ASCOTT RESIDENCE TRUST

A Member of CapitaLand Investment

ASCOTT RESIDENCE TRUST

A stapled group comprising:

Ascott Real Estate Investment Trust
(A real estate investment trust constituted on 19 January 2006 under the laws of the Republic of Singapore)

Managed by
Ascott Residence Trust Management Limited
(Company Registration No. 200516209Z)

Ascott Business Trust
(A business trust constituted on 9 September 2019 under the laws of the Republic of Singapore)

Managed by
Ascott Business Trust Management Pte. Ltd.
(Company Registration No. 201925299R)

ANNOUNCEMENT

Extraordinary General Meeting to be held on 9 September 2022
Responses to Substantial and Relevant Questions

The Managers of Ascott Residence Trust ("**ART**") would like to thank all Stapled Securityholders who submitted their questions in advance of our Extraordinary General Meeting ("**EGM"**) to be held in-person at 168 Robinson Road, Big Picture Theatre, Level 9, Capital Tower, Singapore 068912, and virtually via live audio-visual webcast and live audio-only stream at 2:00pm on Friday, 9 September 2022.

We have grouped the most asked questions into a few key topics below.

A. Transaction-related
B. Financing and Capital Management
C. Strategy and Outlook

Please refer to our responses to these substantial and relevant questions in the following pages.

The CEO of ART's Managers, Ms Serena Teo, will deliver a presentation to Stapled Securityholders at the EGM. Please refer to the EGM presentation slides and all EGM-related documents at: https://investor.ascottresidencetrust.com/agm_egm.html.

Following the conclusion of the EGM, the voting results of the EGM will be uploaded on SGXNet and made available on ART's website. The minutes of the EGM will be published on SGXNet and ART's website on or before 9 October 2022.

By Order of the Boards

ASCOTT RESIDENCE TRUST MANAGEMENT LIMITED
(Company Registration No. 200516209Z)
As manager of Ascott Real Estate Investment Trust

ASCOTT BUSINESS TRUST MANAGEMENT PTE. LTD.
(Company Registration No. 201925299R)
As trustee-manager of Ascott Business Trust

Karen Chan
Company Secretary
6 September 2022

Important Notice
The past performance of Ascott Residence Trust ("**ART**") is not indicative of future performance. The listing of the stapled securities in ART (the "**Stapled Securities**") on the Singapore Exchange Securities Trading Limited (the "SGX-ST") does not guarantee a liquid market for the Stapled Securities. The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, Ascott Residence Trust Management Limited as manager of Ascott Real Estate Investment Trust or Ascott Business Trust Management Pte. Ltd. as trustee-manager of Ascott Business Trust (collectively, the "**Managers**") or any of their respective affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities.

A. Transaction-related	
1.	**Was the acquisition initiated by ART or the Sponsor? How attractive are these assets? Has ART also evaluated other third-party assets and found these to be superior?**
	ART continuously assesses opportunities for acquisition from both the Sponsor and third parties. This transaction came about from discussions between the Sponsor, The Ascott Limited, and ART. We are familiar with these assets and the markets they are located in. The properties are complementary to ART's existing portfolio, and they fulfil ART's acquisition criteria including their strategic fit, distribution per Stapled Security ("DPS") accretion, yields and upside potential. In addition, this portfolio of properties is hard to come by as despite the pandemic, there have not been distressed hospitality assets for sale. We believe that this portfolio not only enhances the returns for Stapled Securityholders, but also fits into ART's investment strategy of marrying stability and growth in a post-Covid-19 world. ART is proposing to acquire this portfolio of properties for the following reasons: • It enhances DPS to Stapled Securityholders – on a full year 2021 ("FY 2021") pro forma basis, DPS accretion is expected to be 3.0%, based on the placement price of S$1.12; • It consolidates ART's position as the largest hospitality trust in Asia Pacific; • It enhances ART's income resilience with a higher proportion of stable income, as 92% of the nine assets' gross profit are from stable income sources; • It increases ART's asset allocation in the attractive longer-stay asset class, which includes rental housing and student accommodation assets, from 17% to 19% of ART's portfolio value, in line with ART's strategy to increase allocation in these asset classes to 25%-30% in the medium-term; • The serviced residences are well-located and quality assets positioned to benefit from the recovery in travel demand; and • With this acquisition, ART's proportion of green-certified properties is expected to increase from 35% to 38%, in line with ART's target to green 50% of its portfolio by 2025. The performance of the properties has been tracking well and expected to improve as the sector recovery picks up: • The three serviced residences – the France, Vietnam and Australia Properties – are located in key gateway cities and growth markets which are expected to benefit from the post-Covid-19 recovery in travel demand. The three serviced residences have achieved an occupancy of about 80% and above in July 2022, in line with or exceeding pre-Covid-19 levels in July 2019. • ART's 14 existing rental housing properties were resilient and registered an average occupancy of above 95% in FY 2021 despite Covid-19. The leases at the rental housing properties are long at c.2 years, providing income stability to ART's portfolio. Including the turnkey acquisitions of four rental housing properties that ART announced in March 2022, the acquisition of the Japan Properties will further expand ART's footprint in the Japan rental housing sector to 23 properties, while entering 2 new markets (Nagoya, Hyogo), and continue to enhance the income stability of ART's portfolio. • ART's seven existing operational student accommodation properties in the USA have performed well and provided stable income to ART's portfolio, since the first

was acquired in February 2021. In the first half of 2022 ("1H 2022"), the properties registered an average occupancy of above 95% and were unaffected by the Omicron outbreak at the start of the year. Pre-leasing for the next academic year ("AY") continues to be favourable and pacing ahead of last AY at c.95% on average across the properties, with 4 out of 7 fully-leased as of July 2022. We expect to have a stronger rent growth of 8% y-o-y (from AY to next AY) compared to the market, as our properties are prime, well-located and new (less than 5 years old).

Likewise, we expect to see strong demand and healthy performance for the US Property. ART is proposing to acquire an additional 45.0% effective stake in the property at an attractive price agreed property value of USD24.5 mil compared to the Appraised Value of USD29.7 mil. In view of the strong fundamentals and rising interest in the student accommodation asset class, this opportunity to acquire an additional stake in the US Property is beneficial to ART.

2. What is the expected annual return and payback period of the proposed acquisition?

We are committed to delivering stable returns to our Stapled Securityholders. Several factors are considered when we acquire, including the level of DPS accretion, whether the property fits into the overall strategy of the Trust, and the capital structure of both the property and ART.

We have disclosed the FY 2021 earnings before net interest expense, tax, depreciation and amortisation ("EBITDA") yield for the individual properties, which gives a sense of the returns. The FY 2021 EBITDA yields are in-line with that of the existing ART portfolio.

The EBITDA yields are as follows:

- For the France Property – 3.7%
- For the Japan Properties – 4.1% to 5.0%
- For the Australia Property – 6.5%
- For the Vietnam Property – 3.2%. We expect the EBITDA yield to trend higher as the property's performance recovers to pre-Covid-19 levels. The EBITDA yield of the property was 9.7% based on historical pre-Covid-19 EBITDA levels in 2019.
- For the US Property, the stabilised EBITDA yield on cost is expected to be around 5.0%.

3.	**The France Property will account for 43% of the proposed transaction. Given the challenges in Europe, and the volatility of the Euro, would ART be taking on substantial risks with the acquisition?**
	The France Property will be acquired under a master lease arrangement with fixed rent, which provides certainty and stability of income to ART. Post the asset enhancement initiative ("AEI"), the rent will be indexed annually, pegged to the French Commercial Rent Index. Hence, even in a downturn, ART is expected to receive a fixed, stable rent. ART has 15 existing properties in France, of which nine are in Paris. The Paris properties have recovered very well, as international visitors have continued to return and major sporting events have provided an uplift to the performance in that market. The demand is expected to remain strong in 3Q 2022 during the summer holidays and we expect the Paris properties to continue leading the recovery post-summer. With respect to the Euro, ART takes a longer-term view on the currency and adopts a natural hedge by borrowing in the currency of the underlying asset. In addition, for this property, more than 50% of the underlying Euro-denominated debt has been hedged. In terms of income stream, ART has a geographically diversified portfolio with 12 foreign currencies, and the strengthening of some currencies balances out the weakening of others.
4.	**When did the renovations for the France Property start, and when will it end? What do the renovations entail? Why are the renovations being done at a time when travel is recovering?**
	As the France Property was last renovated in 2014, the planned asset enhancement at the France Property will refresh the property and reinforce its upmarket positioning and lift room rates, improving rent sustainability. The works will encompass replacement of fixtures, furniture and equipment in the bedrooms as well as the bathrooms, and the refurbishment of the lobby and lounge area. The works are expected to commence in 2022 after the acquisition is completed, and targeted to complete by end-2024. The AEI will be carried out in phases over two years and the France Property will stay open to minimise impact on occupancy and disruption to performance. During the period where the property undergoes AEI, ART will continue to receive fixed rent under the master lease. Under the terms of the master lease agreement, the master lessee will bear most of the AEI expenditure (approximately 84%). To further safeguard the interests of ART's Stapled Securityholders, ART will defer and pay c.20% of the agreed property value (EUR20.0 million or S$29.0 million) only upon 70% completion of the lessee's renovation.
5.	**Referring to para 5.1(b) & (c) of the Acquisition Announcement, what was the actual total rental for the France Property in 2021? Was it higher or lower than EUR3.45mil?**
	The France Property was owned and managed by The Ascott Limited in 2021, where the Sponsor received management fee income instead of rental income. The performance of the France Property in 2022 is expected to surpass that of 2021 as travel restrictions have substantially eased and there has been a strong pent-up demand for travel. In July 2022, the property achieved a strong occupancy of c.80%, above pre-Covid-19 levels, and an average daily rate that surpassed pre-Covid-19 levels by over 30%. The outlook is positive as strong leisure demand is expected during the summer holidays in 3Q 2022, as more economies and international borders reopen.

6.	**Referring to para 5.3(b) of the Acquisition Announcement, based on the Managers' observation, how does the current year rent for the Australia Property compare against current market rent?** **In determining the appraised value of the Australia Property, what are CBRE's and HVS' discounted cash flow assumptions with regard to the 6th year rent of the property (when a rent review is expected); should we expect any downward adjustment from the 5th year?**
	The Australia Property is a serviced residence with less than 5 years of age. It is located within a retail and commercial precinct and enjoys convenient access to the city's central business district. It is a 5-minute walk to the Southgate Business Park and a 10-minute drive to the Metroplex on Gateway Estate and Port of Brisbane industrial areas. The Australia Property has achieved an occupancy of about 95.0% in July 2022, exceeding pre-Covid-19 levels. The Independent Financial Adviser ("IFA") has noted that the rent amount per room per month of the Australia Property is above the mean, equal to the median, and within the range, when compared to those of comparable Australia master leases. According to CBRE's research, demand and occupancy levels in Brisbane are expected to increase in the coming years, underpinned by infrastructure projects such as the Queens Wharf Precinct Development (AUD3.6 billion), Herston Quarter Staged Project (AUD1.1 billion), a new international cruise terminal (AUD177 million), and the New Performance Arts Venue (AUD125 million).
7.	**In the June 2021 presentation for the proposed acquisition of the US Property, the projected stabilised EBITDA yield was 6.2%. In the presentation for the proposed acquisition, the projected stabilised EBITDA yield was 5%. What caused the difference?**
	The difference in yield is mainly due to the higher valuation for the US Property today, compared to a year ago, and difference in basis in the computation of the stabilised EBITDA yield. Development of the US Property had commenced in 3Q 2021. The building topped out in 2Q 2022, and construction is expected to complete in 2Q 2023. As the completion date draws nearer, the proposed acquisition of the US Property carries little residual development risk, and the appraised value of the property has therefore increased. The EBITDA yield of 5.0% is based on JLL's valuation of the US Property on a stabilised basis. In addition, the demand for student accommodation properties in the US has grown and market capitalisation rates have compressed. ART currently owns 45.0% of the US Property, and the acquisition of the additional 45.0% stake is in line with ART's strategy to increase its asset allocation in longer-stay properties and raise the proportion of stable income in its portfolio. The US Property is within walking distance to the campus of the prestigious University of South Carolina. The university is the largest in the state of South Carolina, with over 35,000 students enrolled and growing. In view of the strong fundamentals and rising interest in the student accommodation asset class, it would be opportunistic for ART to acquire the additional stake at an agreed property value of USD24.5 million compared to the appraised value of USD29.7 million.

8.	**What is the land leasehold tenure of the properties that ART is acquiring?**
	The assets in the acquisition portfolio are predominantly freehold, with the exception of the Vietnam Property, which has a leasehold title of 64 years, ending in November 2075.

B. Financing and Capital Management	
9.	The indicative price of the private placement was $1.11 to $1.14 per new Stapled Security, with $50 million as the upsize option. Following the book-building process, the final placement price was $1.12, at the lower end. Only $20 million will be issued under the upsize option, for a total of $170 million. The placement price is at a 3.7% discount to the adjusted volume weighted average price ("VWAP"), after factoring in the advanced distribution, and at a slight discount to the adjusted NAV per stapled security of $1.13 as at 30 Jun 2022. **Was the manager expecting a stronger market response to the private placement?** **Why has ART's price fallen in the two weeks post-placement?**
	We are pleased with the outcome of the private placement. The market this year has been a challenging one to raise equity, and ART is the third in the REIT sector to do so. ART's placement was approximately 2.7 times covered and drew strong demand from new and existing Stapled Securityholders, long only funds, private wealth, multi-strategy investors and other accredited investors. It was a deliberate decision not to fully exercise the upsize amount as the allocation was based on our desired profile of investors. The placement price of S$1.12 is a tight 3.7% discount to the adjusted VWAP after factoring in the advanced distribution that we are making. The tight discount enhances the DPS accretion to Stapled Securityholders, from previously 2.8% (based on the assumed placement price of $1.064 in the Circular) to 3.0% (based on the actual placement price of S$1.12). Share price movements are due to several reasons, such as in reaction to macroeconomic factors, interest rates and inflation, and may not be specific to the hospitality industry or ART. ART's share price was well-supported post-placement, trading above the implied fair value. In the last two weeks of August 2022, the FTSE REIT Index corrected 4.3%, and ART's share price traded in line with the market. We remain focused on executing our strategy to deliver stable and sustainable returns to Stapled Securityholders.
10.	**What is ART's cost of debt? And with interest rates widely anticipated to increase, is this the appropriate time to increase ART's leverage? Will this proposed acquisition remain accretive to DPS at higher interest rates?**
	ART intends to finance the proposed acquisition with debt (c.54%) and the proceeds from the private placement (c.46%). The cost of debt for the proposed acquisition is lower than ART's average cost of debt as at 30 June 2022 of approximately 1.7% per annum. We are confident of achieving a low cost of debt as we are working with our existing lenders who have been very supportive of ART, and whom we have established a strong working relationship with. The impact of higher interest rates is mitigated, as approximately 73% of the debt assumed for this proposed acquisition is effectively on fixed rates with a weighted average debt to maturity of 2-3 years. Furthermore, the debt is denominated in different currencies (EUR, USD and JPY), and the interest rates in each of these countries are expected to rise by varying extents. The proposed acquisition remains DPS accretive even at higher interest rates. For every 40 basis points increase in interest rates (for the debt on floating rates), the impact to DPS is expected to be around 0.01 cents.

	Funding the acquisition with some equity allows us to deliver higher accretion to Stapled Securityholders, and offers ART greater financial flexibility to pursue future acquisitions. We adopt a prudent approach towards capital management, and prefer to maintain a gearing level that is below 40%. Post-acquisition, ART's gearing will be 38.5%, below the 45% MAS limit.
11.	**Why did ART choose to do a private placement to fund this acquisition, instead of a rights issue to existing Stapled Securityholders?**
	With each acquisition, Management considers all methods of financing and judiciously weighs the pros and cons of all options at the relevant time. The method of financing depends on various considerations, including where the properties are located, the optimal funding structure, market conditions and cost of debt in each jurisdiction. As stock markets have been volatile this year, we chose to do an overnight private placement as it is an efficient and beneficial method of raising capital with certainty. A placement minimises the exposure of the equity fund raising to the volatility of the market price of the Stapled Securities by way of an accelerated book-building process. A private placement allows us to deliver a higher level of accretion to our Stapled Securityholders. With the private placement, we were able to raise funds at a tight discount of 3.7% to the adjusted VWAP. Based on the placement price of S$1.12, the Distribution per Stapled Security accretion is higher at 3.0% (compared to 2.8% which is based on the assumed placement price of $1.064 in the Circular). A private placement is also befitting as the amount that ART was raising was relatively small at S$150 mil – S$200 mil. The number of new Stapled Securities issued and dilutive effect are therefore relatively small.
12.	**Who are the major investors in this placement?**
	The investors in the placement include new and existing Stapled Securityholders, long only funds, private wealth, multi-strategy investors and other accredited investors.

<table>
<tr><th colspan="2">C. Strategy and Outlook</th></tr>
<tr><td>13.</td><td>ART’s assets under management (“AUM”) is set to increase to $8.3 billion post-acquisition from $7.7 billion as at end FY 2021. ART’s DPS was 8.27 cents in FY 2016, 7.61 cents in FY 2019, prior to Covid-19, and 4.32 cents in FY 2021. Net asset value (“NAV”) decreased from $1.33 in FY 2016 to $1.16 as at end-June 2022.

How should Stapled Securityholders look at the proposed acquisition (which is also an interested party transaction) in terms of management’s track record in creating value, since DPS and NAV per Stapled Security have decreased over the years?</td></tr>
<tr><td></td><td>Being in the hospitality sector, ART has inevitably been impacted by the pandemic as borders were shut and travel came to a standstill. During the pandemic in FY 2020, ART recorded a write down of our assets of S$405.7 million, which affected our NAV. As the situation improved and the hospitality industry began its recovery, ART recognised a fair value gain (before tax) of S$147.3 million in FY 2021.

In 1H 2022, the pace of recovery in the hospitality sector accelerated. Our serviced residences and hotels had shown consistent recovery in performance. In 2Q 2022, ART’s portfolio revenue per available unit (“RevPAU”) came in at about 82% of pre-Covid-19 levels, showing the strongest quarter on quarter (“q-o-q”) increase of 85% (since 2Q 2020). ART’s forward bookings indicate a sustained robust demand through the summer season in 3Q 2022 and beyond. We continue to work with our lessees and operators to capture the demand as it returns, and as RevPAU continues to improve, a similar trend or improvement in DPS would be expected.

Additionally, ART has been actively reconstituting the portfolio to enhance its resilience, future-proofing it against future black swan events. In 2020 and 2021, we had unlocked S$225 million in divestment gains for our Stapled Securityholders, which not only gave us the flexibility to make capital distributions to our Stapled Securityholders to mitigate the impact of Covid-19 on DPS, but also enabled us to redeploy proceeds to partially fund S$780 million in rental housing and student accommodation investments at higher yields in FY 2021. The rental housing and student accommodation properties have done well and continue to deliver a stable stream of income.

With the proposed acquisition, we are further enhancing our income resilience, with 92% of the acquisition portfolio contributing stable income to ART. The acquisition also serves to grow our AUM to S$8.3 billion, which will result in an increase in our NAV. With the funds raised through the placement, we have greater capacity to invest accretively and we are actively looking at opportunities to deploy the funds.</td></tr>
<tr><td>14.</td><td>What is your view of the strength and pace of the recovery of the hospitality market? Has your view changed in the past few months?</td></tr>
<tr><td></td><td>ART’s RevPAU bottomed out in 2Q 2020 and has recovered sequentially since then, with the exception of 1Q 2022, which was a seasonally slower quarter and when travel was impacted by Omicron.

The recovery has been strong in 2Q 2022. ART’s RevPAU increased 91% year-on-year (“y-o-y”) and 85% q-o-q, and reached about 82% of pre-Covid-19 levels. All markets except for China registered higher RevPAU q-o-q, with several of them, including US, UK, Singapore and Australia close to or surpassing pre-Covid-19 levels.

The strong recovery is testament of the pent-up demand for travel, which has been spurred by the reopening of international borders, which picked up pace over the last quarter. The International Air Transport Association and World Tourism Organization have revised their industry outlook upwards, on the back of stronger-than-expected demand for travel.</td></tr>
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	Some markets such as China and Japan which have not reopened or fully reopened for travel will experience a slower rate of recovery. For ART, this is mitigated by our geographically diversified presence, and we do not have concentration risk in any country. In the case of China, all five of our properties are serviced residences which primarily serve project groups and corporate long stays averaging 8 months. Despite the lockdowns in some parts of China in 1H 2022, ART's RevPAU was very resilient at 57% of pre-Covid-19 levels. Business has picked up over the past few months. For Japan, we expect our business to recover quickly once restrictions for international leisure travel are lifted, and we are encouraged by the recent move by the Japan government to remove the need for testing upon arrival, allow non-guided group tours and raise daily entry caps. In addition, some of our properties in Japan are under master leases, and 15 of our 23 properties are rental housing/student accommodation which are unaffected by border closures and provide a very stable stream of income for ART. Overall, the hospitality sector is seeing a positive trend in recovery. Our forward bookings indicate a sustained robust demand, through the summer season in 3Q 2022 and beyond. Previously, the demand was largely led by the domestic leisure segment; now, we are witnessing more corporate and international travel taking place, with key gateway cities leading the recovery. With our presence in both large domestic markets and key gateway cities, as well as our range of lodging asset classes to cater to different segments of the market, we are well-positioned to ride the recovery.
15.	**Can you re-state ART's strategy? How are you finetuning ART's strategy given the current socio-political situation, the macro-economic trends and the pace of recovery?**
	ART's target is to build a stable income base, with an asset allocation of 25-30% in longer-stay accommodation such as rental housing and student accommodation, with the remaining 70-75% in serviced residences and hotels to capture the travel recovery for growth income. Our portfolio reconstitution strategy consists of: • Carrying out opportunistic divestments to unlock value; • Investing in quality hospitality and longer-stay properties at higher yields; and • Engaging in development projects and asset rejuvenation to enhance returns. ART is currently the largest hospitality trust in Asia Pacific, and we would like to maintain our geographical diversification as we grow our portfolio. Asia Pacific remains core, and we seek to maintain a 60% asset allocation in this region, and the remaining 40% in the rest of the world, being Europe and USA. In general, we prefer to invest in markets where we have already established our presence in and key gateway cities as they have stronger fundamentals and are leading the recovery post-Covid-19. With our target asset allocation and investment strategy, coupled with backing by a strong Sponsor, The Ascott Limited, we are committed and well positioned to deliver sustainable returns for our Stapled Securityholders. We seek to achieve an optimal mix of stable and growth income sources. Stable income streams will provide resilience to the portfolio and serve ART well in cushioning the impact from any future downturns. Growth income streams will allow us to capture potential upside given the rebound in travel demand. In 2021, amid the pandemic, we have pivoted into student accommodation and built up a sizeable portfolio of longer-stay accommodation. Currently, longer-stay accommodation makes up about 17% of ART's portfolio value, and post the proposed acquisition, we expect the allocation to increase to 19%. This provides us with a good stable income base.

	Moreover, the rental housing and student accommodation asset classes are counter-cyclical lodging types which have proven their resilience through a downturn. Going forward, while we continue to expand our allocation in this segment, to protect ourselves against macro uncertainties, we would also like to balance that with investments in quality, higher-yielding hotels and serviced residences which allow us to capture the upside as the hospitality sector recovery gains momentum. As we ride the tailwinds of the hospitality sector, we are also mindful of operating challenges including rising electricity costs and labour shortages, and have several mitigants in place: • In 1H 2022, electricity costs comprised about 6% of ART's operating expenses. Rental housing and student accommodation tenants pay for utilities, and long stay guests have utility caps. Some properties, such as in Australia, France and Singapore, have also locked in fixed-rate contracts. Additionally, several properties have implemented go-green initiatives to further reduce electricity costs. • ART's predominantly long stay properties have lower manning requirements and leaner cost structures than the typical full-service hospitality property, helping to mitigate the challenges of labour shortages. • Further, ART has the ability to price our rooms dynamically and raise rates to effectively abate these rising operating costs. • With respect to rising interest rates and volatility in foreign exchange, we have a prudent and disciplined capital management approach. ART has a high proportion of debt effectively on fixed rates, which are locked in for a weighted average of 3 years. Our cost of debt as at 30 June 2022 is low at 1.7% per annum. In addition, ART's debt is denominated in various foreign currencies, and this diversification strategy helps to mitigate the rising interest rates as not all countries' interest rates are rising by the same degree. • Our geographically diversified portfolio results in exposure to 12 foreign currencies, where the strengthening of some currencies balances out the weakening of others. For instance, the stronger USD offsets the weaker JPY. We adopt a natural hedge wherever possible by borrowing in the currency of the underlying assets. We are confident that our diversified and resilient portfolio will position us for profitable growth.

16.	**How does ART balance its exposure between the master leases and management contracts?**
	Contract types are typically dependent on regulations and usual practice of the market the asset is in. For e.g. in France, master leases are the common contract type and for the Australia Property, it is also on a master lease, similar to the other existing Quest properties in ART's portfolio. While we do not have a target mix between master leases and management contracts, we are guided by our target asset allocation – 25-30% in longer-stay accommodation, and 70-75% in serviced residences and hotels. For the proposed acquisition, although the rental housing properties and student accommodation are under management contracts, they have long length of stay of 1-2 years and are expected to deliver stable income streams to ART. Similarly, while the Vietnam Property is under a management contract, the average length of stay is 11 months, and the guests are predominantly corporate and long-stay guests. The long stays are expected to provide a resilient income stream to ART.
17.	I noticed that coliving apartments have not been included in this round of acquisition despite the Sponsor having quite a number of coliving apartments in its pipeline. **Can ART explain the criteria it uses to determine when it will consider acquiring coliving assets? How long does it take for a newly built coliving asset to reach a stabilised state that is ready for acquisition?**
	ART's Sponsor, The Ascott Limited, is growing the lyf brand, which is a hybrid lodging solution that marries the best of hotels, serviced residences and coliving apartments. The Ascott Limited does not own all the lyf properties and most of the properties are managed for third-party owners. Nonetheless, this serves as an avenue for ART to acquire should the owners wish to sell the properties. ART owns lyf one-north Singapore, which soft opened in November 2021 and the property has performed well. In 2Q 2022, it had a strong occupancy of 90%, supported primarily by long-stay bookings from companies and educational institutions, with some international leisure bookings. Moving forward, the business mix at this property will include more transient leisure and corporate group stays at higher room rates. Due to the leaner operating model adopted with lower manning requirements than the typical full-service hospitality property, lyf one-north Singapore has seen healthy operating margins. The lyf product has the flexibility to take in both long or short stays, for business and leisure purposes. Based on the healthy demand and ongoing enquiries from corporate clients and potential guests, we see a growing market of individuals who are drawn to alternative accommodation options compared to a more traditional apartment rental. These are also people who seek experiences and community-building as a key element in their decision-making process. As coliving is an attractive asset class that is gaining popularity in the market, ART is open to acquiring coliving properties which meet our acquisition criteria and investment hurdles. Under normal market conditions, the performance of a newly operational property takes about a year to stabilise. The stabilisation period depends on a variety of factors, such as the location of the property, demand for accommodation and new supply in the market.

18.	**Is ART planning any other acquisitions in South Carolina, US, due to the potential of the market?** **Is ART concerned about the falling enrolment of Chinese international students at US universities due to escalating US-China tensions?**
	The US student accommodation market is the largest globally, and it is deep and liquid. Apart from the US Property which ART is proposing to acquire an additional 45.0% stake in, ART has seven other operating student accommodation properties in the US which have performed well with average occupancy of above 95%. Pre-leasing for the next AY continues to be favourable and pacing ahead of last AY, and we expect to have a stronger rent growth of 8% y-o-y (from AY to next AY) compared to the market, as our properties are prime, well-located and new (less than 5 years old). Given the strong fundamentals, the US student accommodation segment remains one of ART's preferred markets. According to CBRE, enrolment at the University of South Carolina has followed a moderate growth trend with a total increase of 16.26% over the past 10 years, with annual increases projected for the next 3 years. The student population at the University of South Carolina is predominantly domestic, with local students making up about 95% of the university's headcount. Therefore, the impact from US-China tensions is not expected to be material. With its robust financial position, ART has the financial capacity to pursue acquisitions both in longer-stay properties (rental housing and student accommodation) for stable income, and also hospitality assets (serviced residences and hotels) which allow ART to capture the travel recovery. We will continue to assess value-adding investment opportunities that fit into the overall strategy of ART which are in line with our target asset allocation of 25-30% in longer-stay accommodation and 70-75% in serviced residences and hotels. In general, we prefer to invest in markets where we have already established our presence in and key gateway cities as they have stronger fundamentals and are leading the recovery post-Covid-19.