ASCOTT RESIDENCE TRUST

A Member of CapitaLand

ASCOTT RESIDENCE TRUST

2020 FIRST HALF UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

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Summary of Group Results

	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %
Revenue	208,491	248,409	(16)
Gross Profit	88,548	122,270	(28)
Income available for distribution to Stapled Securityholders	32,559	74,623	(56)
Distributable Income	32,559 [1]	74,623	(56)
Distribution Per Stapled Security ("DPS") (cents)	1.05	3.43	(69)

[1] 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.

The eventual distribution of the 15% retained amount will depend on the final amount of income available for distribution based on the financial results for the full year ending 31 December 2020. For the avoidance of doubt, ART will maintain its distribution policy of distributing at least 90% of its income available for distribution to its Stapled Securityholders.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2020 to 30 June 2020
Distribution Rate	1.047 cents per Stapled Security
Book Closure Date	6 August 2020
Payment Date	28 August 2020

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 and Ascott Business Trust Management Pte. Ltd. is the trustee-manager of Ascott BT (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 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 2012, Ascott Reit acquired four properties in Kyoto, Singapore, Guangzhou and Germany. Ascott Reit also completed the divestment of Somerset Grand Cairnhill Singapore. In 2013, Ascott Reit acquired three properties in China and a portfolio of 11 rental housing properties in Japan. In 2014, Ascott Reit acquired nine properties in four countries (Australia, China, Japan and Malaysia).

In 2015, Ascott Reit acquired a property in Melbourne, Australia, a portfolio of four rental housing properties in Osaka, Japan, the remaining 40% interest in Citadines Shinjuku Tokyo and Citadines Karasuma-Gojo Kyoto and its first property in New York, the US. On 29 April 2016, Ascott Reit completed the acquisition of Sheraton Tribeca New York Hotel. In 2017, Ascott Reit acquired two properties in Germany, a property in Singapore and its third property in US and divested a portfolio of 18 rental housing properties in Japan.

In January 2018, Ascott Reit completed the divestment of Citadines Biyun Shanghai and Citadines Gaoxin Xi'an. Ascott Reit announced its maiden development project at Nepal Hill, Singapore to build the first coliving property, lyf one-north Singapore, in September 2018. The project will be completed by 2021. On 4 January 2019, Ascott Reit took possession of the site for the development of lyf one-north Singapore.

In May 2019, Ascott Reit divested Ascott Raffles Place Singapore and completed the acquisition of Citadines Connect Sydney Airport. On 31 October 2019, Ascott Reit completed the divestment of The Ascott Vietnam (Investments) Pte Ltd, which owns Somerset West Lake Hanoi.

On 31 December 2019, Ascott Reit completed 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. As at 30 June 2020, ART's portfolio comprises 87 operating properties[1] with 16,200 apartment units in 39 cities across 15 countries.

With the recent amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Trading Limited which were effective from 7 February 2020, the Managers announced on 26 February 2020 that ART will adopt the announcement of half-yearly financial statements with effect from the financial year ending 31 December 2020.

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 (under development).

1(a)(i) Consolidated Statement of Total Return for 1H 2020 and 1H 2019

		ASCOTT REIT GROUP			ASCOTT BT GROUP			ASCOTT RESIDENCE TRUST		
	Note	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %
Revenue	A.1	170,829	248,409	(31)	45,153	–	n.m.	208,491	248,409	(16)
Direct expenses	A.2	(90,965)	(126,139)	28	(28,964)	–	n.m.	(119,943)	(126,139)	5
Gross Profit	A.1	**79,864**	**122,270**	(35)	**16,189**	**–**	**n.m.**	**88,548**	**122,270**	**(28)**
Depreciation of buildings, plant and machinery	A.3	–	–	–	(9,058)	–	n.m.	(9,058)	–	n.m.
Finance income		711	739	(4)	62	–	n.m.	773	739	5
Other operating income	A.4	356	303	17	–	–	n.m.	339	303	12
Finance costs	A.5	(27,314)	(26,379)	(4)	(8,905)	–	n.m.	(31,179)	(26,379)	(18)
Ascott Reit Manager's management fees		(11,242)	(11,440)	2	–	–	n.m.	(11,242)	(11,440)	2
Ascott BT Trustee-Manager's management fees		–	–	–	(2,248)	–	n.m.	(2,248)	–	n.m.
Trustee's fee		(377)	(292)	(29)	(81)	–	n.m.	(458)	(292)	(57)
Professional fees	A.6	(1,444)	(1,122)	(29)	(239)	–	n.m.	(1,683)	(1,122)	(50)
Audit fees	A.7	(1,302)	(1,082)	(20)	(379)	–	n.m.	(1,681)	(1,082)	(55)
Foreign exchange gain	A.8	10,171	3,342	204	480	–	n.m.	10,651	3,342	219
Other operating expenses	A.9	(1,328)	(1,108)	(20)	(267)	–	n.m.	(1,595)	(1,108)	(44)
Share of results of associate (net of tax)		67	(24)	379	–	–	n.m.	67	(24)	379
Net income before changes in fair value of financial derivatives, investment properties and assets held for sale		**48,162**	**85,207**	(43)	**(4,446)**	–	n.m.	**41,234**	**85,207**	**(52)**
Net change in fair value of financial derivatives	A.10	281	604	(53)	(103)	–	n.m.	178	604	(71)
Net change in fair value of investment securities		(89)	–	n.m.	–	–	n.m.	–	–	n.m.
Net change in fair value of investment properties and assets held for sale	A.11	–	144,030	n.m.	–	–	n.m.	–	144,030	n.m.
Profit upon divestment	A.12	261	–	n.m.	–	–	n.m.	261	–	n.m.
Transaction costs relating to the Combination	A.13	12	–	n.m.	(8)	–	n.m.	4	–	n.m.
Total return for the period before tax		**48,627**	**229,841**	**(79)**	(4,557)	**–**	**n.m.**	**41,677**	**229,841**	**(82)**
Income tax expense	A.14	(9,039)	(16,916)	47	(3,131)	–	n.m.	(12,170)	(16,916)	28
Total return for the period after tax		**39,588**	**212,925**	**(81)**	**(7,688)**	**–**	**n.m.**	**29,507**	**212,925**	**(86)**
Attributable to:										
Stapled Securityholders and perpetual securities holders		37,693	212,545		(7,677)	–		27,586	212,545	
Non-controlling interests		1,895	380		(11)	–		1,921	380	
Total return for the period		**39,588**	**212,925**	**(81)**	**(7,688)**	–	**n.m.**	**29,507**	**212,925**	**(86)**

Consolidated Distribution Statements for 1H 2020 and 1H 2019

	Note	ASCOTT REIT GROUP			ASCOTT BT GROUP			ASCOTT RESIDENCE TRUST		
		1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %	1H 2020 S$'000	1H 2019 S$'000	Better / (Worse) %
Total return for the period attributable to Stapled Securityholders and perpetual securities holders		37,693	212,545	(82)	(7,677)	–	n.m.	27,586	212,545	(87)
Add / (less):										
Depreciation and amortisation		6,246	6,075	(3)	10,565	–	n.m.	16,811	6,075	(177)
Manager's management fee payable / paid partially in Stapled Securities		7,871	8,392	6	1,120	–	n.m.	8,991	8,392	(7)
Trustee's fees [1]		82	46	(78)	–	–	n.m.	82	46	(78)
Unrealised foreign exchange (gain) / loss		(9,927)	2,158	560	(256)	–	n.m.	(10,183)	2,158	572
Net change in fair value of financial derivatives	A.10	(281)	(604)	(53)	103	–	n.m.	(178)	(604)	(71)
Net change in fair value of investment securities		89	–	n.m.	–	–	n.m.	–	–	n.m.
Net change in fair value of investment properties and assets held for sale	A.11	–	(144,030)	n.m.	–	–	n.m.	–	(144,030)	n.m.
Profit upon divestment	A.12	(261)	–	n.m.	–	–	n.m.	(261)	–	n.m.
Interest expense on lease liabilities		5,611	5,611	–	5,040	–	n.m.	5,611	5,611	-
Lease payments for right-of-use assets		(9,028)	(8,808)	(2)	(7,505)	–	n.m.	(9,028)	(8,808)	(2)
Transaction costs relating to the Combination	A.13	(12)	–	n.m.	8	–	n.m.	(4)	–	n.m.
Deferred tax expense		(747)	5,916	113	1,896	–	n.m.	1,149	5,916	81
Effect of non-controlling interests arising from the above		(416)	(2,946)	(86)	–	–	n.m.	(416)	(2,946)	(86)
Financial expense arising from remeasuring non-current rental deposits at amortised cost		339	–	n.m.	81	–	n.m.	420	–	n.m.
Other adjustments		322	(211)	(253)	339	–	n.m.	715	(211)	(439)
Net effect of non-tax deductible / chargeable items and other adjustments		(112)	(128,401)	(100)	11,391	–	n.m.	13,709	(128,401)	(111)
Total amount distributable for the period		**37,581**	**84,144**	**(55)**	**3,714**	**–**	**n.m.**	**41,295**	**84,144**	**(51)**
Income available for distribution to:										
- Stapled Securityholders		28,845	74,623		3,714	–		32,559	74,623	
- Perpetual securities holders		8,736	9,521		–	–		8,736	9,521	
		37,581	**84,144**	**(55)**	**3,714**	**–**	**n.m.**	**41,295**	**84,144**	**(51)**
Comprises:										
- from operations		18,142	8,338		13	–		18,155	8,338	
- from stapled securityholders' contributions		10,703	66,285		3,701	–		14,404	66,285	
		28,845	**74,623**	**(61)**	**3,714**	**–**	**n.m.**	**32,559**	**74,623**	**(56)**

[1] This relates to the Singapore properties only and is not tax deductible.

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

A.1 Revenue and Gross profit

Revenue for 1H 2020 of S$208.5 million comprised S$58.1 million (28% of total revenue) from properties on Master Leases, S$18.4 million (9%) from properties on management contracts with minimum guaranteed income and S$132.0 million (63%) from properties on management contracts.

Revenue for 1H 2020 decreased by S$39.9 million or 16% as compared to 1H 2019. This was mainly attributed to the decrease in revenue of S$4.2 million from the divestment of Ascott Raffles Place Singapore and Somerset West Lake Hanoi and lower revenue of S$91.1 million from the existing portfolio. These decreases are partially offset by the additional contribution of S$55.4 million from the acquisition of the A-HTRUST portfolio, Quest Macquarie Park Sydney (acquired in February 2020) and Citadines Connect Sydney Airport (acquired in May 2019).

The Group achieved a revenue per available unit ("REVPAU") of S$70 for 1H 2020, a decrease of 52% as compared to 1H 2019.

Gross profit for 1H 2020 of S$88.6 million comprised S$52.2 million (59% of total gross profit) from properties on Master Leases, S$6.5 million (7%) from properties on management contracts with minimum guaranteed income and S$29.9 million (34%) from properties on management contracts.

As compared to 1H 2019, gross profit decreased by S$33.7 million or 28% due to lower revenue, partially offset by lower operating costs from cost containment measures and government support measures.

On a same store basis, gross profit decreased by S$54.8 million.

Please refer to Para 8(a) for a more detailed analysis.

A.2 Direct expenses include the following items:

	ASCOTT RESIDENCE TRUST 1H 2020 S$'000	ASCOTT RESIDENCE TRUST 1H 2019 S$'000	Better / (Worse) %
Depreciation and amortisation [1]	(7,753)	(6,075)	(28)
Staff costs [2]	(32,540)	(28,665)	(14)

[1] Depreciation and amortisation were higher in 1H 2020 mainly due to the acquisitions.
[2] Staff costs were higher in 1H 2020 mainly due to the acquisitions, partially mitigated by the wage subsidies of S$6.6 million 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 2020 due to forfeiture of security deposits.

A.5 Finance costs

Finance costs were higher in 1H 2020 due to the acquisition of the A-HTRUST portfolio and Quest Macquarie Park Sydney.

A. 6 **Professional fees**

Professional fees were higher in 1H 2020 due to the acquisitions and costs incurred to establish a S$2.0 billion Multicurrency Debt Issuance Programme by DBS Trustee Limited (as trustee of Ascott Reit), Ascott Business Trust Management Pte. Ltd. (as trustee-manager of Ascott Business Trust) and Ascott Reit MTN Pte Ltd.

A.7 **Audit fees**

Audit fees were higher in 1H 2020 due to the acquisition of the A-HTRUST portfolio.

A.8 **Foreign exchange gain**

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

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.

The foreign exchange gain recognised in 1H 2019 mainly comprised unrealised exchange loss of S$2.2 million and realised exchange gain of S$5.5 million (mainly arising from the repayment of foreign currency bank loans with the divestment proceeds form Ascott Raffles Place Singapore).

The unrealised exchange loss mainly arose from EUR denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of EUR against SGD as at balance sheet date.

A.9 **Other operating expenses**

Other operating expenses were higher in 1H 2020 mainly due to higher provision for doubtful debts for some of the retail tenants in Europe.

A.10 **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.11 **Net change in fair value of investment properties and assets held for sale**

As announced on 26 February 2020, ART will conduct property valuation on an annual basis instead of a half-yearly basis. Hence, there is no net change in fair value of investment properties and assets held for sale in 1H 2020.

In 1H 2019, this relates to the:

(a) surplus on revaluation of Ascott Raffles Place Singapore of S$135.0 million pursuant to the signing of the sale and purchase agreement for the divestment in January 2019. The fair value gain is based on the sale consideration, net of property cost and transaction costs.

(b) surplus on revaluation of investment properties based on the independent desktop valuations carried out by HVS on 30 June 2019.

A.12 **Profit upon divestment**

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.13 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.

A.14 Income tax expense

Taxation for 1H 2020 was lower by S$4.7 million as compared to the corresponding period last year. This was mainly due to lower deferred tax expense as deferred tax liability was provided on the fair value surplus recognised in 1H 2019 based on the 30 June 2019 valuation. As mentioned at paragraph A.11, ART will conduct property valuation on an annual basis from FY2020.

1(b)(i) Statement of Financial Position

	Note	ASCOTT REIT GROUP 30 June 2020 S$'000	ASCOTT REIT GROUP 31 Dec 2019 S$'000	ASCOTT BT GROUP 30 June 2020 S$'000	ASCOTT BT GROUP 31 Dec 2019 S$'000	ASCOTT RESIDENCE TRUST 30 June 2020 S$'000	ASCOTT RESIDENCE TRUST 31 Dec 2019 S$'000
Non-Current Assets							
Investment properties	B.1	5,843,678	5,659,587	574,940	552,265	6,295,319	6,096,138
Investment property under development	B.2	81,038	74,860	–	–	81,038	74,860
Property, plant and equipment		40,654	44,258	569,126	584,583	609,780	628,841
Investment securities	B.3	2,446	2,534	–	–	–	–
Associate		3,258	3,006	–	–	3,258	3,006
Financial derivative assets	B.4	4,580	11,010	5,195	6,524	9,775	17,534
Deferred tax assets		4,119	3,212	2,789	4,335	6,908	7,547
		5,979,773	**5,798,467**	**1,152,050**	**1,147,707**	**7,006,078**	**6,827,926**
Current Assets							
Inventories		328	372	254	297	582	669
Assets held for sale	B.5	277,086	253,292	–	–	277,086	253,292
Trade and other receivables	B.6	142,533	90,231	11,294	12,504	79,275	62,459
Financial derivative assets	B.4	173	1,378	9	1,559	182	2,937
Cash and cash equivalents	B.7	251,982	245,884	26,722	29,619	278,704	275,503
		672,102	**591,157**	**38,279**	**43,979**	**635,829**	**594,860**
Total Assets		**6,651,875**	**6,389,624**	**1,190,329**	**1,191,686**	**7,641,907**	**7,422,786**
Non-Current Liabilities							
Interest bearing liabilities	B.12	(1,694,035)	(1,683,053)	(336,593)	(328,806)	(2,030,628)	(2,011,859)
Financial derivative liabilities	B.4	(8,034)	(4,181)	(2,644)	(1,833)	(10,678)	(6,014)
Trade and other payables	B.8	(7,097)	(8,820)	(10,226)	(9,735)	(17,323)	(18,555)
Deferred income	B.9	(284)	(605)	(2,939)	(3,781)	(3,223)	(4,386)
Deferred tax liabilities		(156,089)	(153,154)	(47,381)	(46,998)	(203,470)	(200,152)
Lease liabilities	B.10	(293,727)	(274,098)	(115,275)	(110,802)	(293,727)	(274,098)
		(2,159,266)	**(2,123,911)**	**(515,058)**	**(501,955)**	**(2,559,049)**	**(2,515,064)**

1(b)(i) Statement of Financial Position

	Note	ASCOTT REIT GROUP 30 June 2020 S$'000	ASCOTT REIT GROUP 31 Dec 2019 S$'000	ASCOTT BT GROUP 30 June 2020 S$'000	ASCOTT BT GROUP 31 Dec 2019 S$'000	ASCOTT RESIDENCE TRUST 30 June 2020 S$'000	ASCOTT RESIDENCE TRUST 31 Dec 2019 S$'000
Current Liabilities							
Interest bearing liabilities	B.12	(571,317)	(311,656)	–	(25,498)	(571,317)	(337,154)
Financial derivative liabilities	B.4	(1,317)	(1,765)	(17)	(416)	(1,334)	(2,181)
Trade and other payables	B.11	(145,139)	(139,524)	(93,628)	(73,959)	(164,215)	(173,207)
Deferred income	B.9	(145)	(159)	(1,684)	(1,697)	(1,829)	(1,856)
Liabilities held for sale	B.5	(13,204)	(13,445)	–	–	(13,204)	(13,445)
Lease liabilities	B.10	(8,376)	(17,928)	(5,464)	(4,912)	(8,376)	(17,928)
Provision for taxation		(13,657)	(18,549)	(1,709)	(1,093)	(15,366)	(19,642)
		(753,155)	**(503,026)**	**(102,502)**	**(107,575)**	**(775,641)**	**(565,413)**
Total Liabilities		**(2,912,421)**	**(2,626,937)**	**(617,560)**	**(609,530)**	**(3,334,690)**	**(3,080,477)**
Net Assets		**3,739,454**	**3,762,687**	**572,769**	**582,156**	**4,307,217**	**4,342,309**
Represented by:							
Stapled Securityholders' funds		3,258,783	3,282,909	568,348	577,644	3,824,571	3,860,553
Perpetual securities holders	B.13	396,288	396,299	–	–	396,288	396,299
Non-controlling interests		84,383	83,479	4,421	4,512	86,358	85,457
Total Equity	1(d)(i)	**3,739,454**	**3,762,687**	**572,769**	**582,156**	**4,307,217**	**4,342,309**

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 2020 was mainly due to the acquisition of Quest Macquarie Park Sydney in February 2020 and foreign currency translation differences of S$157.2 million (mainly from translating the Group's investment properties as a result of the appreciation of JPY, RMB and USD against SGD).

These increases are partially offset by the reclassification of Citadines Didot Montparnasse Paris from "investment properties" to "assets held for sale" pursuant to the planned divestment of the property as at 30 June 2020.

The investment properties of the Ascott BT Group included a right-of-use asset relating to the operating lease for Sotetsu Grand Fresa Tokyo-Bay Ariake ("Ariake Hotel") on adoption of FRS 116. Ascendas Ariake Godo Kaisha ("AAGK"), a subsidiary of Ascendas Hospitality Business Trust, leases Ariake Hotel from Ascendas Hospitality Tokutei Mokuteki Kasha, a subsidiary of Ascendas Hospitality Real Estate Investment Trust. FRS 116 requires AAGK to recognise a right-of-use asset and lease liability relating to this operating lease. There is no impact for the Group as the intra-group transaction will be eliminated upon consolidation.

B.2 Investment property under development

Investment property under development as at 30 June 2020 relates to the development for lyf one-north Singapore. The development is expected to open in 2021.

B.3 Investment securities

The Ascott Reit Group owns 1% interest in Ascendas Hospitality Australia Investment Fund No. 1. The effective interest held by the Group is 100%. Upon consolidation, the investment securities will be eliminated and adjusted against the non-controlling interests.

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 Assets held for sale and Liabilities held for sale

The assets held for sale as at 30 June 2020 relate to:

(a) the Group's interest in the partial gross floor area of the land on which Somerset Liang Court Singapore is located, pursuant to the announcement on 21 November 2019. The divestment is completed on 15 July 2020;

(b) the assets and liabilities of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan pursuant to the signing of the sale and purchase agreements on 18 December 2019. The divestments are expected to be completed within 12 months and accordingly, all the assets and liabilities were reclassified to assets held for sale and liabilities held for sale respectively; and

(c) reclassification of Citadines Didot Montparnasse Paris from "investment properties". Please refer to Note B.1 above.

B.6 Trade and other receivables

The increase in the Group's trade and other receivables as at 30 June 2020 was mainly due to higher receivables arising from rent deferment granted to master lessees and commercial tenants, higher prepaid expenses and recognition of grant receivables.

B.7 Cash and cash equivalents

The increase in the Group's cash and cash equivalents as at 30 June 2020 was mainly due to cash generated from operations, partially offset by acquisition of investment properties.

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

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

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

Deferred income of the Group arises from the combination with A-HTRUST and 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 2020 was mainly due to the amortisation of deferred income recognised in 1H 2020.

B.10 Lease liabilities

The lease liabilities as at 30 June 2020 refer to the liabilities arising from the adoption of FRS 116 *Leases*.

The lease liabilities of Ascott BT Group relate to the lease liability relating to the operating lease for Ariake Hotel. See paragraph B.1 for more details. There is no impact for the Group as the intra-group transaction will be eliminated upon consolidation.

B.11 Trade and other payables

The decrease in the trade and other payables as at 30 June 2020 was mainly due to lower accruals arising from the payment of the FY 2019 performance fees and payment of transaction costs relating to the combination in 1H 2020, partially offset by additional payment received for the divestment of the two China properties.

B.12 Interest bearing liabilities

	ASCOTT REIT GROUP		ASCOTT BT GROUP		ASCOTT RESIDENCE TRUST	
	30 June 2020 S$'000	31 Dec 2019 S$'000	30 June 2020 S$'000	31 Dec 2019 S$'000	30 June 2020 S$'000	31 Dec 2019 S$'000
Amount repayable in one year or less or on demand						
- Secured	324,420	174,719	–	–	324,420	174,719
- Unsecured	247,621	137,555	–	25,500	247,621	163,055
Less: Unamortised transaction costs	(724)	(618)	–	(2)	(724)	(620)
	571,317	311,656	–	25,498	571,317	337,154
Amount repayable after one year						
- Secured	448,602	561,916	–	–	448,602	561,916
- Unsecured	1,252,152	1,129,255	337,503	329,886	1,589,656	1,459,141
Less: Unamortised transaction costs	(6,719)	(8,118)	(910)	(1,080)	(7,630)	(9,198)
	1,694,035	1,683,053	336,593	328,806	2,030,628	2,011,859
Total	**2,265,352**	**1,994,709**	**336,593**	**354,304**	**2,601,945**	**2,349,013**

The increase in current interest-bearing liabilities as at 30 June 2020 was mainly due to the reclassification of subsidiaries' bank loans which fall due in the next 12 months from "non-current liabilities".

The increase in non-current interest-bearing liabilities as at 30 June 2020 was mainly due to loans drawn down to finance acquisition of Quest Macquarie Park Sydney in February 2020 and the translation differences arising from translating the foreign currency borrowings as a result of the appreciation of JPY and USD against SGD, partially offset by the reclassification of subsidiaries' bank loans which fall due in the next 12 months to "current liabilities".

Details of collateral

The borrowings of the Group are generally secured by:

- Mortgage on subsidiaries' investment properties and the assignment of the rights, titles and interests with respect to these properties
- Assignment of rental proceeds from the investment properties and insurance policies relating to these properties
- Pledge of shares of some subsidiaries
- Corporate guarantee from Ascott Reit, Ascendas Hospitality Real Estate Investment Trust and Ascendas Hospitality Business Trust

Capital management

As at 30 June 2020, the Group's gearing was 36.1%, 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 1.8% per annum, with a 12-month trailing interest cover of 3.6 times. S$2,091 million or 80% of the Group's borrowings are on fixed interest rates, of which S$343 million is due in the next 12 months.

Out of the Group's total borrowings, 12% falls due in 2020, 14% falls due in 2021, 31% falls due in 2022, 20% falls due in 2023 and the balance falls due after 2023.

The Managers adopt a proactive capital management strategy and has commenced discussions to refinance the loan facilities due in 2020 and 2021, ahead of their maturity dates.

B.13 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.

1(c) Consolidated Statement of Cash Flows for 1H 2020 and 1H 2019

	ASCOTT REIT GROUP		ASCOTT BT GROUP		ASCOTT RESIDENCE TRUST	
	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Operating Activities						
Total return for the period before tax	48,627	229,841	(4,557)	–	41,677	229,841
Adjustments for:						
Depreciation and amortisation	6,246	6,075	10,565	–	16,811	6,075
Gain on disposal of property, plant and equipment	(4)	(13)	–	–	(4)	(13)
Amortisation of deferred income	–	–	(754)	–	(754)	–
Finance costs	27,314	26,379	8,905	–	31,179	26,379
Finance income	(711)	(739)	(62)	–	(773)	(739)
Provision for doubtful debts addition	518	52	6	–	524	52
Manager's management fees payable / paid partially in Stapled Securities	7,871	8,392	1,120	–	8,991	8,392
Unrealised foreign exchange (gain) / loss	(9,927)	2,158	(256)	–	(10,183)	2,158
Net change in fair value of investment properties and assets held for sale	–	(144,030)	–	–	–	(144,030)
Net change in fair value of financial derivatives	(281)	(604)	103	–	(178)	(604)
Net change in fair value of investment securities	89	–	–	–	–	–
Profit upon divestment	(261)	–	–	–	(261)	–
Transaction costs relating to the Combination	(12)	–	8	–	(4)	–
Share of results of associate	(67)	24	–	–	(67)	24
Operating profit before working capital changes	**79,402**	**127,535**	**15,078**	–	**86,958**	**127,535**
Changes in working capital	(47,123)	4,391	(1,419)	–	(48,542)	4,391
Cash generated from operations	**32,279**	**131,926**	**13,659**	–	**38,416**	**131,926**
Income tax paid	(13,113)	(9,383)	(122)	–	(13,235)	(9,383)
Cash flows from operating activities	**19,166**	**122,543**	**13,537**	–	**25,181**	**122,543**
Balance carried forward	**19,166**	**122,543**	**13,537**	–	**25,181**	**122,543**

1(c) Consolidated Statement of Cash Flows for 1H 2020 and 1H 2019

	ASCOTT REIT GROUP		ASCOTT BT GROUP		ASCOTT RESIDENCE TRUST	
	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Balance brought forward	**19,166**	**122,543**	**13,537**	**–**	**25,181**	**122,543**
Investing Activities						
Acquisition of property, plant and equipment	(2,425)	(5,495)	(3,051)	–	(5,476)	(5,495)
Acquisition of investment properties	(42,761)	(58,106)	–	–	(42,761)	(58,106)
Advance (to) / from related corporations	(30,779)	–	30,779	–	–	–
Capital expenditure on investment properties and assets held for sale	(4,956)	(6,181)	(402)	–	(5,358)	(6,181)
Capital expenditure on investment property under development	(6,605)	(2,089)	–	–	(6,605)	(2,089)
Payment received for divestment of investment properties	22,601	203	–	–	22,601	203
Interest received	711	739	62	–	773	739
Proceeds on disposal of assets held for sale	–	348,333	–	–	–	348,333
Payment of transaction costs for disposal of assets held for sale	–	(2,750)	–	–	–	(2,750)
Payment of transaction costs relating to the Combination	(2,571)	–	(8,586)	–	(11,157)	–
Proceeds from sale of property, plant and equipment	11	15	–	–	11	15
Settlement of hedging instruments	(3,329)	–	1,063	–	(2,266)	–
Cash flows (used in) / from investing activities	**(70,103)**	**274,669**	**19,865**	–	**(50,238)**	**274,669**
Financing Activities						
Distribution to Stapled Securityholders	(97,223)	(85,848)	(7,515)	–	(104,738)	(85,848)
Distribution to perpetual securities holders	(8,768)	(9,574)	–	–	(8,768)	(9,574)
Dividend paid to non-controlling interests	(3,017)	(703)	(30)	–	(3,030)	(703)
Interest paid	(22,504)	(23,647)	(8,842)	–	(26,306)	(23,647)
Payment of lease liabilities	(3,416)	(3,932)	(2,465)	–	(3,416)	(3,932)
Proceeds from bank borrowings	358,246	458,483	7,780	–	366,026	458,483
Payment of transaction costs on issue of perpetual securities	(179)	–	–	–	(179)	–
Repayment of bank borrowings and medium term notes	(174,790)	(707,861)	(25,500)	–	(200,290)	(707,861)
Change in restricted cash deposits for bank facilities	620	(106)	1,185	–	1,805	(106)
Payment of transaction costs on bank borrowings	(569)	(1,574)	–	–	(569)	(1,574)
Cash flows from / (used in) financing activities	**48,400**	**(374,762)**	**(35,387)**	–	**20,535**	**(374,762)**
(Decrease) / increase in cash and cash equivalents	**(2,537)**	**22,450**	**(1,985)**	–	**(4,522)**	**22,450**
Cash and cash equivalents at beginning of the period	**243,890**	**225,516**	**26,118**	–	**270,008**	**225,516**
Effect of exchange rate changes on balances held in foreign currencies	8,920	692	273	–	9,193	692
Cash and cash equivalents reclassified to assets held for sale	335	–	–	–	335	–
Cash and cash equivalents at end of the period	**250,608**	**248,658**	**24,406**	–	**275,014**	**248,658**
Restricted cash deposits	1,374	2,437	2,316	–	3,690	2,437
Cash and cash equivalents in the Statement of Financial Position	**251,982**	**251,095**	**26,722**	**–**	**278,704**	**251,095**

1(d)(i) Statement of Movements in Stapled Securityholders' Funds for 1H 2020

ASCOTT REIT GROUP	Attributable to Stapled Securityholders: Stapled Securities in issue S$'000	Revenue Reserve S$'000	Foreign currency translation reserve S$'000	Capital reserve S$'000	Hedging reserve S$'000	Total S$'000	Perpetual securities holders S$'000	Non-controlling interests S$'000	Total S$'000
At 1 January 2020	**2,187,662**	**1,330,517**	**(235,539)**	**4,015**	**(3,746)**	**3,282,909**	**396,299**	**83,479**	**3,762,687**
Total return for the period	–	37,693	–	–	–	37,693	–	1,895	39,588
Total return attributable to perpetual securities holders	–	(8,736)	–	–	–	(8,736)	8,736	–	–
Other comprehensive income									
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	44,077	–	–	44,077	–	2,026	46,103
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(8,596)	(8,596)	–	–	(8,596)
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	–	–	–	–	832	832	–	–	832
Total comprehensive income, net of tax	–	–	44,077	–	(7,764)	36,313	–	2,026	38,339
Contributions by and distributions to owners									
Manager's management fees payable in Stapled Securities	7,839	–	–	–	–	7,839	–	–	7,839
Manager's acquisition fees payable in Stapled Securities	(12)	–	–	–	–	(12)	–	–	(12)
Issue expenses relating to perpetual securities	–	–	–	–	–	–	21	–	21
Distribution to Stapled Securityholders	(35,879)	(61,344)	–	–	–	(97,223)	–	–	(97,223)
Distribution to perpetual securities holders	–	–	–	–	–	–	(8,768)	–	(8,768)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(3,017)	(3,017)
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	(28,052)	(61,344)	–	–	–	(89,396)	(8,747)	(3,017)	(101,160)
Transfer between reserves	–	(359)	–	359	–	–	–	–	–
At 30 June 2020	**2,159,610**	**1,297,771**	**(191,462)**	**4,374**	**(11,510)**	**3,258,783**	**396,288**	**84,383**	**3,739,454**

1(d)(i) Statement of Movements in Stapled Securityholders' Funds for 1H 2020

ASCOTT BT GROUP	Stapled Securities in issue S$'000	Revenue Reserve S$'000	Foreign currency translation reserve S$'000	Capital reserve S$'000	Hedging reserve S$'000	Total S$'000	Perpetual securities holders S$'000	Non-controlling interests S$'000	Total S$'000
	Attributable to Stapled Securityholders								
At 1 January 2020	**669,545**	**(91,901)**	–	–	–	**577,644**	–	**4,512**	**582,156**
Total return for the period	–	(7,677)	–	–	–	(7,677)	–	(11)	(7,688)
Other comprehensive income									
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	4,874	–	–	4,874	–	(50)	4,824
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(436)	(436)	–	–	(436)
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	–	–	–	–	331	331	–	–	331
Total comprehensive income, net of tax	–	–	4,874	–	(105)	4,769	–	(50)	4,719
Contributions by and distributions to owners									
Manager's management fees payable in Stapled Securities	1,119	–	–	–	–	1,119	–	–	1,119
Manager's acquisition fees payable in Stapled Securities	8	–	–	–	–	8	–	–	8
Distribution to Stapled Securityholders	–	(7,515)	–	–	–	(7,515)	–	–	(7,515)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(30)	(30)
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	1,127	(7,515)	–	–	–	(6,388)	–	(30)	(6,418)
At 30 June 2020	**670,672**	**(107,093)**	**4,874**	–	**(105)**	**568,348**	–	**4,421**	**572,769**

1(d)(i) <u>Statement of Movements in Stapled Securityholders' Funds for 1H 2020</u>

ASCOTT RESIDENCE TRUST	Stapled Securities in issue S$'000	Revenue Reserve S$'000	Foreign currency translation reserve S$'000	Capital reserve S$'000	Hedging reserve S$'000	Total S$'000	Perpetual securities holders S$'000	Non-controlling interests S$'000	Total S$'000
	Attributable to Stapled Securityholders								
At 1 January 2020	**2,857,207**	**1,238,616**	**(235,539)**	**4,015**	**(3,746)**	**3,860,553**	**396,299**	**85,457**	**4,342,309**
Total return for the period	–	27,586	–	–	–	27,586	–	1,921	29,507
Total return attributable to perpetual securities holders	–	(8,736)	–	–	–	(8,736)	8,736	–	–
Other comprehensive income									
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	48,816	–	–	48,816	–	2,010	50,826
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(9,026)	(9,026)	–	–	(9,026)
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	–	–	–	–	1,162	1,162	–	–	1,162
Total comprehensive income, net of tax	–	–	48,816	–	(7,864)	40,952	–	2,010	42,962
Contributions by and distributions to owners									
Manager's management fees payable in Stapled Securities	8,958	–	–	–	–	8,958	–	–	8,958
Manager's acquisition fees payable in Stapled Securities	(4)	–	–	–	–	(4)	–	–	(4)
Issue expenses relating to perpetual securities	–	–	–	–	–	–	21	–	21
Distribution to Stapled Securityholders	(35,879)	(68,859)	–	–	–	(104,738)	–	–	(104,738)
Distribution to perpetual securities holders	–	–	–	–	–	–	(8,768)	–	(8,768)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(3,030)	(3,030)
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	(26,925)	(68,859)	–	–	–	(95,784)	(8,747)	(3,030)	(107,561)
Transfer between reserves	–	(359)	–	359	–	–	–	–	–
At 30 June 2020	**2,830,282**	**1,188,248**	**(186,723)**	**4,374**	**(11,610)**	**3,824,571**	**396,288**	**86,358**	**4,307,217**

1(d)(i) **Statement of Movements in Stapled Securityholders' Funds for 1H 2019**

ASCOTT REIT GROUP	Attributable to Stapled Securityholders: Stapled Securities in issue S$'000	Revenue Reserve S$'000	Foreign currency translation reserve S$'000	Capital reserve S$'000	Hedging reserve S$'000	Total S$'000	Perpetual securities holders S$'000	Non-controlling interests S$'000	Total S$'000
At 1 January 2019	**1,744,738**	**1,104,734**	**(212,000)**	**3,576**	**3,003**	**2,644,051**	**397,127**	**89,731**	**3,130,909**
Adjustment on initial recognition of FRS 116	–	9,802	–	–	–	9,802	–	–	9,802
Total return for the period	–	212,545	–	–	–	212,545	–	380	212,925
Total return attributable to perpetual securities holders	–	(9,521)	–	–	–	(9,521)	9,521	–	–
Other comprehensive income									
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	(15,265)	–	–	(15,265)	–	(97)	(15,362)
Effective portion of change in fair values of cash flow hedges	–	–	–	–	(6,675)	(6,675)	–	–	(6,675)
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	–	–	–	–	(808)	(808)	–	–	(808)
Total comprehensive income, net of tax	–	–	(15,265)	–	(7,483)	(22,748)	–	(97)	(22,845)
Contributions by and distributions to owners									
Manager's management fees payable in Stapled Securities	8,352	–	–	–	–	8,352	–	–	8,352
Distribution to Stapled Securityholders	(22,539)	(63,309)	–	–	–	(85,848)	–	–	(85,848)
Distribution to perpetual securities holders	–	–	–	–	–	–	(9,574)	–	(9,574)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(703)	(703)
Total contributions by and distributions to Stapled Securityholders and non-controlling interests	(14,187)	(63,309)	–	–	–	(77,496)	(9,574)	(703)	(87,773)
Transfer between reserves	–	(351)	–	351	–	–	–	–	–
At 30 June 2019	**1,730,551**	**1,253,900**	**(227,265)**	**3,927**	**(4,480)**	**2,756,633**	**397,074**	**89,311**	**3,243,018**

1(d)(ii) Details of any change in the Units / Stapled Securities

	Ascott Reit Units		Ascott BT Units [1]		Stapled Securities [2]	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
	'000	'000	'000	'000	'000	'000
Balance as at beginning of period	**3,083,089**	**2,164,592**	**3,083,089**	–	**3,083,089**	–
Issue of new Stapled Securities:						
- partial payment of management fees in Stapled Securities	11,596	10,185	11,596	–	11,596	–
- payment of acquisition fee in Stapled Securities	6,448	–	6,448	–	6,448	–
Balance as at end of period	**3,101,133**	**2,174,777**	**3,101,133**	–	**3,101,133**	–

[1] Ascott Reit established a wholly-owned business trust, Ascott BT, on 9 September 2019 in connection with the Combination.

[2] On 21 October 2019, the unitholders of Ascott Reit approved the Ascott Reit Scheme (as defined in the Composite Document dated 26 September 2019). Terms defined in the Composite Document have the same meanings when used in this Announcement.

On 31 December 2019, pursuant to and on the terms of the Ascott Reit Scheme, each Unitholder of Ascott Reit as at the Ascott Reit Scheme Entitlement Date of 30 December 2019, 5.00 pm, was issued one Ascott BT Unit for each Ascott Reit Unit held by it.

Each Ascott BT Unit was stapled to one Ascott Reit Unit so as to form one Stapled Security in accordance with the Stapling Deed.

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

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation required by an accounting standard, what has changed, as well as the reasons for the change

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2020. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per Stapled Security ("EPS") and Distribution per Stapled Security ("DPS") for the financial period

In computing the EPS, the weighted average number of Stapled Securities for the period is used for the computation.

	GROUP	
	1H 2020 S$'000	**1H 2019 S$'000**
Total return for the period attributable to Stapled Securityholders and perpetual securities holders	27,586	212,545
Less: Total return attributable to perpetual securities holders	(8,736)	(9,521)
Total return for the period attributable to Stapled Securityholders	**18,850**	**203,024**

Earnings per Stapled Security (EPS)	**1H 2020**	**1H 2019**
Weighted average number of Stapled Securities for the period ('000)		
– Basic	3,088,246	2,171,440
– Diluted	3,100,267	2,179,205
EPS (cents) (based on the weighted average number of Stapled Securities for the period)		
– Basic	0.61	9.35
– Basic (1)	0.61	2.88
– Diluted	0.61	9.32

(1) Exclude the effects of the net change in fair value of investment properties, net of tax and non-controlling interests.

In computing the DPS, the number of Stapled Securities as at the end of each period is used for the computation.

Distribution per Stapled Security (DPS)	**1H 2020**	**1H 2019**
Number of Stapled Securities at end of period ('000)	3,101,133	2,174,777
DPS (cents)	1.05	3.43

7. Net asset value ("NAV") Per Stapled Security / Net Tangible Assets ("NTA") Per Stapled Security

	GROUP	
	30 June 2020	**31 Dec 2019**
NAV / NTA per Stapled Security (1) (S$)	1.23	1.25
Adjusted NAV / NTA per Stapled Security (excluding the distributable income to Stapled Securityholder) (S$)	1.22	1.22

(1) NAV / NTA per Stapled Security is computed based on net asset value / net tangible asset over the issued Stapled Securities at the end of the period.

8. Group Performance Review

8(a) Revenue and Gross Profit Analysis – 1H 2020 vs 1H 2019 (Local Currency (“LC”))

		Revenue [1]				Gross Profit [1]				REVPAU Analysis [2]		
		1H 2020	1H 2019	Better/ (Worse)		1H 2020	1H 2019	Better/ (Worse)		1H 2020	1H 2019	Better/ (Worse)
		LC’m		LC’m	%	LC’m		LC’m	%	LC/day		%
Master Leases												
Australia	AUD	4.2	3.8	0.4	11	4.0	3.6	0.4	11	–	–	–
France	EUR	10.4	10.7	(0.3)	(3)	9.4	9.7	(0.3)	(3)	–	–	–
Germany	EUR	4.7	5.0	(0.3)	(6)	4.2	4.6	(0.4)	(9)	–	–	–
Japan	JPY	1,206.1	–	1,206.1	n.m.	1,084.3	–	1,084.3	n.m.	–	–	–
Singapore	S$	12.3	10.5	1.8	17	10.9	9.1	1.8	20	–	–	–
South Korea	KRW	2,673.2	–	2,673.2	n.m.	2,470.7	–	2,470.7	n.m.	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.7	4.9	(2.2)	(45)	0.6	1.6	(1.0)	(63)	27	74	(64)
Spain	EUR	1.3	2.9	(1.6)	(55)	0.5	1.4	(0.9)	(64)	19	106	(82)
United Kingdom [3]	GBP	7.0	10.3	(3.3)	(32)	2.7	4.0	(1.3)	(33)	68	124	(45)
Management contracts												
Australia	AUD	40.0	14.1	25.9	184	3.0	5.5	(2.5)	(45)	61	138	(56)
China	RMB	87.0	128.4	(41.4)	(32)	31.9	54.6	(22.7)	(42)	296	452	(34)
Indonesia [4]	IDR	56,246.1	78,313.8	(22,067.7)	(28)	10,850.7	26,420.7	(15,570.0)	(59)	732	1,017	(28)
Japan	JPY	1,347.4	2,315.7	(968.3)	(42)	625.0	1,241.8	(616.8)	(50)	3,903	12,216	(68)
Malaysia	MYR	5.2	6.4	(1.2)	(19)	0.7	1.1	(0.4)	(36)	137	173	(21)
Philippines	PHP	314.4	492.3	(177.9)	(36)	69.5	173.9	(104.4)	(60)	3,089	4,965	(38)
Singapore	S$	10.2	12.6	(2.4)	(19)	6.1	5.2	0.9	17	147	197	(25)
United Kingdom [3]	GBP	0.5	4.9	(4.4)	(90)	(0.1)	2.1	(2.2)	(105)	12	148	(92)
United States of America	USD	14.5	35.5	(21.0)	(59)	(2.4)	12.7	(15.1)	(119)	77	190	(59)
Vietnam	VND[1]	228.7	349.8	(121.1)	(35)	118.3	191.0	(72.7)	(38)	989	1,587	(38)

[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 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 one-year management contracts from May 2020. For comparison purposes, the revenue, gross profit and REVPAU amounts from May 2019 to June 2019 has been reclassified from the “Management Contracts with Minimum Guaranteed Income” category to “Management Contracts” category.
[4] The reporting currency for Indonesia has been changed from USD to IDR from 1 January 2020. For comparison purposes, the revenue, gross profit and REVPAU amounts for 1H 2019 were amended to IDR.

8(a) Revenue and Gross Profit Analysis – 1H 2020 vs. 1H 2019 (S$)

	Revenue				Gross Profit				REVPAU Analysis [1]		
	1H 2020	1H 2019	Better/ (Worse)		1H 2020	1H 2019	Better/ (Worse)		1H 2020	1H 2019	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	3.9	3.7	0.2	5	3.6	3.5	0.1	3	–	–	–
France	16.1	16.5	(0.4)	(2)	14.4	14.9	(0.5)	(3)	–	–	–
Germany	7.2	7.8	(0.6)	(8)	6.5	7.0	(0.5)	(7)	–	–	–
Japan	15.5	-	15.5	n.m.	13.9		13.9	n.m.	–	–	–
Singapore	12.3	10.5	1.8	17	10.9	9.1	1.8	20	–	–	–
South Korea	3.1	-	3.1	n.m.	2.9		2.9	n.m.	–	–	–
Sub-total	**58.1**	**38.5**	**19.6**	**51**	**52.2**	**34.5**	**17.7**	**51**	–	–	–
Management contracts with minimum guaranteed income											
Belgium	4.1	7.5	(3.4)	(45)	0.9	2.5	(1.6)	(64)	41	114	(64)
Spain	2.0	4.4	(2.4)	(55)	0.8	2.1	(1.3)	(62)	29	163	(82)
United Kingdom [2]	12.3	18.2	(5.9)	(32)	4.8	7.0	(2.2)	(31)	121	219	(45)
Sub-total	**18.4**	**30.1**	**(11.7)**	**(39)**	**6.5**	**11.6**	**(5.1)**	**(44)**	**78**	**173**	**(55)**
Management contracts											
Australia	36.5	13.6	22.9	168	2.8	5.3	(2.5)	(47)	56	133	(59)
China	17.3	25.7	(8.4)	(33)	6.3	10.9	(4.6)	(42)	59	91	(35)
Indonesia	5.6	7.4	(1.8)	(24)	1.1	2.5	(1.4)	(56)	71	97	(27)
Japan	17.3	28.5	(11.2)	(39)	8.0	15.3	(7.3)	(48)	50	150	(67)
Malaysia	1.7	2.1	(0.4)	(19)	0.2	0.4	(0.2)	(50)	45	57	(21)
Philippines	8.6	12.8	(4.2)	(33)	1.9	4.5	(2.6)	(58)	85	129	(34)
Singapore	10.2	12.6	(2.4)	(19)	6.1	5.2	0.9	17	147	197	(25)
United Kingdom [2]	0.9	8.6	(7.7)	(90)	(0.3)	3.8	(4.1)	(108)	20	261	(92)
United States of America	20.2	48.2	(28.0)	(58)	(3.3)	17.2	(20.5)	(119)	107	258	(59)
Vietnam	13.7	20.3	(6.6)	(33)	7.1	11.1	(4.0)	(36)	59	92	(36)
Sub-total	**132.0**	**179.8**	**(47.8)**	**(27)**	**29.9**	**76.2**	**(46.3)**	**(61)**	**69**	**142**	**(52)**
Group	**208.5**	**248.4**	**(39.9)**	**(16)**	**88.6**	**122.3**	**(33.7)**	**(28)**	**70**	**146**	**(52)**

[1] REVPAU for Japan refers to serviced residences and excludes rental housing.
[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 one-year management contracts from May 2020. For comparison purposes, the revenue, gross profit and REVPAU amounts from May 2019 to June 2019 has been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category.

Group

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

Analysis By Country

A. Master Leases

Australia

Both revenue and gross profit increased by AUD 0.4 million or 11% due to the acquisition of Quest Macquarie Park Sydney in February 2020.

On a same store basis, revenue and gross profit decreased due to rent waiver provided to the lessees as per the Mandatory Code of Conduct in view of COVID-19.

In SGD terms, revenue increased by S$0.2 million or 5% and gross profit increased by S$0.1 million or 3% due to the acquisition, partially offset by depreciation of AUD against SGD.

France

Both revenue and gross profit decreased by EUR 0.3 million due to the change to one-year variable master lease for four of the properties from 25 March 2020 as a result of COVID-19 pandemic (EUR 0.6 million), mitigated by higher rent arising from indexation. Previously the fixed rent received for these four master leases was EUR 2.7 million per annum.

In SGD terms, revenue and gross profit decreased by S$0.4 million or 2% and S$0.5 million or 3% respectively due to depreciation of EUR against SGD.

Germany

Revenue decreased by EUR 0.3 million or 6% due to lower variable rent from Madison Hamburg. Gross profit decreased by EUR 0.4 million or 9% due to lower revenue and higher business tax. Business tax was lower in 1H 2019 due to a refund of business tax in respect of prior periods.

In SGD terms, revenue decreased by S$0.6 million or 8% due to depreciation of EUR against SGD. Gross profit decreased by S$0.5 million or 7%.

Japan

This relates to the contribution from the five hotels under the A-HTRUST portfolio, 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.

Two of the properties in Osaka were temporarily closed during 1H 2020 due to low occupancies.

The master lessee of Hotel WBF Kitasemba East, Hotel WBF Kitasemba West and Hotel WBF Honmachi filed for civil rehabilitation on 27 April 2020. Under such proceedings, the master lessee may choose to continue or terminate the relevant master leases. ART has initiated discussions with various operators to take over the operations of these three properties, if necessary.

Singapore

Both revenue and gross profit increased by S$1.8 million due to the maiden contribution from Park Hotel Clarke Quay from 1 January 2020, partially offset by the contribution from Ascott Raffles Place (divested in May 2019).

On a same store basis, revenue decreased by S$0.9 million, as compared to 1H 2019, due to absence of variable rent as a result of weaker performance from Ascott Orchard due to COVID-19.

Gross profit decreased due to lower revenue, coupled with higher property tax expense (due to higher annual value assessment) and higher maintenance and sinking funds.

South Korea

This relates to the contribution from the two hotels under the A-HTRUST portfolio.

B. Management contracts with minimum guaranteed income

Belgium

Revenue decreased by EUR 2.2 million or 45% due to lower demand and temporary closure of one of the properties during 1H 2020, mitigated by an income top-up from the property manager of EUR 0.8 million. REVPAU decreased by 64% in 1H 2020.

Gross profit decreased by EUR 1.0 million or 63% due to lower revenue, partially offset by lower staff costs and marketing expense.

In SGD terms, revenue decreased by S$3.4 million or 45% as compared to 1H 2019 and gross profit decreased by S$1.6 million or 64% due to lower underlying performance and depreciation of EUR against SGD.

Spain

Revenue decreased by EUR 1.6 million or 55% due to replacement of air conditioners which commenced in 4Q 2019 and was completed in February 2020 as well as temporary closure of the property during 1H 2020. The decrease in revenue was mitigated by an income top-up from the property manager of EUR 0.5 million. REVPAU decreased by 82% in 1H 2019.

Gross profit decreased by EUR 0.9 million or 64% due to lower revenue, partially offset by lower staff costs, marketing expense and operation & maintenance expense.

In SGD terms, revenue decreased by S$2.4 million or 55% and gross profit decreased by S$1.3 million or 62% due to lower underlying performance and depreciation of EUR against SGD.

United Kingdom

Revenue and gross profit for 1H 2020 include the six months contribution from Citadines South Kensington and four months contribution from the other three properties (namely, Citadines Barbican, Citadines Holborn-Covent Garden and Citadines Trafalgar Square). The May 2020 to June 2020 contribution from the three properties have been reclassified from the "Management Contracts with Minimum Guaranteed Income" category to "Management Contracts" category as their management contracts have been converted to one-year management contracts without minimum guaranteed income upon the expiry on 30 April 2020 due to COVID-19 pandemic.

Revenue decreased by GBP 3.3 million or 32% due to lower occupancies from March 2020 when United Kingdom was placed on lockdown. The decrease in revenue was mitigated by an income top-up from the property manager of GBP 1.0 million. REVPAU decreased by 45% in 1H 2020.

Gross profit decreased by GBP 1.3 million or 33% due to lower revenue, partially offset by lower staff costs (due to wage subsidies), property tax expense (due to waiver from the government), operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$5.9 million or 32% due to lower underlying performance, mitigated by appreciation of GBP against SGD. Gross profit, in SGD terms, decreased by S$2.2 million or 31%.

C. Management contracts

Australia

Revenue increased by AUD 25.9 million due to the maiden contribution from the six hotels in the A-HTRUST portfolio from 1 January 2020 and the full period contribution from Citadines Connect Sydney Airport acquired in May 2019.

REVPAU decreased by 56% in 1H 2020 due to lower occupancies arising from closure of the Australian borders to non-residents and intra-state travel restrictions.

Gross profit decreased by AUD 2.5 million or 45% due to lower contribution from the existing portfolio, partially offset by the contribution from the acquisitions.

On a same store basis, revenue and REVPAU decreased mainly due to lower leisure and corporate demand arising from the border closure. Gross profit decreased due to lower revenue, partially mitigated by lower staff costs (due to wage subsidies from the government), operation & maintenance expense and marketing expense.

In SGD terms, revenue increased by S$22.9 million. Gross profit decreased by S$2.5 million or 47% due to lower underlying performance.

China

Revenue decreased by RMB 41.4 million or 32% and REVPAU decreased by 34% due to lower demand resulting from the COVID-19 outbreak, lockdown of cities and travel restrictions on foreign visitors during 1H 2020.

Gross profit decreased by RMB 22.7 million or 42% due to lower revenue, mitigated by lower staff costs (due to wage subsidies from the government), operation & maintenance expense, property tax (due to rebates from the government and property tax refund received for one of the property in 1H 2020) and depreciation expense (due to fully depreciated assets).

In SGD terms, revenue decreased by S$8.4 million or 33% due to lower underlying performance and depreciation of RMB against SGD. Gross profit decreased by S$4.6 million or 42%.

Indonesia

Revenue decreased by IDR 22.1 billion or 28% and REVPAU decreased by 28% due to low demand arising from Large Scale Social Restriction in Jakarta whereby international and domestic flights were banned and local movements were restricted.

Gross profit decreased by IDR 15.6 billion or 59% due to lower revenue, partially offset by lower operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$1.8 million or 24% and gross profit decreased by S$1.4 million or 56% due to lower underlying performance.

Japan

Revenue decreased by JPY 968.3 million or 42% due to absence of leisure and transient travelers arising from nationwide state of emergency declared in mid April 2020 and closure of tourist attractions. Two of the properties mainly catering to tourists (one in Tokyo and one in Kyoto) were temporarily closed during 1H 2020. The contribution from the rental housing portfolio (which cater to local Japanese residents) remain resilient.

Gross profit decreased by JPY 616.8 million or 50% due to lower revenue, partially offset by lower staff costs (due to wage subsidies from the government), operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$11.2 million or 39% and gross profit decreased by S$7.3 million or 48% due to lower underlying performance mitigated by appreciation of JPY against SGD.

Malaysia

Revenue decreased by MYR 1.2 million or 19% and REVPAU decreased by 21% as compared to 1H 2019 due to the closure of the border and lower demand arising from the Movement Control Order. Gross profit decreased by MYR 0.4 million or 36% due to lower revenue, mitigated by lower staff costs (due to wage subsidies) and operation & maintenance expense.

In SGD terms, revenue decreased by S$0.4 million or 19% and gross profit decreased by S$0.2 million or 50% due to lower underlying performance mitigated by appreciation of MYR against SGD.

The Philippines

Revenue decreased by PHP 177.9 million or 36% due to lower occupancies arising from lockdown of the country and travel restrictions for foreign nationals. REVPAU decreased by 38%.

Gross profit decreased by PHP 104.4 million or 60% due to lower revenue, partially offset by lower staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit decreased by S$4.2 million or 33% and S$2.6 million or 58% respectively due to lower underlying performance mitigated by appreciation of PHP against SGD.

Singapore

Revenue decreased by S$2.4 million or 19% due to lower occupancy from travel restrictions and lower room rate charged for guests on self-isolation and Malaysians affected by the border shutdown. Alternative source of revenue was derived from Somerset Liang Court, which was block booked as government quarantine facilities.

Albeit the decrease in revenue, gross profit increased by S$0.9 million or 17% due to refund of maintenance and sinking funds, lower staff costs (due to wage support from the government), lower property tax (due to property tax rebates) and operation & maintenance expense.

Due to the redevelopment of Somerset Liang Court, the property received a refund of S$1.0 million for its share of the maintenance and sinking funds previously paid.

United Kingdom

This relates to contribution from three properties (namely, Citadines Barbican, Citadines Holborn-Covent Garden and Citadines Trafalgar Square) from May 2020 to June 2020.

Revenue decreased by GBP 4.4 million or 90% due to lower occupancies from March 2020 when United Kingdom was placed on lockdown. REVPAU decreased by 92% in 1H 2020.

Gross profit decreased by GBP 2.2 million due to lower revenue, partially offset by lower staff costs (due to wage subsidies), property tax expense (due to waiver from the government), operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$7.7 million or 90% and gross profit decreased by S$4.1 million due to lower underlying performance, mitigated by appreciation of GBP against SGD.

The United States of America

Revenue decreased by USD 21.0 million or 59% and REVPAU decreased by 59% as compared to 1H 2019 due to lower occupancies from the drop in leisure and transient stays. Alternative source of business from healthcare groups helped to mitigate the reduction in revenue.

Gross profit decreased by USD 15.1 million due to lower revenue and higher depreciation expense (post renovation of Element New York Times Square West) and property tax, partially offset by lower staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue decreased by S$28.0 million or 58% and gross profit decreased by S$20.5 million due to lower underlying performance, mitigated by appreciation of USD against SGD.

Vietnam

Revenue decreased by VND 121.1 billion or 35% as compared to 1H 2019 due to divestment of Somerset West Lake Hanoi in October 2019 and weak corporate demand arising from COVID-19 outbreak. REVPAU decreased by 38%.

Gross profit decreased by VND 72.7 billion or 38% due to lower revenue and higher depreciation expense, mitigated by lower staff costs, operation & maintenance expense and marketing expense.

Excluding the contribution from Somerset West Lake Hanoi (which was divested on 31 October 2019) for 1H 2019, revenue and gross profit decreased by 31% and 35% respectively.

In SGD terms, revenue decreased by S$6.6 million or 33% and gross profit decreased by S$4.0 million or 36% due to lower underlying performance, partially mitigated by appreciation of VND against SGD.

9. Variance from forecast

The Group has not disclosed any forecast to the market.

10. 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 expects global economic growth to contract 4.9% in 2020, with recovery projected to be more gradual than previously forecasted in April[1]. While many countries have begun to ease internal movement restrictions and restart their economies, most international borders remain closed. Depending on when travel restrictions are lifted, the World Tourism Organization (UNWTO) expects international tourist numbers for the full year of 2020 to decline between 58% to 78% from last year[2].

Within ART's portfolio, 21 properties were temporarily closed in 1H 2020 either due to government mandate or weak accommodation demand. Whilst 12 have reopened and 7 more are scheduled for reopening in 3Q 2020, our operators and lessees continue to face operating challenges brought about by the COVID-19 pandemic.

In the coming months, we expect the RevPAU of our properties to remain under pressure as the situation continues to be delicate given the risk of resurgence of the virus. During 1H 2020, rental relief was granted to some of our lessees. In March 2020, 4 of our expired French master leases were extended on variable rent terms for 1 year, and in May 2020, 3 expired management contracts with minimum guaranteed income ("MCMGI") in the United Kingdom were converted to management contracts for 1 year. These changes will further affect ART's income in 2H 2020 and depending on the pace of recovery, further support may need to be rendered to other lessees and operators.

The COVID-19 outbreak has demonstrated the resilience of the midscale, long-stay lodging segment and ART's properties are well-placed to cater to the needs of travellers after the crisis. We expect the recovery to be led by the domestic, leisure and free independent travel segments, while discretionary corporate demand and large group bookings may remain weak. Together with our partners, our immediate focus is to capture demand from these first travellers and continue to source for alternative business opportunities.

As we navigate the current operating challenges, we continue to reconstitute and strengthen our portfolio. In July 2020, ART entered into two conditional agreements to divest Ascott Guangzhou and Citadines Didot Montparnasse Paris for a total of about S$191.4 million, at 52% and 69% above their respective book values. ART is expected to realise total estimated net gains of about S$23.2 million upon the completion of both transactions. In the same month, ART completed the sale of partial gross floor area of Somerset Liang Court Singapore and redevelopment works are scheduled to commence shortly. lyf one-north Singapore, ART's maiden development project, remains on track to open in 2021.

On the operational front, we have prioritised guest safety through increased precautionary measures that are in accordance with the guidelines from the World Health Organization and public health authorities in the respective countries. We have leveraged technology such as robo-concierges, self-check-in kiosks and virtual apartment tours to optimise operational efficiencies and minimise person-to-person contact. Leveraging the 'work-from-home' trend, we have also redesigned some of our apartments and introduced daytime work-stay packages to cater to guests who are working remotely.

As at 30 June 2020, ART has a total of approximately S$620 million in cash on-hand and unutilised credit facilities. In mid-July, ART's financial position was further strengthened with the collection of S$163.3 million in sales proceeds from Somerset Liang Court Singapore, and an additional S$60 million in credit facilities secured. Where applicable, loan covenant waivers have been granted by our lenders, and steps have been taken to manage expenses, including implementing cost containment measures at our properties and deferring all non-essential capital expenditure. Under a worst-case, zero-income scenario, ART has sufficient liquidity to cover approximately two years of fixed costs.

Nonetheless, in view of the uncertain environment, we will continue to exercise prudence in our capital and cashflow management. We will review the level of distribution payout to Stapled Securityholders holistically, taking into consideration the market outlook and past divestment gains that ART has unlocked.

The inclusion of ART into the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index) in June 2020 has raised ART's profile as the proxy hospitality trust in Asia Pacific. Being part of this leading benchmark for listed real estate investment companies and REITs will broaden our reach amongst global investors and increase the trading liquidity of ART. We remain committed to creating and delivering sustainable, long term value to our Stapled Securityholders.

[1] "World Economic Outlook" (June 2020), International Monetary Fund

[2] "New Data Shows Impact of COVID-19 on Tourism as UNWTO Calls for Responsible Restart of the Sector" (22 June 2020), The World Tourism Organization (UNWTO)

11. DISTRIBUTIONS

11(a) **Current financial period**
Any distributions declared for the current 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**

11(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 2019 to 30 June 2019

Distribution Type	**Distribution Rate (cents)**
Taxable Income	0.670
Tax Exempt Income	0.873
Capital	1.888
Total	**3.431**

11(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.

11(c) Book closure date : 6 August 2020

11(d) Date payable : 28 August 2020

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

Not applicable.

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

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

14. 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.

15. 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 2020 to be false or misleading in any material aspect.

We would like to highlight that there is uncertainty relating to the carrying amounts of the Group's investment properties, investment property under development and freehold land and buildings included in property, plant and equipment ("properties") as at 30 June 2020 due to the impact of COVID-19.

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has severely impacted global markets. There are recent signs of increased market activity as countries begin easing their restrictions but the pace of market recovery remains highly uncertain. 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 and this has led to challenges in obtaining appropriate property valuations.

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 ART Group's properties as some of the key assumptions used to derive valuations currently would be very subjective and arbitrary. The carrying amount of ART's properties as at 30 June 2020 is based on the independent valuations as at 31 December 2019 and has not taken into account any potential impact of COVID-19.

For illustrative purpose, the impact arising from a decline of every 1% in the valuation of the Group's portfolio of properties is as follows:

	30 June 2020	Illustrative Impact	Pro forma
Properties Carrying Value (S$'million)	6,887.7	(68.9)	6,818.8
Net Asset Value / Stapled Security (S$)	1.23	(0.02)	1.21
Aggregate Leverage (%)	36.1	0.4	36.5

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

28 July 2020