ASCOTT RESIDENCE TRUST

A Member of CapitaLand

ASCOTT RESIDENCE TRUST

2021 FULL YEAR SUMMARY OF GROUP PERFORMANCE

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ASCOTT RESIDENCE TRUST
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Summary of Group Results

	2H 2021 S$'000	2H 2020 S$'000	Better / (Worse) %	YTD Dec 2021 S$'000	YTD Dec 2020 S$'000	Better / (Worse) %
Revenue	209,370	161,382	30	394,412	369,872	7
Gross Profit	91,210	61,040	49	173,290	149,602	16
Distribution Income (1), (2)	73,545	61,667	19	137,323	94,226	46
Distribution Per Stapled Security ("DPS") (cents)	2.27	1.99	14	4.32	3.03	43

Notes:

1. Distribution income for 2H 2021 included a one-off distribution of divestment gain of S$25.0 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions.

   Distribution income for FY 2021 included:

(a) one-off distribution of divestment gain of S$45.0 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions;
(b) termination fee income received upon termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan;
(c) realised exchange gain on the receipt of the divestment proceeds; and
(d) realised exchange gain arising from the repayment of foreign currency bank loans with the divestment proceeds

2. Distribution income for 2H 2020 included a one-off 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 had included a S$5.0 million top-up in the 1H 2020 distribution.

   Total divestment gain distributed for YTD Dec 2020 is S$45.0 million.

   In 1H 2020, in view of the uncertainty surrounding the Covid-19 situation, Ascott Residence Trust ("ART") had retained approximately 15% (S$5.0 million) of its income available for distribution to Stapled Securityholders. In 2H 2020, ART had released the S$5.0 million of distribution income retained in the 1H 2020 to Stapled Securityholders.

DISTRIBUTION AND BOOK CLOSURE DATE

On 20 September 2021, 152,594,100 new Stapled Securities were issued pursuant to the private placement. In order to ensure fairness to holders of the existing Stapled Securities, ART paid, in lieu of the scheduled semi-distribution, an advanced distribution of 0.545 cents per Stapled Security for the period from 1 July 2021 to 19 September 2021 (prior to the date on which the new Stapled Securities are issued pursuant to the private placement). The next distribution therefore will comprise the distribution income from 20 September 2021 to 31 December 2021. Semi-annual distributions will resume thereafter.

Distribution	For 1 January 2021 to 30 June 2021	For 1 July 2021 to 19 September 2021	For 20 September 2021 to 31 December 2021	For 1 July 2021 to 31 December 2021
Distribution Rate per Stapled Security	2.045 cents	0.545 cents	1.726 cents	2.271 cents
Book Closure Date	4 August 2021	17 September 2021	9 February 2022	
Payment Date	27 August 2021	9 November 2021	1 March 2022	

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INTRODUCTION

Ascott Residence Trust ("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 (collectively, the "Group"). Ascott Residence Trust Management Limited is the manager of Ascott Reit ("Ascott Reit Manager") and Ascott Business Trust Management Pte. Ltd. is the trustee-manager of Ascott BT ("Ascott BT Trustee-Manager") (collectively, the "Managers").

ART's objective is to invest 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, student accommodation and other hospitality assets. It has a portfolio of serviced residences, rental housing and hospitality properties across Asia Pacific, Europe and United States of America ("US"). ART's investment policy covers any country in the world.

On 31 March 2006, Ascott Reit was listed on the Singapore Exchange Securities Trading Limited ("SGX") with an initial portfolio of 12 properties in five countries (Singapore, China, Indonesia, the Philippines and Vietnam). In 2010, Ascott Reit enhanced the geographical diversification of its portfolio by acquiring 26 properties in Europe.

In 2015, Ascott Reit acquired its first property in the US.

Ascott Reit announced its maiden development project at Nepal Hill, Singapore to build the first coliving property, lyf one-north Singapore, in 2018.

On 31 December 2019, Ascott Reit completed the combination (the "Combination") with Ascendas Hospitality Trust ("A-HTRUST"). A-HTRUST was a stapled group comprising Ascendas Hospitality Real Estate Investment Trust ("A-HTRUST REIT") and Ascendas Hospitality Business Trust ("A-HTRUST BT"). Following the completion, A-HTRUST was delisted from SGX and unstapled. On completion, Ascott Reit acquired A-HTRUST REIT and Ascott BT acquired A-HTRUST BT.

ART has an active business trust component which derive certain of its income from non-passive income sources. Pursuant to the Property Funds Appendix, a Real Estate Investment Trust should not derive more than 10 per cent of its revenue from non-passive income sources. The Ascott BT Group has been put in place to hold such assets so as to facilitate compliance by ART with the Property Funds Appendix.

In February 2020, Ascott Reit completed the acquisition of Quest Macquarie Park Sydney, a freehold property under master lease arrangement. Ascott Reit completed the sale of the partial gross floor area of Somerset Liang Court in July 2020. The net proceeds will be redeployed for the redevelopment of the retained gross floor area. Ascott Guangzhou and Somerset Azabu East was divested in December 2020.

In February 2021, Ascott Reit completed the acquisition of its first student accommodation property in US, Paloma West Midtown. Ascott Reit divested Citadines City Centre Grenoble and Citadines Didot Montparnasse in March 2021 and May 2021 respectively. Somerset Xu Hui Shanghai was divested in May 2021. In June 2021, Ascott Reit completed the acquisition of three freehold rental housing properties in Japan. In 2H 2021, Ascott Reit completed the acquisition of five student accommodation properties in US, namely Wildwood Lubbock, Seven07, The Link University City, Latitude on Hillsborough and Uncommon Wilmington.

As at 31 December 2021, ART's portfolio comprises 91 operating properties[1] with more than 17,000 apartment units in 42 cities across 15 countries.

ART makes distributions to Stapled Securityholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions are paid in Singapore dollar. Since its listing until FY2020, ART has paid 100% of its distribution income (other than gains from the sale of real estate properties).

[1] Exclude Somerset Liang Court and Standard at Columbia (under development).

1(a)(i) Consolidated Statement of Total Return for 2H 2021 and 2H 2020

	Note	ASCOTT RESIDENCE TRUST 2H 2021 S$'000	2H 2020 S$'000	Better / (Worse) %
Revenue	A.1	209,370	161,382	30
Direct expenses	A.2	(118,160)	(100,342)	(18)
Gross Profit	A.1	**91,210**	**61,040**	**49**
Depreciation of buildings, plant and machinery	A.3	(9,448)	(9,871)	4
Finance income	A.5	388	794	(51)
Other operating income	A.4	6,981	217	n.m.
Finance costs	A.5	(28,264)	(28,879)	2
Managers' management fees	A.6	(12,674)	(11,640)	(9)
Trustee's fee		(453)	(460)	2
Professional fees		(2,533)	(1,650)	(54)
Audit fees		(1,187)	(1,077)	(10)
Foreign exchange (loss)/gain	A.7	(16,926)	11,270	(250)
Other operating expenses	A.8	(490)	(2,646)	81
Share of results of associate (net of tax)		(16)	(11)	(45)
Share of results of joint venture (net of tax)		(211)	–	n.m.
Net income before changes in fair value of financial derivatives		**26,377**	**17,087**	**54**
Net change in fair value of financial derivatives	A.9	(104)	(44)	(136)
Net change in fair value of investment properties, investment properties under development and assets held for sale	A.10	126,058	(379,092)	133
Revaluation surplus/(deficit) on freehold land and buildings	A.10	21,201	(26,594)	180
Profit upon divestment	A.11	1,347	78,167	(98)
Assets written off		(4)	(215)	98
Transaction costs relating to the Combination	A.12	–	1,050	n.m.
Total return/(loss) for the period before tax		**174,875**	**(309,641)**	156
Income tax (expense)/credit	A.13	(29,411)	54,838	(154)
Total return/(loss) for the period after tax		**145,464**	**(254,803)**	157
Attributable to:				
Stapled Securityholders and perpetual securities holders		146,049	(250,135)	
Non-controlling interests		(585)	(4,668)	
Total return/(loss) for the period		**145,464**	**(254,803)**	**157**

1(a)(i) Consolidated Statement of Total Return for YTD Dec 2021 and YTD Dec 2020

	ASCOTT RESIDENCE TRUST		
	YTD Dec 2021 S$'000	**YTD Dec 2020 S$'000**	**Better / (Worse) %**
Revenue	394,412	369,872	7
Direct expenses	(221,122)	(220,270)	–
Gross Profit	**173,290**	**149,602**	**16**
Depreciation of buildings, plant and machinery	(19,015)	(18,930)	–
Finance income	3,070	1,990	54
Other operating income	16,676	555	n.m.
Finance costs	(55,977)	(60,057)	7
Managers' management fees	(24,720)	(25,128)	2
Trustee's fee	(892)	(917)	3
Professional fees	(4,272)	(3,333)	(28)
Audit fees	(2,801)	(2,758)	(2)
Foreign exchange (loss)/gain	(3,310)	21,922	(115)
Other operating expenses	(7,359)	(4,258)	(73)
Share of results of associate (net of tax)	(28)	56	(150)
Share of results of joint venture (net of tax)	(211)	–	n.m.
Net income before changes in fair value of financial derivatives	**74,451**	**58,744**	**27**
Net change in fair value of financial derivatives	–	(289)	100
Net change in fair value of investment properties, investment properties under development and assets held for sale	126,058	(379,092)	133
Revaluation surplus/(deficit) on freehold land and buildings	21,201	(26,594)	180
Profit upon divestment	153,226	78,428	95
Assets written off	(4)	(215)	98
Transaction costs relating to the Combination	–	1,054	n.m.
Total return/(loss) for the year before tax	**374,932**	**(267,964)**	**240**
Income tax (expense)/credit	(64,515)	42,668	(251)
Total return/(loss) for the year after tax	**310,417**	**(225,296)**	**238**
Attributable to:			
Stapled Securityholders and perpetual securities holders	309,317	(222,549)	
Non-controlling interests	1,100	(2,747)	
Total return/(loss) for the year	**310,417**	**(225,296)**	**238**

1(a)(ii) Explanatory Notes to Consolidated Statement of Total Return

A.1 Revenue and Gross profit

Revenue for 2H 2021 of S$209.4 million comprised S$44.8 million (21% of total revenue) from properties on master leases, S$9.6 million (5%) from properties on management contracts with minimum guaranteed income and S$155.0 million (74%) from properties on management contracts.

Revenue for 2H 2021 increased by S$48.0 million or 30% as compared to 2H 2020. This was mainly attributed to:

- higher revenue of S$45.4 million from the existing portfolio
- additional contribution of S$11.7 million from the acquisition of six student accommodation properties in US in FY 2021 and three rental housing properties in Japan (acquired in June 2021), partially offset by the
- decrease in revenue of S$9.1 million from the divestments (namely, Ascott Guangzhou, Somerset Azabu East, Citadines City Centre Grenoble, Citadines Didot Montparnasse and Somerset Xu Hui Shanghai).

The Group achieved a revenue per available unit ("REVPAU") of S$79 for 2H 2021, an increase of 61% as compared to 2H 2020.

Gross profit for 2H 2021 of S$91.2 million comprised S$40.1 million (44% of total gross profit) from properties on master leases, S$2.9 million (3%) from properties on management contracts with minimum guaranteed income and S$48.2 million (53%) from properties on management contracts.

As compared to 2H 2020, gross profit increased by S$30.2 million or 49%.

On a same store basis, revenue and gross profit increased by 30% and 48% respectively.

Please refer to para 2(a) for a more detailed analysis.

A.2 Direct expenses include the following items:

	ASCOTT RESIDENCE TRUST 2H 2021 S$'000	ASCOTT RESIDENCE TRUST 2H 2020 S$'000	Better / (Worse) %
Depreciation and amortisation	(7,435)	(7,532)	1
Staff costs [1]	(34,902)	(25,016)	(40)

Note:
1. Staff costs were higher in 2H 2021 mainly due to lower wage subsidies in 2H 2021 from the government in the different countries which ART operates in.

A.3 Depreciation of buildings, plant and machinery

This relates to the depreciation of buildings, plant and machinery for the properties in Australia held by Ascott BT Group.

A.4 Other operating income

Other operating income was higher in 2H 2021 mainly due to:

- forgiveness of the government assisted bank loans amounting to S$2.8 million
- insurance claim of S$2.3 million for some of hotels in Australia
- government grant of S$0.8 million for the properties in Belgium

A.5 Finance income / Finance costs

Finance income was higher in 2H 2020 mainly due to more fixed deposit placements.

Finance costs were lower in 2H 2021 mainly due to lower interest rates, lower loan principal and repayment of bank loans with the divestment proceeds. These decreases were partially offset by the interest expense incurred on the new bank loans drawn down for the acquisitions in FY 2021.

A. 6 Managers' management fees

Manages' management fees were higher in 2H 2021 mainly due to higher performance fee (arising from stronger operating performance).

A.7 Foreign exchange (loss)/gain

The foreign exchange loss recognised in 2H 2021 mainly comprised unrealised exchange loss of S$17.9 million and realised exchange gain of S$1.0 million (mainly arising from gain on the settlement of shareholders' loans).

The unrealised exchange loss in 2H 2021 mainly arose from AUD, EUR and JPY denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of these currencies against SGD as at balance sheet date.

The foreign exchange gain recognised in 2H 2020 mainly comprised unrealised exchange gain of S$10.7 million and realised exchange gain of S$0.6 million (mainly arising from repayment of foreign currency bank loans with the divestment proceeds and gain on the foreign currency forward contracts).

The unrealised exchange gain in 2H 2020 mainly arose from EUR and AUD denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of these currencies against SGD as at balance sheet date and unrealised exchange gain on USD bank loans recorded by the China subsidiaries arising from the deprecation of USD against RMB, partially offset by unrealised exchange loss on USD and JPY denominated shareholders' loans extended to the Group's subsidiaries due to depreciation of these currencies against SGD.

A.8 Other operating expenses

Other operating expenses were lower in 2H 2021 mainly due to lower provision for doubtful debts.

A.9 Net change in fair value of financial derivatives

This mainly relates to the fair value change of foreign currency forward contracts (entered into to hedge distribution income).

A.10 Net change in fair value of investment properties, investment properties under development and assets held for sale
Revaluation surplus/(deficit) on freehold land and buildings

This relates to the surplus on revaluation of investment properties, investment properties under development and assets held for sale. The surplus for 2H 2021 resulted mainly from higher valuation of the Group's properties in Europe, Japan and USA, partially offset by lower valuation from the properties in Philippines and Vietnam.

The revaluation surplus on freehold land and buildings relates to the hotels in Australia.

In 2H 2020, the deficit on revaluation of investment properties, assets held for sale and freehold land and buildings resulted mainly from lower valuation of the Group's properties in all countries.

A.11 Profit upon divestment

In 2H 2021, this mainly relates to the profit from divestment of:

(1) Ascott Guangzhou (arising from the completion accounts adjustments)

(2) sale of one strata unit at Somerset Grand Citra Jakarta.

In 2H 2020, this mainly relates to the profit from divestment of:

(1) Ascott Guangzhou, pursuant to the announcement on 27 July 2020.

(2) Somerset Azabu East. The divestment was completed on 23 December 2020.

(3) Somerset Liang Court Singapore (arising from reversal of accrued transaction costs previously provided at 31 December 2019).

A.12 Transaction costs relating to the Combination

The transaction costs were incurred for the combination with A-HTRUST. While these transaction costs were recognised in the Statement of Total Return, it does not have any impact on income available for distribution to Stapled Securityholders.

In 2H 2020, this relates to the reversal of transaction costs no longer required.

A.13 Income tax (expense)/credit

Taxation for 2H 2021 was higher by S$84.2 million mainly due to deferred tax liability provided on the fair value surplus recognised.

In 2H 2020, taxation was lower due to reversal of deferred tax liability previously provided on the fair value surplus in FY 2019.

1(b)(i) Statement of Financial Position

	Note	ASCOTT RESIDENCE TRUST 31 Dec 2021 S$'000	31 Dec 2020 S$'000
Non-Current Assets			
Investment properties	B.1	6,297,854	5,687,743
Property, plant and equipment		624,767	609,279
Investment properties under development	B.2	302,863	229,900
Associate		3,013	3,026
Joint venture	B.3	13,800	–
Financial derivative assets	B.4	19,911	5,233
Deferred tax assets		7,576	6,462
		7,269,784	**6,541,643**
Current Assets			
Inventories		334	338
Trade and other receivables	B.5	104,429	103,238
Assets held for sale	B.6	1,519	31,904
Financial derivative assets	B.4	10,848	–
Cash and cash equivalents	B.7	346,332	486,703
	B.15	**463,462**	**622,183**
Total Assets		**7,733,246**	**7,163,826**
Non-Current Liabilities			
Financial liabilities	B.13	(1,964,739)	(2,129,414)
Financial derivative liabilities	B.4	(1,100)	(28,915)
Trade and other payables	B.8	(9,618)	(16,689)
Deferred income	B.9	(1,128)	(2,385)
Deferred tax liabilities	B.10	(149,785)	(131,757)
Lease liabilities	B.11	(267,238)	(275,056)
		(2,393,608)	**(2,584,216)**
Current Liabilities			
Financial liabilities	B.13	(764,185)	(333,081)
Financial derivative liabilities	B.4	(728)	(645)
Trade and other payables	B.12	(166,562)	(185,455)
Deferred income	B.9	(969)	(1,935)
Current tax liabilities		(30,834)	(8,168)
Lease liabilities	B.11	(8,641)	(8,256)
	B.15	**(971,919)**	**(537,540)**
Total Liabilities		**(3,365,527)**	**(3,121,756)**
Net Assets		**4,367,719**	**4,042,070**
Represented by:			
Stapled Securityholders' funds		3,890,860	3,567,251
Perpetual securities holders	B.14	396,298	396,298
Non-controlling interests		80,561	78,521
Total Equity		**4,367,719**	**4,042,070**

1(b)(ii) Explanatory Notes to Statement of Financial Position

B.1 Investment properties

The increase in the Group's investment properties as at 31 December 2021 was mainly due to:

- acquisition of Paloma West Midtown in February 2021, three rental housing properties in Japan in June 2021 and acquisition of five student accommodation properties in USA in 2H 2021; and
- increase in valuation on 31 December 2021.

These increases are partially offset by the:

- divestment of Somerset Xu Hui Shanghai, Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble in 2021;
- reclassification of nine strata units at Somerset Grand Citra Jakarta from "investment properties" to "assets held for sale" pursuant to the planned divestment of these units as at 31 December 2021; and
- foreign currency translation differences (mainly from translating the Group's investment properties as a result of the depreciation of JPY and EUR against SGD, mitigated by appreciation of RMB against SGD).

B.2 Investment properties under development

Investment property under development as at 31 December 2021 relates to the redevelopment of Somerset Liang Court Singapore and the development of lyf one-north Singapore (soft opening in Q4 2021 and will be fully opened in 2022).

B.3 Joint venture

On 16 June 2021, ART announced that it will jointly invest and develop a freehold student accommodation asset located in South Carolina, USA with The Ascott Limited ("Ascott"). At the initial stage, Ascott and ART will jointly invest in the asset to own 45% stake each. A third-party partner will own the remaining 10% stake.

The balance as at 31 December 2021 mainly relates to the loan extended to the joint venture.

B.4 Financial derivative assets / liabilities

The financial derivatives relate to the fair value of interest rate swaps (entered into to hedge interest rate risk) and fair value of cross currency swaps (entered into to hedge foreign currency risk).

B.5 Trade and other receivables

The increase in the Group's trade and other receivables as at 31 December 2021 was mainly due to higher trade receivables, partially offset by the receipt of the balance consideration for the divestment of Ascott Guangzhou.

B.6 Assets held for sale

The assets held for sale as at 31 December 2021 relate to the nine strata units at Somerset Grand Citra Jakarta pursuant to the planned divestment of these units as at 31 December 2021.

The assets held for sale as at 31 December 2020 relate to Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble pursuant to the signing of the sale and purchase agreements in 2020. The divestments have been completed in 1H 2021.

B.7 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 31 December 2021 was mainly due to acquisition of investment properties, partially offset by proceeds from divestment and cash generated from operations.

B.8 Trade and other payables (non-current)

Trade and other payables (non-current) mainly comprised of rental and other deposits.

The decrease in the trade and other payables (non-current) as at 31 December 2021 was mainly due to the set-off of the security deposit of $6.9 million for Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay) against the outstanding trade receivables.

B.9 Deferred income (current and non-current)

Deferred income of the Group relates to the following:

(a) cash reimbursement received from Accor for its 50% share of the AUD30.0 million capital expenditure incurred by the Accor Australia hotels for refurbishment works which was completed in 2013. The reimbursement by Accor is conditional upon the non-termination of the hotel management agreement signed between Ascendas Hotel Investment Company Pty Limited and Accor prior to 30 June 2017 and on a pro-rata basis if the termination occurs after 30 June 2017 but before 30 June 2022; and

(b) the difference between the considerations received for rental deposits and its fair value at initial recognition.

The decrease in deferred income as at 31 December 2021 was mainly due to the amortisation of deferred income recognised in FY 2021.

B.10 Deferred tax liabilities

The increase in deferred tax liabilities as at 31 December 2021 was mainly due to deferred tax liability provided on the fair value surplus recognised in FY 2021.

B.11 Lease liabilities

The lease liabilities as at 31 December 2021 refer to the liabilities arising from the adoption of FRS 116 *Leases*.

B.12 Trade and other payables (current)

The decrease in the trade and other payables as at 31 December 2021 was mainly due to the refund of the deposits previously received for the divestment of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan upon the termination of the sale and purchase agreements in January 2021, and recognition of the deposit previously received for Somerset Xu Hui Shanghai as divestment gain upon completion of the divestment in 1H 2021.

B.13 Financial liabilities

The increase in current financial liabilities as at 31 December 2021 was mainly due to higher amount of bank loans and medium term notes which fall due in the next 12 months.

The decrease in non-current financial liabilities as at 31 December 2021 was mainly due to lower portion of non-current bank loans and medium term notes, repayment of bank loans with the divestment proceeds and the translation differences arising from translating the foreign currency borrowings as a result of the depreciation of JPY against SGD. These decreases were partially offset by the loans drawn down to finance the acquisitions in FY 2021.

Capital management

As at 31 December 2021, the Group's gearing was 37.1%, well below the 50% gearing limit allowable under the property funds appendix issued by the Monetary Authority of Singapore. In this regard, the lease liabilities recognised by virtue of FRS 116 were excluded as these operating leases were entered into in the ordinary course of business and were in effect before 1 January 2019. The average cost of debts was 1.6% per annum, with a 12-month trailing interest cover of 3.7 times. S$2,018 million or 74% of the Group's borrowings are effectively on fixed interest rates, of which S$611 million is due in the next 12 months.

Out of the Group's total borrowings, 28% falls due in 2022, 25% falls due in 2023, 19% falls due in 2024, 11% falls due in 2025 and the balance falls due after 2025.

The Managers adopt a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2022, ahead of their maturity dates.

B.14 Perpetual securities

On 30 June 2015, Ascott Reit issued S$250.0 million of fixed rate perpetual securities with an initial distribution rate of 4.68% per annum, with the first distribution rate reset falling on 30 June 2020 and subsequent resets occurring every five years thereafter. As announced on 29 May 2020, the S$250.0 million perpetual securities would not be redeemed. The distribution rate applicable to the perpetual securities was reset to 3.07% per annum on 30 June 2020.

On 4 September 2019, Ascott Reit issued S$150.0 million of fixed rate perpetual securities with an initial distribution rate of 3.88% per annum, with the first distribution rate reset falling on 4 September 2024 and subsequent resets occurring every five years thereafter. The proceeds were used to redeem the S$150.0 million perpetual securities with its first call date on 27 October 2019.

Distributions are payable semi-annually in arrears at the discretion of Ascott Reit and will be non-cumulative. The perpetual securities have no fixed redemption date and redemption is at the option of Ascott Reit in accordance with the terms of issue of the perpetual securities.

B.15 Working capital

Notwithstanding the net current liabilities position, based on the Group's available financial resources, the Managers are of the opinion that the Group will be able to refinance its borrowings and meet its current obligations as and when they fall due.

2. Group Performance Review

2(a) Revenue and Gross Profit Analysis – 2H 2021 vs 2H 2020 (Local Currency ("LC")

		Revenue [1]				Gross Profit [1]				REVPAU Analysis [2]		
		2H 2021	2H 2020	Better/ (Worse)		2H 2021	2H 2020	Better/ (Worse)		2H 2021	2H 2020	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	2.2	2.8	(0.6)	(21)	2.1	2.5	(0.4)	(16)	–	–	–
France	EUR	8.6	5.2	3.4	65	8.1	4.1	4.0	98	–	–	–
Germany	EUR	4.7	4.7	–	–	4.3	4.3	–	–	–	–	–
Japan	JPY	1,028.6	1,037.1	(8.5)	(1)	896.0	912.8	(16.8)	(2)	–	–	–
Singapore	S$	6.6	9.5	(2.9)	(31)	5.3	8.1	(2.8)	(35)	–	–	–
South Korea	KRW	1,958.1	1,785.7	172.4	10	1,741.4	1,526.2	215.2	14	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.5	1.8	0.7	39	0.1	0.3	(0.2)	(67)	41	12	242
Spain	EUR	1.8	1.1	0.7	64	0.7	0.4	0.3	75	66	7	843
United Kingdom	GBP	1.6	1.6	–	–	0.8	1.1	(0.3)	(27)	91	34	168
Management contracts												
Australia	AUD	41.0	36.0	5.0	14	5.2	5.6	(0.4)	(7)	64	46	39
China	RMB	58.2	92.3	(34.1)	(37)	11.8	25.4	(13.6)	(54)	265	326	(19)
Indonesia	IDR	54,185.6	49,622.9	4,562.7	9	11,987.7	9,761.4	2,226.3	23	738	648	14
Japan	JPY	1,545.5	1,117.9	427.6	38	868.8	517.5	351.3	68	4,117	1,793	130
Malaysia	MYR	3.9	3.6	0.3	8	0.2	(0.2)	0.4	200	99	94	5
Philippines	PHP	303.1	181.5	121.6	67	83.8	(14.9)	98.7	662	3,054	1,689	81
Singapore	S$	5.5	2.6	2.9	112	1.5	0.3	1.2	400	65	70	(7)
United Kingdom	GBP	7.5	2.4	5.1	213	3.9	–	3.9	n.m.	76	21	262
United States of America	USD	28.8	9.4	19.4	206	9.7	(2.6)	12.3	473	117	49	139
Vietnam	VND[1]	169.0	194.0	(25.0)	(13)	85.8	97.5	(11.7)	(12)	640	733	(13)

[1] Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.
[2] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties. REVPAU for IDR and VND are stated in thousands.

2(a) **Revenue and Gross Profit Analysis – 2H 2021 vs. 2H 2020 (S$)**

	Revenue				Gross Profit				REVPAU Analysis [1]		
	2H 2021	2H 2020	Better/ (Worse)		2H 2021	2H 2020	Better/ (Worse)		2H 2021	2H 2020	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	2.3	2.8	(0.5)	(18)	2.1	2.5	(0.4)	(16)	–	–	–
France	13.6	8.5	5.1	60	12.9	6.8	6.1	90	–	–	–
Germany	7.5	7.5	–	–	6.9	6.9	–	–	–	–	–
Japan	12.5	13.4	(0.9)	(7)	10.9	11.8	(0.9)	(8)	–	–	–
Singapore	6.6	9.5	(2.9)	(31)	5.3	8.1	(2.8)	(35)	–	–	–
South Korea	2.3	2.1	0.2	10	2.0	1.8	0.2	11	–	–	–
Sub-total	**44.8**	**43.8**	**1.0**	**2**	**40.1**	**37.9**	**2.2**	**6**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	3.9	2.9	1.0	34	0.2	0.5	(0.3)	(60)	65	20	225
Spain	2.8	1.7	1.1	65	1.1	0.7	0.4	57	105	11	855
United Kingdom	2.9	2.8	0.1	4	1.6	1.9	(0.3)	(16)	169	60	182
Sub-total	**9.6**	**7.4**	**2.2**	**30**	**2.9**	**3.1**	**(0.2)**	**(6)**	**92**	**25**	**268**
Management contracts											
Australia	41.5	35.2	6.3	18	5.2	5.4	(0.2)	(4)	65	46	41
China	12.2	18.5	(6.3)	(34)	2.5	5.0	(2.5)	(50)	55	65	(15)
Indonesia	5.1	4.6	0.5	11	1.1	0.9	0.2	22	69	60	15
Japan	18.8	14.4	4.4	31	10.6	6.7	3.9	58	50	23	117
Malaysia	1.3	1.2	0.1	8	0.1	(0.1)	0.2	200	32	31	3
Philippines	8.3	5.1	3.2	63	2.3	(0.4)	2.7	675	84	48	75
Singapore	5.5	2.6	2.9	112	1.5	0.3	1.2	400	65	70	(7)
United Kingdom	14.0	4.2	9.8	233	7.0	–	7.0	n.m.	141	36	292
United States of America	38.5	12.8	25.7	201	12.9	(3.6)	16.5	458	156	67	133
Vietnam	9.8	11.6	(1.8)	(16)	5.0	5.8	(0.8)	(14)	37	44	(16)
Sub-total	**155.0**	**110.2**	**44.8**	**41**	**48.2**	**20.0**	**28.2**	**141**	**78**	**50**	**56**
Group	**209.4**	**161.4**	**48.0**	**30**	**91.2**	**61.0**	**30.2**	**49**	**79**	**49**	**61**

[1] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties.

Group

Please refer to Note A.1 of para 1(a)(ii) for analysis of the Group's revenue and gross profit.

Analysis By Country

A. Master Leases

Australia

Revenue decreased by AUD 0.6 million or 21% due to higher rent waiver provided to the master lessees in view of Covid-19.

Gross profit decreased by AUD 0.4 million or 16% due to lower revenue, mitigated by lower operation & maintenance expense.

In SGD terms, revenue and gross profit decreased by S$0.5 million or 18% and S$0.4 million or 16% respectively due to lower underlying performance, partially offset by appreciation of AUD against SGD.

France

Revenue increased by EUR 3.4 million or 65%. This was mainly due to absence of rent abatement in 2H 2021 and higher variable rent from four properties, partially offset by
(a) divestment of two properties in 1H 2021;
(b) change of rent structure from fixed to fixed and variable lease structure for six of the properties from 3 December 2020 and 1 January 2021 which resulted in lower rental income due to the ongoing Covid-19 situation; and
(c) lower recovery of costs.

Gross profit increased by EUR 4.0 million or 98% due to higher revenue and reversal of over-provision of shared costs.

In SGD terms, revenue and gross profit increased by S$5.1 million or 60% and S$6.1 million or 90% respectively due to stronger underlying performance, mitigated by depreciation of EUR against SGD.

Germany

In EUR and SGD terms, revenue and gross profit remained stable due to higher variable rent, offset by rent waiver granted to one of the master lessees.

Japan

This relates to the contribution from the five hotels, namely Hotel WBF Kitasemba East, Hotel WBF Kitasemba West, Hotel WBF Honmachi, Sotetsu Grand Fresa Osaka-Namba and Sotetsu Grand Fresa Tokyo-Bay Ariake in Japan.

The master lessee of Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi filed for civil rehabilitation on 27 April 2020. WBF Kitasemba East and WBF Kitasemba West are temporarily closed due to poor demand in Osaka.

Revenue decreased by JPY 8.5 million or 1% due to absence of revenue from Hotel WBF Kitasemba East and Hotel WBF Kitasemba West, partially offset by higher fixed rental for Hotel WBF Honmachi. Gross profit decreased by JPY 16.8 million or 2% due to lower revenue, coupled with higher operation & maintenance expense.

In SGD terms, revenue and gross profit decreased by S$0.9 million or 7% and S$0.9 million or 8% respectively due to lower underlying performance and depreciation of JPY against SGD.

Singapore

Revenue and gross profit decreased by S$2.9 million or 31% and S$2.8 million or 35% respectively due to the absence of master lease revenue from Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay ("RHRQ")). The master lease for Park Hotel Clarke Quay was terminated and ART took possession of the property in August 2021 as the tenant failed to make payment on the sum demanded for in the notice of intended forfeiture. Actual contribution from the property for 2H 2021 was included in the management contracts category.

On a same store basis (excluding the contribution from Park Hotel Clarke Quay for 2H 2020), revenue increased by S$1.1 million due to the rental relief provided to the master lessee as part of the Covid-19 relief measures in 2H 2020. Gross profit increased by S$1.2 million due to higher revenue and lower property tax expense (due to reduction in annual value), partially offset by higher maintenance and sinking funds.

South Korea

Revenue increased by KRW 172.4 million or 10% due to higher variable rent as the operating performance of the property has improved in 2H 2021. Gross profit increased by KRW 215.2 million or 14% due to higher revenue, coupled with lower operation & maintenance expense and property tax expense.

Both revenue and gross profit, in SGD terms, increased by S$0.2 million due to stronger underlying performance.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 0.7 million or 39% due to recovery from Covid-19 in 2H 2021 and temporary closure of one of the properties in 2H 2020, partially offset by a reversal of over-provision of income top-up of EUR 0.4 million in 2H 2021 (income top-up from the property manager of EUR 0.8 million in 2H 2020). REVPAU increased by 242% in 2H 2021.

The income top-up was reversed in 2H 2021 due to improved performance of the properties and government grant income.

Despite higher revenue, gross profit decreased by EUR 0.2 million or 67% due to higher staff costs (as one of the properties was closed in 2H 2020), operation & maintenance expense and marketing expense.

In SGD terms, revenue increased by S$1.0 million or 34% and gross profit decreased by S$0.3 million or 60%.

Spain

Revenue increased by EUR 0.7 million or 64% due to recovery from Covid-19 in 2H 2021 and temporary closure of the property in 2H 2020, partially offset by a reversal of over-provision of income top-up of EUR 0.1 million in 2H 2021 (income top-up from the property manager of EUR 0.8 million in 2H 2020). REVPAU increased by 843% in 2H 2021.

Gross profit increased by EUR 0.3 million or 75% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$1.1 million or 65% and S$0.4 million or 57% due to stronger underlying performance, mitigated by depreciation of EUR against SGD.

United Kingdom

Revenue and gross profit solely relate to the six months contribution from Citadines South Kensington.

Revenue remained stable due to higher operating revenue arising from higher domestic travel with recovery of the UK economy and progressive reopening of the borders, offset by absence of income top-up from the property manager (GBP 0.9 million in 2H 2020). REVPAU increased by 168% in 2H 2021.

Gross profit decreased by GBP 0.3 million or 27% due to higher staff costs (lower wage subsidies in 2H 2021), operation & maintenance expense and management fee, mitigated by lower property tax expense (due to refund of prior years' property tax, partially offset by lower business rates relief granted by the UK Govern ment).

In SGD terms, revenue increased by S$0.1 million or 4% due to appreciation of GBP against SGD. Gross profit decreased by S$0.3 million or 16%.

C. Management contracts

Australia

Revenue increased by AUD 5.0 million or 14% due to stronger performance from the hotels, partially offset by weaker performance from the serviced residences. REVPAU increased by 39% in 2H 2021.

Revenue from the hotels increased due to progressive easing of restrictions and block bookings by the gover nment for self-isolation at some properties. In 2H 2020, revenue was affected by closure of the Australian borders to non-residents, intra-state travel restrictions and lockdown measures in Australia.

Revenue from serviced residences was lower as there were block bookings from Australia's government, military and healthcare workers at some properties in 2H 2020.

Gross profit decreased by AUD 0.4 million or 7% due to higher staff costs (due to wage credit given by the government under the JobKeeper scheme in 2H 2020), property tax expense (due to reduction in land tax in 2H 2020) and marketing expense, mitigated by higher revenue.

In SGD terms, revenue increased by S$6.3 million or 18% due to stronger underlying performance and appreciation of AUD against SGD. Gross profit decreased by S$0.2 million or 4%.

China

Revenue and gross profit decreased by RMB 34.1 million or 37% and RMB 13.6 million or 54% respectively mainly due to the divestment of Ascott Guangzhou in December 2020 and Somerset Xu Hui Shanghai in May 2021. REVPAU decreased by 19% in 2H 2021.

On a same store basis (excluding the contribution from Ascott Guangzhou and Somerset Xu Hui Shanghai), revenue and gross profit increased by 8% and 49% respectively due to increased local business travels as more events and businesses resume in China's domestic market. REVPAU increased by 9%.

Gross profit increased due to higher revenue, lower depreciation expense (due to fully depreciated assets) and marketing expense, partially offset by higher staff costs (due to wage subsidy in 2H 2020), operation & maintenance expense, property tax expense (due to property tax rebates in 2H 2020 and higher property tax refund received in 2H 2020).

In SGD terms, revenue decreased by S$6.3 million or 34% due to lower underlying performance, mitigated by appreciation of RMB against SGD. Gross profit decreased by S$2.5 million or 50%.

Indonesia

Revenue increased by IDR 4.6 billion or 9% and REVPAU increased by 14% due to ease of lockdown measures. In 2H 2020, revenue was low due to lower demand arising from Large Scale Social Restriction in Jakarta whereby international and domestic flights were banned and local movements were restricted.

Gross profit increased by IDR 2.2 billion or 23% due to higher revenue, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$0.5 million or 11% and S$0.2 million or 22% respectively due to stronger underlying performance.

Japan

Revenue increased by JPY 427.6 million or 38% due to stronger performance from the serviced residences and the acquisition of three rental housing properties in June 2021, partially offset by the divestment of Somerset Azabu East in December 2020. REVPAU increased by 130% in 2H 2021 on the back of strong uplift from the Olympic Games and gradual recovery in the market as Japan has lifted its state of emergency effective 1 October 2021.

Gross profit increased by JPY 351.3 million or 68% due to higher revenue, partially offset by higher staff costs (due to lower wage subsidy from government), operation & maintenance expense, marketing expense and management fee.

The contribution from the rental housing portfolio (which cater to local Japanese residents) remain resilient and was further boosted by the acquisition of three rental housing properties in June 2021.

On a same store basis (excluding the contribution from Somerset Azabu East and the three rental housing properties), revenue and gross profit increased by 28% and 39% respectively.

In SGD terms, revenue increased by S$4.4 million or 31% and gross profit increased by S$3.9 million or 58% due to stronger underlying performance, partially offset by depreciation of JPY against SGD.

Malaysia

Revenue increased by MYR 0.3 million or 8% and REVPAU increased by 5% as compared to 2H 2020 due to resumption of inter-state travel. In 2H 2020, revenue was lower due to the closure of the border and lower demand arising from the movement control order. Gross profit increased by MYR 0.4 million due to higher revenue and lower staff costs, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue increased by S$0.1 million or 8% and gross profit increased by S$0.2 million or 200% due to higher underlying performance.

The Philippines

Revenue increased by PHP 121.6 million or 67% due to higher occupancies as the properties were booked for self-isolation business. REVPAU increased by 81%.

Gross profit increased by PHP 98.7 million or 662% due to higher revenue, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$3.2 million or 63% and S$2.7 million or 675% respectively due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

Singapore

Revenue and gross profit increased by S$2.9 million or 112% and S$1.2 million or 400% respectively mainly due to the contribution from RHRQ being included in the management contracts category in 2H 2021 and the contribution from lyf one-north Singapore (soft opening in 4Q 2021).

On a same store basis (excluding the contribution from RHRQ, lyf one-north Singapore and Somerset Liang Court divested in July 2020), revenue decreased by S$0.5 million mainly due to lower food & beverage revenue. Occupancy remained high at Citadines Mount Sophia as the property was blocked booked by the government for self-isolation. Gross profit remained stable due to lower food & beverage expense and operation & maintenance expense, partially offset by lower revenue and higher property tax expense (due to property tax rebates given by the Singapore government in 2H 2020).

United Kingdom

This relates to contribution from three properties (namely, Citadines Barbican, Citadines Holborn-Covent Garden and Citadines Trafalgar Square).

Revenue increased by GBP 5.1 million or 213% due to higher domestic travel with recovery of the UK economy and progressive reopening of the borders. REVPAU increased by 262% in 2H 2021. Gross profit increased by GBP 3.9 million due to higher revenue, partially offset by higher staff costs (due to lower wage subsidies in 2H 2021), property tax expense (due to lower business rates relief granted by the UK Government, partially offset by refund of prior years' property tax), operation & maintenance expense and marketing expense.

In SGD terms, revenue increased by S$9.8 million or 233% and gross profit increased by S$7.0 million due to stronger underlying performance and appreciation of GBP against SGD.

The United States of America

Revenue increased by USD 19.4 million or 206% due to stronger performance from the hotels and the contribution from the six student accommodation properties acquired in FY 2021. There was strong domestic leisure demand at the hotels and increase in bookings from corporate groups and transient travellers with the progressive opening of the international borders. REVPAU increased by 139% in 2H 2021.

Gross profit increased by USD 12.3 million or 473% due to higher revenue and lower property tax (due to lower assessed value), partially offset by higher staff costs, operation & maintenance expense and marketing expense.

On a same store basis (excluding the student accommodation properties), revenue increased by 135% and gross profit increased by 312%.

In SGD terms, revenue increased by S$25.7 million or 201% and gross profit increased by S$16.5 million or 458% due to stronger underlying performance, partially offset by depreciation of USD against SGD.

Vietnam

Revenue decreased by VND 25.0 billion or 13% due to weak demand arising from resurgence of the Covid-19 virus and lock down in Hanoi and Ho Chi Minh. REVPAU decreased by 13%.

Gross profit decreased by VND 11.7 billion or 12% due to lower revenue, mitigated by lower staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$1.8 million or 16% and gross profit decreased by S$0.8 million or 14% due to lower underlying performance and depreciation of VND against SGD.

2(b) Revenue and Gross Profit Analysis – YTD Dec 2021 vs YTD Dec 2020 (Local Currency ("LC"))

		Revenue [1]				Gross Profit [1]				REVPAU Analysis [2]		
		YTD Dec 2021	YTD Dec 2020	Better/ (Worse)		YTD Dec 2021	YTD Dec 2020	Better/ (Worse)		YTD Dec 2021	YTD Dec 2020	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	6.3	7.1	(0.8)	(11)	5.8	6.5	(0.7)	(11)	–	–	–
France	EUR	16.9	15.7	1.2	8	15.5	13.6	1.9	14	–	–	–
Germany	EUR	9.5	9.4	0.1	1	8.8	8.5	0.3	4	–	–	–
Japan	JPY	2,038.0	2,243.2	(205.2)	(9)	1,775.7	1,997.1	(221.4)	(11)	–	–	–
Singapore	S$	20.2	21.8	(1.6)	(7)	17.6	19.0	(1.4)	(7)	–	–	–
South Korea	KRW	3,791.7	4,458.9	(667.2)	(15)	3,375.6	3,996.9	(621.3)	(16)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	3.5	4.5	(1.0)	(22)	0.3	0.9	(0.6)	(67)	26	20	30
Spain	EUR	2.5	2.4	0.1	4	0.9	0.9	–	–	36	13	177
United Kingdom [3]	GBP	2.9	2.9	–	–	1.9	1.7	0.2	12	63	62	2
Management contracts												
Australia	AUD	87.4	75.9	11.5	15	15.7	8.6	7.1	83	69	53	30
China	RMB	129.0	179.3	(50.3)	(28)	33.1	57.3	(24.2)	(42)	278	311	(11)
Indonesia	IDR	111,672.8	105,868.9	5,803.9	5	27,249.5	20,612.1	6,637.4	32	757	690	10
Japan	JPY	2,692.7	2,465.3	227.4	9	1,394.0	1,142.5	251.5	22	3,195	2,848	12
Malaysia	MYR	6.8	8.8	(2.0)	(23)	(0.1)	0.6	(0.7)	(117)	88	115	(23)
Philippines	PHP	529.7	495.9	33.8	7	120.7	54.6	66.1	121	2,662	2,389	11
Singapore	S$	7.7	12.8	(5.1)	(40)	1.6	6.4	(4.8)	(75)	64	123	(48)
United Kingdom [3]	GBP	10.6	8.6	2.0	23	4.9	2.0	2.9	145	52	18	189
United States of America	USD	42.4	23.9	18.5	77	9.2	(5.0)	14.2	284	88	63	40
Vietnam	VND[1]	358.6	422.7	(64.1)	(15)	184.9	215.8	(30.9)	(14)	692	860	(20)

[1] Revenue and Gross Profit figures are stated in millions, except for VND which are stated in billions.
[2] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties. REVPAU for IDR and VND are stated in thousands.
[3] The management contracts with minimum guaranteed income for three of the properties in United Kingdom have expired on 30 April 2020 and they were converted to management contracts from May 2020. For comparison purposes, the revenue, gross profit and REVPAU amounts for YTD Dec 2020 has been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

2(b) Revenue and Gross Profit Analysis – YTD Dec 2021 vs. YTD Dec 2020 (S$)

	Revenue				Gross Profit				REVPAU Analysis [1]		
	YTD Dec 2021	YTD Dec 2020	Better/ (Worse)		YTD Dec 2021	YTD Dec 2020	Better/ (Worse)		YTD Dec 2021	YTD Dec 2020	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	6.4	6.7	(0.3)	(4)	5.9	6.1	(0.2)	(3)	–	–	–
France	27.0	24.6	2.4	10	24.8	21.2	3.6	17	–	–	–
Germany	15.2	14.7	0.5	3	14.2	13.4	0.8	6	–	–	–
Japan	25.1	28.9	(3.8)	(13)	21.8	25.8	(4.0)	(16)	–	–	–
Singapore	20.2	21.8	(1.6)	(7)	17.6	19.0	(1.4)	(7)	–	–	–
South Korea	4.5	5.2	(0.7)	(13)	4.0	4.6	(0.6)	(13)	–	–	–
Sub-total	**98.4**	**101.9**	**(3.5)**	**(3)**	**88.3**	**90.1**	**(1.8)**	**(2)**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	5.6	7.0	(1.4)	(20)	0.5	1.3	(0.8)	(62)	41	31	32
Spain	3.9	3.7	0.2	5	1.5	1.5	–	–	58	20	190
United Kingdom [2]	5.5	5.1	0.4	8	3.4	2.9	0.5	17	116	76	53
Sub-total	**15.0**	**15.8**	**(0.8)**	**(5)**	**5.4**	**5.7**	**(0.3)**	**(5)**	**58**	**36**	**61**
Management contracts											
Australia	89.3	71.8	17.5	24	16.0	8.1	7.9	98	70	51	37
China	26.7	35.7	(9.0)	(25)	6.9	11.4	(4.5)	(39)	58	62	(6)
Indonesia	10.5	10.0	0.5	5	2.6	2.0	0.6	30	71	66	8
Japan	33.1	31.7	1.4	4	17.1	14.7	2.4	16	39	37	5
Malaysia	2.2	2.9	(0.7)	(24)	–	0.2	(0.2)	(100)	29	38	(24)
Philippines	14.6	13.7	0.9	7	3.3	1.5	1.8	120	73	66	11
Singapore	7.7	12.8	(5.1)	(40)	1.6	6.4	(4.8)	(75)	64	123	(48)
United Kingdom [2]	19.5	15.2	4.3	28	9.1	3.6	5.5	153	97	64	52
United States of America	56.6	33.0	23.6	72	12.3	(7.0)	19.3	276	117	87	34
Vietnam	20.8	25.4	(4.6)	(18)	10.7	12.9	(2.2)	(17)	40	52	(23)
Sub-total	**281.0**	**252.2**	**28.8**	**11**	**79.6**	**53.8**	**25.8**	**48**	**70**	**61**	**15**
Group	**394.4**	**369.9**	**24.5**	**7**	**173.3**	**149.6**	**23.7**	**16**	**69**	**59**	**17**

[1] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties.

[2] The management contracts with minimum guaranteed income for three of the properties in United Kingdom have expired on 30 April 2020 and they were converted to management contracts from May 2020. For comparison purposes, the revenue, gross profit and REVPAU amounts for YTD Dec 2020 has been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

For the year ended 31 December 2021 ("YTD Dec 2021"), revenue increased by S$24.5 million as compared to the corresponding period last year ("YTD Dec 2020"). The increase in revenue was mainly due to:

- higher revenue of S$31.7 million from the existing portfolio,
- additional contribution of S$15.1 million from the properties acquired in FY 2021 and full year contribution from Quest Macquarie Park Sydney (acquired in February 2020), partially offset by
- decrease in revenue of S$22.3 million from the divestments in FY 2020 and FY 2021 (namely, Somerset Liang Court, Ascott Guangzhou, Somerset Azabu East, Citadines City Centre Grenoble, Citadines Didot Montparnasse and Somerset Xu Hui Shanghai).

REVPAU increased by 17%, from S$59 in YTD Dec 2020 to S$69 in YTD Dec 2021.

Gross profit for YTD Dec 2021 increased by S$23.7 million or 16% mainly due to higher revenue.

2(c) Change in value of investment properties, investment properties under development and assets held for sale

The change in value of investment properties, investment properties under development and assets held for sale will affect the net asset value but has no impact on the income available for distribution to Stapled Securityholders.

Any increase or decrease in value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of investment properties, investment properties under development and assets held for sale.

As at 31 December 2021, independent full valuations were carried out by Colliers (except for the six hotel properties in Australia, three rental housing properties in Japan acquired in June 2021 and the three student accommodation properties in USA acquired in December 2021). For the six hotel properties in Australia, the valuations were carried out by CBRE Valuations Pty Limited.

For the three rental housing properties in Japan acquired in June 2021 and the three student accommodation properties in USA acquired in December 2021, the valuations were carried out by the respective valuers in the table below:

Name of property	Valuer appointed
Japan	
Alpha Square Kita 15 jo	Savills Japan Co.,Ltd.
Big Palace Minami 5 jo	Cushman & Wakefield K.K.
City Court Kita 1 jo	Asset Valuation Partners
United States	
The Link University City	Newmark Valuation & Advisory, LLC
Uncommon Wilmington	Newmark Knight Frank Valuation & Advisory, LLC
Latitude on Hillsborough	Newmark Knight Frank Valuation & Advisory, LLC

In determining the fair value of the Group's portfolio, the discounted cash flow method, direct capitalization method and residual land method were used. The valuation methods used are consistent with that used for the 31 December 2020 valuation and prior years.

The Group's portfolio was revalued at S$7.0 billion, resulting in a surplus of S$147.3 million which was recognised in the Consolidated Statement of Total Return in 2H 2021. The surplus resulted mainly from higher valuation of the Group's properties in Europe, Japan and USA, partially offset by lower valuation from the properties in Philippines and Vietnam. The net impact on the Consolidated Statement of Total Return was S$120.8 million (net of tax and non-controlling interests).

3. <u>Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice</u>

The condensed interim financial statements of Ascott Real Estate Investment Trust ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group") which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2021, the Statement of Total Return for the six-month period ended 31 December 2021 and full year ended 31 December 2021, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group") which comprise the Statement of Financial Position as at 31 December 2021, the Statement of Total Return and Statement of Comprehensive Income for the six-month period ended 31 December 2021 and full year ended 31 December 2021, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott BT Group for the full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of Ascott Residence Trust, which comprise the Statement of Financial Position and Portfolio Statement as at 31 December 2021, the Statement of Total Return for the six-month period ended 31 December 2021 and full year ended 31 December 2021, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of Ascott Residence Trust for the full year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

4. Variance from forecast

The Group has not disclosed any forecast to the market.

5. Commentary of the significant trends and the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The International Monetary Fund (IMF) forecasts global growth to moderate from 5.9% in 2021 to 4.4% in 2022. The softer growth expected in 2022 comes on the back of an increase in mobility restrictions as the Omicron variant spreads, and uncertainty around inflation and policy paths. Advanced economies are expected to tighten monetary policy to curb inflation pressures, which may impact financial stability and developing economies [1].

While mobility restrictions are expected to remain in place in the near term, governments are committed towards reopening their economies as the Omicron variant appears to result in milder illness, albeit being more transmissible. The travel recovery in many markets, such as in Europe and the Americas, coupled with higher vaccination rates and a coordinated lifting of travel restrictions, could help to restore confidence in travel and accelerate the recovery in 2022[2].

In the interim, the demand for travel is expected to remain largely domestic-driven, and the pace of recovery across countries uneven. With its geographic diversification and presence in large domestic markets, ART is well-positioned to capture the return of travel when the situation stabilises. Also mitigating the uncertainty are ART's stable income sources[3], which contributed about 70% of ART's gross profit in FY 2021. In 2021, ART announced approximately S$780 million in yield-accretive rental housing and student accommodation investments. These properties are expected to further enhance ART's income resilience and contribute to distributable income, generating long-term value for Stapled Securityholders.

In November 2021, ART's maiden development project and coliving property, lyf one-north Singapore, soft-opened to the public. Catering to research and knowledge-based companies, start-ups and business schools in one-north, lyf one-north Singapore is expected to stabilise and contribute to ART's earnings progressively. In the same month, the rebranded and refurbished voco Times Square South in New York (formerly Hotel Central Times Square) was launched and bookings have been encouraging.

The master lease for Riverside Hotel Robertson Quay was terminated in August 2021. The property is currently managed by ART's Sponsor under a short-term management contract and ART will be exploring long-term options for the property. In December 2021, the master lease of Citadines Les Halles Paris was renewed ahead of its expiry in 2024. Under the amended master lease, ART will receive fixed rent (with annual indexation) at pre-Covid levels from 2024, which will limit downside risks arising from unexpected downturns. The master lessee has also committed to renovate the apartment units and common areas by 2023, to enhance the attractiveness and competitiveness of the property. In 2022, ART has two master leases expiring, one of which has been successfully renewed on fixed terms. Negotiations on the renewal of the other master lease is currently underway.

ART has a low gearing of 37.1% and debt headroom of S$1.9 billion as at 31 December 2021. ART targets to expand its asset allocation in rental housing and student accommodation properties from c.16% in portfolio value currently to 25 - 30% in the medium term, with the aim of enhancing the stability of ART's income and delivering greater value to Stapled Securityholders. In line with its proactive capital management approach, ART has about 74% of debt effectively on fixed rates as at 31 December 2021, and is expected to raise the amount to 80% to further hedge against rising interest rates. With its strong financial capacity and a healthy liquidity position, ART possesses the flexibility to pare down debt and/or distribute part of the gains from its divestments to Stapled Securityholders.

Sources:
1 "World Economic Outlook" (January 2022), International Monetary Fund
2 "Tourism grows 4% in 2021 but remains far below pre-pandemic levels" (January 2022), World Tourism Organization
3 Stable income sources include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties

6. Distributions

On 20 September 2021, 152,594,100 new Stapled Securities were issued pursuant to the private placement. ART paid, in lieu of the scheduled semi-distribution, an advanced distribution of 0.545 cents per Stapled Security for the period from 1 July 2021 to 19 September 2021 (prior to the date on which the new Stapled Securities are issued pursuant to the private placement).

6(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 20 September 2021 to 31 December 2021

Distribution Type	Distribution Rate (cents)
Taxable Income	0.143
Tax Exempt Income	1.452
Capital	0.131
Total	**1.726**

6(b) **Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Period of distribution : Distribution for 1 July 2020 to 31 December 2020

Distribution Type	Distribution Rate (cents)
Taxable Income	0.267
Tax Exempt Income	0.800
Capital	0.723
Other Gains	0.196
Total	**1.986**

6(c) Tax rate : **Taxable Income Distribution**

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-exempt income distribution is exempt from tax in the hands of all Stapled Securityholders.

Capital Distribution

Capital distribution represents a return of capital to Stapled Securityholders for tax purposes and is therefore not subject to income tax. For Stapled Securityholders who are liable to tax on profits from sale of Stapled Securities, the amount of capital distribution will be applied to reduce the cost base of their Stapled Securities for tax purposes.

Other Gains Distribution

Distribution of other gains is not taxable in the hand of Stapled Securities holders.

6(d) Book closure date : 9 February 2022

6(e) Date payable : 1 March 2022

7. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

8. General mandate for Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from Stapled Securityholders for IPT.

9. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Managers confirm that they have procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

10. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 2 on the review.

11. Breakdown of Revenue and Total Return

	FY 2021 S$'000	FY 2020 S$'000	Better/ (Worse) %
(a) Revenue reported for first half year	185,042	208,490	(11)
(b) Total return after taxation reported for first half year	164,953	29,507	459
(c) Revenue reported for second half year	209,370	161,382	30
(d) Total return after taxation reported for second half year	145,464	(254,803)	157

12. Breakdown of Total Distributions

	FY 2021 S$'000	FY 2020 S$'000
1 January 2020 to 30 June 2020 - paid	–	32,468
1 July 2020 to 31 December 2020 - paid	–	61,726
1 January 2021 to 30 June 2021 - paid	63,746	–
1 July 2021 to 19 September 2021 - paid	17,006	–
20 September 2021 to 31 December 2021 - to be paid	56,571	–

13. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Ascott Residence Trust Management Limited, being the manager of Ascott Reit, and Ascott Business Trust Management Pte. Ltd., being the trustee-manager of Ascott Business Trust (collectively, the "Managers") confirm that there is no person occupying a managerial position in the Managers or in any of its or Ascott Residence Trust's principal subsidiaries who is a relative of a director, chief executive officer, substantial shareholder of the Managers or substantial Stapled Securityholder of Ascott Residence Trust.

On behalf of the Board of Directors

Tan Beng Hai Chairman	Beh Siew Kim Director

This release may contain forward-looking statements that involve risks and uncertainties. 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, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, 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 current view of management on future events.

BY ORDER OF THE BOARD
Ascott Residence Trust Management Limited
(Company registration no. 200516209Z)
As Manager of Ascott Real Estate Investment Trust

BY ORDER OF THE BOARD
Ascott Business Trust Management Pte. Ltd.
(Company registration no. 201925299R)
As Trustee-Manager of Ascott Business Trust

Karen Chan
Company Secretary

28 January 2022