

In Step with the Corporate Traveller

By anticipating the corporate traveller's every need, Ascott's serviced residences deliver better value to residents and asset owners alike.

All over the world, companies are increasingly sending executives abroad on short-term assignments or relocating them for overseas postings. For these road warriors, corporate travel demands constant adaptation to new environments as well as different cultural and social settings.

Ascott's serviced residences offer the perfect antidote to the rigours of business travel by pulling out all the stops to make corporate travellers feel perfectly at home, even as they live and work in unfamiliar cities around the globe.

THE BEST OF BOTH WORLDS

Serviced residences typically combine the spaciousness, privacy and comfort of a home with the services of a hotel.

Ascott's serviced residences go one step further to offer more space, complete with fully-furnished living and dining areas and well-equipped kitchens, where residents can prepare their own meals or entertain if they wish. Top quality amenities such as high-speed broadband access, cable television and a home entertainment system allow corporate travellers to be in touch, informed and entertained at all times.

Many of the services associated with hotels such as the front office, laundry, housekeeping and breakfast are available at our serviced residences. Over and above these offerings, optional outsourced services ranging from grocery and meal delivery to babysitting make daily life even more pleasant for residents.

The heightened security coverage provided by our properties gives residents complete peace of mind. As serviced residences are more personalised than hotels, employees know residents by name and are always alert to strangers in their midst.

At our properties, social and networking events are held regularly to help residents, their spouses and families thrive in their new surroundings and enjoy expatriate life.

PAMPERING RESIDENTS, REWARDING INVESTORS

Serviced residences offer owners and shareholders superior returns as their operating costs are significantly lower than hotels. By eliminating certain high-cost and labour intensive services found in hotels, serviced residences maintain a leaner cost structure without sacrificing the creature comforts associated with quality living. At the same time, space utilisation is at an optimum as there is little need for extensive common areas like convention space and lobbies as is the case with hotels.

Taken together, the efficient use of space and lower operational expenses for serviced residences translate into higher margins and lower development costs. These savings are passed on to our residents as more living space and better rates.

The continued momentum for growth in the serviced residence sector is fuelled by the rise in cross-border investments and new global business patterns. Increasingly, executives of multinational companies are taking on overseas assignments stretching from weeks to months, as well as overseas postings of two to three years.



In mature markets, the serviced residence sector typically makes up 5%–10% of the temporary accommodation business. In newer markets, however, this figure is under 5%, offering tremendous upside potential for the future.

Serviced residences also enjoy a higher level of income stability in comparison to hotels as residents stay for longer periods, thus lowering turnover and marketing costs.

THE ASCOTT BUSINESS MODEL

As an owner-operator, Ascott owns, leases and manages serviced residences. As an operator, our revenue is derived from management fees comprising a percentage of gross operating revenue and a percentage of gross operating profit (GOP). As an investor, we earn yields on our investments while simultaneously enjoying capital gains from the divestment of properties when market conditions are in our favour.

Ascott maximises yields by continually re-allocating capital to higher-yielding assets and markets. We also enhance our existing assets by upgrading our properties in anticipation of changing market demands, and re-configuring and refurbishing them to maximise revenue-generating space.

As many of the specifications of our facilities are standardised, Ascott reaps the benefits of lower purchasing costs, consistent quality and operational standards.

The robust expansion of our global portfolio is achieved through a mixture of management contracts, equity participation and leases. We continue to focus on locating our properties in large financial and commercial cities with a critical mass of business activities and expatriates. We typically manage several properties in these cities so as to enjoy economies of scale and command premium positioning. In larger cities, we employ a product-tiering approach, with each of our three global brands – Ascott, Somerset and Citadines – catering to different customer segments and budgets.

The Ascott business model is further enhanced by our diversification across more than 50 cities in 23 countries, making us the world's largest international owner-operator of serviced residences. Our extensive international portfolio of properties and our expertise in managing global accounts enable us to retain our key customers even when their operations are re-located across borders.

We monitor the performance of our properties by tracking their revenue per available unit (RevPAU), GOP margin and earnings before interest, tax, depreciation and amortisation (EBITDA) yield in order to ensure optimal asset management of our portfolio.

Our performance in a particular country is the outcome of a range of factors such as economic growth, regulatory environment, foreign direct investment and the number of expatriates as well as foreign and domestic business travellers in that territory.

In many of the cities where we operate, our impeccable reputation over the last 24 years gives us an edge over our competitors. Our success is built on the solid foundation of an extensive international marketing and distribution network, and a diversified customer base of multinational companies.