

NEWS RELEASE

ASCOTT ACCELERATES GROWTH OF CITADINES BRAND IN CHINA THROUGH JOINT VENTURE WITH HUAZHU HOTELS GROUP AND CJIA APARTMENTS GROUP

Manachise joint venture targets to sign 16,000 units under Citadines in China by 2025

Singapore, 8 May 2018 – CapitaLand’s wholly owned serviced residence business unit, The Ascott Limited (Ascott), is stepping up the expansion of its Citadines brand in China through a joint venture with one of China’s leading hotel operators Huazhu Hotels Group (Huazhu) and Huazhu’s subsidiary and an apartment rental firm, CJIA Apartments Group (CJIA). Listed on Nasdaq Stock Market since 2010, Huazhu has a market capitalisation of US\$10.4 billion and the third largest market share in China’s midscale hotel segment with a total portfolio of over 380,000 hotel rooms. CJIA, within a short span of over two years, has expanded quickly to collaborate with over 100 property management firms with 10,000 apartments. With an initial registered capital of RMB 100 million (S\$21 million), Ascott, Huazhu and CJIA will hold 50%, 10% and 40% respective stakes in the partnership. The joint venture will focus on growing Citadines in the first-tier Chinese cities of Shanghai, Beijing and Shenzhen for the initial years. It has secured its first property in the Pudong district of Shanghai, which will come under the Citadines brand and enjoys easy access to the city’s financial district.

Mr Kevin Goh, Ascott’s Chief Executive Officer, said: “Our partnership with Huazhu and CJIA marks Ascott’s most significant and game-changing move in the asset-light manachise¹ business to date. Huazhu is one of China’s biggest hospitality players with significant local capabilities. CJIA has scaled up rapidly in the apartment rental space with more than 90% of its revenue from long-term rentals, which complements Ascott’s strong position in the long-stay business. Ascott will be able to tap on Huazhu and CJIA’s vast expertise in operating properties through manachise, and their over 100 million-member database of domestic corporate and leisure travellers.”

“The joint venture will fast-track Ascott’s growth in China and accelerate the boost in recurring fee income given the shorter timeframe to open a new property. The manachise business model focuses on design and product standardisation, as well as economies of scale, resulting in time and cost savings for the manachisees. Manachise will also allow our joint venture to actively manage the properties and maintain the quality of our world-renowned Citadines brand while enjoying franchise fees. Coupled with Ascott’s international marketing network and experience in managing award-winning properties worldwide, our formidable partnership with Huazhu and CJIA will give us a leading edge in the market.”

[1] Manachise is a hybrid of franchise and management contract, whereby an on-site manager appointed by the joint venture will actively manage the operations of the property.

Mr Goh added: “China remains our top source market globally with the Chinese constituting almost a quarter of our customers and continues to be the fastest growing segment. With the joint venture’s target to sign 16,000 units under Citadines by 2025, this will more than triple our current Citadines portfolio in China. We will also continue to grow our other award-winning brands including Ascott, Somerset, Tujia Somerset as well as the millennial-targeted, coliving brand lyf. Besides manachise, Ascott will continue to expand through investments, strategic alliances, management contracts, leases and franchises. We are confident of surpassing Ascott’s global target of 80,000 units this year, and doubling our portfolio to 160,000 units by 2023.”

Mr Jin Hui, President of Huazhu Hotels Group and Chairman & CEO of CJIA Apartments Group, said: “Ascott and its Citadines brand are well-recognised internationally. Huazhu’s collaboration with Ascott to expand Citadines through manachise will enable us to scale up quickly in the midscale hospitality segment, and broaden our range of brands for our customers. There is strong domestic demand for quality accommodation and we will continue with our multi-brand strategy to grow our presence in China.”

Mr Tan Tze Shang, Ascott’s Managing Director for China and Head of Business Development, said: “Ascott has added 10 properties with more than 1,900 units in China so far this year, an increase of over 50% compared to the same period last year. The strategic alliance with Huazhu and CJIA will further drive our growth in China by capturing the booming mid-tier accommodation market, particularly in Shanghai, Beijing and Shenzhen – China’s leading economically vibrant cities and travel destinations. To speed up our growth, we will continue to form strategic partnerships with key developers and new economy leaders, to boost our access to large-scale, quality projects and extend our reach to the growing Chinese market.”

The joint venture with Huazhu and CJIA comes hot on the heels of Ascott’s recent partnership with specialty township developer Riverside Group to launch serviced residences in Zhejiang, Chongqing and future riverside themed towns in other key Chinese cities. Ascott is also in partnerships with new economy leaders such as Tujia, China’s largest online apartment sharing platform, and Alibaba’s online travel service platform Fliggy.

China was the third largest recipient of foreign direct investment, with inflows of US\$134 million in 2017². Its Belt and Road Initiative is also set to boost international trade opportunities for the world’s second largest economy. Meanwhile, the World Tourism Organization predicted that China will become the world’s top tourist destination and fourth largest source country by 2020³.

Ascott has more than 110 properties with over 20,000 units across more than 30 cities in China. Of these, 30 are Citadines-branded properties with close to 5,000 units in 19 cities.

[2] “World Investment Report 2017”, United Nations Conference on Trade and Development

[3] “The Chinese Outbound Travel Market with Special Insight into the Image of Europe as a Destination” (2008), World Tourism Organization

About The Ascott Limited

The Ascott Limited is a Singapore company that has grown to be one of the leading international serviced residence owner-operators. It has over 43,000 operating serviced residence units in key cities of the Americas, Asia Pacific, Europe, the Middle East and Africa, as well as more than 31,000 units which are under development, making a total of more than 74,000 units in over 500 properties. The company's brands include Ascott, Citadines, Somerset, Quest, The Crest Collection, and lyf. Ascott's portfolio spans more than 130 cities across over 30 countries.

Ascott, a wholly owned subsidiary of CapitaLand Limited, pioneered Asia Pacific's first international-class serviced residence with the opening of The Ascott Singapore in 1984. Today, the company boasts over 30 years of industry track record and award-winning serviced residence brands that enjoy recognition worldwide.

Ascott's achievements have been recognised internationally. Recent awards include World Travel Awards 2018 for 'Leading Serviced Apartment Brand' in the Middle East; Business Traveller Middle East Awards 2018 for 'Best Serviced Apartment Company'; DestinAsian Readers' Choice Awards 2018 for 'Best Serviced Residence Brand'; TTG China Travel Awards 2018 for 'Best Serviced Residence Operator in China'; World Travel Awards 2017 for 'Leading Serviced Apartment Brand' in Asia, Europe and the Middle East; Business Traveller Asia-Pacific Awards 2017 for 'Best Serviced Residence Brand'; Business Traveller UK Awards 2017 for 'Best Serviced Apartment Company' and Business Traveller China Awards 2017 for 'Best Serviced Residence Brand'. For a full list of awards, please visit www.the-ascott.com/ascotlimited/awards.html.

About CapitaLand Limited

CapitaLand is one of Asia's largest real estate companies. Headquartered and listed in Singapore, it is an owner and manager of a global portfolio worth S\$91 billion as at 31 March 2018, comprising integrated developments, shopping malls, serviced residences, offices, homes, real estate investment trusts (REITs) and funds. Present across more than 150 cities in over 30 countries, the Group focuses on Singapore and China as core markets, while it continues to expand in markets such as Vietnam and Indonesia.

CapitaLand's competitive advantage is its significant asset base and extensive market network. Coupled with extensive design, development and operational capabilities, the Group develops and manages high-quality real estate products and services. It also has one of the largest investment management businesses in Asia and a stable of five REITs listed in Singapore and Malaysia – CapitaLand Mall Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust and CapitaLand Malaysia Mall Trust.

Visit www.capitaland.com for more information.

About Huazhu Hotels Group

Huazhu Hotels Group is a leading and fast-growing multi-brand hotel group in China with more than 3,800 hotels and over 380,000 rooms across over 370 cities. Founded in 2005 and listed on Nasdaq in 2010, Huazhu provides business and leisure travellers with high-quality, and conveniently-located hotel options from upscale to economy. HUAZHU Rewards, an upgraded loyalty programme and an efficient and user-friendly hotel booking platform as well, integrates premium hotel resources to provide accommodation, travel, shopping and other preferred services for over 100 million members.

Visit www.huazhu.com for more information.

About CJIA Apartments Group

CJIA Apartments Group (CJIA) is an apartment rental provider established by Huazhu Hotels Group and investment firm IDG Capital in 2015. CJIA has serviced more than 50,000 tenants with over 10,000 apartments in 100 properties in the first-tier cities across China.

Visit www.cjia.com for more information.

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