ASCOTT RESIDENCE TRUST

A Member of CapitaLand

ASCOTT RESIDENCE TRUST
2022 FIRST HALF SUMMARY OF GROUP PERFORMANCE
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Summary of Group Results

	1H 2022 S$'000	1H 2021 S$'000	Better / (Worse) %
Revenue	267,398	185,042	45
Gross Profit	118,200	82,080	44
Total Distribution [(1), (2)]	76,671	63,777	20
Distribution Per Stapled Security ("DPS") (cents)	2.33	2.05	14

Notes:
1. Total distribution for 1H 2022 included realised exchange gain arising from repayment of foreign currency bank loans.

2. Total distribution for 1H 2021 included:
   (a) one-off distribution of divestment gain of S$20.0 million to share divestment gains with Stapled Securityholders, replace income loss from divested assets and mitigate the impact of Covid-19 on distributions;
   (b) termination fee income received upon termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan;
   (c) realised exchange gain on the receipt of the divestment proceeds; and
   (d) realised exchange gain arising from the repayment of foreign currency bank loans with the divestment proceeds.

DISTRIBUTION AND BOOK CLOSURE DATE

Distribution	For 1 January 2022 to 30 June 2022
Distribution Rate per Stapled Security	2.332 cents
Book Closure Date	8 August 2022
Payment Date	29 August 2022

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INTRODUCTION

Ascott Residence Trust ("ART") is a stapled group comprising Ascott Real Estate Investment Trust ("Ascott Reit"), a real estate investment trust, and Ascott Business Trust ("Ascott BT"), a business trust (collectively, the "Group"). Ascott Residence Trust Management Limited is the manager of Ascott Reit ("Ascott Reit Manager") and Ascott Business Trust Management Pte. Ltd. is the trustee-manager of Ascott BT ("Ascott BT Trustee-Manager") (collectively, the "Managers").

ART's objective is to invest primarily in real estate and real estate related assets which are income-producing and which are used, or predominantly used as serviced residences, rental housing properties, student accommodation and other hospitality assets. It has a portfolio of serviced residences, rental housing, student accommodation 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.

Ascott Reit acquired its first property in the US in 2015. In 2018, Ascott Reit announced its maiden development project at Nepal Hill, Singapore to build the first coliving property, lyf one-north Singapore. The property soft opened in November 2021.

On 31 December 2019, Ascott Reit completed the combination (the "Combination") with Ascendas Hospitality Trust ("A-HTRUST"), a stapled group comprising Ascendas Hospitality Real Estate Investment Trust ("A-HTRUST REIT") and Ascendas Hospitality Business Trust ("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.

Ascott Reit completed the acquisition of Quest Macquarie Park Sydney in February 2020. Ascott Reit completed the sale of the partial gross floor area of Somerset Liang Court in July 2020. The net proceeds are being redeployed for the redevelopment of the retained gross floor area. Site works for the new Somerset serviced residence commenced in 3Q 2021 and the development is expected to complete in 2H 2025. Ascott Guangzhou and Somerset Azabu East was divested in December 2020.

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

In February 2022, Ascott Reit completed the acquisition of a student accommodation property in US, Paloma Kent (formerly known as Latitude at Kent). Ascott Reit announced the acquisition of four turnkey rental housing properties and its first student accommodation property in Japan in March 2022. The acquisition of the student accommodation property was completed in March 2022 and the remaining four acquisitions are expected to complete between 4Q 2022 and 2Q 2023.

As at 30 June 2022, ART's portfolio comprises 93 operating properties[1] with more than 17,000 units in 44 cities across 15 countries.

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

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

1(a)(i) Consolidated Statement of Total Return for 1H 2022 and 1H 2021

		GROUP		
	Note	1H 2022 S$'000	1H 2021 S$'000	Better / (Worse) %
Revenue	A.1	267,398	185,042	45
Direct expenses	A.2	(149,198)	(102,962)	(45)
Gross Profit	A.1	**118,200**	**82,080**	**44**
Depreciation of buildings, plant and machinery	A.3	(9,860)	(9,567)	(3)
Finance income	A.5	413	2,681	(85)
Other operating income	A.4	653	10,271	(94)
Finance costs	A.5	(31,334)	(27,713)	(13)
Managers' management fees	A.6	(14,299)	(12,046)	(19)
Trustee's fee		(433)	(438)	1
Professional fees	A.7	(2,410)	(1,739)	(39)
Audit fees	A.7	(1,835)	(1,614)	(14)
Foreign exchange (loss)/gain	A.8	(6,233)	13,616	(146)
Other operating expenses	A.9	(1,830)	(7,446)	75
Share of results of associate (net of tax)		(46)	(12)	(283)
Share of results of joint venture (net of tax)		(630)	–	n.m.
Net income		**50,356**	**48,073**	**5**
Net change in fair value of financial derivatives	A.10	857	104	724
Profit from divestments	A.11	52	151,879	(100)
Assets written off		(34)	–	n.m.
Total return for the period before tax		**51,231**	**200,056**	**(74)**
Income tax expense	A.12	(12,358)	(35,103)	65
Total return for the period after tax		**38,873**	**164,953**	**(76)**
Attributable to:				
Stapled Securityholders and perpetual securities holders		36,932	163,268	
Non-controlling interests		1,941	1,685	
Total return for the period		**38,873**	**164,953**	**(76)**

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

A.1 Revenue and Gross profit

Revenue for 1H 2022 of S$267.4 million comprised S$49.2 million (18% of total revenue) from properties on master leases, S$29.6 million (11%) from properties on management contracts with minimum guaranteed income and S$188.6 million (71%) from properties on management contracts.

Revenue for 1H 2022 increased by S$82.4 million or 45% as compared to 1H 2021. This was mainly attributed to:

- higher revenue of S$57.1 million from the existing portfolio;
- additional contribution of S$29.4 million from the acquisition of five student accommodation properties in US in 2H 2021, a student accommodation property in US (acquired in February 2022), a student accommodation property in Japan (acquired in March 2022), lyf one-north Singapore (soft opened in 4Q 2021) and full half-year contribution from Paloma West Midtown (acquired in February 2021) and three rental housing properties in Japan (acquired in June 2021);
  partially offset by the
- decrease in revenue of S$4.1 million from the divestments (namely, Citadines City Centre Grenoble, Citadines Didot Montparnasse and Somerset Xu Hui Shanghai).

The Group achieved a revenue per available unit ("REVPAU") of S$96 for 1H 2022, an increase of 60% as compared to 1H 2021.

Gross profit for 1H 2022 of S$118.2 million comprised S$44.1 million (37% of total gross profit) from properties on master leases, S$12.2 million (10%) from properties on management contracts with minimum guaranteed income and S$61.9 million (53%) from properties on management contracts.

As compared to 1H 2022, gross profit increased by S$36.1 million or 44%.

On a same store basis, revenue and gross profit increased by 32% and 28% respectively.

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

A.2 Direct expenses include the following items:

	GROUP		Better / (Worse)
	1H 2022 S$'000	**1H 2021 S$'000**	**%**
Depreciation and amortisation	(7,378)	(6,194)	(19)
Staff costs [1]	(42,572)	(25,883)	(64)

Note:

1. Staff costs were higher in 1H 2022 mainly due to higher staffing to support the business at the properties with the resumption of international travelling, and lower wage subsidies in 1H 2022 from the government in the different countries in which ART operates.

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 lower in 1H 2022 due to absence of termination income. In 1H 2021, other operating income included termination fee of S$9.8 million recognised upon the termination of the sale of Citadines Xinghai Suzhou and Citadines Zhuankou Wuhan.

A.5 Finance income / Finance costs

Finance income was lower in 1H 2022 mainly due to lower fixed deposit placements.

Finance costs were higher in 1H 2022 mainly due to interest expense incurred on the new bank loans drawn down for the acquisitions.

A. 6 Managers' management fees

Managers' management fees were higher in 1H 2022 mainly due to higher base fees (arising from the acquisitions and higher valuation of the properties at 31 December 2021) and higher performance fee (arising from stronger operating performance).

A. 7 Professional fees / Audit fees

Professional fees and audit fees were higher in 1H 2022 mainly due to the acquisitions.

A.8 Foreign exchange (loss) / gain

The foreign exchange loss recognised in 1H 2022 mainly comprised unrealised exchange loss of S$24.0 million and realised exchange gain of S$17.8 million (mainly arising from repayment of foreign currency bank loans).

The unrealised exchange loss in 1H 2022 mainly arose from AUD, EUR and JPY denominated shareholders' loans extended to the Group's subsidiaries as a result of the depreciation of these currencies against SGD as at balance sheet date and unrealised exchange loss on USD bank loans recorded by the China subsidiaries arising from appreciation of USD against RMB.

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

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

A.9 Other operating expenses

Other operating expenses were lower in 1H 2022 mainly due to lower provision for doubtful debts.

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

A.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) and gain on unwinding of interest rate swaps.

A.11 Profit from divestments

In 1H 2022, this mainly relates to the profit from divestment of sale of one strata unit at Somerset Grand Citra Jakarta.

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

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

A.12 Income tax expense

Taxation for 1H 2022 was lower by S$22.7 million due to one-off tax expense last year. In 1H 2021, taxation was higher mainly due to the taxes provided on the divestments made in 1H 2021.

1(b)(i) Statement of Financial Position

	Note	GROUP 30 Jun 2022 S$'000	GROUP 31 Dec 2021 S$'000
Non-Current Assets			
Investment properties	B.1	6,291,618	6,297,854
Property, plant and equipment	B.2	596,902	624,767
Investment properties under development	B.3	189,222	302,863
Associate		3,078	3,013
Joint venture	B.4	20,642	13,800
Financial derivative assets	B.5	63,294	19,911
Deferred tax assets		7,437	7,576
		7,172,193	**7,269,784**
Current Assets			
Inventories		320	334
Trade and other receivables	B.6	101,058	104,429
Assets held for sale	B.7	1,298	1,519
Financial derivative assets	B.5	39,027	10,848
Cash and cash equivalents	B.8	319,509	346,332
	B.16	**461,212**	**463,462**
Total Assets		**7,633,405**	**7,733,246**
Non-Current Liabilities			
Financial liabilities	B.14	(2,094,448)	(1,964,739)
Financial derivative liabilities	B.5	(33)	(1,100)
Trade and other payables	B.9	(8,934)	(9,618)
Deferred income	B.10	(988)	(1,128)
Deferred tax liabilities	B.11	(143,299)	(149,785)
Lease liabilities	B.12	(268,672)	(267,238)
		(2,516,374)	**(2,393,608)**
Current Liabilities			
Financial liabilities	B.14	(625,762)	(764,185)
Financial derivative liabilities	B.5	(51)	(728)
Trade and other payables	B.13	(185,609)	(166,562)
Deferred income	B.10	(140)	(969)
Current tax liabilities		(13,868)	(30,834)
Lease liabilities	B.12	(9,219)	(8,641)
	B.16	**(834,649)**	**(971,919)**
Total Liabilities		**(3,351,023)**	**(3,365,527)**
Net Assets		**4,282,382**	**4,367,719**
Represented by:			
Stapled Securityholders' funds		3,804,578	3,890,860
Perpetual securities holders	B.15	396,277	396,298
Non-controlling interests		81,527	80,561
Total Equity		**4,282,382**	**4,367,719**

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

B.1 Investment properties

The decrease in the Group's investment properties as at 30 June 2022 was mainly due to foreign currency translation differences (from translating the Group's investment properties as a result of the depreciation of AUD, EUR, GBP, JPY and EUR against SGD, mitigated by appreciation of USD against SGD).

These decreases are partially offset by the acquisition of Paloma Kent (formerly known as Latitude at Kent) in February 2022 and a student accommodation property in Japan in March 2022, as well as the transfer of lyf one-north Singapore to investment properties after it obtained its final Temporary Occupation Permit ("TOP") in January 2022.

B.2 Property, plant and equipment

The decrease in property, plant and equipment as at 30 June 2022 was mainly due to depreciation expense of S$17.2 million recognised during the period and translation differences of S$16.1 million, partially offset by additions of S$5.4 million.

B.3 Investment properties under development

Investment property under development as at 30 June 2022 relates to the redevelopment of Somerset Liang Court Singapore.

The decrease in the investment properties under development as at 30 June 2022 was mainly due to the transfer of lyf one-north Singapore to investment properties, after it obtained its final TOP in January 2022.

B.4 Joint venture

On 16 June 2021, ART announced a joint development of a freehold student accommodation property located in South Carolina, USA with The Ascott Limited ("TAL"). At the initial stage, TAL and ART will jointly invest in the property to own 45% stake each. An unrelated third party will hold the remaining 10% stake.

The balance as at 30 June 2022 mainly relates to the loan extended to the joint venture.

B.5 Financial derivative assets / liabilities

The financial derivatives relate to the fair value of interest rate swaps (entered into to hedge interest rate risk) and fair value of cross currency swaps (entered into to hedge foreign currency risk). Movement in financial derivatives during the period was mainly due to fair value change upon re-measurement of derivatives and new interest rate swaps and cross currency swaps entered into during 1H 2022.

B.6 Trade and other receivables

The decrease in the Group's trade and other receivables as at 30 June 2022 was mainly due to receipts from the master lessees during the period, partially offset by higher prepaid expenses and deposits paid for acquisition of four turnkey rental housing properties in Japan.

B.7 Assets held for sale

The decrease in the assets held for sale as at 30 June 2022 was mainly due to the sale of one strata unit at Somerset Grand Citra Jakarta during the period.

As at 30 June 2022, there are eight remaining strata units at Somerset Grand Citra Jakarta.

B.8 Cash and cash equivalents

The decrease in the Group's cash and cash equivalents as at 30 June 2022 was mainly due to acquisition of investment properties and distribution payment to Stapled Securityholders, partially offset by cash generated from operations.

B.9 Trade and other payables (non-current)

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

B.10 Deferred income (current and non-current)

Deferred income of the Group relates to the following:

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

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

The decrease in deferred income as at 30 June 2022 was mainly due to the amortisation of deferred income recognised in 1H 2022.

B.11 Deferred tax liabilities

The decrease in deferred tax liabilities as at 30 June 2022 was mainly due to foreign currency translation differences as a result of the depreciation of foreign currencies against SGD.

B.12 Lease liabilities (current and non-current)

The lease liabilities as at 30 June 2022 refer to the liabilities arising from the adoption of FRS 116 *Leases*.

B.13 Trade and other payables (current)

The increase in the trade and other payables as at 30 June 2022 was mainly due to increased business activities.

B.14 Financial liabilities

The decrease in current financial liabilities as at 30 June 2022 was mainly due to refinancing of bank loans during 1H 2022.

The increase in non-current financial liabilities as at 30 June 2022 was mainly due to issuance of the S$200.0 million sustainability-linked notes due 2027, partially offset by translation differences arising from translating the foreign currency borrowings as a result of the depreciation of EUR and JPY against SGD.

Capital management

As at 30 June 2022, the Group's gearing was 37.5%, 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 1.7% per annum, with a 12-month trailing interest cover of 3.9 times. S$2,146 million or 79% of the Group's borrowings are effectively on fixed interest rates, of which S$546 million is due in the next 12 months.

Out of the Group's total borrowings, 23% falls due in 2022, 18% falls due in 2023, 16% falls due in 2024, 13% falls due in 2025 and the balance falls due after 2025.

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

B.15 Perpetual securities

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

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

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

B.16 Working capital

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

2. Group Performance Review

2(a) Revenue and Gross Profit Analysis – 1H 2022 vs 1H 2021 (Local Currency ("LC"))

		Revenue [1]				Gross Profit [1]				REVPAU Analysis [2]		
		1H 2022	1H 2021	Better/ (Worse)		1H 2022	1H 2021	Better/ (Worse)		1H 2022	1H 2021	Better/ (Worse)
		LC'm		LC'm	%	LC'm		LC'm	%	LC/day		%
Master Leases												
Australia	AUD	5.4	4.0	1.4	35	5.1	3.7	1.4	38	–	–	–
France	EUR	8.7	8.3	0.4	5	8.0	7.4	0.6	8	–	–	–
Germany	EUR	5.0	4.7	0.3	6	4.6	4.5	0.1	2	–	–	–
Japan	JPY	1,011.0	1,009.4	1.6	–	877.6	880.0	(2.4)	–	–	–	–
Singapore	S$	9.3	13.7	(4.4)	(32)	8.0	12.2	(4.2)	(34)	–	–	–
South Korea	KRW	2,216.1	1,833.5	382.6	21	1,986.2	1,634.2	352.0	22	–	–	–
Management contracts with minimum guaranteed income												
Belgium	EUR	2.7	1.1	1.6	145	0.4	0.2	0.2	100	39	11	255
Spain	EUR	2.3	0.7	1.6	229	1.0	0.2	0.8	400	81	6	n.m.
United Kingdom [3]	GBP	12.3	4.4	7.9	180	5.6	2.1	3.5	167	107	29	269
Management contracts												
Australia	AUD	60.5	46.4	14.1	30	12.2	10.5	1.7	16	98	73	34
China	RMB	48.1	70.8	(22.7)	(32)	5.7	21.3	(15.6)	(73)	219	290	(24)
Indonesia	IDR	69.2	57.5	11.7	20	25.3	15.3	10.0	65	938	778	21
Japan	JPY	1,486.0	1,147.2	338.8	30	735.5	525.9	209.6	40	3,508	2,259	55
Malaysia	MYR	5.4	3.0	2.4	80	1.2	(0.2)	1.4	700	141	78	81
Philippines	PHP	337.5	226.6	110.9	49	94.9	36.9	58.0	157	3,462	2,265	53
Singapore	S$	10.6	2.2	8.4	382	3.5	0.1	3.4	n.m.	71	60	18
United States of America	USD	45.9	13.6	32.3	238	18.6	(0.4)	19.0	n.m.	142	58	145
Vietnam	VND[1]	200.9	189.7	11.2	6	104.0	99.1	4.9	5	857	746	15

[1] Revenue and Gross Profit figures are stated in millions, except for IDR and VND which are stated in billions.
[2] REVPAU for Japan refers to serviced residences and excludes rental housing. REVPAU for United States of America excludes the student accommodation properties. REVPAU for IDR and VND are stated in thousands.
[3] The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for 1H 2021 has been reclassified from the "Management Contracts" category to "Management Contracts with Minimum Guaranteed Income" category.

2(a) Revenue and Gross Profit Analysis – 1H 2022 vs. 1H 2021 (S$)

	Revenue				Gross Profit				REVPAU Analysis [1]		
	1H 2022	1H 2021	Better/ (Worse)		1H 2022	1H 2021	Better/ (Worse)		1H 2022	1H 2021	Better/ (Worse)
	S$'m		S$'m	%	S$'m		S$'m	%	S$/day		%
Master Leases											
Australia	5.3	4.1	1.2	29	5.0	3.8	1.2	32	–	–	–
France	13.1	13.4	(0.3)	(2)	12.0	12.0	–	–	–	–	–
Germany	7.5	7.7	(0.2)	(3)	6.9	7.2	(0.3)	(4)	–	–	–
Japan	11.5	12.6	(1.1)	(9)	10.0	11.0	(1.0)	(9)	–	–	–
Singapore	9.3	13.7	(4.4)	(32)	8.0	12.2	(4.2)	(34)	–	–	–
South Korea	2.5	2.2	0.3	14	2.2	2.0	0.2	10	–	–	–
Sub-total	**49.2**	**53.7**	**(4.5)**	**(8)**	**44.1**	**48.2**	**(4.1)**	**(9)**	**–**	**–**	**–**
Management contracts with minimum guaranteed income											
Belgium	4.1	1.7	2.4	141	0.6	0.3	0.3	100	58	17	241
Spain	3.4	1.1	2.3	209	1.5	0.4	1.1	275	122	10	1120
United Kingdom [2]	22.1	8.1	14.0	173	10.1	3.8	6.3	166	192	53	262
Sub-total	**29.6**	**10.9**	**18.7**	**172**	**12.2**	**4.5**	**7.7**	**171**	**142**	**37**	**284**
Management contracts											
Australia	59.2	47.6	11.6	24	11.9	10.8	1.1	10	96	75	28
China	10.2	14.5	(4.3)	(30)	1.2	4.4	(3.2)	(73)	46	60	(23)
Indonesia	6.6	5.4	1.2	22	2.4	1.4	1.0	71	89	73	22
Japan	17.0	14.3	2.7	19	8.4	6.6	1.8	27	40	28	43
Malaysia	1.7	1.0	0.7	70	0.4	(0.1)	0.5	500	45	25	80
Philippines	8.9	6.3	2.6	41	2.5	1.0	1.5	150	91	63	44
Singapore	10.6	2.2	8.4	382	3.5	0.1	3.4	n.m.	71	60	18
United States of America	62.6	18.1	44.5	246	25.4	(0.6)	26.0	n.m.	193	78	147
Vietnam	11.8	11.0	0.8	7	6.2	5.8	0.4	7	51	43	19
Sub-total	**188.6**	**120.4**	**68.2**	**57**	**61.9**	**29.4**	**32.5**	**111**	**89**	**63**	**41**
Group	**267.4**	**185.0**	**82.4**	**45**	**118.2**	**82.1**	**36.1**	**44**	**96**	**60**	**60**

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

[2] The management contracts for three of the properties in United Kingdom have been converted to management contracts with minimum guaranteed income from May 2022. For comparison purposes, the revenue, gross profit and REVPAU amounts for 1H 2021 has been reclassified from the "Management Contracts" category to "Management Contracts with Minimum Guaranteed Income" category.

Group

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

Analysis By Country

A. Master Leases

Australia

Both revenue and gross profit increased by AUD 1.4 million due to lower rent waiver provided to the master lessees.

In SGD terms, both revenue and gross profit increased by S$1.2 million due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

France

Revenue increased by EUR 0.4 million or 5%. This was mainly due to higher variable rent from 10 properties, partially offset by
(a) divestment of two properties in 1H 2021; and
(b) change of rent structure from fixed to fixed and variable lease structure for four of the properties from 1 October 2021 which resulted in lower total rental income.

Gross profit increased by EUR 0.6 million or 8% due to higher revenue and lower costs.

In SGD terms, revenue decreased by S$0.3 million or 2% due to depreciation of EUR against SGD, partially offset by stronger underlying performance. Gross profit remained stable.

Germany

Revenue increased by EUR 0.3 million or 6% due to higher variable rent, partially offset by rent waiver granted to one of the master lessees. Gross profit increased by EUR 0.1 million or 2% due to higher revenue, offset by higher costs.

In SGD terms, revenue and gross profit decreased by S$0.2 million or 3% and S$0.3 million or 4% respectively due to depreciation of EUR against SGD, partially offset by stronger underlying performance.

Japan

This mainly relates to the contribution from the:
(a) three hotels, namely Hotel WBF Honmachi, Sotetsu Grand Fresa Osaka-Namba and Sotetsu Grand Fresa Tokyo-Bay Ariake; and
(b) a student accommodation property, Eslead College Gate Kindaimae, acquired in March 2022.

WBF Kitasemba East and WBF Kitasemba West are temporarily closed due to poor demand in Osaka.

Revenue increased by JPY 1.6 million due to the maiden contribution from the student accommodation property acquired in March 2022, partially offset by lower rental from Hotel WBF Honmachi. From January 2022, there was a change of rent structure for Hotel WBF Honmachi from fixed to fixed and variable lease structure.

Gross profit decreased by JPY 2.4 million due to lower contribution from the existing portfolio, partially offset by the contribution from the student accommodation property acquired in March 2022.

In SGD terms, revenue and gross profit decreased by S$1.1 million or 9% and S$1.0 million or 9% respectively due to lower underlying performance and depreciation of JPY against SGD.

Singapore

Revenue and gross profit decreased by S$4.4 million or 32% and S$4.2 million or 34% respectively due to the absence of master lease revenue from Park Hotel Clarke Quay (currently known as Riverside Hotel Robertson Quay ("RHRQ")). The master lease for Park Hotel Clarke Quay was terminated and ART took possession of the property in August 2021 as the tenant failed to make payment on the sum demanded for in the notice of intended forfeiture. Actual contribution from the property for 1H 2022 was included in the management contracts category.

On a same store basis (excluding the contribution from Park Hotel Clarke Quay for 1H 2021), revenue increased by 41% due to the recognition of variable rent arising from stronger performance of Ascott Orchard. Gross profit increased by 57% due to higher revenue and lower property tax expense (due to reduction in annual value).

South Korea

Revenue increased by KRW 382.6 million or 21% due to higher variable rent as the operating performance of the property has improved in 1H 2022. Gross profit increased by KRW 352.0 million or 22% due to higher revenue, partially offset by higher property tax expense.

Revenue and gross profit, in SGD terms, increased by S$0.3 million or 14% and S$0.2 million or 10% respectively due to stronger underlying performance, partially offset by depreciation of KRW against SGD.

B. Management contracts with minimum guaranteed income

Belgium

Revenue increased by EUR 1.6 million or 145% due to recovery from Covid-19 in 1H 2022 and temporary closure of one of the properties during 1H 2021. REVPAU increased by 255% in 1H 2022.

Gross profit increased by EUR 0.2 million or 100% due to higher revenue, partially offset by higher staff costs (as one of the properties was closed during 1H 2021 and receipt of government grant last year) and marketing expense.

In SGD terms, revenue and gross profit increased by S$2.4 million or 141% and S$0.3 million or 100% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

Spain

Revenue increased by EUR 1.6 million or 229% due to recovery from Covid-19 in 1H 2022 and temporary closure of the property during 1H 2021. Revenue in 1H 2021 included an income top-up from the property manager of EUR 0.3 million, which was not required for 1H 2022 due to improved performance. REVPAU increased from EUR 6 in 1H 2021 to EUR 81 in 1H 2022.

Gross profit increased by EUR 0.8 million or 400% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$2.3 million or 209% and S$1.1 million or 275% respectively due to stronger underlying performance, partially offset by depreciation of EUR against SGD.

United Kingdom

Revenue increased by GBP 7.9 million or 180% due to stronger domestic and international demand following the reopening of borders. Revenue in 1H 2021 included an income top-up from the property manager of GBP 0.7 million, which was not required for 1H 2022 due to improved performance. REVPAU increased by 269% in 1H 2022.

Gross profit increased by GBP 3.5 million or 167% due to higher revenue, partially offset by higher staff costs (absence of wage subsidies in 1H 2022), property tax expense (due to end of relief from the UK Government in March 2022), operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$14.0 million or 173% and S$6.3 million or 166% respectively due to stronger underlying performance, partially offset by depreciation of GBP against SGD.

C. Management contracts

Australia

Revenue increased by AUD 14.1 million or 30% due to higher corporate and leisure demand with the reopening of borders and lifting of restrictions. REVPAU increased by 34% in 1H 2022.

Gross profit increased by AUD 1.7 million or 16% due to higher revenue, partially offset by higher staff costs (due to absence of wage subsidies as the wage credit given by the government under the JobKeeper scheme ended in March 2021), operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$11.6 million or 24% and S$1.1 million or 10% respectively due to stronger underlying performance, partially offset by depreciation of AUD against SGD.

China

Revenue and gross profit decreased by RMB 22.7 million or 32% and RMB 15.6 million or 73% respectively mainly due to divestment of Somerset Xu Hui Shanghai in May 2021 and impact from Omicron outbreaks. REVPAU decreased by 24% in 1H 2022.

On a same store basis (excluding the contribution from Somerset Xu Hui Shanghai in 1H 2021), revenue and gross profit decreased by 14% and 64% respectively. REVPAU decreased by 13%.

Gross profit decreased due to lower revenue, coupled with higher staff costs (due to higher reversal of over-provision of prior year's bonus expense in 1H 2021) and property tax expense (due to lower property tax refund in 1H 2022).

In SGD terms, revenue and gross profit decreased by S$4.3 million or 30% and S$3.2 million or 73% respectively due to lower underlying performance, mitigated by appreciation of RMB against SGD.

Indonesia

Revenue increased by IDR 11.7 billion or 20% and REVPAU increased by 21% due to gradual recovery of the market.

Gross profit increased by IDR 10.0 billion or 65% due to higher revenue, partially offset by higher operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$1.2 million or 22% and S$1.0 million or 71% respectively due to stronger underlying performance and appreciation of IDR against SGD.

Japan

Revenue increased by JPY 338.8 million or 30% due to stronger performance from the serviced residences and the full half-year contribution from the three rental housing properties acquired in June 2021. REVPAU increased by 55% in 1H 2022 with the lifting of quasi-emergency measures within Japan in March 2022 and increase in leisure bookings, particularly during the Spring holiday season.

Gross profit increased by JPY 209.6 million or 40% due to higher revenue and lower marketing expense, partially offset by higher staff costs (due to lower wage subsidy from the government and higher reversal of over-provision of prior year's bonus expense in 1H 2021) and operation & maintenance expense.

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

On a same store basis (excluding the contribution from three rental housing properties), revenue and gross profit increased by 12% and 14% respectively.

In SGD terms, revenue and gross profit increased by S$2.7 million or 19% and S$1.8 million or 27% respectively due to stronger underlying performance, partially offset by depreciation of JPY against SGD.

Malaysia

Revenue increased by MYR 2.4 million or 80% and REVPAU increased by 81% as compared to 1H 2021 due to opening of international borders and resumption of inter-state travel. Gross profit increased by MYR 1.4 million or 700% due to higher revenue, partially offset by higher staff costs and operation & maintenance expense.

In SGD terms, revenue and gross profit increased by S$0.7 million or 70% and S$0.5 million or 500% respectively due to stronger underlying performance, partially offset by depreciation of MYR against SGD.

The Philippines

Revenue increased by PHP 110.9 million or 49% due to more leisure and corporate demand which have higher average rental rates. In 1H 2021, the properties were primarily booked for self-isolation business. REVPAU increased by 53%.

Gross profit increased by PHP 58.0 million or 157% due to higher revenue, partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$2.6 million or 41% and S$1.5 million or 150% respectively due to stronger underlying performance, partially offset by depreciation of PHP against SGD.

Singapore

Revenue and gross profit increased by S$8.4 million or 382% and S$3.4 million respectively mainly due to the contribution from RHRQ being included in the management contracts category in 1H 2022 and the contribution from lyf one-north Singapore (soft opened in 4Q 2021 and final TOP obtained in January 2022).

On a same store basis (excluding the contribution from RHRQ and lyf one-north Singapore), revenue increased by 27% due to higher room revenue after exit from government block booking in April 2022, partially offset by lower food & beverage revenue. REVPAU increased by 72%. Gross profit increased due to higher revenue and lower food & beverage expense and staff costs, partially offset by higher marketing expense.

The United States of America

Revenue increased by USD 32.3 million or 238% due to stronger performance from the hotels and the contribution from the six student accommodation properties acquired in FY 2021 and one student accommodation property acquired in February 2022.

Revenue and gross profit from the hotels increased by 141% and 457% respectively. There was strong domestic leisure demand at the hotels and increase in bookings from corporate and leisure travellers. REVPAU increased by 145% in 1H 2022.

Gross profit increased by USD 19.0 million due to higher revenue and lower property tax (due to lower assessed value), partially offset by higher staff costs, operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$44.5 million and S$26.0 million respectively due to stronger underlying performance and appreciation of USD against SGD.

Vietnam

Revenue increased by VND 11.2 billion or 6% due to pick up in business with the re-opening of borders to international travellers. REVPAU increased by 15% in 1H 2022.

Gross profit increased by VND 4.9 billion or 5% due to higher revenue, partially offset by higher staff costs (due to higher reversal of over-provision of prior year's bonus expense in 1H 2021), operation & maintenance expense and marketing expense.

In SGD terms, revenue and gross profit increased by S$0.8 million or 7% and S$0.4 million or 7% respectively due to stronger underlying performance and appreciation of VND against SGD.

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

The condensed interim financial statements of Ascott Real Estate Investment Trust ("Ascott Reit") and its subsidiaries (the "Ascott Reit Group") which comprise the Statement of Financial Position and Portfolio Statement as at 30 June 2022, the Statement of Total Return, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott Reit Group for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of Ascott Business Trust ("Ascott BT") and its subsidiaries (the "Ascott BT Group") which comprise the Statement of Financial Position as at 30 June 2022, the Statement of Total Return and Statement of Comprehensive Income, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of the Ascott BT Group for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

The condensed interim financial statements of Ascott Residence Trust, which comprise the Statement of Financial Position and Portfolio Statement as at 30 June 2022, the Statement of Total Return, Distribution Statement, Statement of Movements in Stapled Securityholders' Funds and Statement of Cash Flows of Ascott Residence Trust for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

4. Variance from forecast

The Group has not disclosed any forecast to the market.

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

The International Monetary Fund (IMF) forecasts the global economy to grow 3.2% in 2022, a slower pace compared to 2021. The slower growth forecast mainly stems from a contraction in the second quarter of 2022, higher inflation and tighter financial conditions[1].

Notwithstanding the macroeconomic headwinds and recession concerns, the outlook for travel remains bright. In June 2022, the International Air Transport Association revised its 2022 outlook for the airline industry upward, on the back of strong demand, fewer travel restrictions, and accumulated personal savings. It expects passenger numbers to recover to 83% of pre-pandemic levels in 2022[2]. Similarly, the World Tourism Organization (UNWTO) also raised its forecast due to stronger-than-expected results in the first quarter of 2022 and a significant increase in flight reservations. It expects international tourist arrivals to reach 55% to 70% of 2019 levels in 2022[3].

Even as some countries experience resurgent waves of the virus, most destinations have lifted travel restrictions and reduced testing requirements, facilitating international travel. With its geographically diversified portfolio and range of lodging asset classes, ART is well-poised to ride the recovery while remaining resilient against downside risks. Barring the widespread reintroduction of restrictions, the pent-up demand for travel is expected to sustain in the coming quarters, enabling ART's properties to raise room rates and effectively abate rising utility and labour costs. In addition, ART's portfolio mainly comprises long-stay properties which have lower manning requirements and leaner cost structures, positioning ART for continued profitable growth.

Also mitigating the economic uncertainty are ART's stable income sources[4], which contributed about 68% of ART's gross profit in 1H 2022. Rental housing and student accommodation are counter-cyclical lodging asset classes which have proven to be resilient in a downturn. The turnkey rental housing acquisitions in Japan, announced in March 2022, are expected to further add to the stable income streams of ART as they complete. The development of Standard at Columbia, the student accommodation property in South Carolina, USA, is on track to complete in 2Q 2023.

In May 2020, three UK management contracts with minimum guaranteed income (MCMGI), upon their expiry, were converted to management contracts on a short-term basis. As the Covid-19 situation has improved, the contracts have been reverted to MCMGI as of 1 May 2022. The variable income will allow ART to enjoy the upside of the recovery while the guaranteed income offers downside protection for ART's UK properties.

In April 2022, ART successfully launched a S$200 million sustainability-linked bond with a fixed coupon rate of 3.63% per annum, increasing the proportion of ART's debt which is effectively on fixed rates to 79%. This high proportion mitigates the impact of rising interest rates. In addition, ART's geographically diversified portfolio with exposure to 12 foreign currencies enables ART to manage volatility in foreign exchange. As at 30 June 2022, ART's average cost of debt remains low at 1.7% per annum. ART's low gearing of 37.5% and debt headroom of S$1.8 billion position it well to acquire quality hospitality and longer-stay properties, in line with its strategy to enhance the portfolio and deliver sustainable returns to its Stapled Securityholders.

Sources:
1 "World Economic Outlook" (July 2022), International Monetary Fund
2 "Travel recovery rebuilding airline profitability - resilient industry cuts losses to $9.7 billion" (June 2022), International Air Transport Association
3 "Tourism recovery gains momentum as restrictions ease and confidence returns" (June 2022), World Tourism Organization
4 Stable income sources include master leases, management contracts with minimum guaranteed income, rental housing and student accommodation properties

6. Distributions

6(a) **Current financial period**

Any distributions declared for the current financial period? Yes

Period of distribution : Distribution for 1 January 2022 to 30 June 2022

Distribution Type	Distribution Rate (cents)
Taxable Income	0.320
Tax Exempt Income	1.253
Capital	0.759
Total	**2.332**

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

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

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

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

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

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

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

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

Tax-Exempt Income Distribution

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

Capital Distribution

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

Other Gains Distribution

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

6(d) Book closure date : 8 August 2022

6(e) Date payable : 29 August 2022

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

Not applicable.

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

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

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

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

10. 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 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Beng Hai Chairman	Serena Teo Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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

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

Karen Chan
Company Secretary

29 July 2022