ASCOTT RESIDENCE TRUST

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ASCOTT RESIDENCE TRUST

2021 FIRST HALF SUMMARY OF GROUP PERFORMANCE

TABLE OF CONTENTS

ASCOTT RESIDENCE TRUST
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Summary of Group Results

	1H 2021 S$'000	1H 2020 S$'000	Better / (Worse) %
Revenue	185,042	208,491	(11)
Gross Profit	82,080	88,562	(7)
Distributable Income	63,777 (1)	32,559 (2)	96
Distribution Per Stapled Security ("DPS") (cents)	2.05	1.05	95

(1) Distributable income for 1H 2021 included:
(a) one-off partial distribution of divestment gain of S$20.0 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) 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, as rent negotiations are still on-going and ART may grant further rental deferment and / or waivers to support some tenants through this challenging period.

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

DISTRIBUTION AND BOOK CLOSURE DATE

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

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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. As at 30 June 2021, ART’s portfolio comprises 85 operating properties[1] with 15,944 apartment units in 37 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 FY2019, ART has paid 100% of its income available for distribution.

[1] Exclude lyf one-north Singapore and Somerset Liang Court (under development).

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

		ASCOTT RESIDENCE TRUST		
	Note	1H 2021 S$'000	1H 2020 S$'000	Better / (Worse) %
Revenue	A.1	185,042	208,491	(11)
Direct expenses	A.2	(102,962)	(119,929)	14
Gross Profit	A.1	**82,080**	**88,562**	(7)
Depreciation of buildings, plant and machinery	A.3	(9,567)	(9,058)	(6)
Finance income	A.5	2,681	1,195	124
Other operating income	A.4	10,271	339	n.m.
Finance costs	A.5	(27,713)	(31,179)	11
Managers' management fees	A.6	(12,046)	(13,490)	11
Trustee's fee		(438)	(458)	4
Professional fees		(1,739)	(1,683)	(3)
Audit fees		(1,614)	(1,681)	4
Foreign exchange gain	A.7	13,616	10,651	28
Other operating expenses	A.8	(7,446)	(1,609)	(363)
Share of results of associate (net of tax)		(12)	67	(118)
Net income before changes in fair value of financial derivatives		**48,073**	**41,656**	15
Net change in fair value of financial derivatives	A.9	104	(244)	143
Profit upon divestment	A.10	151,879	261	n.m.
Transaction costs relating to the Combination		–	4	n.m.
Total return for the period before tax		**200,056**	**41,677**	**380**
Income tax expense	A.11	(35,103)	(12,170)	(188)
Total return for the period after tax		**164,953**	**29,507**	**459**
Attributable to:				
Stapled Securityholders and perpetual securities holders		163,268	27,586	
Non-controlling interests		1,685	1,921	
Total return for the period		**164,953**	**29,507**	**459**

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

A.1 Revenue and Gross profit

Revenue for 1H 2021 of S$185.0 million comprised S$53.7 million (29% of total revenue) from properties on Master Leases, S$5.3 million (3%) from properties on management contracts with minimum guaranteed income and S$126.0 million (68%) from properties on management contracts.

Revenue for 1H 2021 decreased by S$23.5 million or 11% as compared to 1H 2020. This was mainly attributed to:

- decrease in revenue of S$13.1 million from the divestment (namely, Somerset Liang Court, Ascott Guangzhou, Somerset Azabu East, Citadines City Centre Grenoble and Citadines Didot Montparnasse and Somerset Xu Hui Shanghai);and
- lower revenue of S$14.0 million from the existing portfolio due to impact from Covid-19.

These decreases are partially offset by the additional contribution of S$3.6 million from the acquisition of Paloma West Midtown (acquired in February 2021), three rental housing properties in Japan (acquired in June 2021) and full half-year contribution from Quest Macquarie Park Sydney (acquired in February 2020).

The Group achieved a revenue per available unit ("REVPAU") of S$60 for 1H 2021, a decrease of 14% as compared to 1H 2020.

Gross profit for 1H 2021 of S$82.1 million comprised S$48.2 million (59% of total gross profit) from properties on Master Leases, S$2.5 million (3%) from properties on management contracts with minimum guaranteed income and S$31.4 million (38%) from properties on management contracts.

As compared to 1H 2020, gross profit decreased by S$6.5 million or 7% due to lower revenue, partially offset by lower operating costs.

On a same store basis, revenue decreased by 7% and gross profit decreased by1%.

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

A.2 Direct expenses include the following items:

	ASCOTT RESIDENCE TRUST 1H 2021 S$'000	ASCOTT RESIDENCE TRUST 1H 2020 S$'000	Better / (Worse) %
Depreciation and amortisation	(6,194)	(7,753)	20
Staff costs [1]	(25,883)	(32,540)	20

[1] Staff costs were lower in 1H 2021 mainly due to lower headcount, reversal of over-provision of prior year's bonus expense and the divestments. These decreases were partially offset by lower wage subsidies in 1H 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 1H 2021 mainly due to the termination fee of S$9.8 million recognised upon the termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan.

A.5 Finance income / Finance costs

Finance income was higher in 1H 2021 mainly due to more fixed deposit placements.

Finance costs were lower in 1H 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 1H 2021.

A. 6 Manager's management fees

Manager's management fees were lower in 1H 2021 mainly due to lower base fees (arising from lower valuation of the properties at 31 December 2020) and lower performance fee (arising from lower operating performance).

A.7 Foreign exchange gain

The foreign exchange gain recognised in 1H 2021 mainly comprised unrealised exchange gain of S$3.3 million and realised exchange gain of S$10.3 million (mainly arising from repayment of foreign currency bank loans with the divestment proceeds and gain on the receipt of the divestment proceeds).

In 1H 2021, the unrealised exchange gain mainly arise from AUD denominated shareholders' loans extended to the Group's subsidiaries as a result of the appreciation of AUD against SGD as at balance sheet date, partially offset by unrealised exchange loss on JPY denominated shareholders' loans extended to the Group's subsidiaries due to depreciation of JPY against SGD.

The foreign exchange gain recognised in 1H 2020 mainly comprised unrealised exchange gain of S$10.2 million and realised exchange gain of S$0.5 million (mainly arising from gain on the repayment of shareholder's loans and gain on the foreign currency forward contracts).

In 1H 2020, the unrealised exchange gain mainly arise from EUR, JPY and USD 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, partially offset by unrealised exchange loss on AUD denominated shareholders' loans extended to the Group's subsidiaries due to depreciation of AUD against SGD and unrealised exchange loss on USD bank loans recorded by the China subsidiaries arising from the appreciation of USD against RMB.

A.8 Other operating expenses

As announced on 25 June 2021, ART issued a notice of intended forfeiture to the tenant of Park Hotel Clarke Quay. Park Hotel Clarke Quay is in the process of being repossessed following the tenant's failure to pay the outstanding rents.

Other operating expenses were higher in 1H 2021 mainly due to provision for doubtful debts of S$5.3 million for the amount due from the master lessee of Park Hotel Clarke Quay (after setting off the security deposit of S$6.9 million).

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 Profit upon divestment

In 1H 2021, this relates to the profit from divestment of:

(1) Citadines City Centre Grenoble, Citadines Didot Montparnasse and Somerset Xu Hui Shanghai (divested in 1H 2021)
(2) Ascott Guangzhou (arising from the completion accounts adjustments) and Somerset Azabu East (arising from reversal of accrued transaction costs no longer required).

In 1H 2020, this relates to the profit from divestment of Somerset West Lake Hanoi (arising from reversal of accrued transaction costs no longer required).

A.11 Income tax expense

Taxation for 1H 2021 was higher by S$22.9 million mainly due to the taxes provided on the divestments made in 1H 2021. These increases were partially offset by lower corporate tax due to weaker performance and reversal of deferred tax liability previously provided on the fair value surplus for Somerset Xu Hui Shanghai.

1(b)(i) Statement of Financial Position

	Note	ASCOTT RESIDENCE TRUST 30 Jun 2021 S$'000	ASCOTT RESIDENCE TRUST 31 Dec 2020 S$'000
Non-Current Assets			
Investment properties	B.1	5,807,361	5,687,743
Property, plant and equipment		630,082	609,279
Investment properties under development	B.2	238,930	229,900
Associate		2,970	3,026
Joint venture	B.3	7,994	–
Financial derivative assets	B.4	13,082	5,233
Deferred tax assets		7,693	6,462
		6,708,112	**6,541,643**
Current Assets			
Inventories		339	338
Trade and other receivables	B.5	100,506	103,238
Assets held for sale	B.6	–	31,904
Financial derivative assets	B.4	380	–
Cash and cash equivalents	B.7	471,479	486,703
		572,704	**622,183**
Total Assets		**7,280,816**	**7,163,826**
Non-Current Liabilities			
Financial liabilities	B.13	(2,338,607)	(2,129,414)
Financial derivative liabilities	B.4	(15,021)	(28,915)
Trade and other payables	B.8	(9,790)	(16,689)
Deferred income	B.9	(1,242)	(2,385)
Deferred tax liabilities	B.10	(124,379)	(131,757)
Lease liabilities	B.11	(268,175)	(275,056)
		(2,757,214)	**(2,584,216)**
Current Liabilities			
Financial liabilities	B.13	(137,137)	(333,081)
Financial derivative liabilities	B.4	(1,270)	(645)
Trade and other payables	B.12	(163,882)	(185,455)
Deferred income	B.9	(1,873)	(1,935)
Current tax liabilities		(20,972)	(8,168)
Lease liabilities	B.11	(8,359)	(8,256)
		(333,493)	**(537,540)**
Total Liabilities		**(3,090,707)**	**(3,121,756)**
Net Assets		**4,190,109**	**4,042,070**
Represented by:			
Stapled Securityholders' funds		3,714,561	3,567,251
Perpetual securities holders	B.14	396,277	396,298
Non-controlling interests		79,271	78,521
Total Equity		**4,190,109**	**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 30 June 2021 was mainly due to the acquisition of Paloma West Midtown in February 2021 and three rental housing properties in Japan in June 2021.

These increases are partially offset by the divestment of Somerset Xu Hui Shanghai in May 2021 and foreign currency translation differences (mainly from translating the Group's investment properties as a result of the depreciation of JPY and USD against SGD, mitigated by appreciation of AUD and GBP against SGD).

B.2 Investment properties under development

Investment property under development as at 30 June 2021 relates to the development of lyf one-north Singapore and the redevelopment of Somerset Liang Court Singapore. lyf one-north Singapore is expected to open in 4Q 2021.

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 30 June 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), fair value of cross currency swaps (entered into to hedge foreign currency risk) and fair value of foreign currency forward contracts (entered into to hedge distribution income).

B.5 Trade and other receivables

The decrease in the Group's trade and other receivables as at 30 June 2021 was mainly due to the receipt of the balance consideration for the divestment of Ascott Guangzhou, partially offset by higher trade receivables.

B.6 Assets held for sale

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 30 June 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 comprise rental and other deposits.

The decrease in the trade and other payables (non-current) as at 30 June 2021 was mainly due to the set-off of the security deposit of $6.9 million for Park Hotel Clarke Quay against the outstanding trade receivables. Please refer to Note A.8 of para 1(a)(ii).

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 30 June 2021 was mainly due to the amortisation of deferred income recognised in 1H 2021.

B.10 Deferred tax liabilities

The decrease in deferred tax liabilities as at 30 June 2021 was mainly due to the reversal of deferred tax liability previously provided on the fair value surplus for Somerset Xu Hui Shanghai.

B.11 Lease liabilities

The lease liabilities as at 30 June 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 30 June 2021 was mainly due to the reversal 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 non-current financial liabilities as at 30 June 2021 was mainly due to loans drawn down to finance the acquisition of Paloma West Midtown and the three rental housing properties in 1H 2021, partially offset by the 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.

Capital management

As at 30 June 2021, the Group's gearing was 35.9%, 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 2.3 times. S$1,993 million or 80% of the Group's borrowings are on fixed interest rates, of which S$115 million is due in the next 12 months.

Out of the Group's total borrowings, 3% falls due in 2021, 31% falls due in 2022, 20% falls due in 2023, 21% falls due in 2024 and the balance falls due after 2024.

The Managers adopt a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2H 2021, 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.

2. **Group Performance Review**

2(a) **Revenue and Gross Profit Analysis – 1H 2021 vs 1H 2020 (Local Currency ("LC"))**

		Revenue [1]				Gross Profit [1]				REVPAU Analysis [2]		
		1H 2021	1H 2020	Better/ (Worse)		1H 2021	1H 2020	Better/ (Worse)		1H 2021	1H 2020	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	4.0	4.2	(0.2)	(5)	3.7	4.0	(0.3)	(8)	–	–	–
France	EUR	8.3	10.5	(2.2)	(21)	7.4	9.4	(2.0)	(21)	–	–	–
Germany	EUR	4.7	4.7	–	–	4.5	4.2	0.3	7	–	–	–
Japan	JPY	1,005.7	1,206.1	(200.4)	(17)	880.0	1,083.2	(203.2)	(19)	–	–	–
Singapore	S$	13.7	12.3	1.4	11	12.2	10.9	1.3	12	–	–	–
South Korea	KRW	1,833.5	2,673.2	(839.7)	(31)	1,634.2	2,470.7	(836.5)	(34)	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	1.1	2.7	(1.6)	(59)	0.2	0.6	(0.4)	(67)	11	27	(59)
Spain	EUR	0.7	1.3	(0.6)	(46)	0.2	0.5	(0.3)	(60)	6	19	(68)
United Kingdom [3]	GBP	1.4	1.3	0.1	8	1.0	0.6	0.4	67	34	52	(35)
Management contracts												
Australia	AUD	46.4	40.0	6.4	16	10.5	3.0	7.5	250	73	62	18
China	RMB	70.8	87.0	(16.2)	(19)	21.3	31.9	(10.6)	(33)	290	296	(2)
Indonesia	IDR	57,487.2	56,246.1	1,241.1	2	15,261.9	10,850.7	4,411.2	41	778	732	6
Japan	JPY	1,147.2	1,347.4	(200.2)	(15)	525.9	625.0	(99.1)	(16)	2,259	3,903	(42)
Malaysia	MYR	3.0	5.2	(2.2)	(42)	(0.2)	0.7	(0.9)	(129)	78	137	(43)
Philippines	PHP	226.6	314.4	(87.8)	(28)	36.9	69.5	(32.6)	(47)	2,265	3,089	(27)
Singapore	S$	2.2	10.2	(8.0)	(78)	0.1	6.1	(6.0)	(98)	60	147	(59)
United Kingdom [3]	GBP	3.0	6.2	(3.2)	(52)	1.1	2.0	(0.9)	(45)	28	52	(46)
United States of America	USD	13.6	14.5	(0.9)	(6)	(0.4)	(2.4)	2.0	83	58	77	(25)
Vietnam	VND[1]	189.7	228.7	(39.0)	(17)	99.1	118.3	(19.2)	(16)	746	989	(25)

[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 property. 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 1H 2020 has been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

2(a) Revenue and Gross Profit Analysis – 1H 2021 vs. 1H 2020 (S$)

	Revenue				Gross Profit				REVPAU Analysis [1]		
	1H 2021	1H 2020	Better/ (Worse)		1H 2021	1H 2020	Better/ (Worse)		1H 2021	1H 2020	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	4.1	3.9	0.2	5	3.8	3.6	0.2	6	–	–	–
France	13.4	16.1	(2.7)	(17)	12.0	14.4	(2.4)	(17)	–	–	–
Germany	7.7	7.2	0.5	7	7.2	6.5	0.7	11	–	–	–
Japan	12.6	15.5	(2.9)	(19)	11.0	13.9	(2.9)	(21)	–	–	–
Singapore	13.7	12.3	1.4	11	12.2	10.9	1.3	12	–	–	–
South Korea	2.2	3.1	(0.9)	(29)	2.0	2.9	(0.9)	(31)	–	–	–
Sub-total	**53.7**	**58.1**	**(4.4)**	**(8)**	**48.2**	**52.2**	**(4.0)**	**(8)**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	1.7	4.1	(2.4)	(59)	0.3	0.9	(0.6)	(67)	17	41	(59)
Spain	1.1	2.0	(0.9)	(45)	0.4	0.8	(0.4)	(50)	10	29	(66)
United Kingdom [2]	2.5	2.3	0.2	9	1.8	1.0	0.8	80	63	92	(32)
Sub-total	**5.3**	**8.4**	**(3.1)**	**(37)**	**2.5**	**2.7**	**(0.2)**	**(7)**	**23**	**47**	**(51)**
Management contracts											
Australia	47.6	36.5	11.1	30	10.8	2.7	8.1	300	75	56	34
China	14.5	17.3	(2.8)	(16)	4.4	6.3	(1.9)	(30)	60	59	2
Indonesia	5.4	5.5	(0.1)	(2)	1.4	1.1	0.3	27	73	71	3
Japan	14.3	17.3	(3.0)	(17)	6.6	8.0	(1.4)	(18)	28	50	(44)
Malaysia	1.0	1.7	(0.7)	(41)	(0.1)	0.2	(0.3)	(150)	25	45	(44)
Philippines	6.3	8.6	(2.3)	(27)	1.0	1.9	(0.9)	(47)	63	85	(26)
Singapore	2.2	10.2	(8.0)	(78)	0.1	6.1	(6.0)	(98)	60	147	(59)
United Kingdom [2]	5.6	11.0	(5.4)	(49)	2.0	3.6	(1.6)	(44)	51	92	(45)
United States of America	18.1	20.2	(2.1)	(10)	(0.6)	(3.3)	2.7	82	78	107	(27)
Vietnam	11.0	13.7	(2.7)	(20)	5.8	7.1	(1.3)	(18)	43	59	(27)
Sub-total	**126.0**	**142.0**	**(16.0)**	**(11)**	**31.4**	**33.7**	**(2.3)**	**(7)**	**63**	**71**	**(11)**
Group	**185.0**	**208.5**	**(23.5)**	**(11)**	**82.1**	**88.6**	**(6.5)**	**(7)**	**60**	**70**	**(14)**

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

[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 1H 2020 has been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

<u>Group</u>

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

<u>Analysis By Country</u>

<u>A. Master Leases</u>

Australia

Revenue decreased by AUD 0.2 million or 5% due to rent waiver provided to the master lessees as per the Mandatory Code of Conduct in view of Covid-19, mitigated by the full half-year contribution from Quest Macquarie Park Sydney acquired in February 2020.

Gross profit decreased by AUD 0.3 million or 8% due to lower revenue and higher operation & maintenance expense and property tax expense.

In SGD terms, revenue and gross profit increased by S$0.2 million due to appreciation of AUD against SGD, partially offset by lower underlying performance.

France

Revenue and gross profit decreased by EUR 2.2 million or 21% and EUR 2.0 million or 21% respectively. This was mainly due to divestment of two properties during 1H 2021 and the change from fixed to fixed and variable lease structure for 10 of the properties from 25 March 2020, 3 December 2020 and 1 January 2021 which resulted in lower rental income due to the ongoing Covid-19 situation.

In SGD terms, revenue and gross profit decreased by S$2.7 million or 17% and S$2.4 million or 17% respectively due to lower underlying performance, mitigated by appreciation of EUR against SGD.

Germany

Revenue remained stable due to higher master lease rent, offset by lower recovery of costs.

Gross profit increased by EUR 0.3 million or 7% due to higher master lease rent and lower non-recoverable costs.

In SGD terms, revenue increased by S$0.5 million or 7% due to appreciation of EUR against SGD. Gross profit increased by S$0.7 million or 11% due to stronger underlying performance and appreciation of EUR against SGD.

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 converted from master lease to management contracts and remain closed due to poor demand in Osaka.

Revenue decreased by JPY 200.4 million or 17% due to absence of revenue from Hotel WBF Kitasemba East and Hotel WBF Kitasemba West in 1H 2021 and reduction of fixed rental for Hotel WBF Honmachi. Gross profit decreased by JPY 203.2 million or 19% due to lower revenue, coupled with higher operation & maintenance expense.

In SGD terms, revenue and gross profit decreased by S$2.9 million or 19% and S$2.9 million or 21% respectively due to lower underlying performance and depreciation of JPY against SGD.

Singapore

Revenue increased by S$1.4 million or 11% due to the rental relief provided to the master lessee as part of the Covid-19 relief measures in 1H 2020.

Gross profit increased by S$1.3 million or 12% due to higher revenue, partially offset by higher maintenance and sinking funds.

South Korea

Revenue decreased by KRW 839.7 million or 31% due to lower variable rent impacted by Covid-19. Gross profit decreased by KRW 836.5 million or 34% due to lower revenue, mitigated by lower property tax expense.

Both revenue and gross profit, in SGD terms, decreased by S$0.9 million due to lower underlying performance, mitigated by appreciation of KRW against SGD.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 1.6 million or 59% due to lower demand and temporary closure of one of the properties during 1H 2021, mitigated by an income top-up from the property manager of EUR 0.2 million (1H 2020: EUR 0.8 million). REVPAU decreased by 59% in 1H 2021.

Gross profit decreased by EUR 0.4 million or 67% due to lower revenue, partially offset by lower staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$2.4 million or 59% and gross profit decreased by S$0.6 million or 67% due to lower underlying performance mitigated by appreciation of EUR against SGD

Spain

Revenue decreased by EUR 0.6 million or 46% due to lower demand and temporary closure of the property during 1H 2021. The decrease in revenue was mitigated by an income top-up from the property manager of EUR 0.3 million (1H 2020: EUR 0.5 million). REVPAU decreased by 68% in 1H 2021.

Gross profit decreased by EUR 0.3 million or 60% due to lower revenue, partially offset by lower staff costs and operation & maintenance expense.

In SGD terms, revenue decreased by S$0.9 million or 45% and gross profit decreased by S$0.4 million or 50% due to lower underlying performance mitigated by appreciation of EUR against SGD.

United Kingdom

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

The 1H 2020 contribution from the three properties (namely, Citadines Barbican, Citadines Holborn-Covent Garden and Citadines Trafalgar Square) have been reclassified from the “Management Contracts with Minimum Guaranteed Income” category to “Management Contracts” category as their management contracts have been converted to management contracts without minimum guaranteed income upon the expiry on 30 April 2020 due to Covid-19 pandemic.

Revenue increased by GBP 0.1 million or 8% due to income top-up from the property operator of GBP 0.7 million (1H 2020: GBP 0.3 million), partially offset by lower operating revenue. REVPAU decreased by 35% in 1H 2021.

Gross profit increased by GBP 0.4 million or 67% due to higher revenue, coupled with lower staff costs (due to wage subsidies), property tax expense (due to business rates relief granted by the UK Government), operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$0.2 million or 9% and S$0.8 million or 80% respectively due to stronger underlying performance and appreciation of GBP against SGD.

C. Management contracts

Australia

Revenue increased by AUD 6.4 million or 16% due to some improvement in Covid-19 situation and block bookings by the government for self-isolation at some properties. Demand has picked up since March 2021 with the reopening of borders. In 1H 2020, revenue was affected by closure of the Australian borders to non-residents and intra-state travel restrictions. REVPAU increased by 18% in 1H 2021.

Gross profit increased by AUD 7.5 million due to higher revenue, coupled with lower staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$11.1 million or 30% and S$8.1 million respectively due to stronger underlying performance and appreciation of AUD against SGD.

China

Revenue decreased by RMB 16.2 million or 19% mainly due to the divestment of Ascott Guangzhou in December 2020 and Somerset Xu Hui Shanghai in May 2021. REVPAU decreased by 2% in 1H 2021.

Gross profit decreased by RMB 10.6 million or 33% due to lower revenue and higher property tax expense (due to refund and rebates from the government in 1H 2020), mitigated by lower staff costs (due to reversal of over-provision of prior year's bonus expense), operation & maintenance expense and marketing expense.

On a same store basis (excluding the contribution from Ascott Guangzhou and Somerset Xu Hui Shanghai), revenue and gross profit increased by 10% and 4% respectively. REVPAU increased by 13%. Demand for accommodation continues to be predominantly domestic due to limitations around visa approvals for foreign visitors. In 1H 2020, revenue was lower due to the Covid-19 outbreak, lockdown of cities and travel restrictions on foreign visitors.

In SGD terms, revenue decreased by S$2.8 million or 16% due to lower underlying performance, mitigated by appreciation of RMB against SGD. Gross profit decreased by S$1.9 million or 30%.

Indonesia

Revenue increased by IDR 1.2 billion or 2% and REVPAU increased by 6%. In 1H 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 4.4 billion or 41% due to higher revenue, lower staff costs (due to reversal of over-provision of prior year bonus expense), partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$0.1 million or 2% due to depreciation of IDR against SGD. Gross profit increased by S$0.3 million or 27% due to stronger underlying performance, partially offset by depreciation of IDR against SGD.

Japan

Revenue decreased by JPY 200.2 million or 15% due to divestment of Somerset Azabu East in December 2020, and as Japan was under a state of emergency in 1H 2021. The resilient contribution from the rental housing portfolio (which cater to local Japanese residents) and the acquisition of three rental housing properties in June 2021 mitigated the softer performance of the serviced residences.

Gross profit decreased by JPY 99.1 million or 16% due to lower revenue and higher marketing expense, partially offset by lower staff costs (due to higher wage subsidies from the government and reversal of over-provision of prior year bonus expense).

On a same store basis (excluding the contribution from Somerset Azabu East and the three rental housing properties), revenue and gross profit decreased by 8% and 12% respectively. REVPAU decreased by 34%.

In SGD terms, revenue decreased by S$3.0 million or 17% and gross profit decreased by S$1.4 million or 18% due to lower underlying performance and depreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 2.2 million or 42% and REVPAU decreased by 43% as compared to 1H 2020 due to the closure of the border and lower demand arising from the movement control order. Gross profit decreased by MYR 0.9 million due to lower revenue, mitigated by lower staff costs and operation & maintenance expense.

In SGD terms, revenue decreased by S$0.7 million or 41% and gross profit decreased by S$0.3 million due to lower underlying performance.

The Philippines

Revenue decreased by PHP 87.8 million or 28% due to lower rental rates as the properties were booked for self-isolation business, and border closure to foreigners. REVPAU decreased by 27%.

Gross profit decreased by PHP 32.6 million or 47% due to lower revenue, partially offset by lower staff costs (due to reversal of over-provision of prior year bonus expense), operation & maintenance expense, depreciation expense and marketing expense.

In SGD terms, revenue and gross profit decreased by S$2.3 million or 27% and S$0.9 million or 47% respectively due to lower underlying performance.

Singapore

Revenue decreased by S$8.0 million or 78% and gross profit decreased by S$6.0 million or 98% due to cessation of operations at Somerset Liang Court in July 2020 arising from the sale of partial gross floor area of the property. Citadines Mount Sophia was blocked booked by the government for self-isolation.

On a same store basis, revenue decreased by S$0.8 million. Occupancy remain high at Citadines Mount Sophia, albeit at lower rental rates, under the government contract. Gross profit decreased by S$1.2 million due to lower revenue and higher property tax expense (due to property tax rebates given by the Singapore government in 1H 2020), partially offset by lower operation & maintenance expense, management fee and marketing expense.

United Kingdom

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

Revenue decreased by GBP 3.2 million or 52% due to lower rental rates. REVPAU decreased by 46% in 1H 2021. Gross profit decreased by GBP 0.9 million or 45% due to lower revenue, partially offset by lower staff costs (due to wage subsidies), property tax expense (due to business rates relief granted by the UK Government), marketing expense and depreciation expense.

In SGD terms, revenue decreased by S$5.4 million or 49% and gross profit decreased by S$1.6 million or 44% due to lower underlying performance, mitigated by appreciation of GBP against SGD.

The United States of America

Revenue decreased by USD 0.9 million or 6% due to lower occupancies and renovation of Hotel Central Times Square (which commenced from April 2021), mitigated by the contribution from the student accommodation property acquired in February 2021. Alternative source of business from healthcare groups and block bookings helped to mitigate the reduction in revenue. REVPAU decreased by 25%.

Despite lower revenue, gross profit increased by USD 2.0 million due to lower staff costs (as a result of lower headcount) and marketing expense, partially offset by higher property tax.

On a same store basis (excluding the student accommodation property), revenue decreased by 24% and gross profit increased by 13%.

In SGD terms, revenue decreased by S$2.1 million or 10% due to lower underlying performance and depreciation of USD against SGD. Gross profit increased by S$2.7 million.

Vietnam

Revenue decreased by VND 39.0 billion or 17% due to weak demand arising from Covid-19 outbreak and tightening of movement controls with the resurgence of the virus, mitigated by higher retail income (rental rebates were granted to tenants in 1H 2020). REVPAU decreased by 25%.

Gross profit decreased by VND 19.2 billion or 16% due to lower revenue, mitigated by lower staff costs, operation & maintenance expense, management fee and marketing expense.

In SGD terms, revenue decreased by S$2.7 million or 20% and gross profit decreased by S$1.3 million or 18% due to lower underlying performance and depreciation of VND against SGD.

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

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 30 June 2021, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the six-month period then ended 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 30 June 2021, the Statement of Total Return and Statement of Comprehensive Income, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott BT Group for the six-month period then ended 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 30 June 2021, the Statement of Total Return, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of Ascott Residence Trust for the six-month period then ended 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) projects the global economy to grow 6% in 2021, with a stronger performance expected in the second half of the year[1]. In line with the IMF's expectations, the World Tourism Organization (UNWTO) forecasts international visitor arrivals to rebound by the second half of 2021, potentially registering a 10% to 40% year-on-year increase over 2020[2].

The recovery of the global economy hinges on the reopening of borders. Governments have stepped up their vaccination programmes, and some have begun easing restrictions on international travel, adopting Covid certificates and vaccine passports. Amidst the progress, concerns around variants of the virus remain, and movement restrictions continue to be in place in countries experiencing a resurgence. The initial phase of recovery remains largely driven by the domestic and essential corporate travel segments, and the return of international demand may be more gradual. The near-term outlook is therefore uncertain, and the pace of recovery across markets divergent.

ART is well-placed to ride the recovery from Covid-19 given its geographic diversification, portfolio of predominantly long-stay properties and presence in large domestic markets. ART's properties have been progressively reopened during the summer season to capture the pent-up demand for leisure travel. The long stays at ART's properties will also continue to mitigate the impact of Covid-19 by providing a resilient occupancy base to the portfolio.

The medium-term target to expand ART's asset allocation in rental housing and student accommodation properties, from about 9% currently to 15% to 20% of its portfolio value, will further future-proof the portfolio against headwinds in the operating environment.

The three Japan rental housing properties which were acquired in June 2021 will contribute stable income to ART, given their long leases of about two years and high occupancy rates. Construction of the student accommodation development property in South Carolina, USA, is expected to commence in the third quarter of 2021. With a target stabilised EBITDA yield of about 6.2% and DPS accretion of approximately 2.1%, the property offers an attractive yield on cost and potential development upside.

ART's stable income sources[3] contributed approximately 74% of ART's gross profit in 1H 2021. There are no master leases expiring in 2021 and the portfolio continues to generate profits and positive cashflow. Park Hotel Clarke Quay is in the process of being repossessed by ART and the managers of ART are assessing options for the operations of the property. A provision of S$5.3 million has been made in 1H 2021 for the outstanding rents and the master lease, expiring in 2023, will subsequently be terminated.

[1] "World Economic Outlook" (April 2021), International Monetary Fund
[2] "Tourist numbers down 83% but confidence slowly rising" (2 June 2021), UNWTO
[3] Stable income sources include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties

Hotel Central Times Square, which is currently undergoing refurbishment, is expected to launch under the new voco brand in the fourth quarter of 2021 and is well-positioned to capture the recovery in domestic leisure demand. lyf one-north Singapore, ART's maiden development project, is expected to complete in the fourth quarter of 2021.

With about S$140 million in remaining divestment proceeds, low gearing of 35.9% and debt headroom of S$1.9 billion as at 30 June 2021, ART will continue to seek higher-yielding investment opportunities in rental housing and student accommodation to enhance the returns to its Stapled Securityholders. ART's strong financial and cashflow positions also give it the flexibility to pare down debt and/or distribute part of the gains from divestments to Stapled Securityholders.

6. Distributions

6(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2021 to 30 June 2021

Distribution Type	Distribution Rate (cents)
Taxable Income	0.245
Tax Exempt Income	0.928
Capital	0.230
Other Gains	0.642
Total	**2.045**

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 January 2020 to 30 June 2020

Distribution Type	Distribution Rate (cents)
Taxable Income	0.528
Tax Exempt Income	0.315
Capital	0.204
Total	**1.047**

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 : 4 August 2021

6(e) Date payable : 27 August 2021

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. Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of 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, which may render the unaudited interim financial results of the Group for the six months ended 30 June 2021 to be false or misleading in any material aspect.

The outbreak of the Covid-19 has impacted market activity in many property sectors. There are recent signs of increased market activity as countries begin easing their restriction but the pace of market recovery remains slow. The Covid-19 situation is fluid and evolving, and has resulted in significant market uncertainty, particularly in the short term. There is a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates. Consequently, the carrying amounts of the Group's investment properties, investment properties under development and freehold land and buildings included in property, plant and equipment ("properties") as at 30 June 2021 are currently subject to material estimation uncertainty.

The 31 December 2020 valuation reports contain a 'material valuation uncertainty' clause due to the market disruption caused by the Covid-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this uncertainty, the assumptions may be revised significantly in subsequent periods.

The Managers are of the view that under these circumstances, at this time, it may be difficult to reasonably quantify any impact on the carrying amounts of the Group's properties as some of the key assumptions used to derive valuations currently would be very subjective and arbitrary. Based on an internal assessment, the Managers are of the view that the fair value of the properties has not materially changed from 31 December 2020 valuation.

For illustrative purpose, the impact arising from a decline in the valuation of the Group's portfolio of properties is as follows:

	Properties' Carrying Value (S$'million)	Net Asset Value / Stapled Security S$	Aggregate Leverage (%)
As at 30 June 2021	6,588.9	1.19	35.9
(1) 1% decline in valuation			
Illustrative Impact	(65.9)	(0.02)	0.3
Pro forma	6,523.0	1.17	36.2
(2) 2% decline in valuation			
Illustrative Impact	(131.8)	(0.04)	0.7
Pro forma	6,457.1	1.15	36.6
(3) 3% decline in valuation			
Illustrative Impact	(197.7)	(0.06)	1.1
Pro forma	6,391.2	1.13	37.0

The above illustration (i) assumes that all other variables are constant and (ii) is a sensitivity analysis for illustrative purposes on the impact of a decline in valuation of the properties and does not represent the Managers' views on where the valuations might end up.

In line with the requirements of the Property Funds Appendix, ART commissions an independent valuation of its assets once a year in December. The Managers will continue to closely monitor the evolving situation and perform property valuation (i) for material assets, when there is indication of material change and objective, appropriate valuation can be reliably obtained or (ii) by the end of the financial year, whichever is the earlier.

On behalf of the Board of Directors

Tan Beng Hai Chairman	Beh Siew Kim Director

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

27 July 2021