

## NEWS RELEASE

### ASCOTT RESIDENCE TRUST POSTS DISTRIBUTABLE INCOME OF S\$61.7 MILLION IN 2H 2020 AND S\$94.2 MILLION IN FY 2020

*Leverages strong financial position and capital recycling strategy to enhance resilience of ART's global portfolio*

**Singapore, 27 January 2021** – Ascott Residence Trust (ART) posted a distributable income of S\$61.7 million in 2H 2020 and S\$94.2 million in FY 2020 amidst the COVID-19 pandemic. The distributable income for 2H 2020 is a 32% decline compared to 2H 2019. To mitigate the impact of COVID-19, replace loss income from divested assets and to share past divestment gains with Stapled Securityholders, a one-off partial divestment gain of S\$40.0 million will be distributed to Stapled Securityholders. ART also released the S\$5.0 million of distributable income which was retained in 1H 2020. Distribution per Stapled Security (DPS) for 2H 2020 is 1.99 cents, a 52% decrease compared to 4.18 cents in 2H 2019.

Revenue for 2H 2020 decreased by 39% to S\$161.4 million as compared to 2H 2019. This was mainly attributed to the lower revenue from the existing portfolio due to the impact of COVID-19, and a decrease in contributions from the divestment of Somerset Liang Court Singapore and Somerset West Lake Hanoi in Vietnam. The decrease was partially offset by the additional income contribution from the combination with Ascendas Hospitality Trust which was completed in end 2019, and the acquisition of Quest Macquarie Park Sydney in February 2020.

ART's revenue per available unit (REVPAU<sup>1</sup>) was S\$49 for 2H 2020. Gross profit for 2H 2020 was S\$61.1 million. ART's properties with a larger proportion of long stays in markets such as China and Vietnam continue to outperform its peers that are dependent on transient travellers. In December 2020, expiring master leases in France were renewed with adjustments made to the rent structure, extending the expiry profile of the leases.

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 properties that cater predominantly to the long-stay customer segment, our geographically diversified presence, and mix of stable and growth income streams have helped to cushion the impact of COVID-19 on ART's financial performance. About two-thirds of ART's gross profit was from master leases and management contracts with minimum guaranteed income which provide us with more stability. Given the resurgence and uncertainty around new strains of the coronavirus, global economic recovery remains fragile. Nonetheless, ART is well-capitalised and continues to build on our financial strength."

Mr Tan added: "As part of our capital recycling strategy, we have divested two properties at the end of last year with two more to be completed in 1Q 2021, all at a premium to their book values. Proceeds from the sale of these properties will be deployed into higher yielding assets. The

<sup>1</sup> Portfolio RevPAU refers to the revenue per available unit of properties under management contracts and management contracts with minimum guaranteed income.

expansion of our investment mandate to include student accommodation assets and acquisition of our first student accommodation asset will bolster our resilience and increase our stable income stream. We will look for opportunities to invest in longer stay lodging assets with longer weighted average lease expiry (WALE). We remain committed to delivering sustainable, long-term value to our Stapled Securityholders.”

Ms Beh Siew Kim, Chief Executive Officer of ARTML and Ascott Business Trust Management Pte. Ltd. (the Managers of ART) said: “We continue to actively reconstitute and enhance ART’s portfolio as we remain disciplined in managing our capital and costs. The student accommodation asset we have acquired has strong domestic demand with high average occupancy rate of 95% despite COVID-19 and will add an approximate 4.4% to DPS for FY 2020 on a pro forma basis.”

Ms Beh added: “Despite the near-term headwinds, there is significant pent-up demand for travel. The domestic, leisure and free independent segments are expected to continue to lead the recovery. As vaccinations become widely available, travel is expected to resume<sup>2</sup>. In the meantime, we have proactively sourced for alternative businesses such as guests looking for spaces to work-from-home to supplement our long-stay business, and increased our digitalisation initiatives. We have also stepped up our sustainability efforts. ART was the first hospitality trust in Singapore to secure a green loan and we aim to green ART’s global portfolio by 2030. This will prepare us for the upturn with a future-ready portfolio as we do our part as a responsible hospitality trust.”

#### Actively reconstitute portfolio with net divestment proceeds of about S\$380 million

As part of ART’s active portfolio reconstitution strategy, it divested Somerset Azabu East Tokyo in Japan at JPY 5,900 million (S\$76.2 million<sup>3</sup>) in December 2020 at 63% above its book value. In December 2020, ART also completed the divestment of Ascott Guangzhou in China at 52% above its book value. In July 2020, the divestment of the partial gross floor area of Somerset Liang Court Singapore was completed at 44% above its book value.

ART has also entered into conditional agreements to divest Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble in France, at 69% and 35% above their respective book values. The transactions are expected to be completed in 1Q 2021.

#### Continually enhance the quality of ART’s portfolio

To enhance the quality of ART’s portfolio, ART has today announced the acquisition of its first purpose-built student accommodation asset, in tandem with the expansion of its investment mandate to include student accommodation. ART will acquire Signature West Midtown, a freehold 183-unit student accommodation asset in Atlanta, Georgia in the USA for US\$95 million (S\$126.3 million<sup>4</sup>). The transaction is expected to be completed by end 1Q 2021.

<sup>2</sup> The World Tourism Organization (UNWTO) expects international visitor arrivals to rebound by 2H 2021, after falling by more than 70% in 2020, but a full recovery to 2019 levels could take two-and-a-half to four years depending on when travel restrictions are lifted.

<sup>3</sup> Based on the exchange rate of JPY1 to S\$0.01291.

<sup>4</sup> Based on the exchange rate of US\$1 to S\$1.3298.

ART also has three projects slated for development or asset enhancement. Project planning has commenced for the new Somerset serviced residence at the Liang Court site in Singapore and construction is expected to begin in 3Q 2021. The property is scheduled for completion in 2025. The new 192-unit Somerset serviced residence will be part of an iconic riverfront integrated 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 is located in Singapore's research and innovation business hub, and is next to the MRT station.

ART will also commence the refurbishment of its Hotel Central Times Square in New York, USA in 2Q 2021. The 224-room property will remain open during the asset enhancement initiative and it will be rebranded and launched in 3Q 2021.

#### Deepen sustainability efforts

ART obtained green certifications for 15 of its properties in 2020, four times more green-certified properties compared to 2019. In January 2021, ART was the first hospitality trust in Singapore to obtain a green loan. The S\$50 million five-year green loan from DBS Bank Ltd will be used to finance lyf one-north Singapore. The coliving property achieved the Green Mark Gold<sup>PLUS</sup> award by Building and Construction Authority of Singapore and will be fitted with green, energy-efficient and smart building features.

#### Strengthen financial position through disciplined capital and cashflow management

ART continues to adopt a disciplined approach in its capital and cashflow management. As at 31 December 2020, ART had a total of approximately S\$1 billion in cash on-hand and unutilised credit facilities. This is sufficient to cover more than three years' fixed costs under a worst-case, zero-income scenario. The funds available include sale proceeds from recent divestments, which further strengthens ART's financial capacity and provides ART the flexibility to distribute part of the proceeds to Stapled Securityholders, pare down debt and/or finance potential acquisitions.

ART's effective borrowing cost remains low at 1.8% per annum. ART's gearing of 36.3% as at 31 December 2020 is well below the 50% gearing threshold set by the Monetary Authority of Singapore.

#### Summary of Results

|                                          | 2H 2020 | 2H 2019 | Variance % | YTD Dec 2020 | YTD Dec 2019 | Variance % |
|------------------------------------------|---------|---------|------------|--------------|--------------|------------|
| <b>Revenue (S\$ million)</b>             | 161.4   | 266.6   | (39)       | 369.9        | 514.9        | (28)       |
| <b>Gross Profit (S\$ million)</b>        | 61.1    | 130.3   | (53)       | 149.6        | 252.6        | (41)       |
| <b>Income available for distribution</b> | 61.7    | 90.9    | (32)       | 94.2         | 165.5        | (43)       |

| to Stapled Securityholders (S\$ million) <sup>(1), (2)</sup> |      |      |      |      |      |      |
|--------------------------------------------------------------|------|------|------|------|------|------|
| Distribution Per Stapled Security (DPS) (cents)              | 1.99 | 4.18 | (52) | 3.03 | 7.61 | (60) |
| Revenue Per Available Unit (RevPAU) (S\$/day)                | 49   | 158  | (69) | 59   | 152  | (61) |

- (1) Distributable income for 2H 2020 included a one-off partial distribution of divestment gain of S\$40.0 million to mitigate the impact of COVID-19 on distributions and to share past divestment gains with Stapled Securityholders.

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

Total divestment gain to be distributed for YTD December 2020 is S\$45.0 million.

In 1H 2020, in view of the uncertainty surrounding the COVID-19 situation, ART retained approximately 15% (S\$5.0 million) of its income available for distribution to Stapled Securityholders.

In 2H 2020, ART released the S\$5.0 million of distributable income retained in 1H 2020 to Stapled Securityholders.

- (2) In 2H 2019 and YTD December 2019, distributable income included a one-off partial distribution of divestment gain of S\$17.5 million.

ART distributed 100% of its distributable income in FY 2019. It will distribute 100% of its distributable income for FY 2020.

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

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

| Distribution      | For 1 January 2020 to 30 June 2020 | For 1 July 2020 to 31 December 2020 |
|-------------------|------------------------------------|-------------------------------------|
| Distribution Rate | 1.047 cents per Stapled Security   | 1.986 cents per Stapled Security    |
| Book Closure Date | 6 August 2020                      | 4 February 2021                     |

|              |                |                  |
|--------------|----------------|------------------|
| Payment Date | 28 August 2020 | 26 February 2021 |
|--------------|----------------|------------------|

For ART's FY 2020 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\$7.2 billion as at 31 December 2020. 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, hotels, rental housing properties and other hospitality assets in any country in the world. Ascott Real Estate Investment Trust's investment mandate will include student accommodation to be effected on 27 February 2021. ART is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index).

ART's international portfolio comprises 86 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 31 December 2020.

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, Shanghai, Singapore 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\$133.3 billion as at 30 September 2020. 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 220 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 Retail 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.

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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.

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**Issued by:**

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