

# 5<sup>th</sup> Annual General Meeting

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3 July 2017



# Disclaimer

This presentation shall be read in conjunction with A-HTRUST's Annual Report for the financial year ended 31 March 2017 ("FY2016/17"), a copy of which is available on [www.sgx.com](http://www.sgx.com) or [www.a-htrust.com](http://www.a-htrust.com).

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 and foreign exchange rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of average daily room rates and occupancy, 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. Investors are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

**The Australian Dollar, Chinese Renminbi, Japanese Yen and Singapore Dollar are defined herein as "AUD", "RMB", JPY" and "SGD" or "S\$", respectively.**

**Any discrepancies in the figures included herein between the individual amounts and total thereof are due to rounding.**

# Contents



- 1 Year in Review
- 2 Portfolio Improvement
- 3 5-Year Journey





# 1

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## Year in Review

# FY2016/17 Key Highlights

**5.0%**

**DPS y-oy improvement**

**7.0%**

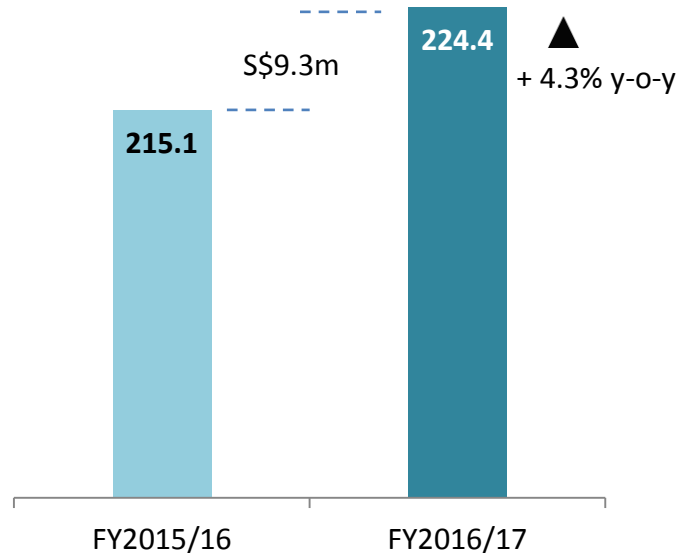
**NAV per stapled security y-oy growth**

**9.1%**

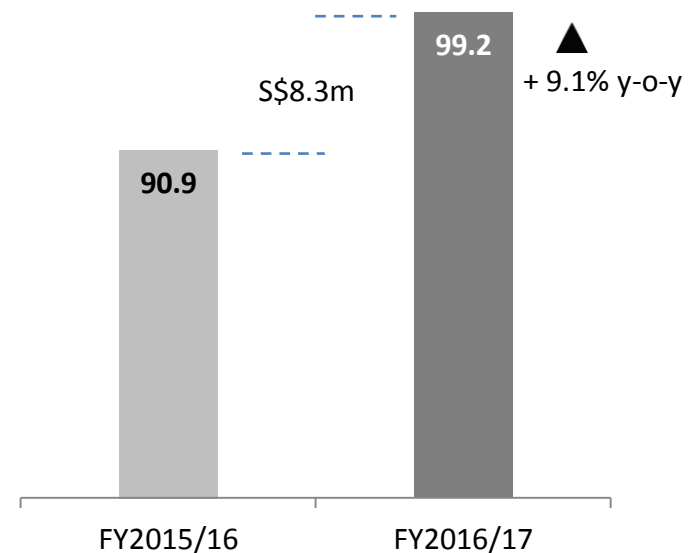
**Net property income y-oy growth**

# FY2016/17 Financial Highlights

**Gross Revenue**  
(S\$ million)



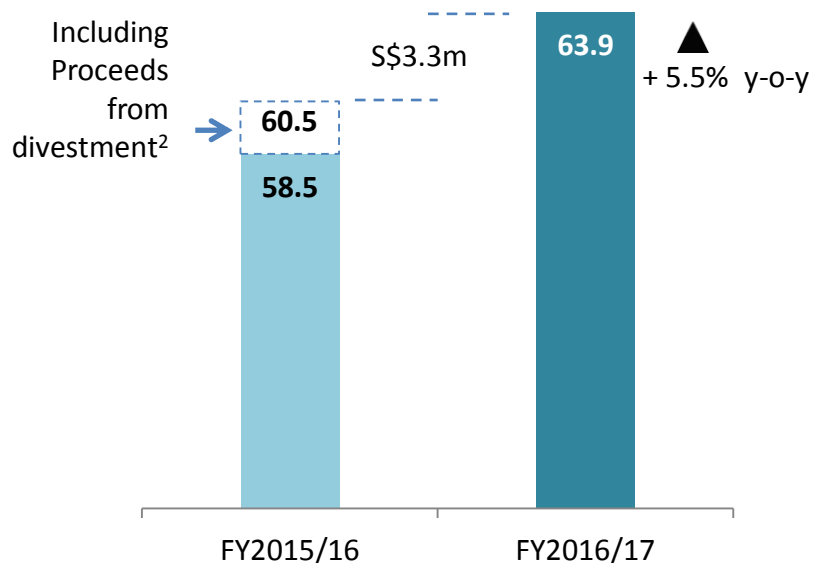
**Net Property Income**  
(S\$ million)



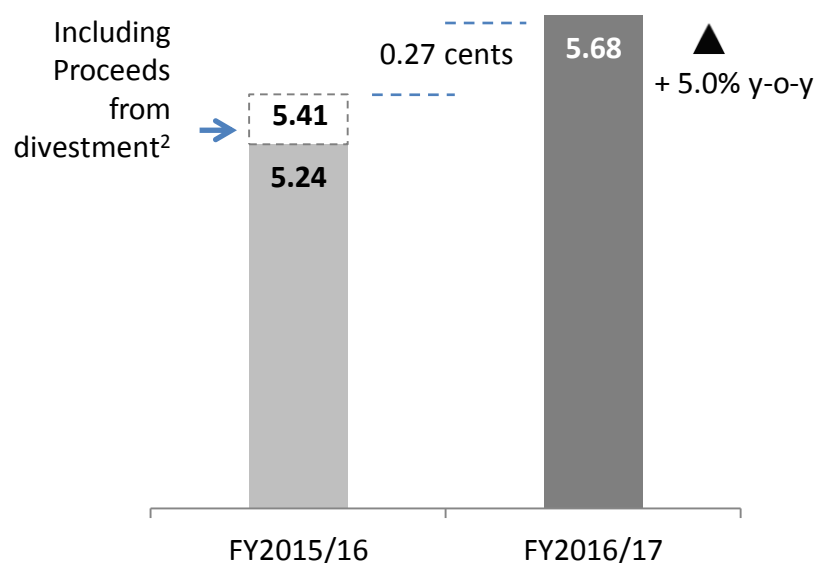
- Overall improvement in underlying portfolio performance drive growth
- Results in SGD term augmented by stronger AUD and JPY, moderated by weaker RMB
- Overall NPI margin improved, driven mainly by the Japan portfolio

# FY2016/17 Financial Highlights

## Distributable Income <sup>1</sup> (S\$ million)



## Distribution per Stapled Security <sup>1</sup> (cents)



- Distributable income improved due to higher net property income and lower net finance cost
- Distributable income and DPS posted growth despite absence of one-off distribution of S\$2.0 million in FY2015/16 from the proceeds of divestment of hotel in Cairns

1. Distributable income and DPS net of retention of income for working capital purposes.
2. Excluding the proceeds from divestment in FY2015/16, the increase in distributable income and DPS for FY2016/17 would have been 9.1% and 8.4% y-o-y, respectively

# FY2016/17 Portfolio Highlights

		AOR <sup>1</sup>	ADR <sup>1</sup>	RevPAR <sup>1</sup>
Management Contract	Australia	84.9% 1.6pp y-o-y growth	AUD 175 0.6% y-o-y growth	AUD 149 2.8% y-o-y growth
	China	85.1% 3.6pp y-o-y growth	RMB 403 1.7% y-o-y decline	RMB 343 2.7% y-o-y growth
Master Lease	Japan <sup>2</sup>	<ul style="list-style-type: none"> <li>Operational statistic applies to Oakwood Apartments Ariake Tokyo only</li> </ul>		JPY 9,892 0.2% y-o-y growth
	Singapore	<ul style="list-style-type: none"> <li>Park Hotel Clarke Quay is on master lease arrangement</li> </ul>		

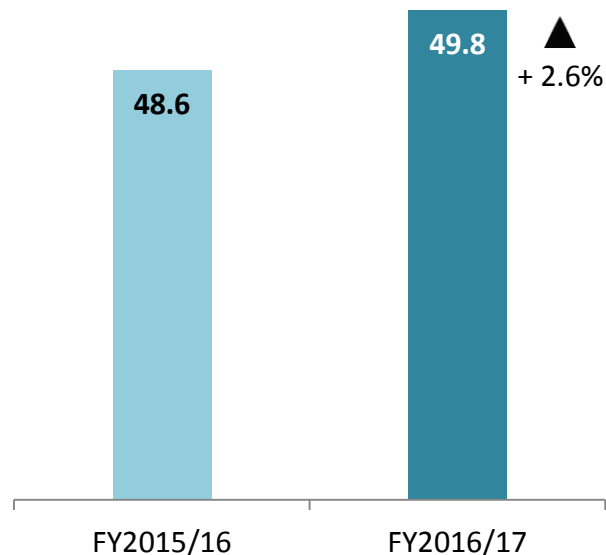
**Notes:**

1. AOR: Average Occupancy Rate; ADR: Average Daily Rate; RevPAR: Revenue per Available Room
2. While Japan portfolio is anchored by master lease arrangements, Oakwood Apartments Ariake Tokyo is on management contract arrangement

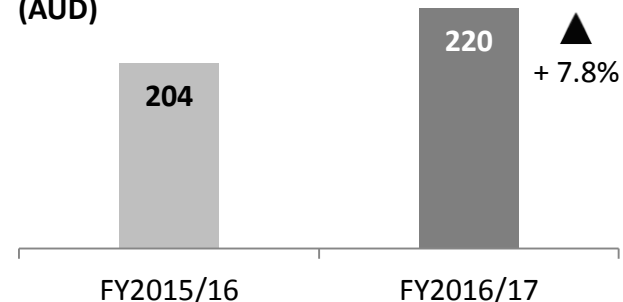


# Australia Portfolio improved despite some headwinds

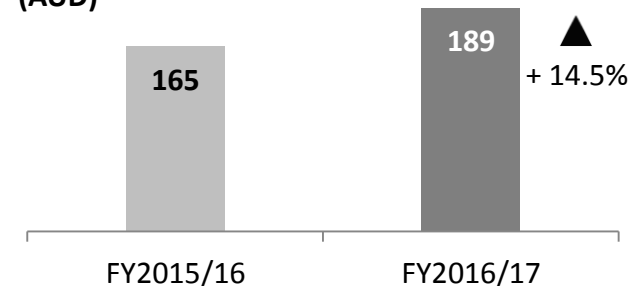
**Net Property Income  
(AUD million)**



**RevPAR (Pullman Sydney Hyde Park)  
(AUD)**



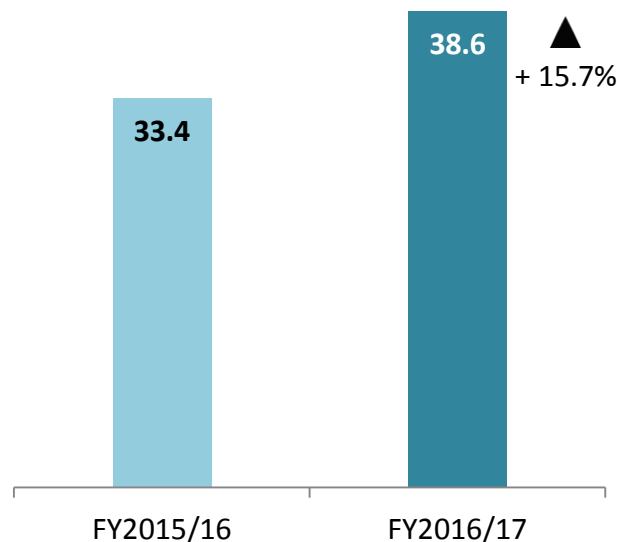
**RevPAR (Novotel Sydney Central)  
(AUD)**



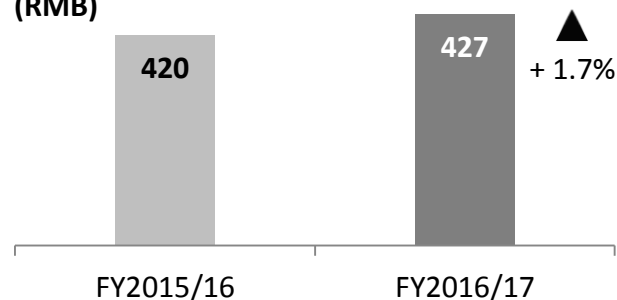
- The two hotels in Sydney city (Pullman Sydney Hyde Park and Novotel Sydney Central) benefitted from vibrant sector, while new aircrew contract and strong conferencing business lifted the performance of hotel in Melbourne
- Hotels in Sydney suburban and Brisbane are affected by increased competition in the vicinity

# Strong public demand benefitted China Portfolio

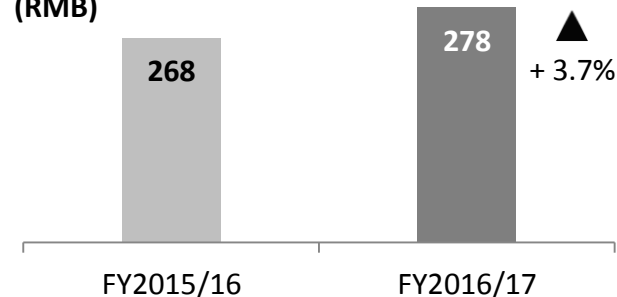
**Net Property Income  
(RMB million)**



**RevPAR (Novotel Beijing Sanyuan)  
(RMB)**



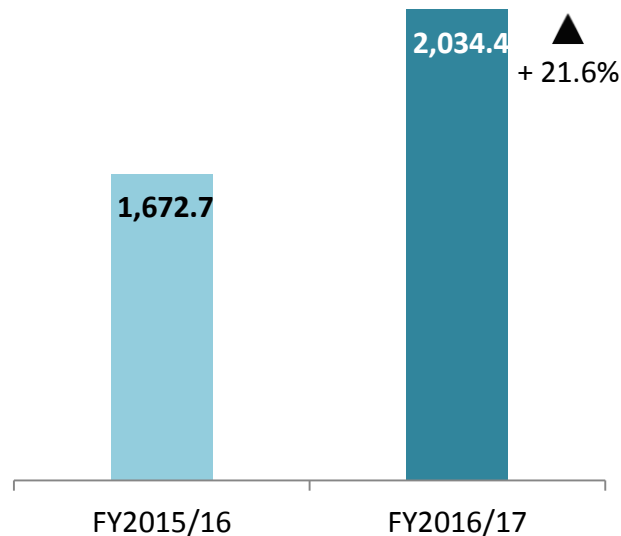
**RevPAR (Ibis Beijing Sanyuan)  
(RMB)**



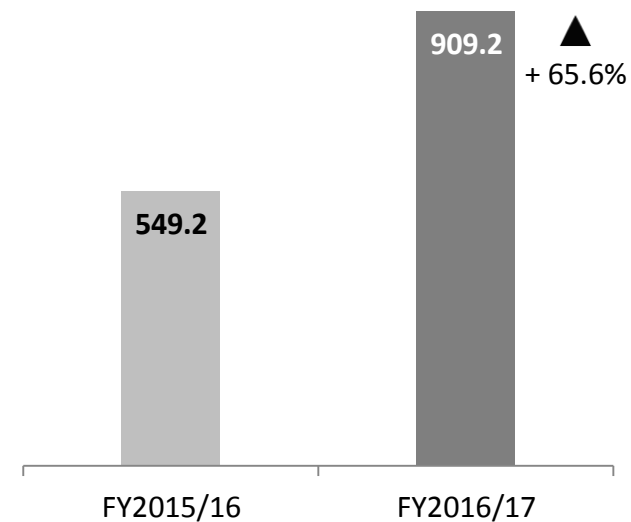
- Both hotels in Beijing benefitted from strong public demand as overall RevPAR for the China portfolio improved by 2.7% y-o-y
- Ibis Beijing Sanyuan saw strong take-up rate from the loyalty program of Huazhu Hotel Group
- Cost efficiency and rental of spaces on ground floor of Ibis Beijing Sanyuan boost margins

# Japan Portfolio growth driven by Osaka Hotel

Net Property Income for Japan Portfolio  
(JPY million)



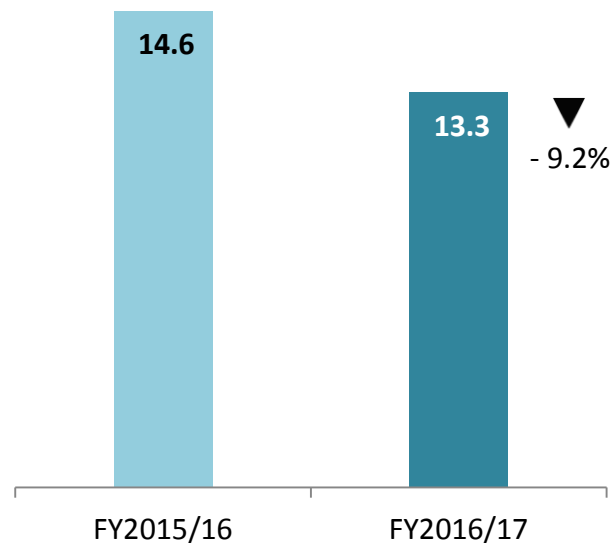
Net Property Income for Hotel Sunroute Osaka  
(JPY million)



- Improvement of Japan portfolio was mainly driven by Hotel Sunroute Osaka Namba where the change in rent structure resulted in the hotel contributing variable rent in FY2016/17
- Compounded by the buoyant hospitality sector in the city, the net property income contributed by the hotel in Osaka grew by 65.6% y-o-y in JPY term

# Soft market condition impacted Singapore Hotel

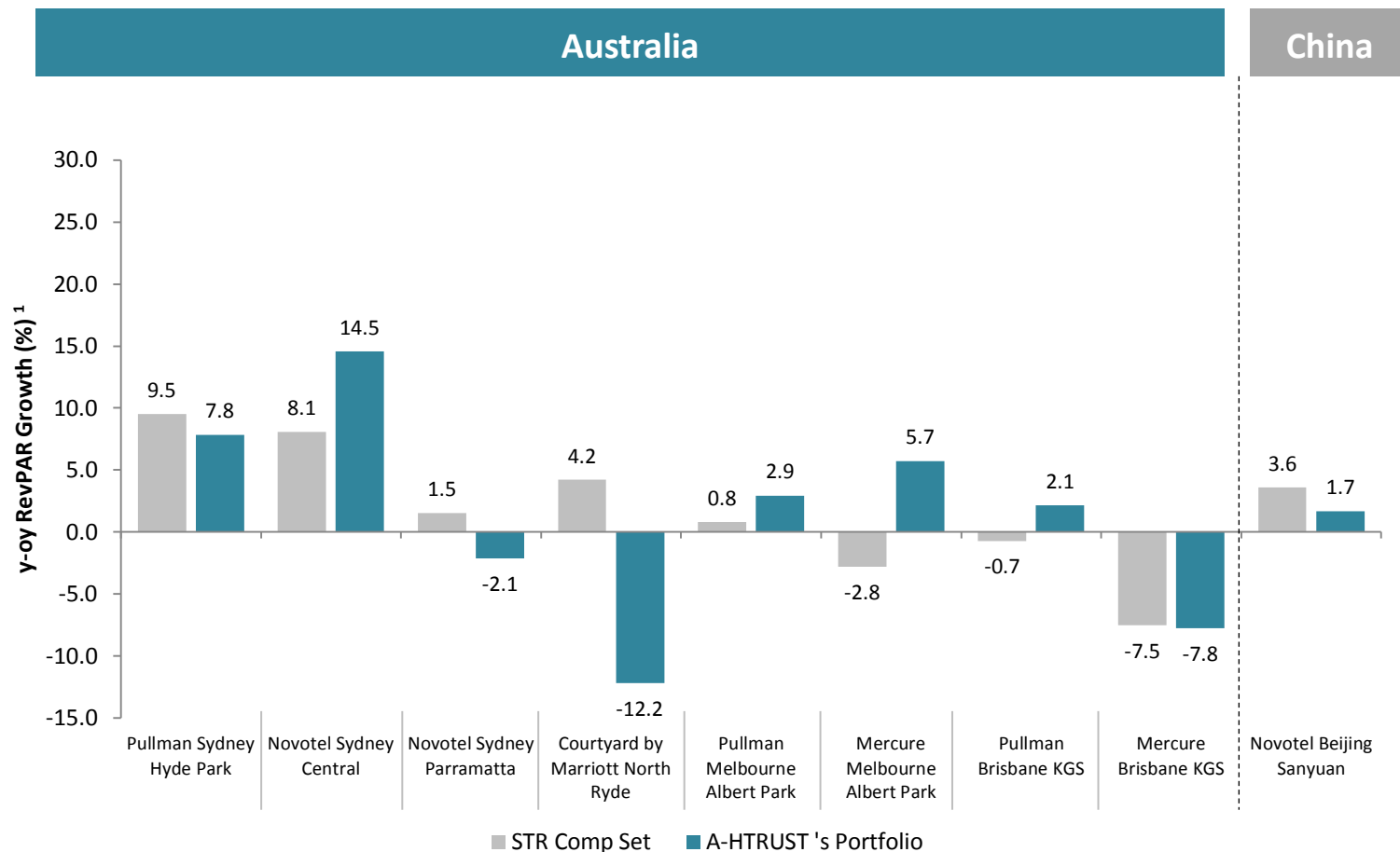
**Net Property Income  
(S\$ million)**



- Contribution from Park Hotel Clarke Quay was affected by the influx of new hotel supply which intensified the competition among hotels for guests
- The competitive environment was further compounded by soft corporate demand due to slower economy

# Performance underpinned by quality portfolio

- ✦ In FY2016/17, majority of our hotels under management contract recorded RevPAR growth



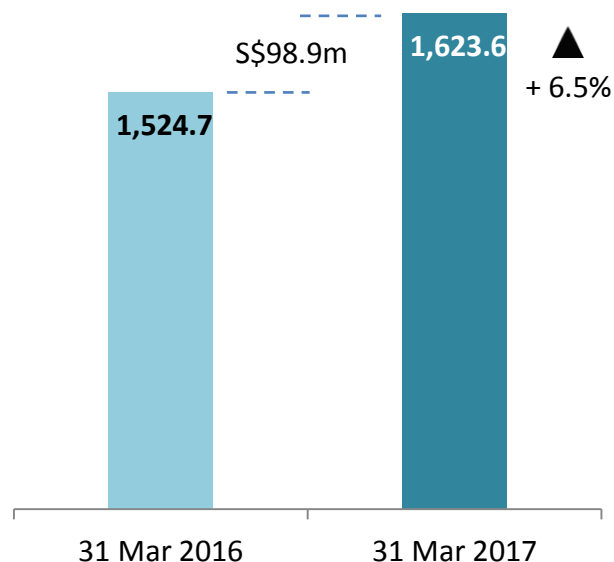
**Note:**

1. Source: STR (Smith Travel Research) Global Report. STR Global Report tracks a hotel's occupancy, ADR and RevPAR performance against its selected comparable competitors. STR Competitive Set ("STR Comp Set") refers to the average performance of the hotel and its competitors.

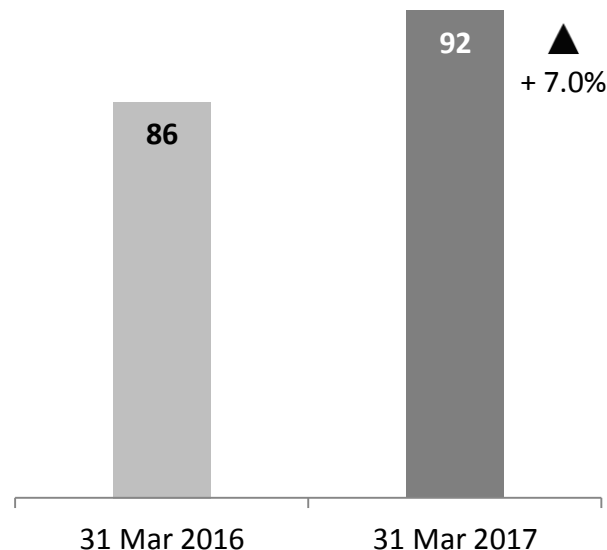


# Quality assets drive valuation growth

**Portfolio Valuation**  
(S\$ million)



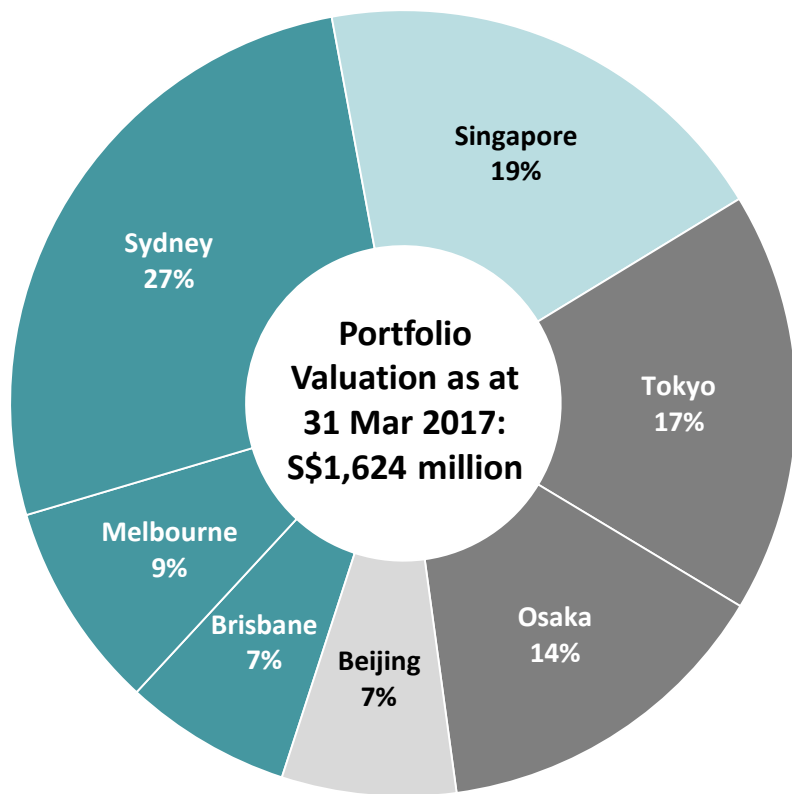
**NAV per Stapled Security**  
(cents)



- Portfolio valuation as at 31 March 2017 grew by S\$98.9 million or 6.5% compared to that of 31 March 2016
- While valuation of Singapore portfolio declined, all 3 overseas portfolios saw growth in valuation
- As a result of the growth in portfolio valuation, net asset value per stapled security increased to 92 cents, up by 7.0% y-o-y

# Well diversified portfolio

✦ Well diversified portfolio mitigates concentration risk in any single location



## AUSTRALIA

42%

Pullman Sydney Hyde Park	10%
Novotel Sydney Central	10%
Novotel Sydney Parramatta	3%
Courtyard by Marriott Sydney - North Ryde	3%
Pullman and Mercure Melbourne Albert Park	9%
Pullman and Mercure Brisbane King George Square	7%

## CHINA

7%

Novotel Beijing Sanyuan	3%
Ibis Beijing Sanyuan	4%

## JAPAN

32%

Hotel Sunroute Ariake & Oakwood Apartments Ariake Tokyo	17%
Hotel Sunroute Osaka Namba	14%

## SINGAPORE

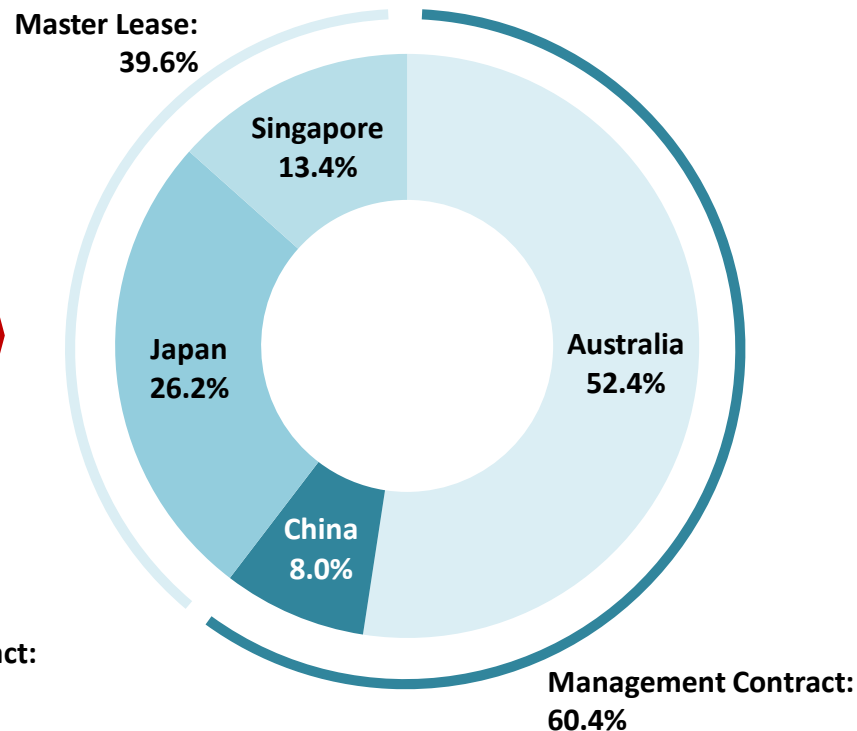
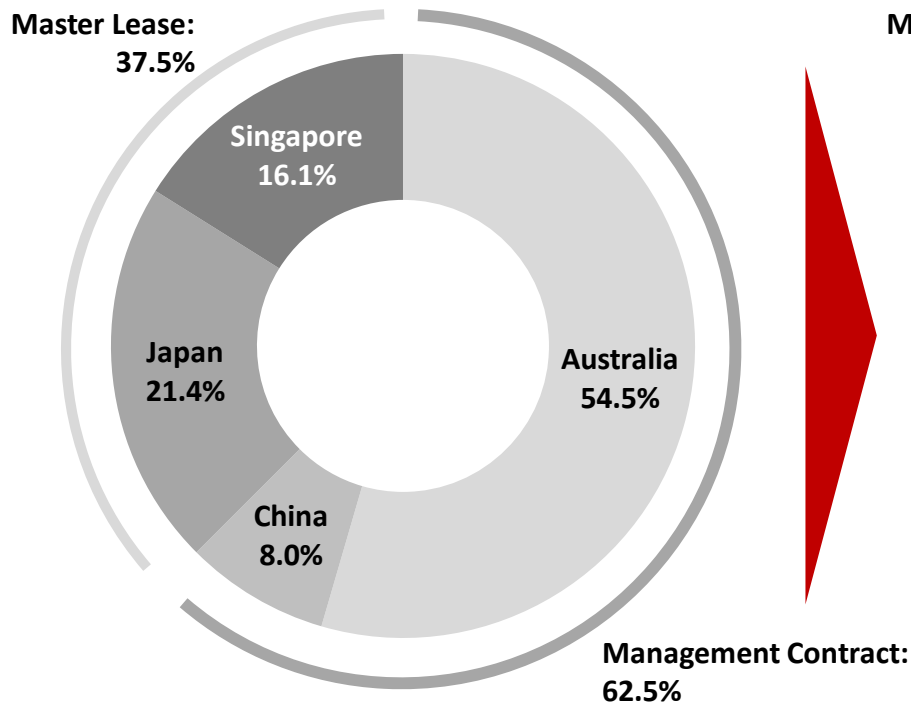
19%

Park Hotel Clarke Quay	19%
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# Increased contribution from Hotels under master leases

FY2015/16 Net Property Income

FY2016/17 Net Property Income



- Proportion of income from portfolio under master lease arrangement increase due to higher contribution from Japan portfolio

# Healthy balance sheet with prudent gearing level

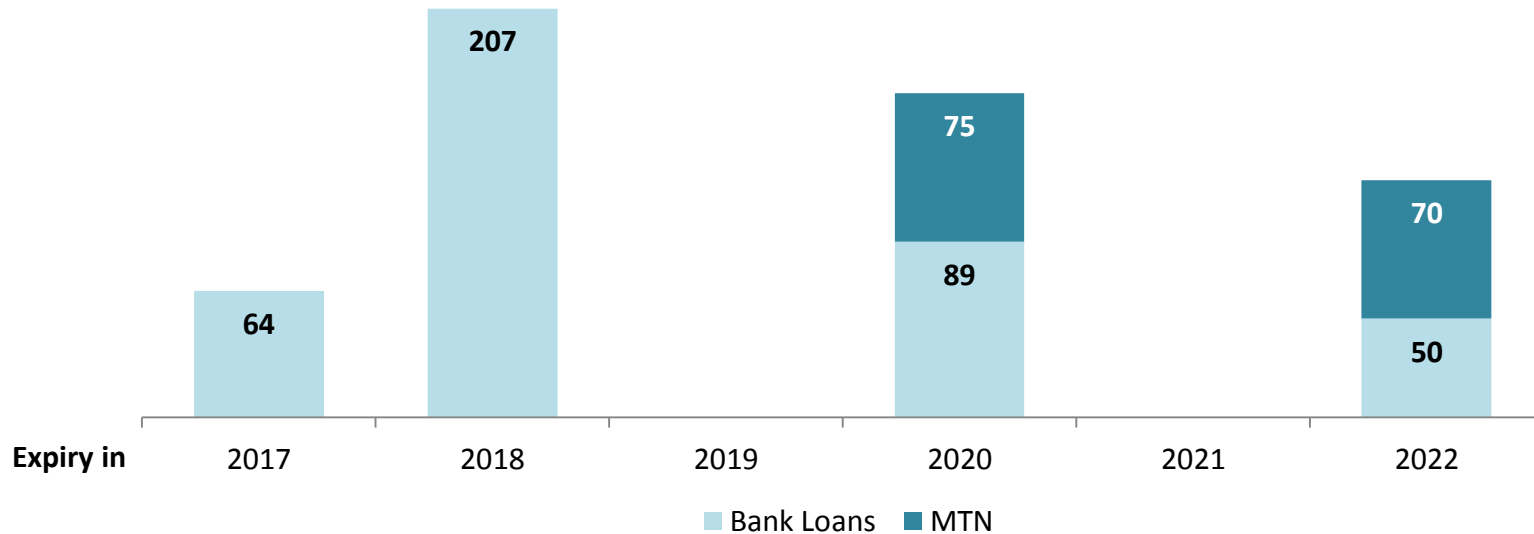
	As at 31 March 2016	As at 31 March 2017
Borrowings	S\$533.3 million	S\$555.2 million
Total Assets	S\$1,631.9 million	S\$1,725.9 million
A-HTRUST Gearing <sup>1</sup>	32.7%	32.2%
- A-HREIT Gearing	25.8%	25.6%
- A-HBT Gearing	36.5%	35.7%
Weighted average interest rate	3.4%	2.9%
Weighted average debt to maturity	2.6 years	2.8 years
Net asset value per stapled security	S\$0.86	S\$0.92

**Note:**

1. Gearing is computed based on total debt over total assets

# Debt maturity well spread out

**Debt Profile**  
(S\$ million)

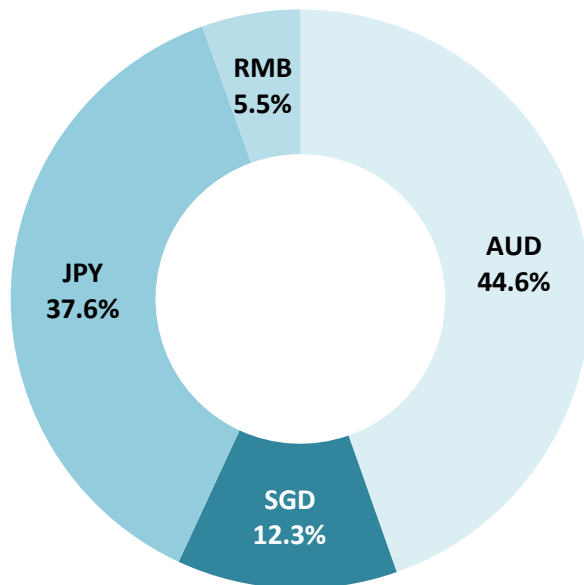


- In September 2016, A-HTRUST issued its second series of notes from its MTN program amounting to S\$70 million with an interest rate of 3.325% per annum on a 6-year tenor
- In January 2017, A-HTRUST entered into a new S\$60 million term loan facility and a S\$30 million revolving credit facility
- The proceeds from the notes and term loan facility was substantially drawn down for refinancing purposes where the loans were refinanced at lower cost



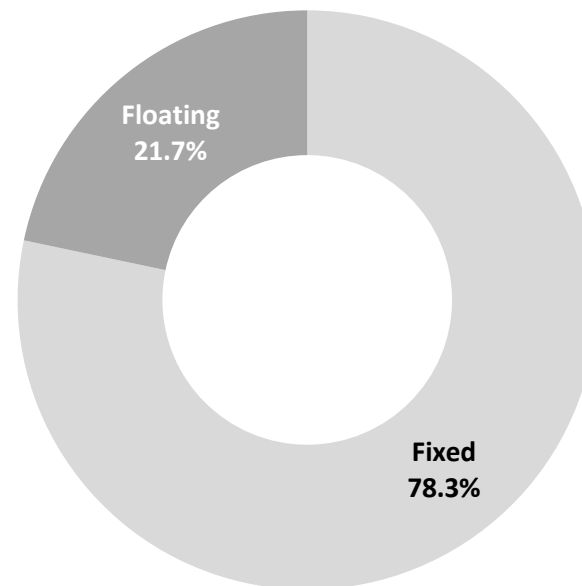
# Prudent Capital Management

## Debt Currency Profile



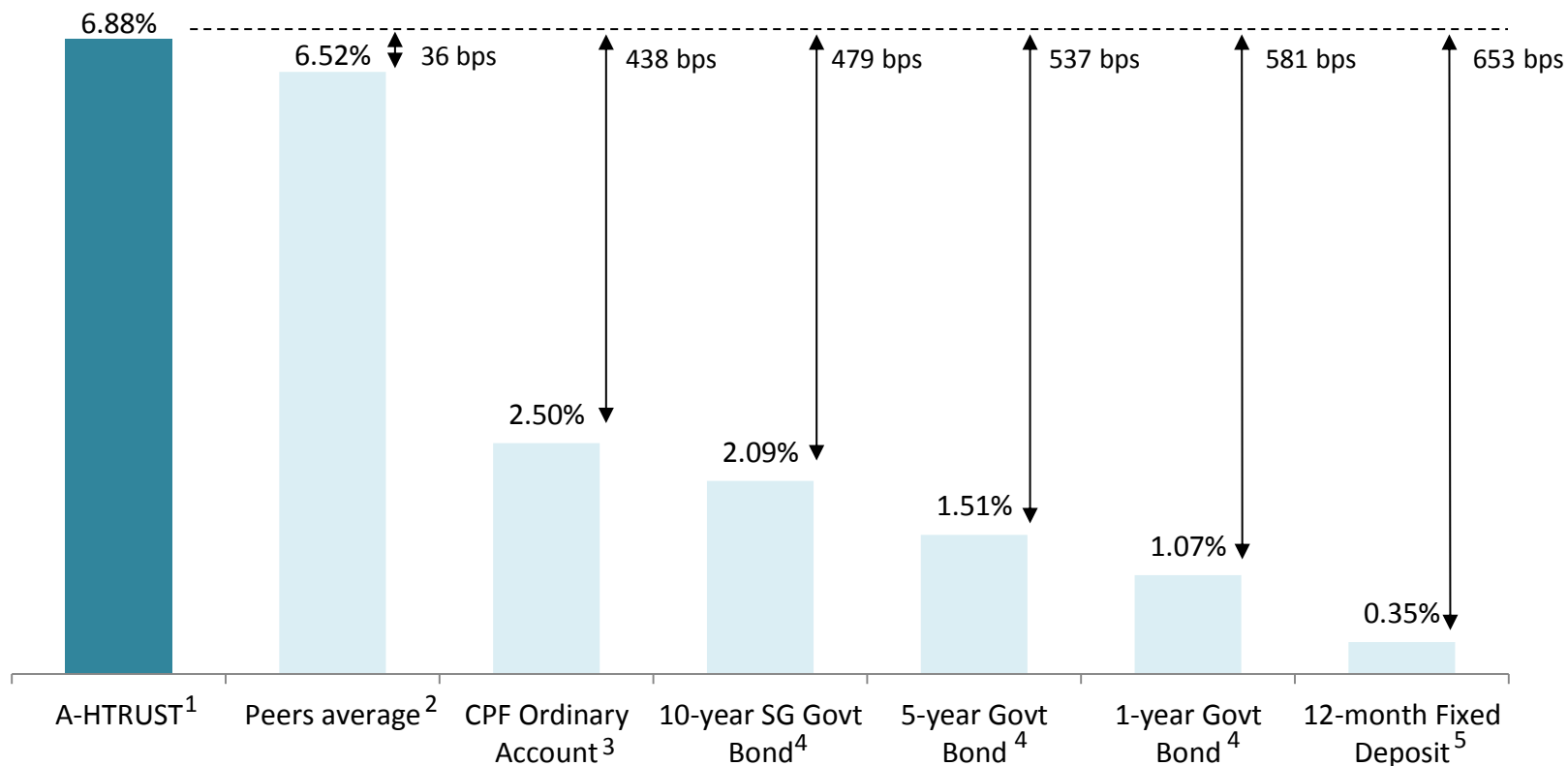
- To the extent possible, borrowings are matched to the same currency as assets so as to achieve natural currency hedge

## Interest Rate Profile



- 78.3 % of total borrowings are on fixed-rate to minimise exposure to interest rate volatility and impact on distribution

# Competitive Yield Spread

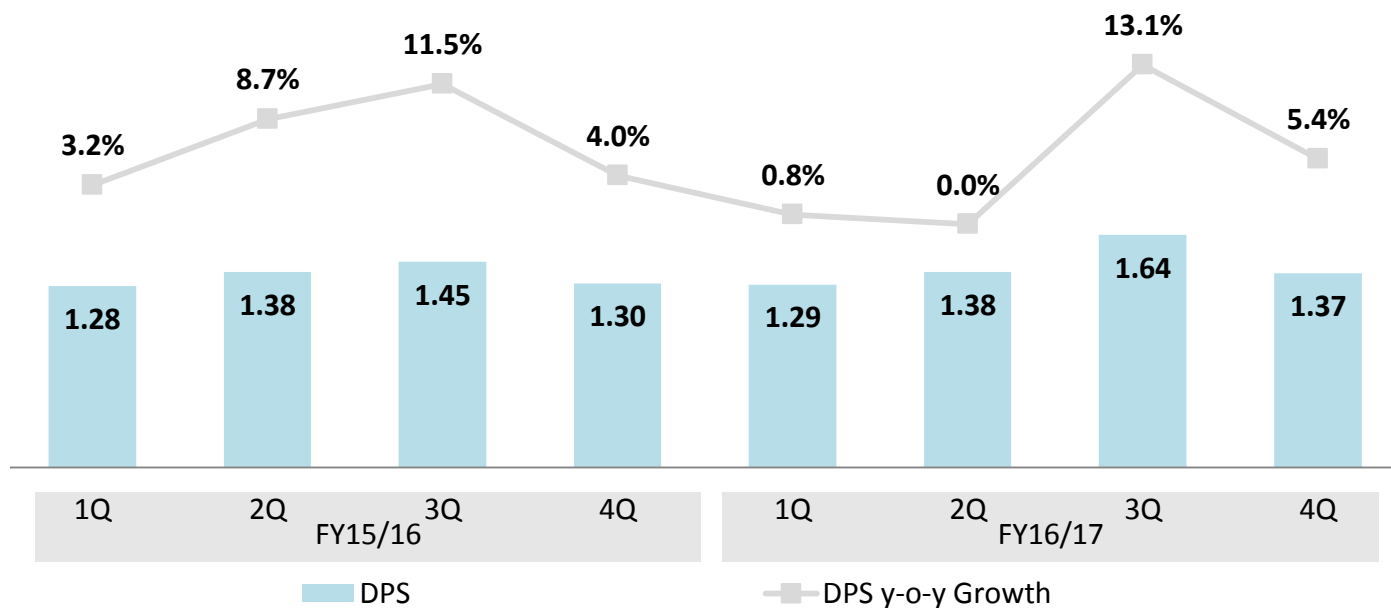


## Notes:

1. Based on DPS of 5.68 cents for FY2016/17 and closing price of stapled security as at 30 June 2017
2. Based on past 12 months yields as at 30 June 2017. Source: Bloomberg
3. Based on interest paid for ordinary account of 2.5% per annum from 1 July 2017 to 30 September 2017 as stipulated in CPF website. Source: website of CPF ([www.cpf.gov.sg](http://www.cpf.gov.sg))
4. Based on prices as at 30 June 2017. Source: website of Singapore Government Securities ([www.sgs.gov.sg](http://www.sgs.gov.sg))
5. Highest of the fixed deposit per annum rates offered by the three local banks for 12-month deposit of less than S\$1.0 million as at 30 June 2017. Source: website of the respective banks

# Consistent Performance

DPS (cents) /  
DPS y-o-y growth (%)

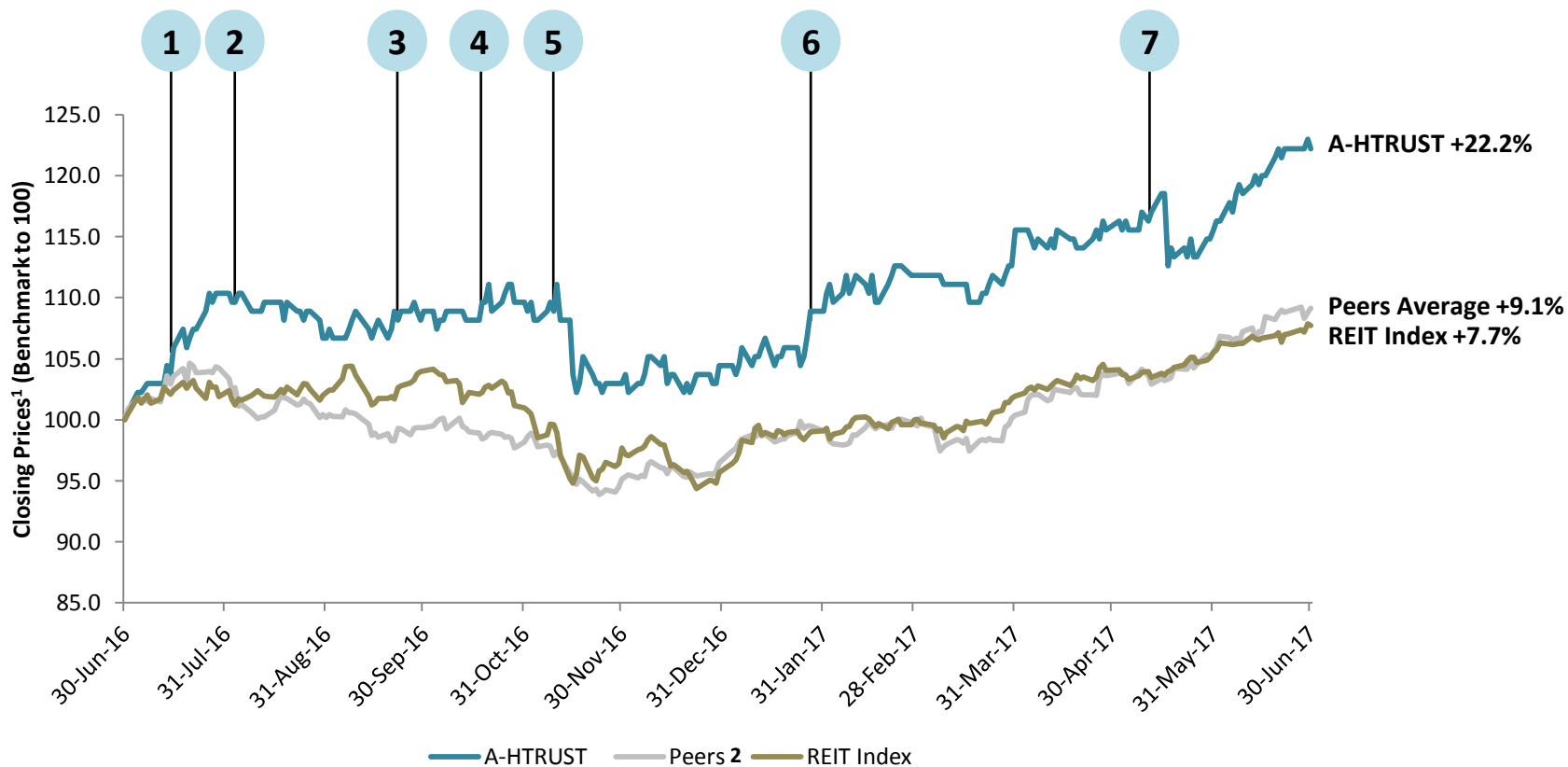


- Over the past 2 years, A-HTRUST achieved y-o-y DPS growth for 7 out of the 8 quarters
- Average annual return of 16% for the period 1 April 2015 to 31 March 2017 <sup>1</sup>

**Note:**

1. Computed based on opening price on 1 April 2015 and closing price on 31 March 2017, and taking into account the DPS of 5.41 cents and 5.68 cents for FY2015/16 and FY2016/17, respectively

# Trading price performance over last 12 months



**1** **15 Jul 2016**  
Appointment of new Directors; Mr Miguel Ko and Mr Chia Kim Huat

**2** **4 Aug 2016**  
Q1FY2016/17 Results; DPS up 0.8% y-o-y

**3** **23 Sep 2016**  
Issuance of S\$70m stapled notes

**4** **18 Oct 2016**  
Appoint operator for Shama Luxe Aurora Melbourne Central

**5** **9 Nov 2016**  
Q2FY2016/17 Results; DPS y-o-y flat

**6** **26 Jan 2017**  
Q3FY2016/17 Results; DPS up 13.1% y-o-y

**7** **11 May 2017**  
Q4FY2016/17 Results; DPS up 5.4% y-o-y

**Notes:**

1. Source: ShareInvestor.com
2. Refers to other hospitality trusts listed on the SGX



# 2

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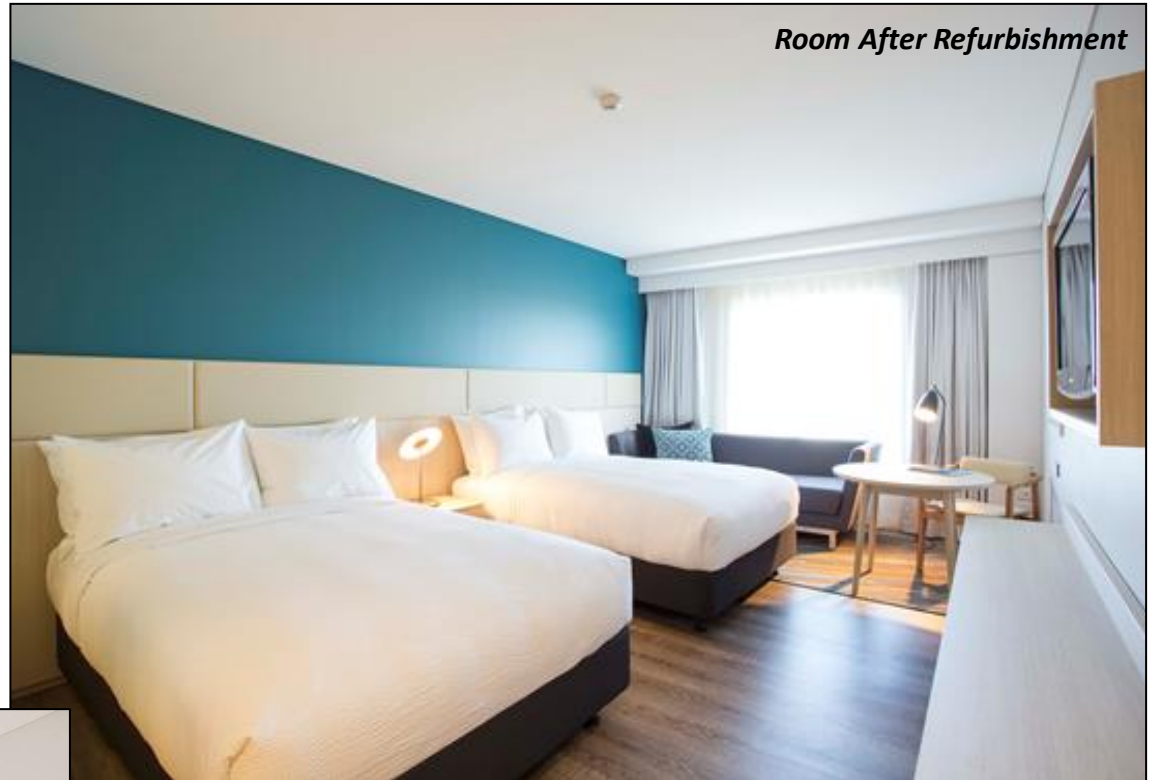
## Portfolio Improvement



# Courtyard by Marriott Sydney-North Ryde

- ✘ During the year, all the 196 rooms in Courtyard by Marriott Sydney-North Ryde were refurbished to refresh the product offering.

- ✘ The flooring and furnishings in the rooms were replaced, and the rooms are now decked out with stylish furnishings, creating a chic yet cosy atmosphere.



- ✘ This can allow the hotel to compete better in the longer term, which is especially important given the increased competition within its vicinity

# Pullman and Mercure Brisbane King George Square

- ✦ Previously an under-utilised space which was used to hold private events, the rooftop of the hotel has been converted into a rooftop bar
- ✦ Named “Sixteen Antlers”, the stylishly renovated bar is located on the 16th floor of the Mercure Tower and offers a picturesque view of Brisbane skyline



- ✦ Since its opening, the bar has been a hit with the young professionals and received rave reviews from local media
- ✦ The bar creates an additional income stream to the hotel as the Managers seek to fulfil the earning potential of the asset
- ✦ ROI for the eight months of operation is 89%

# Shama Luxe Aurora Melbourne Central



*Aurora Melbourne Central (Artist's Impression)*

- ✦ In October 2016, A-HTRUST appointed ONYX Hospitality Group (“ONYX”) as operator for the serviced apartment, which will be operated under “Shama Luxe” brand and named as “Shama Luxe Aurora Melbourne Central”
- ✦ ONYX is a leading Asian hotel management company and with a strong track record in the operation of serviced apartments and hotels as well as a wide distribution network
- ✦ Early appointment of the operator ensure that the operator can provide their inputs during the early stage of planning with regard to the design and technical aspects of the serviced apartments
- ✦ The development is expected to be completed by second half of 2019 and the development is on schedule based on the current progress



# Park Hotel Clarke Quay



- ✦ The restaurant in Park Hotel Clarke Quay underwent a complete overhaul to refresh the F&B offering in the hotel.
- ✦ The restaurant was renamed “Porta” and now boasts an elegant interior that exudes colonial Singapore charm to create a unique dining experience.
- ✦ Through the refurbishment, the hotel seeks to attract more patrons and bolsters its earning potential.



# Pullman and Mercure Brisbane King George Square

- ✦ During the year, the hotel commenced renovation of the Mercure rooms to refresh the product and enhance the competitiveness of the hotel.
- ✦ Given the excellent location of the hotel and its comprehensive conferencing facilities, the refreshed Mercure rooms will add another dimension in offering a quality accommodation product to the market
- ✦ The renovation, which is carried out in phases, is expected to be completed before end 2017



*Room After Refurbishment*



*Room Before Refurbishment*



# FY2017/18 Plans

- ✘ In FY2017/18, Hotel Sunroute Ariake and Pullman Sydney Hyde Park will undergo renovation.
  - ✘ All the rooms in Hotel Sunroute Ariake will be refurbished to improve its competitiveness
  - ✘ 66 rooms in Pullman Sydney Hyde Park will be upgraded as the hotel seeks to capture higher yielding segments.





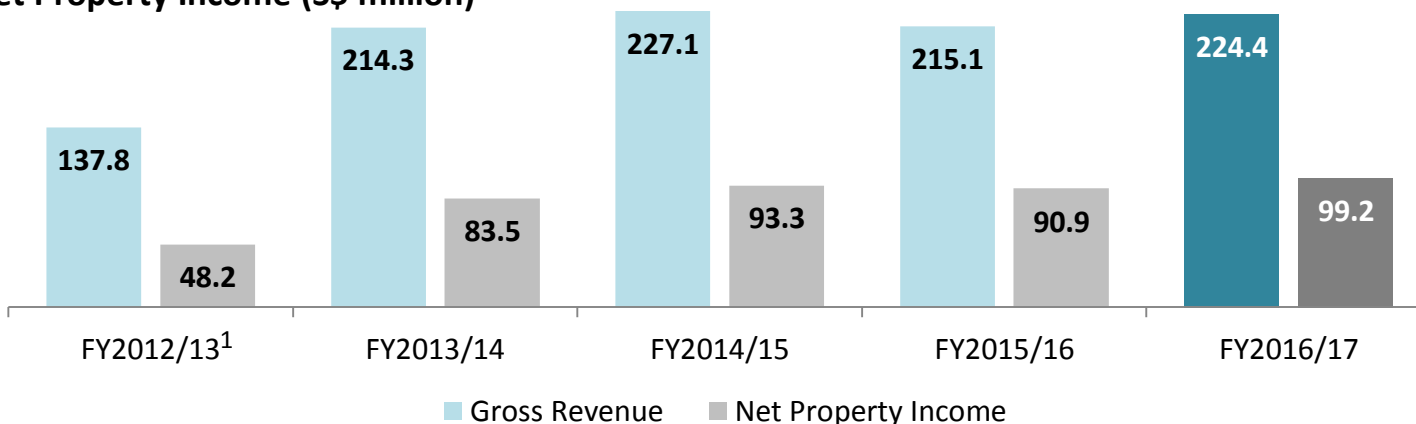
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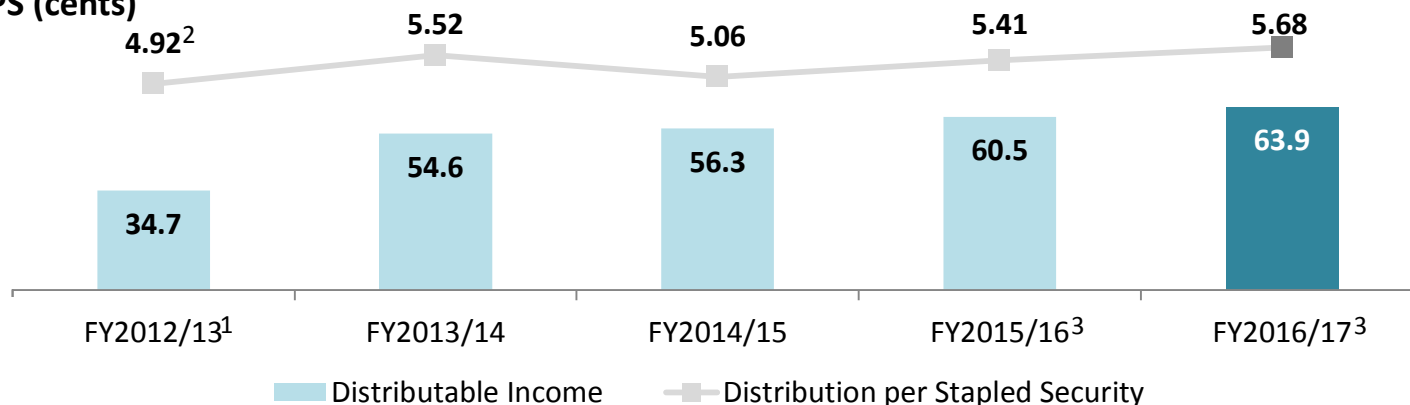
## 5-Year Journey

# Performance over the past 5 years

Gross Revenue (\$ million) /  
Net Property Income (\$ million)



Distributable Income (\$ million) /  
DPS (cents)



1. FY2012/13 is for the financial period from 13 March 2012 (date of constitution) to 31 March 2013. A-HTRUST was dormant from 13 March 2012 to 26 July 2012.
2. Including the waiver of sponsor distribution of \$3.5 million. Excluding the waiver, DPS would be 4.31 cents.
3. Distributable income and DPS net of retention of income of 5% for working capital purposes.



# Steady portfolio growth over the last 5 years



**June 2013**

- Acquired Park Hotel Clarke Quay for S\$300m
- Sizeable asset helped stabilised FX



**April 2014**

- Acquired Hotel Sunroute Osaka Namba for JPY8.9b
- Valued at JPY18.3b as at 31 March 2017



**June 2015**

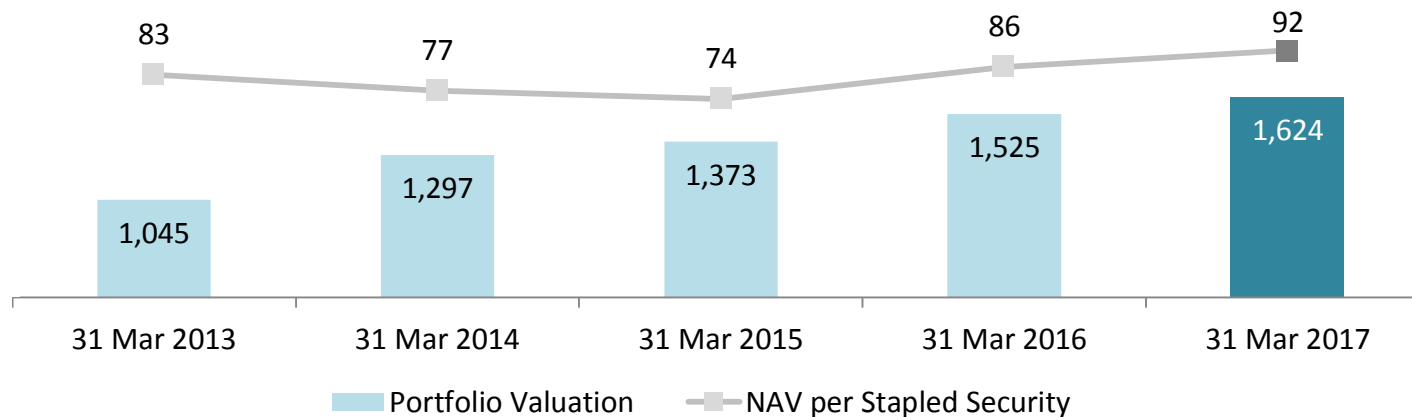
- Divested Pullman Cairns Int'l for AUD75m
- Sale price was 27% higher than valuation as at IPO



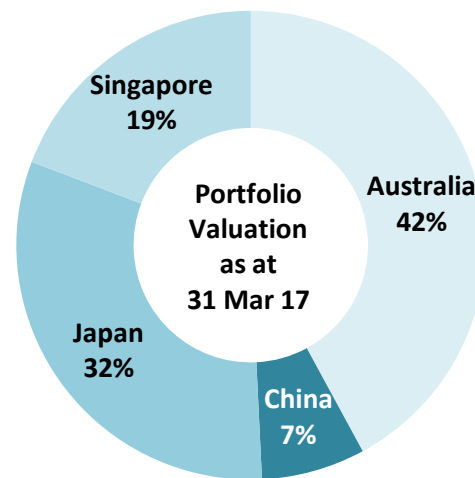
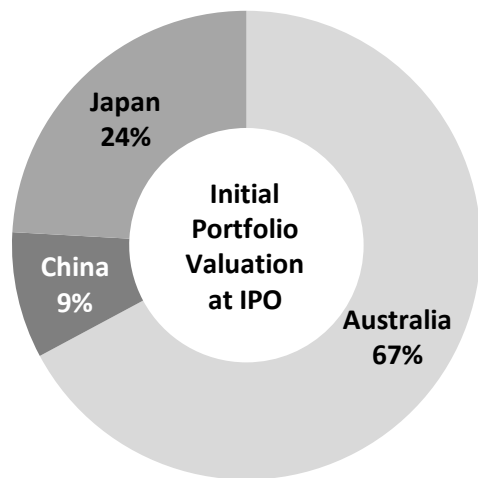
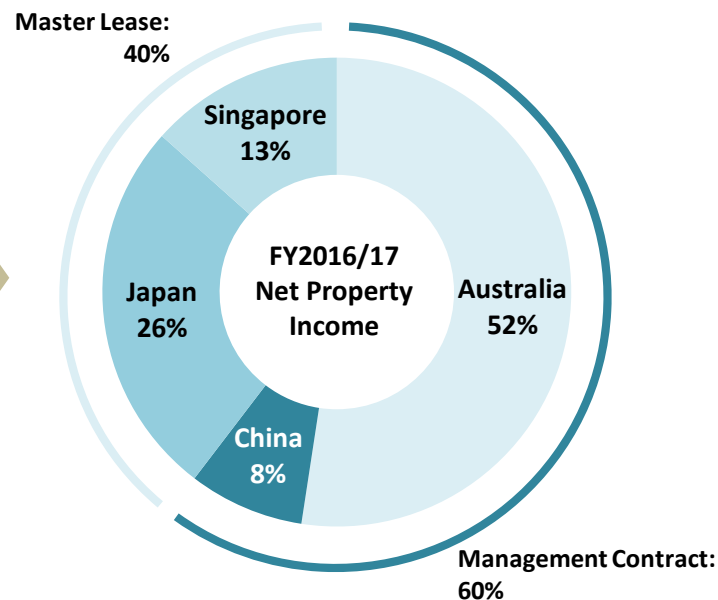
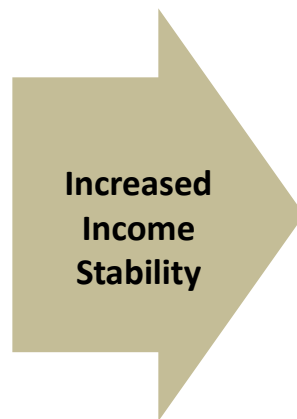
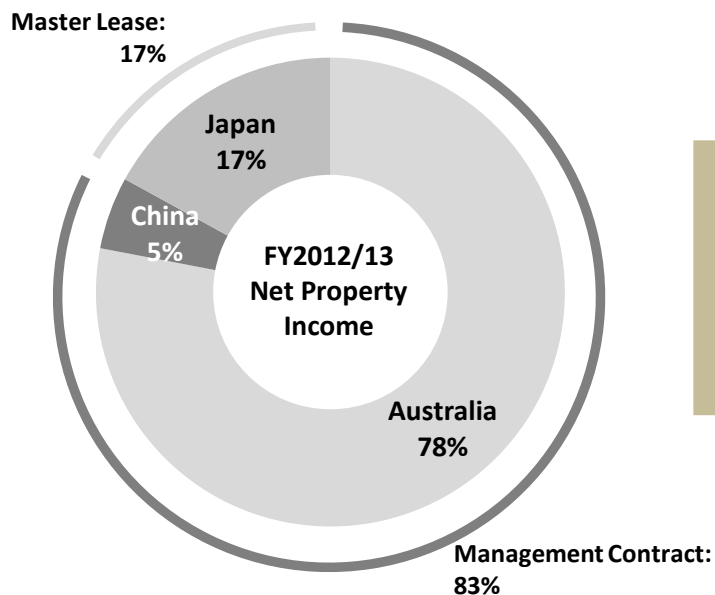
**December 2015**

- Forward acquisition of Shama Luxe Aurora Melbourne Central for AUD120m
- Expected completion in 2019

**Portfolio Valuation (S\$ million) / NAV per Stapled Security (cents)**



# Improving income stability and further diversification



# Effective execution of strategies to achieve growth

## Effective asset management boost value

- ✘ On 1 April 2016, Hotel Sunroute Osaka Namba<sup>1</sup> reopened following its three-month JPY1,135 million makeover



- ✘ Hotel was repositioned to appeal to modern-day spectrum of travellers from business to leisure
- ✘ New 10-year master lease commenced on 1 January 2016 with improved rent structure, based on higher of (i) fixed rent; or (ii) percentage of gross revenue

- ✘ The latest valuation of JPY18.3 billion is more than double of the acquisition price of JPY8.9 billion

## Innovative acquisition structure

- ✘ Forward purchase of serviced apartments component of Aurora Melbourne Central (“Property”) for AUD120 million

- ✘ The Property is strategically located in the heart of Melbourne CBD, with direct access to Melbourne Central Railway Station

- ✘ Save for the deposit of AUD5.0 million, there will be no further payment until completion

- ✘ Vendor to top up shortfall of up to AUD3.0 million for the first two years of operation



- ✘ ONYX will operate the service apartments to be named as Shama Luxe Aurora Melbourne Central

### Note:

1. Previously known as Osaka Namba Washington Hotel Plaza



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# Appendix

# Australia outlook positive in general

## Key Drivers / Risks

1

**Inbound travelling and domestic travels continued to be robust**

2

**Re-opened International Convention Centre Sydney benefit Sydney market**

3

**Increased competition continue to pose challenges for our hotels in Brisbane and Sydney suburban markets**



- ICC Sydney has more than 700 forward bookings and in the three months since opening, ICC held 200 events and hosted 350,000 delegates and attendees <sup>2</sup>

Image from [www.iccsydney.com.au](http://www.iccsydney.com.au)

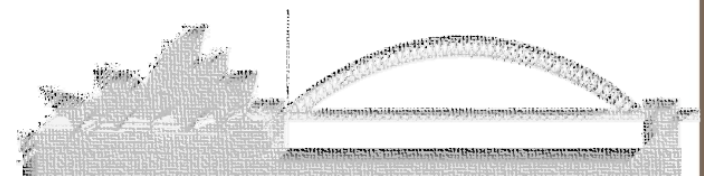
City

Average supply growth rate from 2017 to end 2020 <sup>1</sup>

Sydney	3.0% p.a.
Melbourne	2.5% p.a.
Brisbane	4.5% p.a.

1. Source: Jones Lang LaSalle

2. Source: Article from The Australian Financial Review dated 11 April 2017 – “ICC Sydney transforming convention market”



# Positive momentum expected to continue in China

## Key Drivers / Risks

1

**Strong support from domestic travelling which can be further boosted from enhanced intercity transportation**

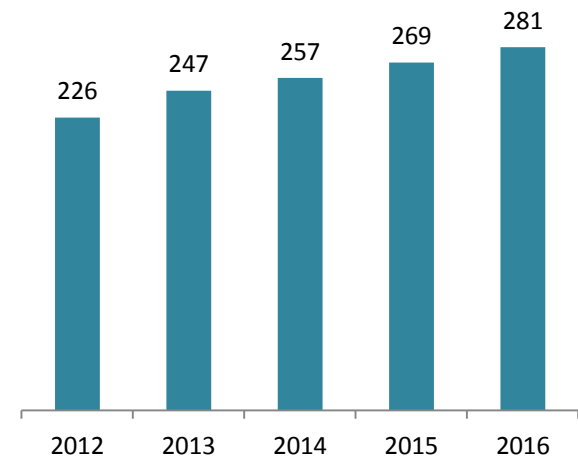
2

**Upcoming major development and events such as Universal Studio (2020) and Winter Olympics (2022)**

3

**Continued decline in international arrivals in 2016, down by 0.8% to 4.2 million**

**Domestic Travellers in Beijing <sup>2</sup>**



- Domestic travelling has been robust in Beijing with steady growth in number over the past 5 year. CAGR for the growth in domestic travelling is 6% from 2012 to 2016

City

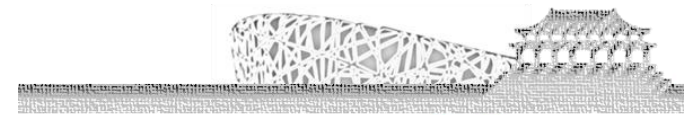
Average supply growth rate from 2017 to end 2020 <sup>1</sup>

Beijing

3.0% p.a.

1. Source: Jones Lang LaSalle

2. Source: 北京市旅游发展委员会 ([www.bjta.gov.cn](http://www.bjta.gov.cn))



# Near term outlook in Japan healthy

## Key Drivers / Risks

1

**Inbound remains strong although growth rate is expected to be moderated**

2

**Olympics in 2020 and potential integrated resorts provide catalyst in the mid to long term**

3

**Upcoming supply may taper hotel market performance**

- The Olympics in 2020 is estimated to draw 8.5 million visitors to Tokyo during the Games<sup>1</sup>
- Tokyo, Osaka and Yokohama are emerging as likely candidates for casino resorts in Japan<sup>2</sup>, and the integrated resorts are estimated to bring in additional 2.1 million and 2.2 million visitors to Yokohama and Osaka, respectively<sup>3</sup>

City	Average supply growth rate from 2017 to end 2020 <sup>4</sup>
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Tokyo	4.9% p.a.
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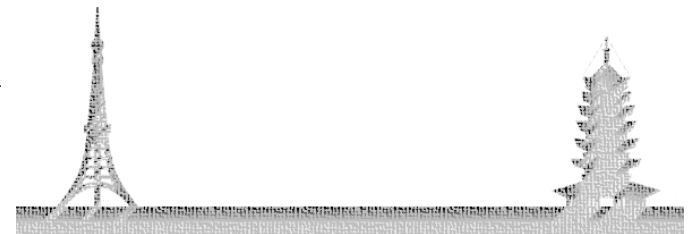
Osaka	6.1% p.a.
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1. Source: Article from The Japan Times dated 8 September 2013 – “Hosting Olympics to lift Japan’s GDP by 0.5%: estimate”

2. Source: Article from The Japan Times dated 29 May 2017 – “Revival-seeking rural Japan feels left out as casino plans favor major cities”

3. Source: Savills Research & Consultancy

4. Source: Jones Lang LaSalle





# Challenges to persist in Singapore

## Key Drivers / Risks

1

**Important financial centre; ranked 1<sup>st</sup> in Asia and 3<sup>rd</sup> globally <sup>1</sup>**

2

**Inbound healthy with estimated growth of up to 2.0% in 2017 <sup>2</sup>**

3

**Hotel supply pipeline expected to continue exerting downwards pressure on hotel market performance**

- Changi Airport Group (CAG), Singapore Airlines (SIA) and Singapore Tourism Board (STB) will take an ongoing joint partnership, aimed at promoting inbound travel
- The 3 parties will jointly invest S\$34 million and marketing will focus on promoting Singapore as a stopover or twinning destination and to woo business and MICE visitors <sup>4</sup>

City

Average supply growth rate from 2017 to end 2020 <sup>3</sup>

Singapore

1.9% p.a.

1. Source: The Global Financial Centres Index 21 (March 2017)

2. Source: Singapore Tourism Board

3. Source: Jones Lang LaSalle

4. Media release by Singapore Tourism Board dated 17 April 2017 – “\$34m three-year tripartite partnership to strengthen Singapore’s destination appeal and drive visitor traffic”







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