



Ascott Residence Trust

**Acquisition of 4 Rental
Housing Properties and
1 Student Accommodation
Property in Japan**

9 March 2022

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- Conclusion

The completion of the acquisition is subject to conditions precedent, and this presentation deck has been prepared on the basis that all conditions are met. The names of the properties are subject to change.



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Overview of Acquisition

Images are artist's impressions

S\$125.0 mil Acquisition of 5 Longer-stay Properties in Japan

Comprising 4 rental housing properties and 1 student accommodation property



Bentencho 5chome



Nakatsu 4chome



Sagisu 5chome



Hakata Property



Eslead College Gate Kindaimae

- **Acquisition of longer-stay properties in Japan on a turnkey basis, including ART's first student accommodation property in Japan**
 - 3 rental housing and 1 student accommodation in Osaka, and 1 rental housing in Fukuoka, from 2 different vendors
 - No development risk and minimal down payment required; majority of payment to be made upon deal completion
- **Building on success of ART's existing rental housing portfolio in Japan**
 - Despite Covid-19, ART's existing rental housing properties registered average occupancy of >95%
 - 3 Sapporo properties acquired in June 2021 also performed well since acquisition
- **Enhancing income stability and delivering returns to Stapled Securityholders**
 - Average length of stay of c.2 years for rental housing and student accommodation under a 15-year master lease
 - Low debt funding cost of approximately 1% p.a. which enhances cash yield to ART

JPY 10.4 bil
(\$125.0 mil)¹

Total purchase consideration

c.4.0%
Average
NOI yield²

c.1.7%
DPS accretion³

657
units

100% debt
Funding structure

Acquisitions expected to
complete between

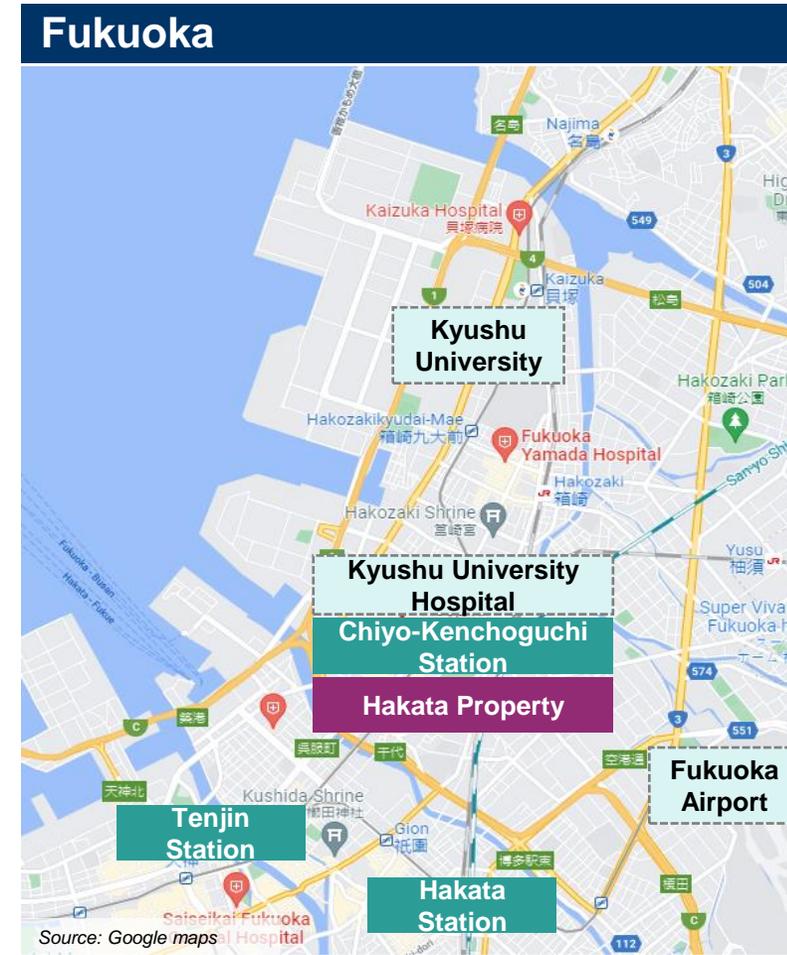
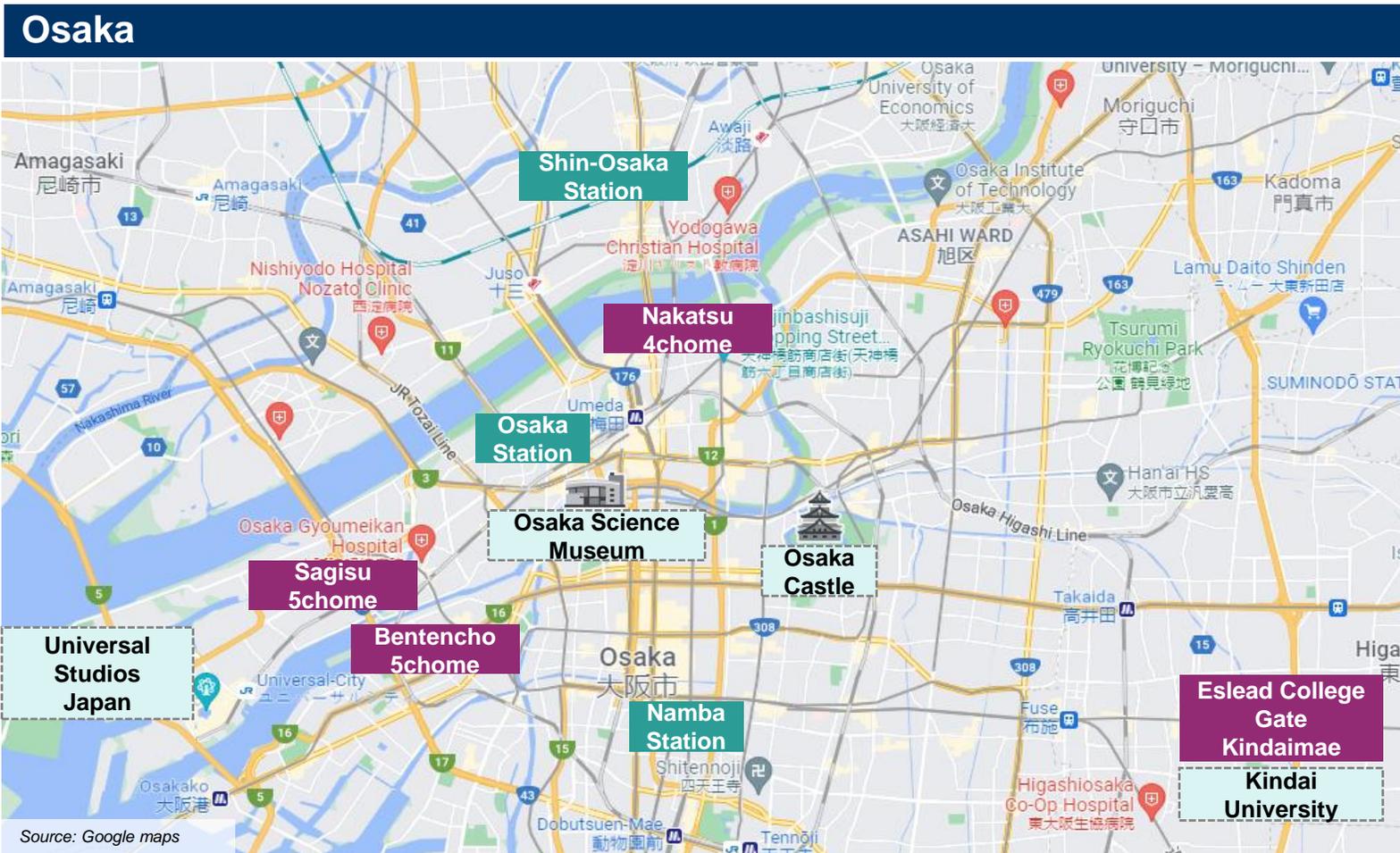
1Q 2022 to 2Q 2023

Notes: Based on exchange rate of JPY1 = S\$0.01197

1. The purchase consideration of JPY10.4 bil (\$125.0 mil) arrived at on a willing-buyer and willing-seller basis, is based on the agreed value of the properties and the independent valuations dated 3 December 2021 and 7 January 2022 by Asset Valuation Partners of JPY11.5 bil (equivalent to approximately S\$137.9 mil)
2. Expected stabilised net operating income yield
3. Based on FY 2021 pro forma Distribution per Stapled Security. The pro forma is based on the audited financial statements of ART for the financial year ended 31 December 2021, assuming that (1) the acquisition was completed on 1 January 2021 and ART held and operated the properties through to 31 December 2021 and (2) the acquisition will be 100% funded by debt

Prime Location of Properties

Rental housing properties strategically located in prime commercial districts of Osaka and Fukuoka, student accommodation property within walking distance to Kindai University





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Acquisition Rationale

Images are artist's impressions

Acquisition Rationale

Building on success of ART's existing rental housing portfolio in Japan



1 Strong Economic and Sector Fundamentals

Expanding in Japan's growth cities, where demand for rental housing outstrips supply



Cities with net positive migration and fast-growing populations

Osaka

- Osaka is Japan's **third most populated prefecture** with a population size of 8.8 mil
- Expected to have **close to double-digit population growth** between 2020 and 2030, fueled by the city's expanding employment opportunities¹
- Well-positioned as the **economic and logistics centre** of Kansai Region and Greater Japan with a pro-business environment²

Fukuoka

- Fukuoka city is the **fastest-growing city in Japan** with a population of 1.6 mil
- Home to one of the youngest populations in Japan
- Fastest-growing startup hub and known as the **"Silicon Valley of Japan"**
- Strategic geographic location and proximity to China and Korea, making it the **"Gateway to Asia"**



Positive rental housing demand-supply dynamics

Osaka

- Rental rates in Osaka have **grown steadily since 2009** due to urbanisation³
- **Demand is expected to increase** in the medium term as economic activity recovers post-Covid-19
- **New supply** has reached **a decade-low** and is expected to be absorbed by net migration inflow³

Fukuoka

- Rental rates in Fukuoka have **risen steadily from 2011 to 2020** due to urbanisation³
- Demand-supply dynamics expected to remain stable with **new supply being low**³

Sources:

1. Savills, Regional Residential Markets - Japan, March 2021
2. Nomura Real Estate Master Fund., Inc. Investor Presentation (11th Fiscal Period ended 28 February 2021)
3. Sumitomo Mitsui Trust Research Institute

1

About Kindai University

One of Japan's largest universities with a sizeable and growing student population



Founded in 1925, Kindai University is one of Japan's largest universities with 6 campuses and research facilities across the country

Sizeable student population and steady growth in enrolment

>30,000
undergraduate students

#1
Osaka campus has the highest enrolment in the city

#1
in Japan for number of applicants for 8 years running

95%
domestic student population



Kindai University's main campus in Osaka



Reputable and highly-ranked university

Top 5%
Times Higher Education (THE) World University Ranking 2022

#2
best private university in Osaka

Top 400
THE World University Ranking 2021 (Clinical, pre-clinical and health)

250+
Foreign partner schools in around 50 countries

Sources: Kindai University website and Times Higher Education World University Ranking

2 Portfolio of Brand New, Well-located Properties

Quality properties poised to benefit from demand drivers in the area



- **Brand new properties acquired on a turnkey basis**
 - No development risk and minimal down payment required; majority of payment to be made upon deal completion
 - No immediate capital expenditure requirements
- **Strategically located near retail and commercial areas and well-connected to major transportation networks**
 - Rental housing properties in Osaka are in central Osaka, close to the CBD and Port of Osaka
 - Rental housing property in Fukuoka is centrally-located and close to the city's commercial and entertainment districts
 - Student accommodation property in Osaka is a 2-minute walk from Kansai University and within walking distance to Manabiya shopping district

3

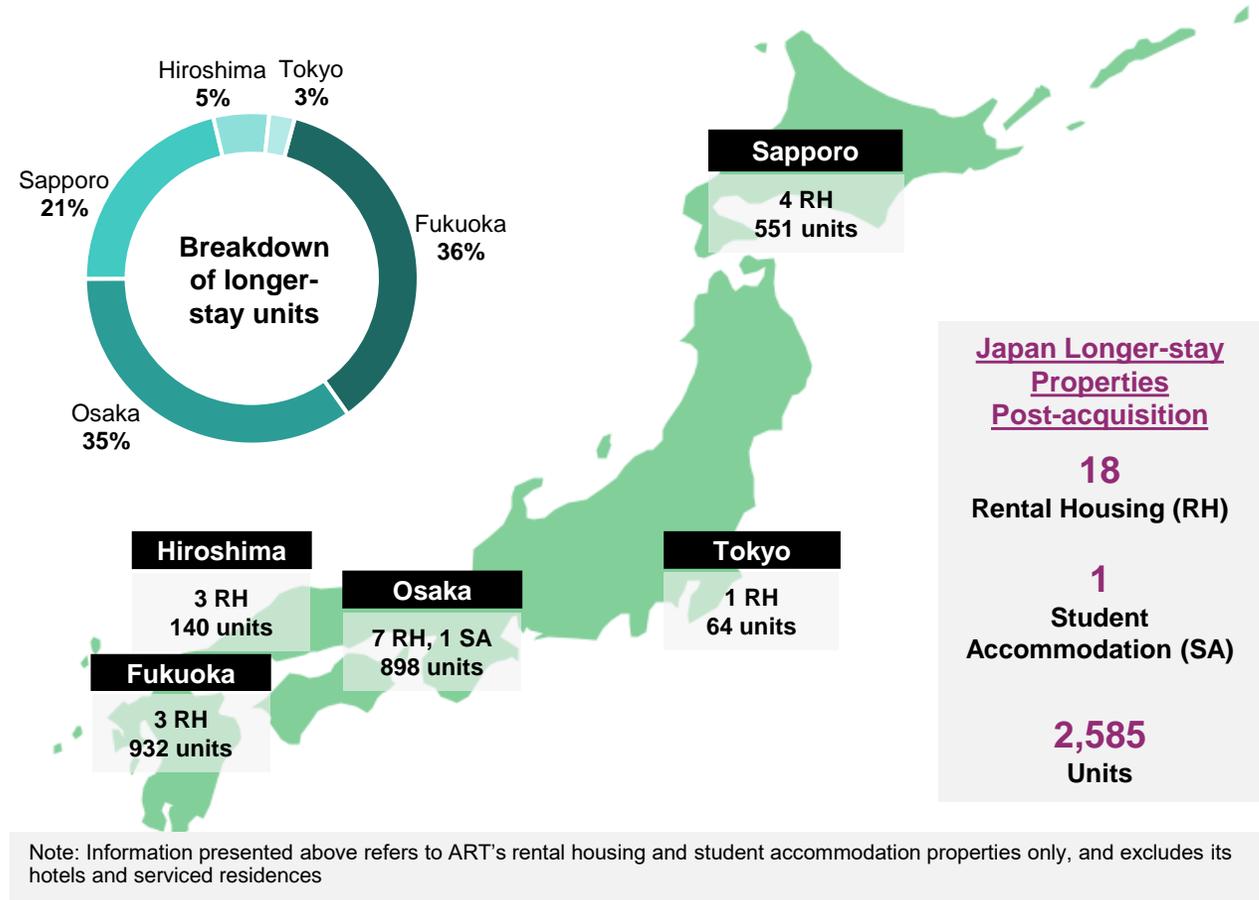
Expanding in Longer-stay Lodging for Income Stability

ART targets to grow its asset allocation in longer-stay properties to 25-30% in the medium term

In line with ART's strategy to build a stable income base

- Including this acquisition, ART has invested c.S\$905 mil in rental housing and student accommodation (longer-stay) properties since Jan 2021
- The 4 rental housing properties that ART is acquiring have an **average length of stay of about 2 years**, and the student accommodation property is under a **15-year master lease**
- On a pro forma basis, ART's longer-stay properties are expected to contribute **17% to gross profit**, up from 15% in FY 2021, enhancing the income stability for ART
- Post-acquisition, longer-stay properties will comprise **17% of ART's portfolio value**, up from c.16%

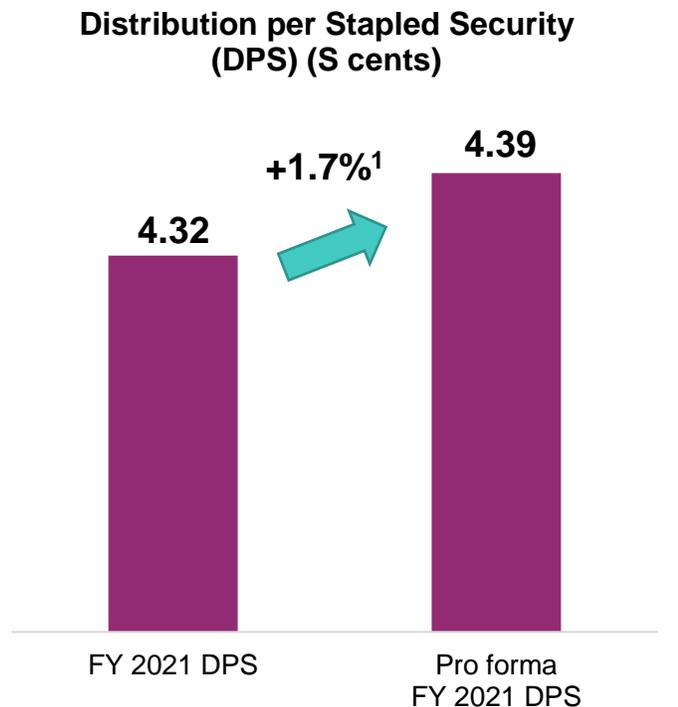
Reduced concentration risk with diversified presence in Japan



4

Enhancing Returns to Stapled Securityholders

Accretive investment which will contribute stable income post-completion



c.4.0%
Average NOI yield²

c.1.7%¹
DPS accretion

100% debt
Funding structure

38.3%³
Post-acquisition gearing



Average NOI yield² of c.4.0% and DPS accretion of c.1.7%¹



Low debt funding cost of approximately 1% p.a. which enhances cash yield to ART

Notes: Percentages may differ due to rounding.

1. Based on FY 2021 pro forma Distribution per Stapled Security. The pro forma is based on the audited financial statements of ART for the financial year ended 31 December 2021, assuming that (1) the acquisition was completed on 1 January 2021 and ART held and operated the properties through to 31 December 2021 and (2) the acquisition will be 100% funded by debt
2. Expected stabilised net operating income yield
3. Based on the unaudited financial statements of ART as at 31 December 2021 and assuming that the acquisition was completed on 31 December 2021



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Acquisition Portfolio Details

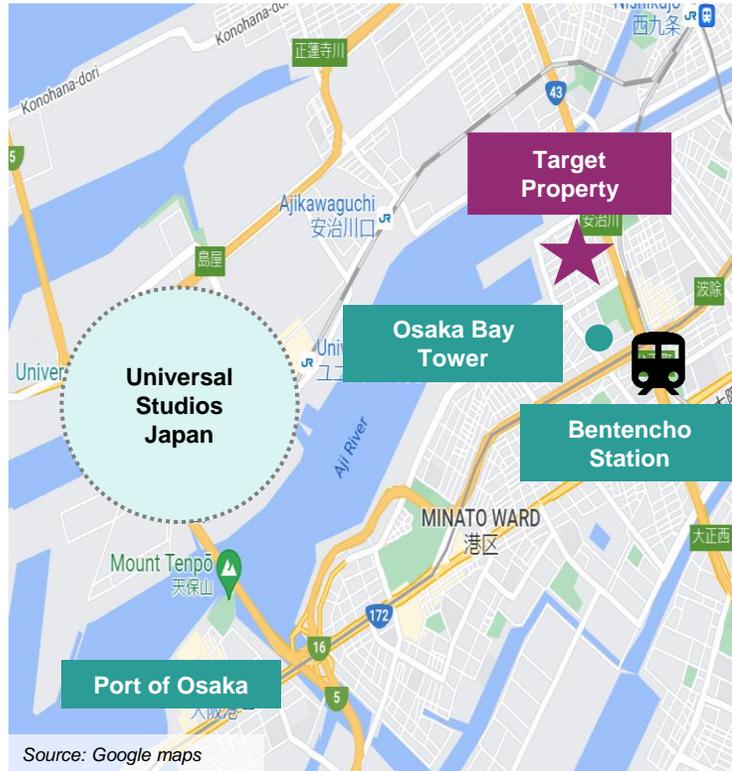
Images are artist's impressions

Portfolio Overview

	Rental Housing				Student Accommodation
	Bentencho 5chome	Nakatsu 4chome	Sagisu 5chome	Hakata Property	Eslead College Gate Kindaimae
City	Osaka	Osaka	Osaka	Fukuoka	Osaka
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Building Height / Unit Mix	13 storeys / 120 studio units	13 storeys / 70 studio units	10 storeys / 108 studio units	14 storeys / 247 units comprising 52 studio units and 195 1-bedroom units	7 storeys / 112 studio units
Contract Type	Management contract	Management contract	Management contract	Management contract	Master lease
Estimated Deal Completion	4Q 2022	4Q 2022	1Q 2023	2Q 2023	1Q 2022

Bentencho 5chome

Located close to the Osaka Bay Tower and Port of Osaka



Rental Housing	Bentencho 5chome
City	Osaka
Land Tenure	Freehold
Net Leasable Area (sqm)	3,076
Building Height / Unit Mix	13 storeys / 120 studio units
Common Area Amenities	15 parking lots 9 motorcycle lots
Contract Type	Management contract
Estimated Deal Completion	4Q 2022



About **10-min walk to Bentencho Station**



5-min walk to Osaka Bay Tower, an integrated development with retail, commercial and hospitality components



15 min-drive to Universal Studios Japan and the planned casino district, which is expected to complete in 2027



20-min drive to the Port of Osaka, the logistics and port area that serves the general Osaka population

Nakatsu 4chome

Within walking distance to core CBD of Osaka



Rental Housing	Nakatsu 4chome
City	Osaka
Land Tenure	Freehold
Net Leasable Area (sqm)	1,495
Building Height / Unit Mix	13 storeys / 70 studio units
Common Area Amenities	4 parking lots 10 motorcycle lots
Contract Type	Management contract
Estimated Deal Completion	4Q 2022



6-min walk to Nakatsu Station and within 15-min walk to Osaka-Umeda Station, where the **core CBD** is located



12-min walk to Umeda Sky Building, a popular retail destination

Sagisu 5chome

CBD-fringe property that is within the vicinity of commercial and retail districts



Rental Housing	Sagisu 5chome
City	Osaka
Land Tenure	Freehold
Net Leasable Area (sqm)	2,331
Building Height / Unit Mix	10 storeys / 108 studio units
Common Area Amenities	11 parking lots 9 motorcycle lots
Contract Type	Management contract
Estimated Deal Completion	1Q 2023



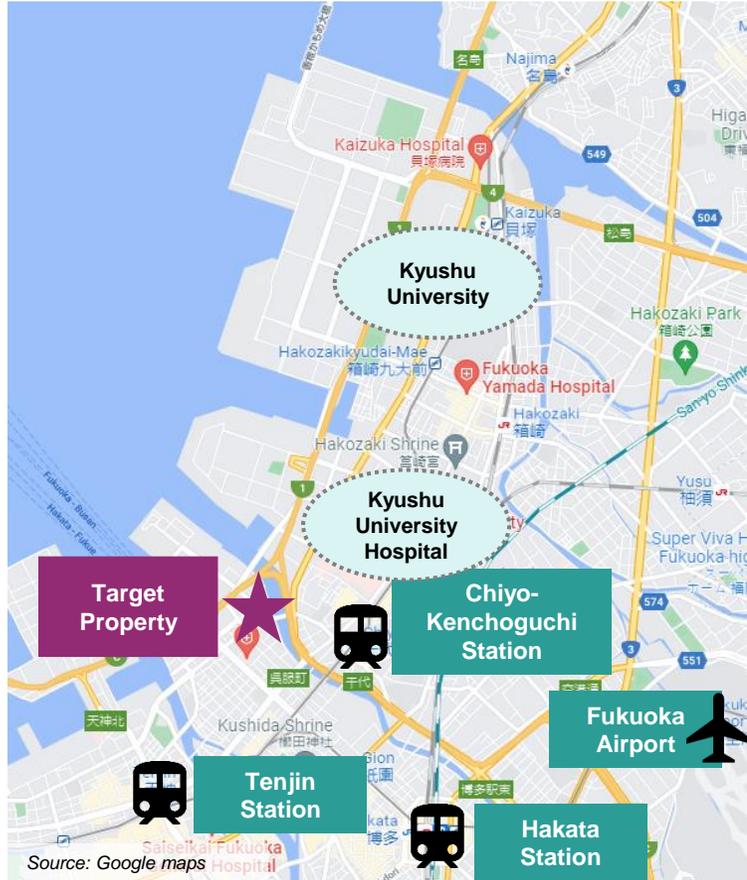
11-min walk to Fukushima Station, and **one stop** to the city's main **Osaka Station** and the **CBD**



Within the vicinity of **commercial and retail districts** surrounding Fukushima Station

Hakata Property

Centrally-located property close to Fukuoka's commercial and entertainment districts



Rental Housing	Hakata Property
City	Fukuoka
Land Tenure	Freehold
Net Leasable Area (sqm)	6,866
Building Height / Unit Mix	14 storeys / 247 units comprising 52 studio units and 195 1-bedroom units
Common Area Amenities	33 parking lots 63 motorcycle lots 125 bicycle parking lots
Contract Type	Management contract
Estimated Deal Completion	2Q 2023



1-min walk to nearest bus station and 11-min walk to Chiyo-Kenchoguchi Station, enabling easy access to the city's commercial and entertainment district in Tenjin or the CBD in Hakata



8-min walk to the main Hakata waterfront area



About 20-min drive to Fukuoka Airport

Eslead College Gate Kindaimae

Pedestrian student accommodation, a stone's throw from Kindai University



Artist's Impression

Details of the master lease

Master lessee: Major student accommodation operator in Japan

Tenure: 15 years

Rental terms: Fixed monthly rent



Source: Google maps

Student Accommodation	Eslead College Gate Kindaimae
City	Osaka
Land Tenure	Freehold
Net Leasable Area (sqm)	2,145
Building Height / Unit Mix	7 storeys / 112 studio units
Common Area Amenities	Cafeteria, student lounge
Contract Type	Master lease
Estimated Deal Completion	1Q 2022



2-min walk to Kindai University



15-min walk to Nagase Station



Close proximity to Manabiya shopping street



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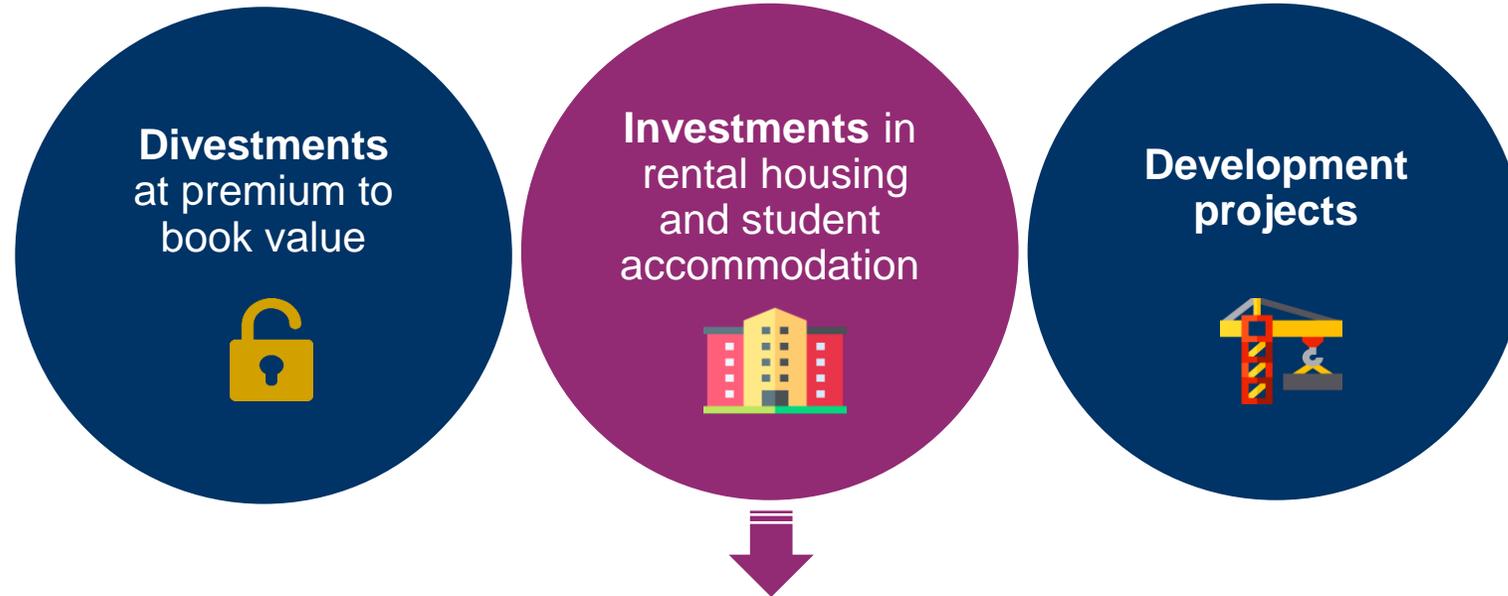
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Conclusion

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Underpinned by ART's Portfolio Reconstitution Strategy

Investing in higher-yielding properties and increasing proportion of stable income



Acquisition rationale

- 1 Strong economic and sector fundamentals
- 2 Portfolio of brand new, well-located properties
- 3 Expanding in longer-stay lodging for income stability
- 4 Enhancing returns to Stapled Securityholders

Portfolio Post-Acquisition

Higher asset allocation in longer-stay accommodation and Asia Pacific

86
No. of Properties
As at Dec 2020



99
No. of Properties
Post-acquisition



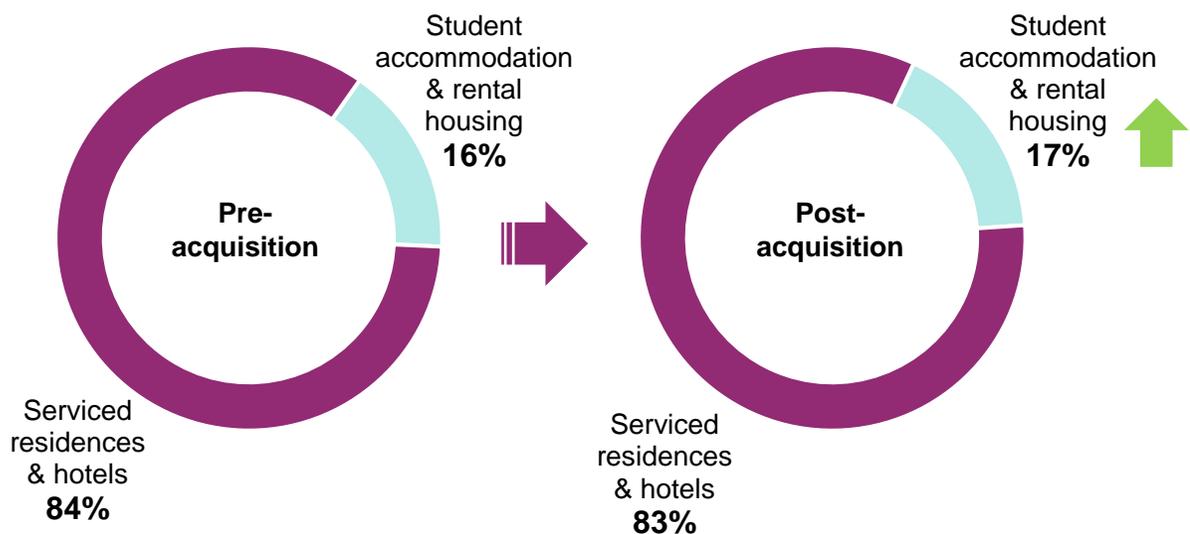
54
Serviced
residences

18
Hotels /
Business hotels

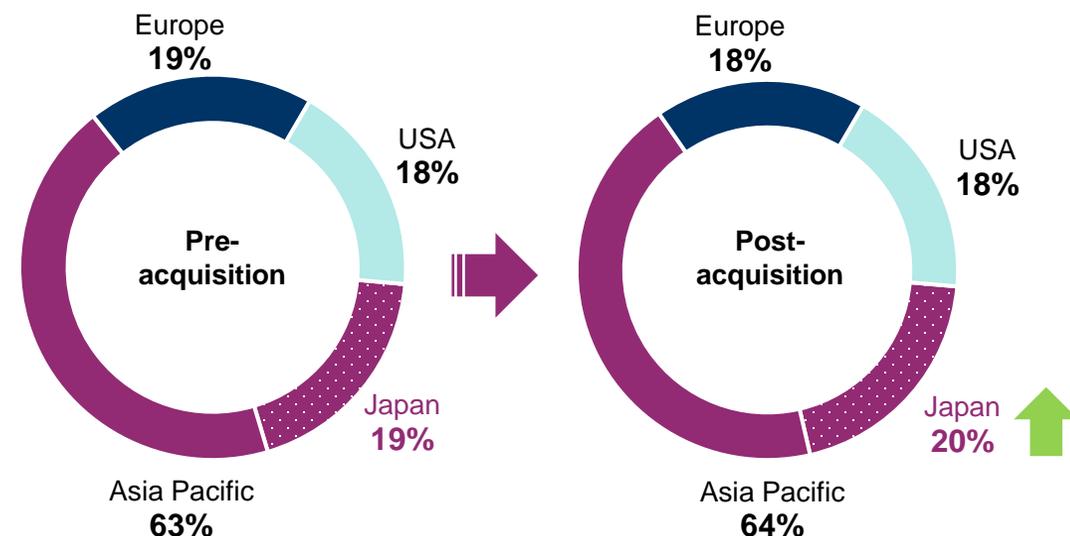
18
Rental
housing

9
Student
accommodation

Portfolio Value by Asset Class



Portfolio Value by Region



Note: Portfolio value is based on property valuations as at 31 December 2021, property development expenditure of properties acquired year-to-date and properties under development

Ascott Residence Trust's Positioning

Proxy to recovery of hospitality sector, underpinned by stable income base and strong fundamentals

Geographical Allocation

Global in Presence,
Anchored in Asia Pacific



c.60%
Asia Pacific

c.40%
Europe / USA

- Largest hospitality trust in Asia Pacific
- Diversified across 15 countries, Asia Pacific remains core
- Presence in large domestic markets and key gateway cities

Target Asset Allocation

Stable Income Base from Longer-stay Lodging

25 - 30% in longer-stay accommodation

Resilient and counter-cyclical assets

Capturing Growth as Travel Restarts



70 - 75% in serviced residences and hotels

Beneficiaries of travel recovery

- Committed to delivering sustainable returns to Stapled Securityholders
- Backed by strong sponsor, The Ascott Limited, one of the leading international lodging owner-operators



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Thank You

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