



# Ascott Residence Trust

Citi-REITAS-SGX C-Suite Singapore REITs & Sponsors Forum

27 August 2020

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# Content

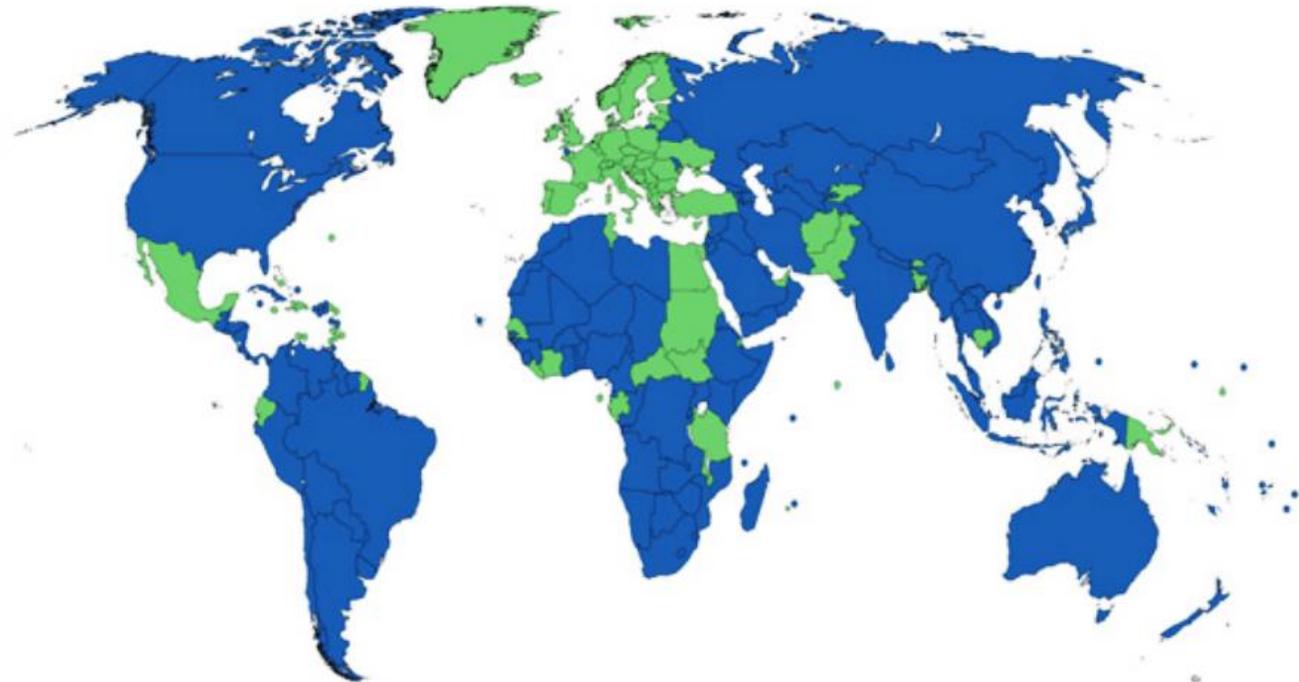
- Post-COVID-19: Travel Trends & Implications
- Gearing Up for the New Norm
- Weathering the Downturn
- The View Ahead
- Appendix
- Key Country Updates
- Other Information

# Post-COVID-19: Travel Trends & Implications



# 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"

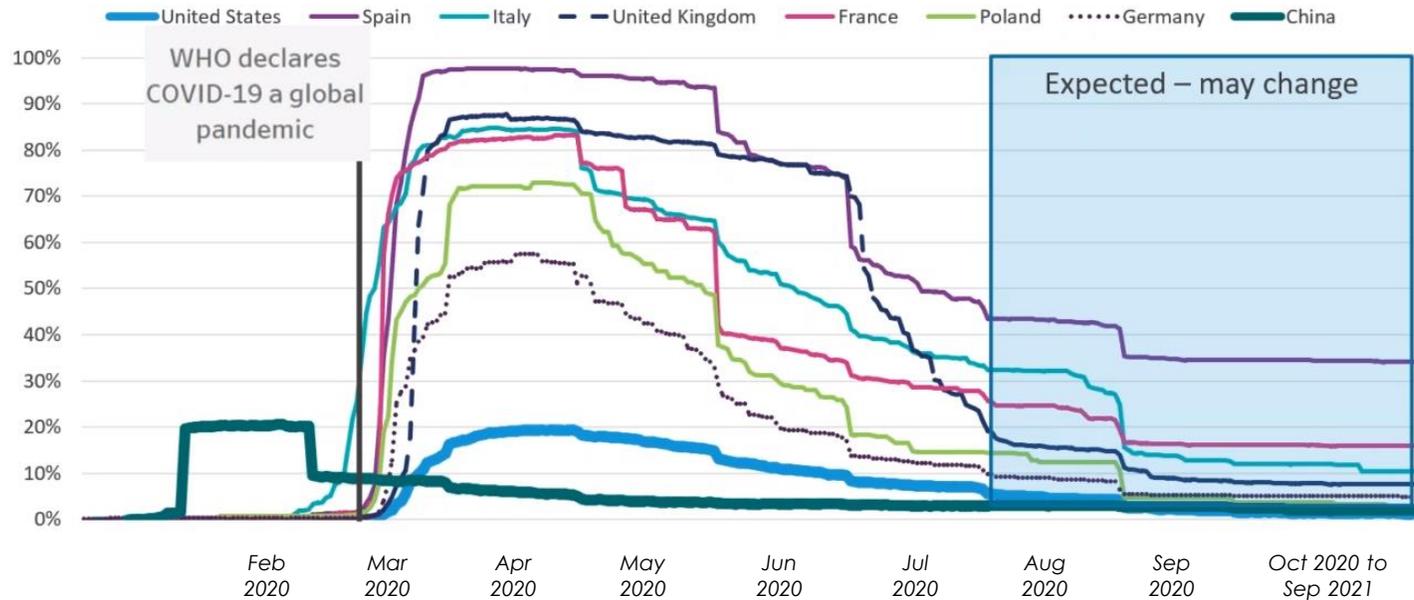
Expedia, "2020 Summer Travel Report"

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

Percentage of Hotels Closed



Source: STR, August 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
- 13 have reopened
- 6 more scheduled to reopen in 3Q

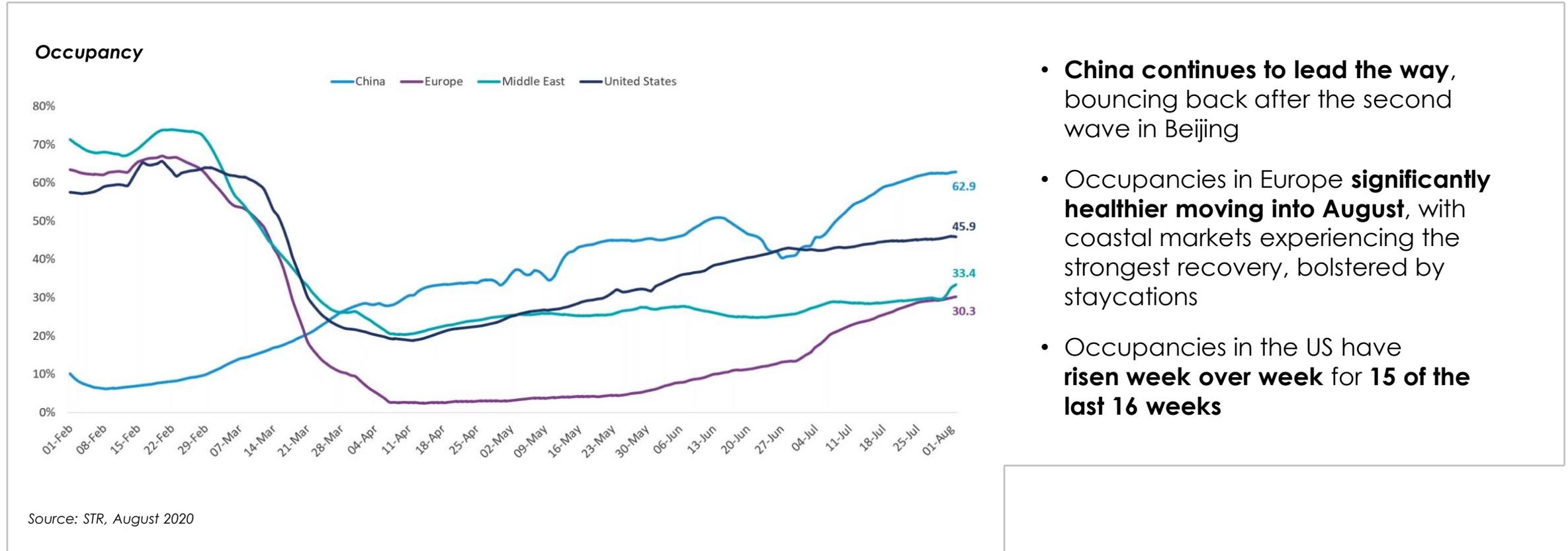
Notes:

Source: STR, August 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



- **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**

# 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**

# Gearing Up for the New Norm

# ART - Seizing Opportunities in a Crisis

Reinventing to capture the upturn



## Leveraging Operational Excellence of Sponsor & Operators

- Actively pursued alternative sources of business
- Enhanced product offerings to meet new needs
- Reviewed operating cost structure
- Adopting digital technology



## Underpinned by Portfolio Strengths

- Diversified presence with no concentration risk
- Predominantly Asia Pacific-centric, extended-stay portfolio
- Quality, well-located properties in key gateway cities
- Strong balance sheet and healthy liquidity position with >\$800 mil<sup>1</sup> in available funds



## Building a Stronger Portfolio

- Opportunistic divestments above book value
- c.\$2.0 bil<sup>2</sup> debt headroom to recycle capital into yield-accretive investments
- Ongoing development and asset enhancement projects to continually enhance portfolio

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

Notes:

1. Refers to the amount of cash and credit facilities as at July 2020 and proceeds from the divestment of partial gross floor area in Somerset Liang Court Singapore
2. Refers to the amount of additional debt before reaching aggregate leverage of 50% as at 30 June 2020

# Strong Sponsor – The Ascott Limited (Ascott)

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

**Award-winning brands  
with worldwide recognition**

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



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

# Rethinking Hospitality

From rebuilding confidence to reinventing product offerings

Rooms / Guests

Common Facilities

Reception & Community



Hygiene &  
cleanliness



Space,  
design &  
configuration



Technology &  
apps



Staff &  
processes

# Commitment to Hygiene & Cleanliness

Self-contained apartment units make serviced residences a safer choice



In partnership with Bureau Veritas - Health, Safety and Hygiene experts will certify and audit the implementation of Ascott Cares' 9 commitments, delivering a consistent and uniformed solution to Ascott's properties globally

- 1  Our Staff
- 2  Guest Safety
- 3  Physical Distancing
- 4  Housekeeping
- 5  Apartments & Rooms
- 6  Food & Beverage
- 7  Shared Facilities
- 8  Contactless & Paperless
- 9  Our Vendors

Our Commitment to Hygiene and Cleanliness

## Green Serviced Residences – a Safer Choice



Ascott Makati – First IFC EDGE Certified green serviced residence in the world

- Self-contained apartment units with fully-equipped kitchens
- Openable windows & balconies for fresh air and ventilation
- Individual, energy-efficient air-conditioning
- Safe cleaning and maintenance
- Less staff and crowding



# Riding the 'Work-from-home' Trend

Ascott's 'Work in Residence' initiative

## Deep design capabilities to create conducive and productive workspaces

- **Guests, corporates and students** seeking **alternative locations to work-from-home or study**
- Larger apartments ideal for **project groups**
- **Daily, weekly or monthly packages** available
- Comes with **dedicated workstations, regular housekeeping**, complimentary coffee and tea or parking at selected serviced residences
- **Telecommuting essentials** available on demand – e.g. high-speed Wi-Fi, wide-screen monitor, webcam, Bluetooth speakers with microphones, wireless charging stands
- **Other services** include food delivery, grocery shopping, printing, concierge or book-a-chef for in-room dining



WHEN in DOUBT, ZOOM it OUT at our Properties in Australia



Ascott Malaysia - Home Office Package

# Alternative Uses of Space

## Ascott's 'Space-as-a-Service' initiative

### Optimising use of space and capitalising properties' adaptability and central locations



**Cloud kitchen and parcel collection hub**

- Exploring with MNCs, entrepreneurs and SMEs to use the space at our properties to host cloud kitchens or as parcel collection hubs



**Live streaming and fitness studios**

- Conversion of apartments into fitness and yoga studios
- Selected properties in China have been used for live streaming events and photoshoots for long-stay guests including internet celebrities and corporates from new media and ecommerce companies



**Starbucks kiosks with coffee at special rates**

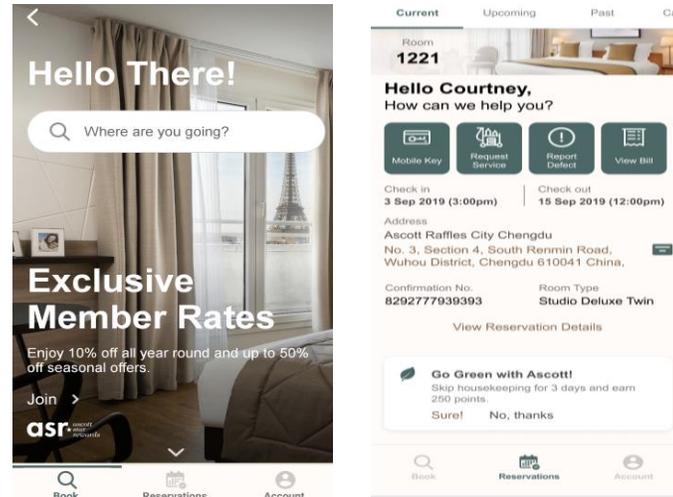
- Partnering with Nestlé to set up Starbucks self-service kiosks in the lobby of Citadines-branded properties around the world – a first in the serviced residence industry
- Currently in Singapore, and to be introduced in China, Malaysia and Japan

# Leveraging Digital Touchpoints

Minimising contact and forming digital communities



- Contactless touchpoints
- Less crowding and safer for guests
- Reduces manpower requirements
- Digitises operational processes, automates workflow, and allows for data analysis
- Scalable and adaptive



## Ascott Star Rewards (ASR) app

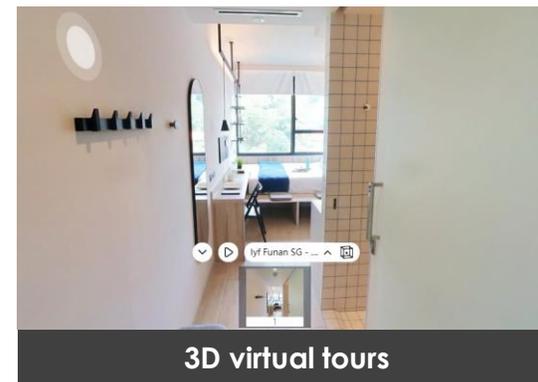
Single integrated platform to engage and provide services to guests

- Book your stay and check in
- Mobile key
- Message board
- Make service delivery requests
- Pay and check out

*Note: App features to be made available progressively*



Service robots



3D virtual tours



CSR social campaign

# Pivoting to Meet New Needs

## Tapping non-traditional sources of demand

SINGAPORE POLITICS ASIA WORLD VIDEOS MULTIMEDIA LIFESTYLE FOOD FORUM OPINION BUSINESS SPORT MORE

BUSINESS > Companies & Markets Economy Banking Property Invest

### Ascott houses healthcare staff in Singapore, China, France amid coronavirus pandemic



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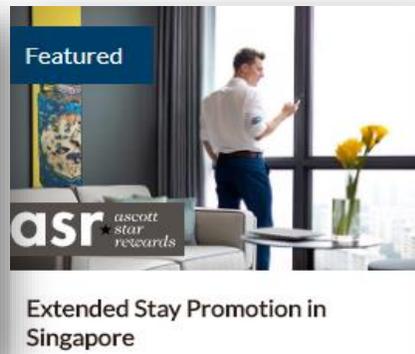
Source: The Straits Times

### The Ascott provides homes for key workers internationally



Source: Serviced Apartment News

- COVID-19 responders
- Healthcare personnel
- Returning residents / those on self-isolation
- Essential service companies
- Companies seeking alternative work-from-home locations
- Those affected by border closures
- Staycations / domestic demand
- Long stays / corporate leases



# Weathering the Downturn

**Citadines**

# A Leading Global Hospitality Trust

Constituent of FTSE EPRA Nareit Global Developed Index



**\$\$7.6b**

Total Assets

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

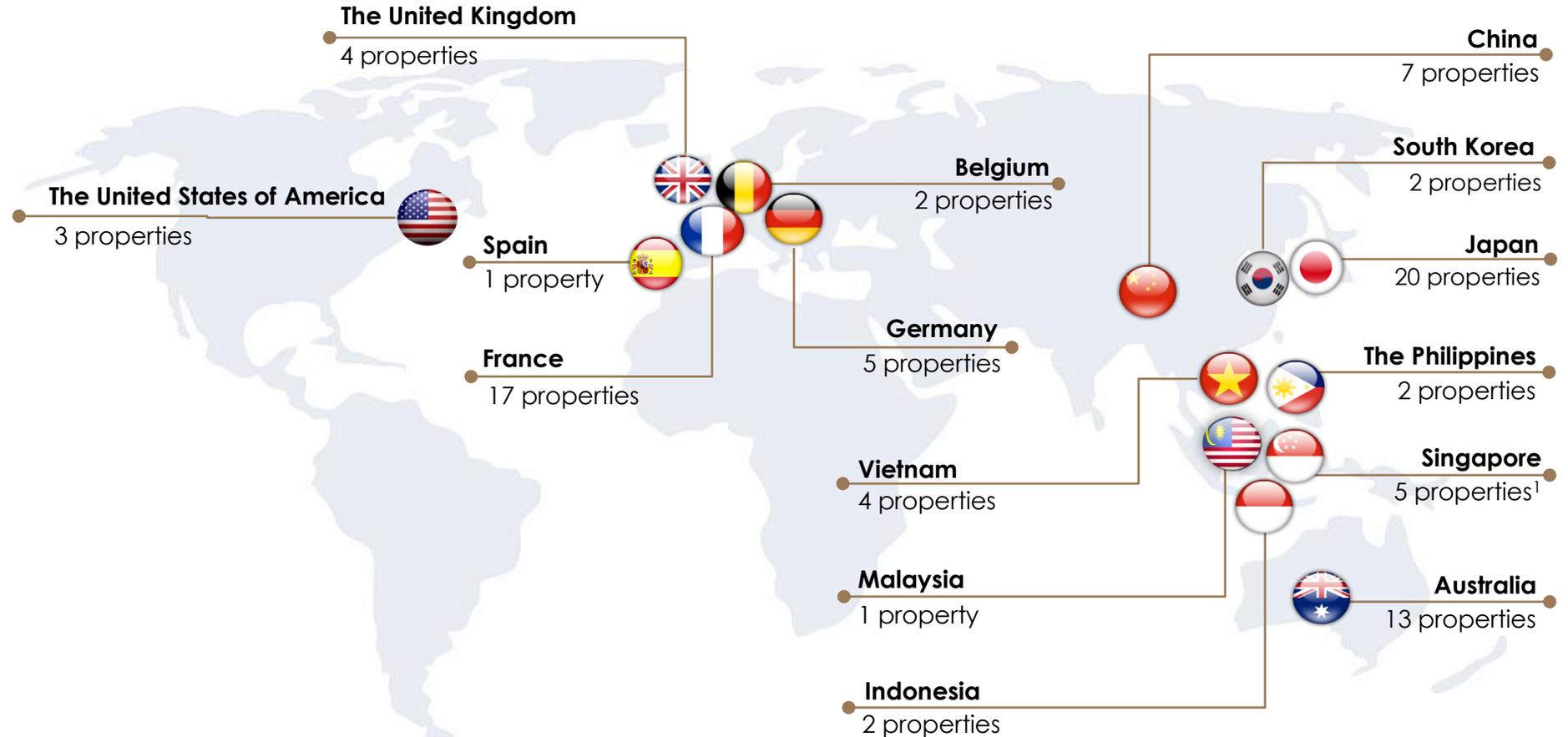
Units

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

Properties

**39**

Cities in 15 Countries



Notes:

Figures above as at 30 June 2020

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

# Resilience from Diversification

Leveraging portfolio strengths in challenging times



Notes: Above as at 30 June 2020

1. MCMGI refers to Management Contracts with Minimum Guaranteed Income. 3 of the 4 MCMGI expired and were converted to Management Contracts for one year, with effect from 1 May 2020.

# 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:

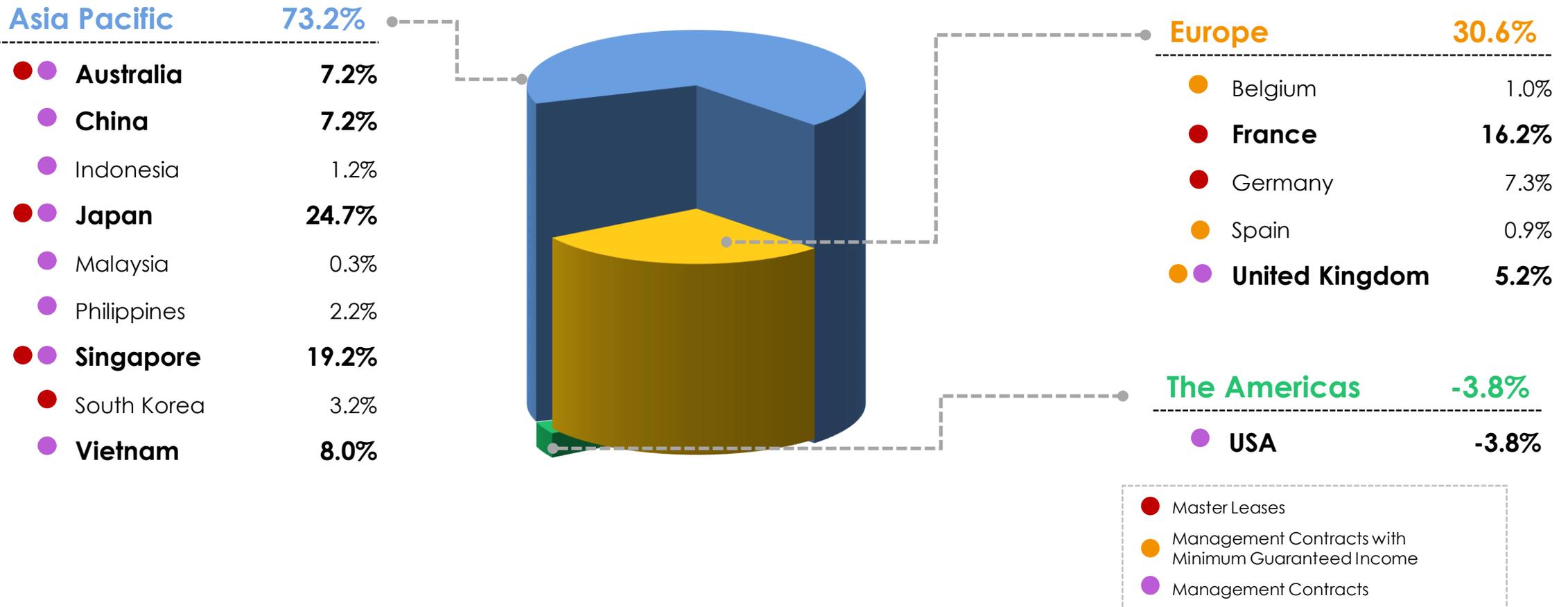
1. Management contracts with minimum guaranteed income for 3 properties in the United Kingdom, Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London, have expired on 30 April 2020 and have been converted to Management Contracts from May 2020. For comparison 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



# 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

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

**69%**  
of property value  
unencumbered



**Fortifying liquidity reserves**

---

**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



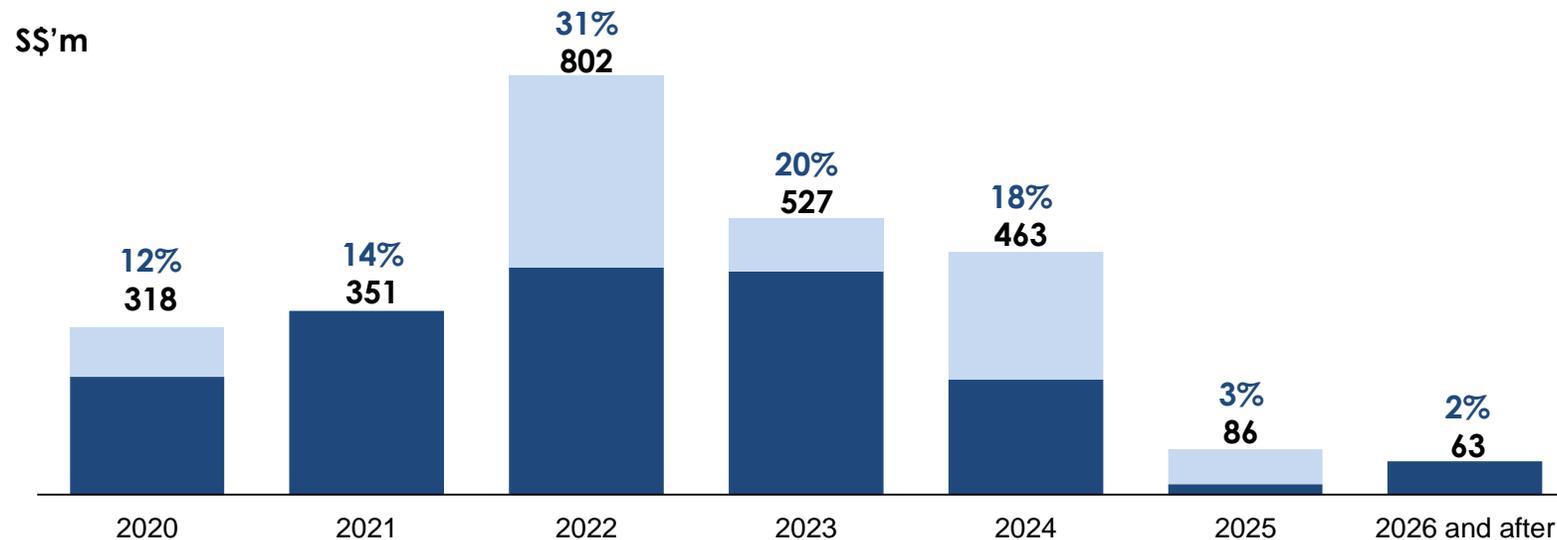
Bank loans



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**

# 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**; **6 more ART properties to reopen** in 3Q<sup>3</sup>
- 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
3. As at 14 August 2020

# Appendix – Key Country Updates

# 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.

# Australia

Occupancies remained under pressure due to travel restrictions



**13%** of total assets: **4** Master Leases; **9** Management Contracts

- **Increase in total revenue y-o-y** due to maiden contributions from 6 A-HTRUST properties and Quest Macquarie Park Sydney, as well as the full period contribution from Citadines Connect Sydney Airport<sup>1</sup>
- **All 13 properties remained operational, but at substantially reduced capacity**
- **1H 2020 RevPAU decreased 56% to AUD 61** for properties under management contracts mainly due to lower occupancies
- **Rental waiver provided to master lessees** in compliance with Australia's Mandatory Code of Conduct
- Since the easing of interstate movement restrictions, travel has picked up, albeit gradually, with **demand from both domestic corporate and leisure segments**
- However, **travel to Melbourne discouraged** as Victoria state experiences a second wave of the virus. This is **mitigated by block bookings by COVID-19 responders** at our Melbourne properties
- Travel bubbles being negotiated but **international borders may remain closed until 2021<sup>2</sup>**, putting pressure on performance in the near-term



**Lockdown measures began in March 2020**



**International borders remain closed to non-residents**



**Selected interstate travelling; Melbourne locked down again in July 2020**

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. 6 A-HTRUST properties were acquired on 31 December 2019, Quest Macquarie Park Sydney was acquired on 12 February 2020 and Citadines Connect Sydney Airport was acquired on 1 May 2019

2. Source: Bloomberg

# China

Resilience from long stays while domestic travel picks up



**Lockdown began with Hubei Province in end January 2020**



**International borders remain closed except for green lane arrangements**



**Domestic travel permitted; localised lockdowns may be imposed on areas experiencing second wave**

**8%** of total assets: **7** Management Contracts

- **Revenue and gross profit fell due to weak demand.** The decrease in gross profit was partially mitigated by wage subsidies and property tax rebates received from the government and a decrease in other expenses
- **1H 2020 RevPAU decreased 34% to RMB 296** mainly due to lower occupancies; average daily rates were stable
- **Portfolio occupancy remained resilient at above 50% for 1H 2020,** supported by long stays mainly in the first-tier cities
- **Gradual improvement in demand from domestic corporate and leisure segments**
  - **Pent-up demand for leisure travel observed during holidays**
  - **Return of business and MICE activity** – e.g. resumption of industrial production in Tianjin and exhibitions in Guangzhou
- **Midscale and economy properties expected to lead recovery; average daily rate growth limited** due to market competition<sup>1</sup>
- **Divestment** of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan **expected to complete in 2H 2020**

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. Source: STR

# France

Temporary closure of properties in 1H 2020 due to weak demand



**Strict confinement measures began in March 2020**



**International borders reopened to countries outside Schengen Zone from July 2020**



**Domestic travel permitted**

**7%** of total assets: **17** Master Leases

- **Temporary closure of 12 properties in 1H 2020** across France due to low occupancy
- **Lower revenue and gross profit** as 4 expired leases were extended on variable rent terms for 1 year w.e.f 25 March 2020<sup>1</sup>. Operations at 3 out of these 4 properties were affected by temporary closures.
- **8 properties have progressively reopened since June 2020** following the easing of movement restrictions. The remaining **4 are scheduled to reopen in September 2020**
- ART's properties supported accommodation needs of **medical workers** in Paris and Marseille in 1H 2020
- **Increase in leisure short-stay bookings at ART's regional France properties** (Cannes, Lille, Marseille) since reopening but demand for accommodation in Paris remains muted
- Secured bookings from alternative business channels - **student accommodation** and **arts and cultural group bookings**
- Demand for accommodation may pick up with **gradual reopening of the French border**, barring resurgence of the virus

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. Fixed rents for the 4 properties, Citadines Castellane Marseille, Citadines Austerlitz Paris, Citadines République Paris and Citadines Maine Montparnasse Paris, amounted to a total of EUR 2.7 million per annum previously

# Japan

Challenging operating environment to persist



**20%** of total assets: **5** Master Leases; **15** Management Contracts  
(including **11** rental housing properties)

- **Maiden contributions from 5 A-HTRUST properties under master leases<sup>1</sup>**
- **Absence of leisure and transient travellers placed significant strain** on operating performance
  - **RevPAU declined 68% to JPY 3,903<sup>2</sup>**
  - **WBF Hotel & Resorts (“WBF”), master lessee of 3 ART properties, filed for civil rehabilitation** on 27 April 2020
  - **6 properties temporarily closed in 1H 2020**, including 2 WBF properties
- **WBF update:** Security deposits have been used to offset the rent up to July 2020. ART in discussions with WBF and other operators, and assessing the best course of action
- **Resilient contribution from 11 rental housing properties;** occupancies remained high at >90%
- **Progressive reopening of properties from July 2020 to capture domestic leisure demand**, with the lifting of inter-prefectural travel restrictions and launch of Japan’s Go To Travel campaign
- Tokyo currently excluded from the Go To Travel campaign as infection cases increase. **Operating environment expected to remain challenging** if contagion not controlled



**State of emergency declared from April 2020 to May 2020**



**Entry ban on >100 countries; selected chartered flights to Vietnam are permitted and travel bubbles being negotiated**



**All inter-prefectural travel restrictions lifted in June 2020; domestic travel encouraged**

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. 5 A-HTRUST properties were acquired on 31 December 2019

2. Pertains to the properties under management contracts and excludes rental housing

# Singapore

## Alternative sources of business mitigated absence of international travellers



**'Circuit Breaker' began in April 2020 and currently in Phase 2**



**International borders remain closed except for green lane arrangement with China**



**Hotels approved by Singapore Tourism Board can accept staycation bookings**

**17%** of total assets: **2** Master Leases; **2** Management Contracts

- **Decrease in total revenue y-o-y** due to impact from COVID-19 and divestment of Ascott Raffles Place Singapore, partially mitigated by the maiden contribution from Park Hotel Clarke Quay (PHCQ)<sup>1</sup>
- **1H 2020 RevPAU decreased 25% to S\$147** for properties under management due to lower occupancy and room rates
- **Gross profit increased y-o-y despite lower revenue** due to refund of maintenance and sinking funds, property tax rebates, and lower staff costs (due to wage support from the government)
- Mitigated by **long stays** and **alternative business leads**
  - **Block booked** as government quarantine facilities:-
    - **Somerset Liang Court Singapore** from early April 2020 to early July 2020
    - **PHCQ** from mid April 2020 to September 2020
    - **Citadines Mount Sophia Singapore** from July 2020
  - **Ascott Orchard Singapore (AOS)** housing those serving **stay home notice**
  - Other sources of business include **Malaysians affected by border shutdown**
- Demand for **staycations at AOS** encouraging since reopening for staycation bookings; further boost from Singapore's **S\$45 million domestic tourism campaign**

# United Kingdom

Significant impact post-lockdown



**Lockdown measures began in March 2020**



**International borders open to 59 countries under airbridge arrangements**



**Domestic travel permitted**

**7%** of total assets: **3** Management Contracts (MC)<sup>1</sup>;  
**1** Management Contract with Minimum Guaranteed Income (MCMGI)

- As ART's UK portfolio was significantly impacted after the lockdown in March 2020, **3 expired MCMGI<sup>1</sup> were converted into management contracts for a 1-year term from May 2020**
- **Most UK hotels were mandated by the government to close** during the lockdown. However, **ART's properties remained operational with reduced inventory and manning** to serve existing long-stay guests
- **Alternative sources of business were pursued** – providing accommodation to healthcare workers, but inadequate to make up for the loss of normal demand
- **MCMGI revenue decreased 32%<sup>2</sup> in 1H 2020, mitigated by income top-up of GBP 1.0 million**; RevPAU decreased 45%<sup>2</sup>
- **MC revenue decreased 90% in 1H 2020<sup>2</sup>**; RevPAU decreased 92%<sup>2</sup>
- Operating performance of ART's properties expected to **remain challenged** as London traditionally depends on international travel

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. MCMGI for Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London expired on 30 April 2020

2. For comparison purposes, the revenue, gross profit and RevPAU of Citadines Barbican London, Citadines Holborn-Covent Garden London and Citadines Trafalgar Square London for the period from May 2019 to June 2019 have been reclassified from the MCMGI category to the MC category.

# United States

Recovery trajectory dependent on caseloads and easing of international borders



**Lockdown of cities began in March 2020. Most states have since eased restrictions**



**Entry closed to travellers from certain countries**



**Domestic travel generally permitted but travellers from certain states subject to quarantine**

**12%** of total assets: **3** Management Contracts

- **Decline in revenue y-o-y and gross loss recorded** mainly due to the absence of leisure and transient demand following the lockdown in March 2020; **59% decrease in RevPAU to USD 77 in 1H 2020**
- While many US hotels were closed during the lockdown, **ART's properties remained operational with reduced inventory, staffing and costs**
- Mitigated drop in traditional market drivers by providing accommodation to **healthcare workers and COVID-19 responders**
- Grave impact of COVID-19 felt in New York City, with as many as **25,000 hotel rooms (or 20% of total inventory) not expected to reopen** after the pandemic<sup>1</sup>
- **Outlook uncertain** as frontline workers leave New York City in 3Q 2020; focus on driving bookings from **domestic leisure and alternative market segments**
- **Economy and midscale hotels** expected to return to pre-pandemic levels the fastest due to **leaner cost structures**
- **Pace of recovery dependent on COVID-19 caseloads**; New York City market occupancy at 37% in the second week of July<sup>2</sup>

Notes: Updates on travel and movement restrictions above as at 22 July 2020

1. Source: The Wall Street Journal

2. Source: STR

# Vietnam

Occupancies in 1H 2020 supported by long-stay corporate guests



**Lockdown of cities began in March 2020**



**International borders generally remain closed; Vietnam has agreed to resuming commercial flights to China**



**Domestic travel permitted**

**4%** of total assets: **4** Management Contracts

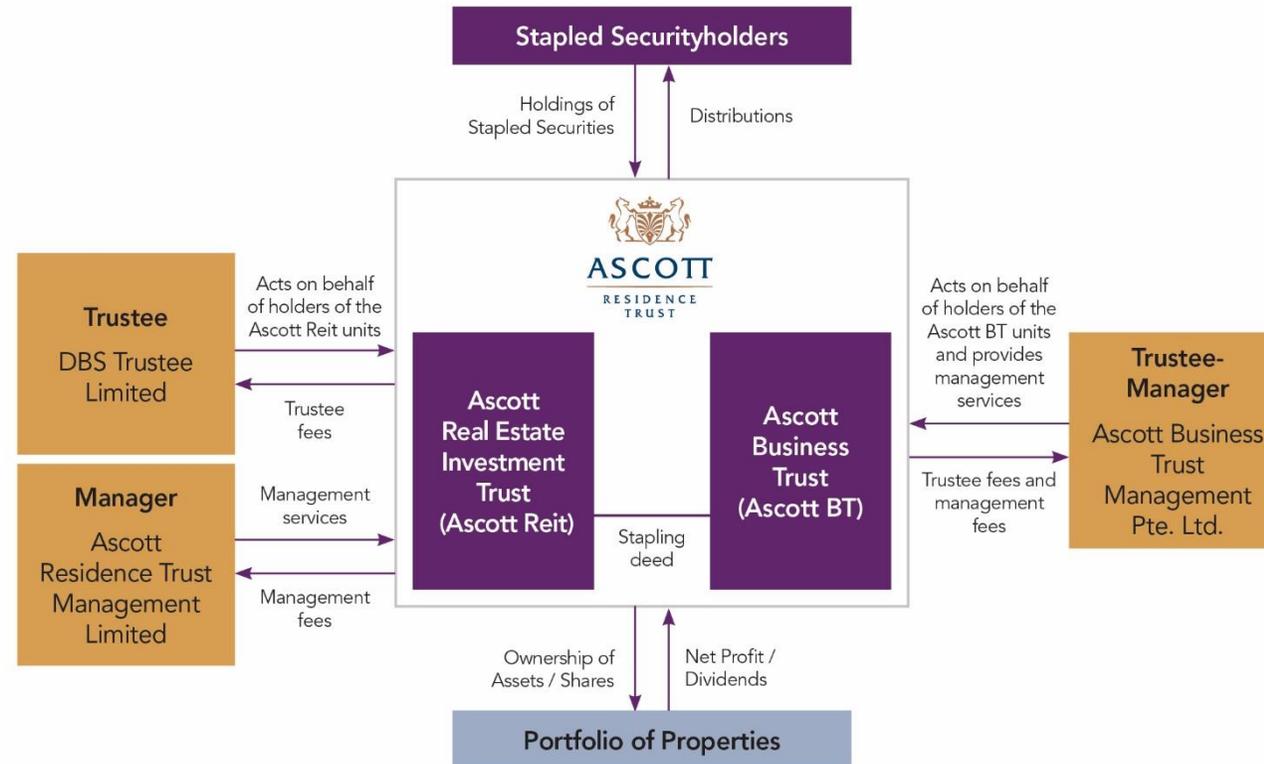
- **Decrease in revenue y-o-y** due to divestment of Somerset West Lake Hanoi in October 2019 and weak corporate demand on the back of COVID-19
- **1H 2020 RevPAU decreased 38% to VND 989,000**; occupancy remained resilient at mid 50%, supported by long stays
- Working with authorities and embassies to serve **returning nationals and expatriates on self-isolation or in search for long-stay accommodation**
- While domestic flights have resumed, demand from the **leisure segment remains limited as travellers prefer resort destinations**
- **Demand from multinational companies continues to be muted** as international borders remain closed
- **Outlook challenging** due to potential rate competition, given smaller budgets of local travellers, and shorter bookings
- **Plans for travel bubbles** between Vietnam and China, Taiwan, Japan and South Korea underway as airline companies prepare to restart international flights when borders reopen

# Appendix – Other Information

**Citadines**

# 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>CapitalLand Limited, Asia's largest diversified real estate group, is the parent company of The Ascott Limited, the Sponsor of ART</li> <li>CapitalLand 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:**

- Ascott Reit is governed by the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore.
- Based on ART's gearing for financial years 2011 – 2019.
- Wholly-owned subsidiaries of CapitalLand Limited.



# Thank you



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