

## NEWS RELEASE

### ASCOTT RESIDENCE TRUST RAISES 1H 2021 DISTRIBUTION PER STAPLED SECURITY BY 95% TO 2.05 CENTS THROUGH ACTIVE PORTFOLIO OPTIMISATION

*Fourth consecutive quarter of REVPAU recovery in 2Q 2021*

**Singapore, 27 July 2021** – Ascott Residence Trust (ART) raised its distribution per stapled security (DPS) for 1H 2021 by 95% to 2.05 cents compared to 1H 2020 through active portfolio optimisation. ART achieved S\$360 million in net gains from its divestments from 2019 to 2021 to date. The distributable income for 1H 2021 grew 96% year-on-year (y-o-y) to S\$63.8 million. The distributable income for 1H 2021 included a one-off partial distribution of divestment gains of S\$20 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of COVID-19 on distributions. It also included termination fee income received<sup>1</sup> and realised exchange gains.

ART's portfolio revenue per available unit (REVPAU<sup>2</sup>) has risen over four consecutive quarters since 2Q 2020, with an increase of 18% from 1Q 2021 to 2Q 2021. For 1H 2021, ART's portfolio REVPAU was S\$60. On a same-store basis<sup>3</sup>, the revenue and gross profit for 2Q 2021 were 45% and 56% higher respectively compared to 2Q 2020.

Revenue for 1H 2021 decreased by 11% y-o-y to S\$185.0 million, mainly attributed to an absence of contributions from six properties<sup>4</sup> which were all divested at a premium to book value, and lower revenue from the existing portfolio due to the impact of COVID-19. This was partially offset by the additional contribution of S\$3.6 million from Quest Macquarie Park Sydney in Australia which was acquired in February 2020, ART's first student accommodation asset, Paloma West Midtown<sup>5</sup> in Georgia, United States of America (USA), acquired in February 2021 as well as three rental housing properties<sup>6</sup> in Sapporo, Japan that were acquired in June 2021.

Gross profit for 1H 2021 was S\$82.1 million, about 74% of which were stable income contribution by properties on master leases, properties on management contracts with minimum guaranteed income as well as management contracts of ART's rental housing and student accommodation assets. There are no master leases expiring in 2021 and ART's portfolio continues to generate profit and positive cashflow. Park Hotel Clarke Quay in Singapore is in the

<sup>1</sup> For the termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan.

<sup>2</sup> Portfolio REVPAU refers to the revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income. It excludes master leases, rental housing and student accommodation.

<sup>3</sup> Excluding acquisitions and divestments in 2020 and 2021.

<sup>4</sup> The six properties are Somerset Liang Court in Singapore, Ascott Guangzhou and Somerset Xu Hui in China, Somerset Azabu East in Japan as well as Citadines City Centre Grenoble and Citadines Didot Montparnasse Paris in France.

<sup>5</sup> Formerly Signature West Midtown.

<sup>6</sup> The three rental housing properties are City Court Kita 1 jo, Big Palace Minami 5 jo, and Alpha Square Kita 15 jo.

process of being repossessed by ART and the managers of ART are assessing options for the operations of the property. A provision of S\$5.3 million has been made in 1H 2021 for the outstanding rents and the master lease, expiring in 2023, will subsequently be terminated. Assuming a same-store basis<sup>3</sup>, gross profit for 1H 2021 was relatively stable due to lower operating costs.

Mr Bob Tan, Chairman of Ascott Residence Trust Management Limited (ARTML) and Ascott Business Trust Management Pte. Ltd. (the Managers of ART) said: “ART’s predominantly long-stay properties, geographically diverse portfolio and presence in large domestic markets offer resilience and it is well-placed to benefit as the global economy recovers<sup>7</sup>. ART has been actively reconstituting and enhancing our portfolio by redeploying divestment proceeds into higher-yielding and long-stay assets to increase stable income and create greater value for our Stapled Securityholders. ART has received about S\$580 million in proceeds from the divestment of our six properties at about 2%<sup>8</sup> average exit yield. In 1H 2021, our total investments of about S\$285 million were at an average EBITDA yield of about 5%.”

“With about S\$140 million remaining in divestment proceeds and a debt headroom of S\$1.9 billion, ART has a strong financial capacity to seek investment opportunities in more long-stay lodging assets to deliver sustainable, long-term value to our Stapled Securityholders. ART aims to expand our asset allocation in rental housing and student accommodation properties from about 9% currently to about 15-20% of our total property value in the medium term,” added Mr Tan.

Ms Beh Siew Kim, Chief Executive Officer of ARTML and Ascott Business Trust Management Pte. Ltd. (the Managers of ART) said: “As governments around the world step up their vaccination programmes amid emerging variants of COVID-19 and start to ease restrictions on international travel, we are cautiously optimistic of the varied pace of recovery across global markets. The initial phase of recovery remains largely driven by the domestic and essential corporate travel segments, and the return of international demand may be more gradual. ART’s properties in China continued to lead the recovery with higher corporate demand while properties in Europe benefitted from leisure demand brought on by the summer season. The block bookings at our properties in Australia, Singapore and USA, as well as the long stays in Indonesia, Philippines and Vietnam continued to offer stability.”

“ART’s expansion of our rental housing and student accommodation portfolios will generate greater stable returns. The three Japan rental housing properties we acquired in June 2021 will immediately contribute stable income, given their long leases of about two years and high occupancy rates. The average EBITDA yield of the three rental housing properties is approximately 4%. Our first student accommodation asset, Paloma West Midtown is 97%<sup>9</sup> pre-

<sup>7</sup> According to the ‘World Economic Outlook’ (April 2021) by the International Monetary Fund, the global economy is projected to grow 6% in 2021, with a stronger performance expected in 2H 2021.

<sup>8</sup> Exit yield is computed based on the properties’ EBITDA in the last financial year before they were divested; excludes the divestment of Somerset Liang Court Singapore as it is a partial sale of GFA and the exit yield is therefore not meaningful for the purpose of this computation.

<sup>9</sup> As of July 2021.

leased for the Fall 2021 semester, in line with pre-pandemic pre-leasing rates. Our second student accommodation asset in South Carolina, USA which we will jointly develop with our sponsor, The Ascott Limited, has a target stabilised EBITDA yield of about 6.2%. It offers an attractive yield on cost and potential development upside,” added Ms Beh.

### Rejuvenating ART’s portfolio to create greater value for Stapled Securityholders

ART is rejuvenating its portfolio with four projects in Singapore and the USA undergoing asset enhancement or development. ART’s maiden development project and coliving property, lyf one-north Singapore, is expected to complete in 4Q 2021. The 324-unit coliving property situated within Singapore’s research and innovation business hub of one-north has achieved the Green Mark Gold<sup>PLUS</sup> award by the Building and Construction Authority of Singapore.

Development of the new Somerset serviced residence at the Liang Court site in Singapore has commenced and is scheduled to complete in 2H 2025. The new 192-unit Somerset serviced residence will be part of an iconic riverfront integrated development.

In the USA, in addition to the construction of its second student accommodation asset, ART’s US\$10 million refurbishment of its Hotel Central Times Square in New York has commenced in April 2021. The rebranded property is expected to launch in 4Q 2021 as voco - an upscale brand under IHG Hotels & Resorts, well-positioned to capture demand from domestic leisure travellers as the market recovers. The 224-room voco Times Square South will provide guests a thoughtful, relaxed and charming experience.

### Strong financial and cashflow positions

ART’s strong financial and cashflow positions give it the flexibility to invest in quality assets, pare down debt and/or distribute part of the gains from divestments to Stapled Securityholders. ART has a total of approximately S\$1.17 billion in cash on-hand and unutilised credit facilities as at 30 June 2021.

ART’s effective borrowing cost remains low at 1.6% per annum. ART’s gearing of 35.9% as at 30 June 2021 is well below the 50% gearing threshold set by the Monetary Authority of Singapore.

### Summary of Results

	1H 2021	1H 2020	Variance %
<b>Revenue (S\$ million)</b>	185.0	208.5	(11)
<b>Gross Profit (S\$ million)</b>	82.1	88.6	(7)
<b>Distributable Income (S\$ million)</b>	63.8 <sup>(1)</sup>	32.6 <sup>(2)</sup>	96
<b>Distribution Per Stapled Security (DPS) (cents)</b>	2.05	1.05	95

<b>Revenue Per Available Unit (REVPAU) (S\$/day)</b>	60	70	(14)
--	----	----	------

- (1) Distributable income for 1H 2021 included:
- a one-off partial distribution of divestment gains of S\$20 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of COVID-19 on distributions.
  - termination fee income received upon termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan.
  - realised exchange gain on the receipt of the divestment proceeds.
  - realised exchange gain arising from the repayment of foreign currency bank loans with the divestment proceeds.
- (2) In view of the uncertainty surrounding the COVID-19 situation, ART had retained approximately 15% (S\$5.0 million) of its income available for distribution to Stapled Securityholders, as rent negotiations are still on-going and ART may grant further rental deferment and/or waivers to support some tenants through this challenging period.

To mitigate the impact of COVID-19 on distributions and to share past divestment gains with Stapled Securityholders, ART had included a S\$5.0 million top-up in the 1H 2020 distribution.

### **Distribution and Book Closure Date**

ART's distributions, made on a semi-annual basis, are as follows:

Distribution	For 1 January 2021 to 30 June 2021
Distribution Rate	2.045 cents per Stapled Security
Book Closure Date	4 August 2021
Payment Date	27 August 2021

For ART's 1H 2021 financial statement and presentation, please visit [www.ascottresidencetrust.com](http://www.ascottresidencetrust.com)

### **About Ascott Residence Trust**

Ascott Residence Trust (ART) is the largest hospitality trust in Asia Pacific with an asset value of S\$7.3 billion as at 30 June 2021. Having listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since March 2006, ART's objective is to invest primarily in income-

producing real estate and real estate-related assets which are used or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets in any country in the world. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 88 properties with more than 16,000 units in 38 cities across 15 countries in Asia Pacific, Europe and the United States of America as at 30 June 2021.

ART's properties are mostly operated under the Ascott The Residence, Somerset, Quest and Citadines brands. They are mainly located in key gateway cities such as Barcelona, Berlin, Brussels, Hanoi, Ho Chi Minh City, Jakarta, Kuala Lumpur, London, Manila, Melbourne, Munich, New York, Paris, Perth, Seoul, Singapore, Sydney and Tokyo.

ART is a stapled group comprising Ascott Real Estate Investment Trust (Ascott Reit) and Ascott Business Trust (Ascott BT). ART is managed by Ascott Residence Trust Management Limited (as manager of Ascott Reit) and Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott BT), both of which are wholly owned subsidiaries of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

Visit [www.ascottresidencetrust.com](http://www.ascottresidencetrust.com) for more information.

### **About CapitaLand Limited**

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$137.7 billion as at 31 March 2021. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 240 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages six listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. CapitaLand launched Singapore's first REIT in 2002 and today, its stable of REITs and business trusts comprises CapitaLand Integrated Commercial Trust, Ascendas Real Estate Investment Trust, Ascott Residence Trust, CapitaLand China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

CapitaLand places sustainability at the core of what it does. As a responsible real estate company, CapitaLand contributes to the environmental and social well-being of the communities where it operates, as it delivers long-term economic value to its stakeholders.

Visit [www.capitaland.com](http://www.capitaland.com) for more information.

## **Important Notice**

This release may contain forward-looking statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training, property operating expenses), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management regarding future events. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this release. Neither Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (“**Managers**”) nor any of their affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use of, reliance on or distribution of this release or its contents or otherwise arising in connection with this release.

The past performance of Ascott Residence Trust (“**ART**”) is not indicative of future performance. The listing of the stapled securities in ART (“**Stapled Securities**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) does not guarantee a liquid market for the Stapled Securities. The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST.

This release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

### **Issued by:**

**Ascott Residence Trust Management Limited**  
**Ascott Business Trust Management Pte. Ltd.**  
168 Robinson Road, #30-01 Capital Tower, Singapore 068912  
Tel: (65) 6713 2888 Fax: (65) 6713 2121



A Member of CapitalLand

Ascott Residence Trust Management Limited  
(Manager of Ascott Real Estate Investment Trust) (Regn No.: 200516209Z)  
Ascott Business Trust Management Pte. Ltd.  
(Trustee-Manager of Ascott Business Trust) (Regn No.: 201925299R)  
168 Robinson Road #30-01 Capital Tower Singapore 068912  
t (65) 6713 2888  
www.ascottresidencetrust.com

Website: <http://www.ascottresidencetrust.com>

**For more information, please contact:**

Analyst Contact

Denise Wong

Head

Investor Relations

Tel: (65) 6713 2151

Email: [denise.wong@the-ascott.com](mailto:denise.wong@the-ascott.com)

Media Contact

Joan Tan

Vice President

Group Communications

Tel: (65) 6713 2864 / HP: (65) 9743 9503

Email: [joan.tanzm@capitaland.com](mailto:joan.tanzm@capitaland.com)



discoverasr.com

asr ascott  
star  
rewards