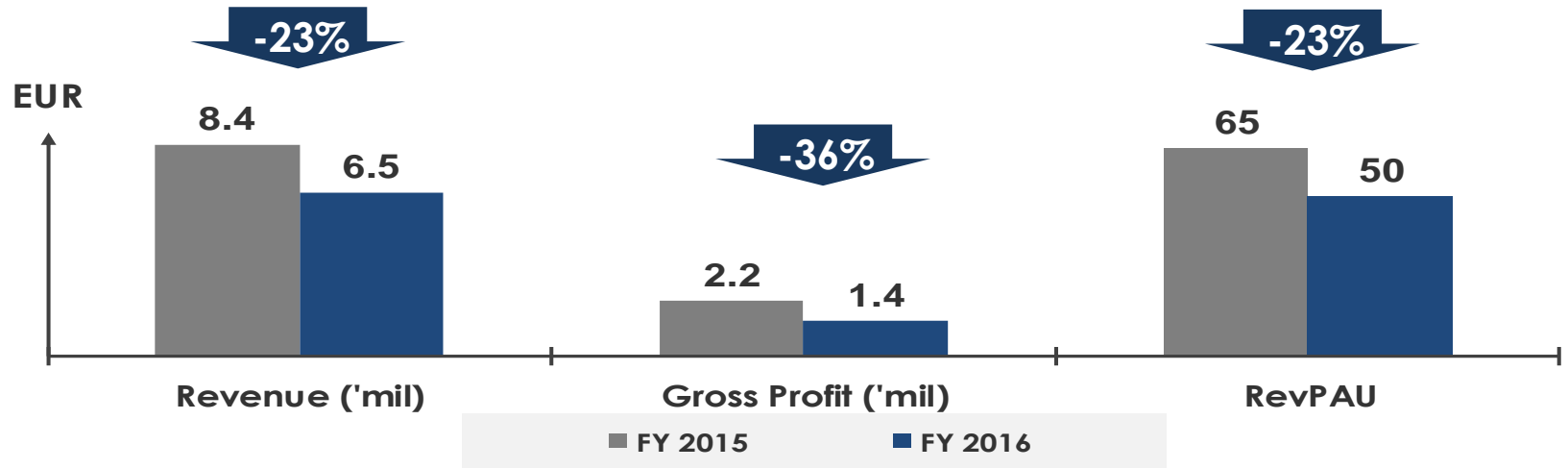
- Revenue and gross profit increased due to the full year contribution from Element New York Times Square West acquired in August 2015 and the acquisition of Sheraton Tribeca New York Hotel in April 2016.
- RevPAU decreased mainly due to lower ADR achieved as a result of keen competition.



Citadines  
Sainte-Catherine  
Brussels



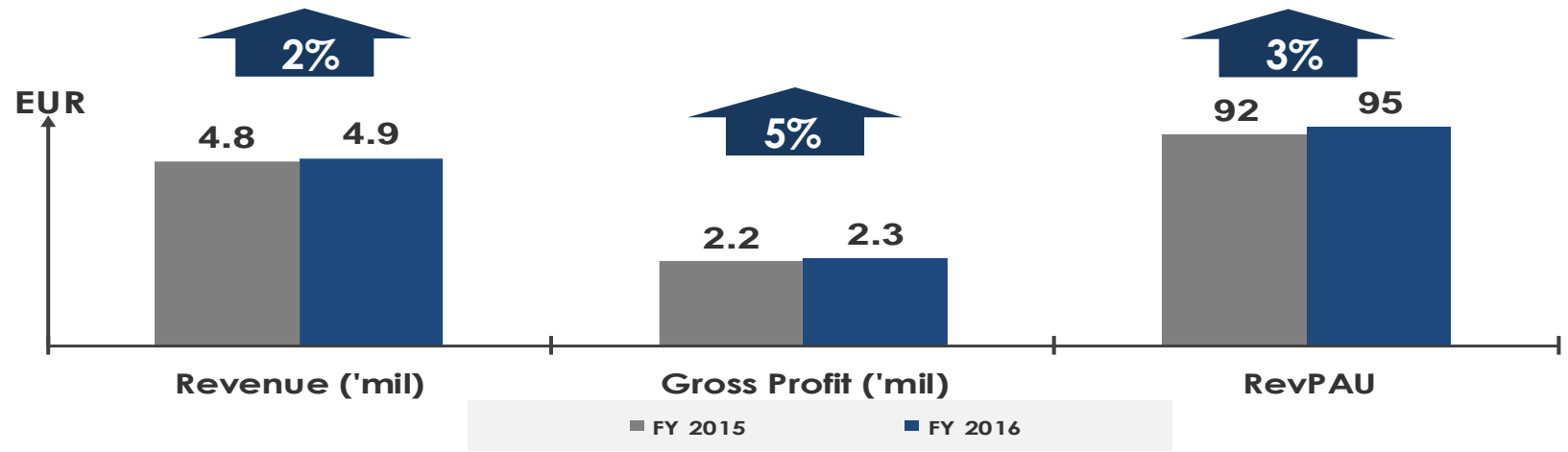
Citadines  
Toison d'Or  
Brussels



Revenue, gross profit and RevPAU decreased mainly due to weaker demand post terror attacks in March 2016.



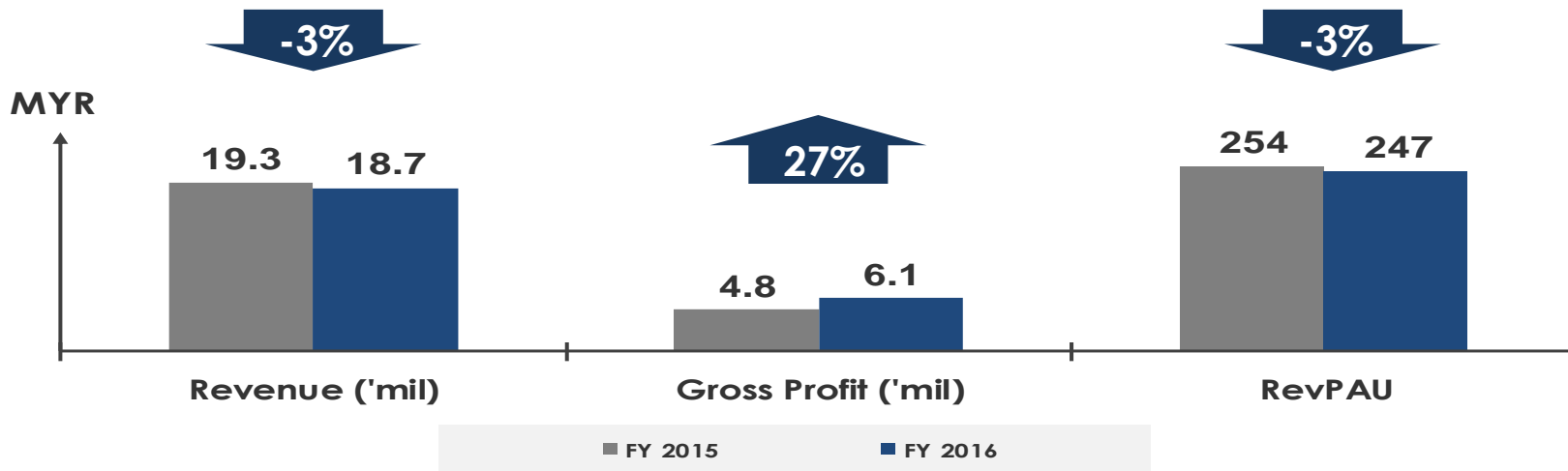
Citadines Ramblas  
Barcelona



Revenue and gross profit increased due to stronger leisure demand.



Somerset Ampang  
Kuala Lumpur



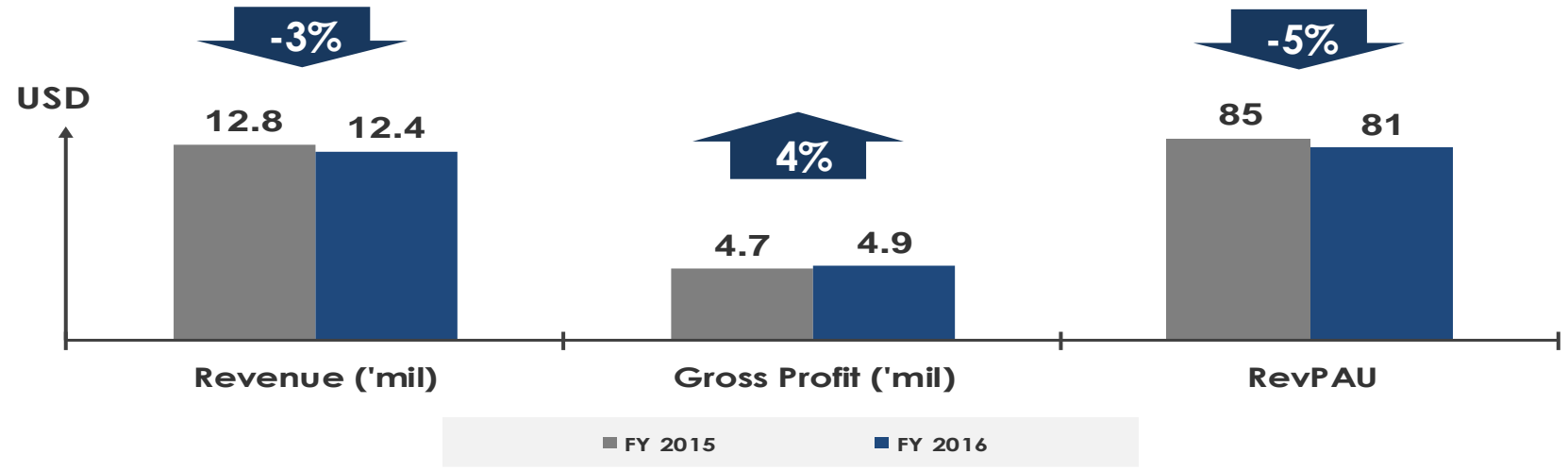
Revenue decreased due to weaker demand from oil and gas industries. Gross profit increased due to lower depreciation expense, partially offset by lower revenue.



Ascott Jakarta



Somerset Grand Citra Jakarta



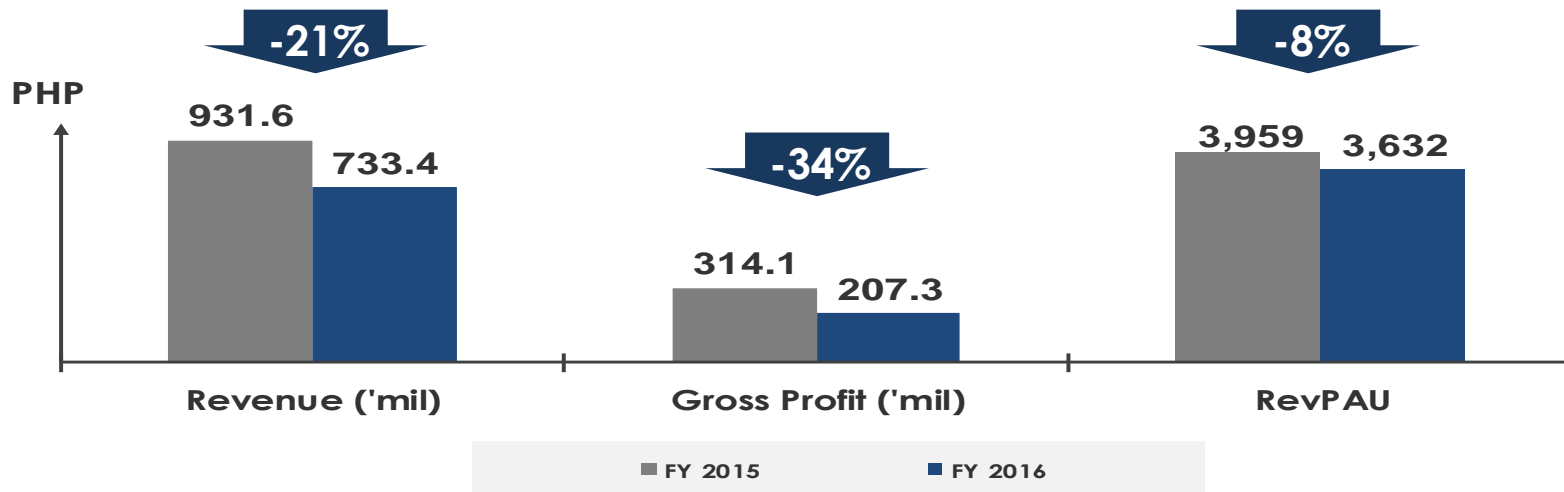
Revenue and RevPAU decreased mainly due to weaker demand from corporate accounts. Gross profit increased due to lower staff costs and reversal of provision no longer required, partially offset by lower revenue.



Ascott Makati



Somerset  
Millennium Makati



Revenue, gross profit and RevPAU decreased mainly due to ongoing refurbishment at Ascott Makati, reduced room inventory at Somerset Millennium Makati and weaker demand from corporate accounts.



# Ongoing Asset Enhancement Initiatives

Properties		Costs	Time Period
1	<b>Somerset Millennium Makati</b> - Renovation of 113 apartment units	US\$1.0m (S\$1.5m)	2Q 2016 to 1Q 2017
2	<b>Somerset Ho Chi Minh City (Phase 3)</b> - Renovation of remaining 72 apartment units	US\$7.8m <sup>1</sup> (S\$11.3m)	4Q 2016 to 1Q 2017
3	<b>Citadines Barbican London</b> - Phased renovation of 129 apartment units	£3.9m (S\$8.3m)	1Q 2017 to 2Q 2017
<b>Total</b>		<b>S\$21.1m</b>	